



OUTSOURCING SERVICES

Challenges and Solutions



Outsourcing has been helping innumerable companies in the West to get rid of the odd jobs and they are transferring the burden to the third world countries to get it done. If one has to speak about the biggest provider of outsourcing service, in that case, it would definitely be India. This country entirely depends on the outsourcing and almost this sector contributes 1% to the GDP of India.

However, this sector though has emerged as a driving force in the economy but it has faced certain challenges that has almost made operation impossible. In this research, you will get to know the various phases that outsourcing services are facing in the world.

The Challenge

1. The most challenging prospect that has emerged in the outsourcing sector is to meet with the international costs. In most of the times, the companies that are based in the west are resorting to the developing countries like Philippines, China and India to get their job done; however, with increased globalization influence and greater demand of the employees in the outsourcing sector, the companies that are engaged in providing the services are not able to meet with the cost of operation. So, they are either operating at a break-even point or they are under severe losses. So, such things have compelled them to give lesser salaries to the employees and this trend has severely fueled the attrition rate in this sector. The main reason to blame for the mess is place utility, in most of the



times, it is often the goods that have to be transported from one corner to the other, so such distances leads to more risk involved and less time; this has drastically reduced the prospects of profit and taken a toll on the productivity

Solution:

To deal with this major mess, it would be much more feasible to find the supplier that is close to the customer. If this thing is ascertained, in that case, it would allow better opportunities for improvising on the benefits and create a better environment for more profits and business and thereby growth of the sector can be ascertained.

2. The second challenges that the outsourcing companies are facing is they are having a restricted market and since the product has to go through diverse chain, the price of the product spirals and it leads to more challenges for the sellers.

Solution:

In such time tested periods, it would be a much more feasible option to reduce the cost with the current supplier and look for alternatives. A more advanced and feasible outsourcing strategy would definitely transform the possibilities and bring more growth and success for the enterprises.

3. When products are getting manufactured, in that case, there might be few products that require high end sophistication for its manufacture, whereas you might also deal with a product that doesn't require capital intensive technique and highly sophisticated methodology for its manufacture. In most cases, for producing the first product the investment is colossal; however, in most of the times, the market for the product revolves around a particular niche. So, it becomes a tough job for the manufacturer to deal with the supply chain. This is one of the primary reasons that has put the outsourcing prospects on the back foot.

Solution:

When it comes to profit maximization, in that case, you should always go for a supply chain that is feasible and local to the consumers. If that is ascertained, it would opened broader realms for more growth and expansion of the outsourcing services.

The challenges are myriad; however, with diligence and proper planning, it can easily be figured out. Most of the IT based companies have been helping the outsourcing sector to bounce back and it can only become a money making proposition for innumerable players if they are having the right technical solution to bring about a difference in the story.

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