

Background

Giving outsourcing a bad name

Outsourcing has got a bad name in recent years, but why is this? Outsourcing is when one company *contracts another company to do a job or jobs that could be done *in-house. Often outsourcing is a good idea – for example, why would a company that makes clothes also think it can design and run its own website? It would be better for them to pay a specialized company to do this for them. It is often only when companies look *overseas for their outsourcing that it becomes a problem. This is known as offshoring.

Some people think offshoring is a good thing. American workplace specialist Gill Friedman says, 'office workers in the US have had it too good for too long. They have been overpaid and under-worked, and so offshoring is partly their own fault. It is interesting that when companies say they are thinking of moving office jobs to offshore locations, they see a big **improvement** in productivity and a **willingness** to take smaller pay rises.' She also thinks there is often a cheaper and better end product for the customer. A UK company called *GAS Holdings* uses call centres in Brazil. Mikal Martins, a senior manager at the company says, 'offshoring allows the UK staff to focus on our *core activities, and we also have skilled call centre workers in Brazil who are cheaper to train. The company who runs our outsourcing is excellent and has **access** to the latest call-centre technology. It all means a better service for our customers and that is what is important.'

But not everyone agrees that offshoring leads to better customer service. Some people say that offshoring means there is no direct communication between

the customer and the company. 'In my experience,' says Hans Gruenbaum, a customer service specialist, 'there is a **breakdown** in trust when you feel you are not talking directly to a company employee. Outsourcing companies may be specialists, but they are often not able to make the necessary decisions to deal with your questions or **complaints**. This leads to **delays** and bad feelings.' More and more companies who don't use offshore companies are using their home-based call centres as a selling point in advertising. Surely this tells us that offshoring is not popular with customers.

But the customer is not the only one to have problems with outsourcing. Governments are also affected by the **growth** in offshoring. It has led to job losses in some countries, so governments are not receiving the taxes they would get from the employees who are losing their jobs. Because of this, some states in the US have limited or completely banned the use of offshore outsourcing. Also, many people worry about the working **conditions** in the offshore outsourcing companies – often the employees overseas don't have the same **benefits** as the staff in the original countries.

Offshoring has actually been going on for years, although in the past it was mainly manufacturing jobs, not office jobs that went overseas. More and more businesses are now outsourcing office work to companies in other countries. There are clearly financial benefits for these businesses, but they also need to think carefully about the possible **consequences** of their decision to outsource overseas.

Glossary

*contract (v) = to formally arrange for other people to do a job for you

*core activities = most important tasks / actions done by a company

*in-house = something that is done within a company by its employees rather than by someone else

*overseas = in other countries

Exercises

1 Work with a partner and discuss these questions.

- 1 What is outsourcing?
- 2 What are the advantages and disadvantages of outsourcing for a company?
- 3 What is the difference between outsourcing and offshoring?

2 Read the text quickly. Compare your answers to the questions in 1 to the information in the text.

3 Read the text again and match the people 1–3 to their opinions a–c.

- 1 Gill Friedman
 - 2 Mikal Martins
 - 3 Hans Gruenbaum
- a Offshoring can lead to a higher standard of customer service in a company.
 - b Offshoring often means that customer service gets worse, because offshore employees cannot act quickly.
 - c Offshoring is good because it helps companies to produce a better, more cost-effective product.

4 Match the nouns in bold in the text to definitions 1–10.

- 1 a failure to succeed or to work: _____
- 2 when someone says that something is wrong or not satisfactory: _____
- 3 when something gets better or is made better: _____
- 4 the situation that someone / something is in or is working in: _____
- 5 the results of a situation or action (often a bad effect): _____
- 6 when something increases in size: _____
- 7 being happy to do something if it is needed: _____
- 8 things that are helpful or good for someone: _____
- 9 having the right to use or look at something: _____
- 10 when you have to wait for something for longer than expected: _____

5 Work with a partner. Look at the text and find the words that follow nouns 1–5. Then make a new sentence for these nouns and for the other nouns in 4.

- 1 improvement
- 2 willingness
- 3 breakdown
- 4 growth
- 5 consequences

6 Read the text again and answer these questions in your own words.

- 1 How has the behaviour of US office workers changed since offshoring became an option for US companies?
- 2 Why have some US states restricted offshoring?
- 3 Why are some people worried about the staff in overseas outsourcing companies?

7 Look back at the text and choose three words that you could use in your day-to-day work.

8 Work with a partner. Discuss these questions.

- 1 Do you think outsourcing is a good idea? Why? / Why not?
- 2 Do a lot of companies in your country use outsourcing?
- 3 How would people in your country react to overseas call centres?