Reading

Global Outsourcing

Outsourcing, subcontracting work to another company, has always been a part of doing business. Firms hire other firms to do work they cannot do themselves or can have done more cheaply elsewhere. With today's global economy, the practice is now so prevalent that even companies in the business of outsourcing are outsourcing work to others.

Wealthy nations routinely send all types of work to countries where labor costs are cheaper, but currently the most frequently outsourced jobs are in information technology (IT), software, and customer service. Japan, Western European countries, and the United States outsource the most work, and India and China take in the most.

Language skills are a decisive factor in where work is sent, with India and the Philippines serving English-speaking clients, Argentina working with Spain, Mexico serving Spanish speakers in the United States, and China handling Asian languages such as Mandarin, Cantonese, and Korean. As a preponderance of corporations conduct business in English, the bulk of outsourcing jobs in recent decades have gone to India, where its status as a former British colony resulted in millions of people speaking English as their first language. About half of India's outsourcing work comes from the United States, with about a quarter from European countries and the remainder from countries such as Japan and Australia.

Some of the largest outsourcing firms in the world have headquarters in India. However, confronted with increasing demand, a looming shortage of skilled workers, and rising wages at home as the Indian economy grows, some of those outsourcing companies are now turning to other countries to help meet their own staffing needs. They outsource largely to China but also to dozens of other countries, including the Philippines, Mexico, Brazil, Saudi Arabia, and, in some cases, the country where the work originated. For example, a U.S.-based software company might outsource IT support to a company based in India, which then subcontracts part of the work to a company in the United States.

Much of the IT support market is now moving to China, where a vast supply of highly trained people are willing to work for lower wages than people in India. With newer Chinese companies not yet well established in the outsourcing business, Indian firms are opening branches there, where their knowledge of English and well-developed managerial skills give them an advantage, at least for now, in dealing with international clients.

Outsourcing has long been a source of controversy, with opponents pointing to the loss of jobs and damage to the economy in the home country and proponents viewing the savings in labor costs as a boon to business. The receiving countries generally consider the well-paying jobs a benefit to their economy, but employees are not always happy with the

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work. Staff turnover can be high when employees have to work long night shifts to coincide with the business day in the outsourcing country.

India remains the outsourcing epicenter for now, with China slowly catching up, but the situation will continue to change. Once wages rise high enough in India and China, foreign workers somewhere else will be as enticing to outsourcing countries as India and China now are to Europe, Japan, and the United States.

Answer the questions about **Global Outsourcing**.

Questions 1–7

Complete the summary using words from the list below.

Outsourcing is very common in today's global economy. A preponderance of companies in **1**..... nations send work to countries where wages are lower. These countries are **2**..... to large companies because labor costs are cheap. Because English is the language used by a large number of international corporations, a large percentage of outsourcing work has gone to India, and the **3**..... has been sent to other countries. Now wages are rising in India, and more outsourcing work is being sent to other countries. Proponents of outsourcing point out that, as well as being beneficial to the outsourcing companies, it is also a major **4**..... to the economies of receiving countries. Outsourcing companies **5**..... some disadvantages, however. For example, there is sometimes a high **6**..... of employees, who aren't always happy with nighttime work schedules. Labor costs are rising in India and China. When costs in these countries start to **7**..... with costs in wealthier countries, companies will start sending their work to other places.

boon	confront	firm	turnover
branch	enticing	looming	wealthy
catch up	epicenter	remainder	

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My Words

Write the words that are new to you. Look them up in the dictionary and write their definitions.

Words	Definitions

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Word Families

noun	controversy	There has been a good deal of controversy around the issue of outsourcing labor.
adjective	controversial	Outsourcing labor is a controversial issue.
adverb	controversially	Many major firms are controversially sending more and more work to countries where labor is cheap.

noun	decision	Many large firms have made the decision to outsource labor to other countries.
verb	decide	Some firms decide not to outsource labor to other countries and hire local workers instead.
adjective	decisive	The cost of labor is a decisive factor for outsourcing work.
adverb	decisively	The company responded decisively by sending the work overseas.

noun	enticement	Low wages are often an enticement for companies looking to cut costs.
verb	entice	Low labor costs entice outsourcing companies to open branches in certain parts of the world.
adjective	enticing	Outsourcing companies find low labor costs enticing.

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noun	opponent	Opponents of the practice of outsourcing labor say that it is bad for the economy of the home country.
noun	opposition	There has been a certain amount of opposition to the practice of outsourcing labor.
verb	oppose	Many people who have lost their jobs oppose outsourcing labor to other countries.
adjective	opposing	People hold opposing views on the issue of outsourcing.

noun	preponderance	A preponderance of outsourcing work comes from the United States, Europe, and Japan.
adjective	preponderant	Jobs from international companies play a preponderant role in the economies of a number of countries.
adverb	preponderantly	The work shifts at these companies are preponderantly long.

noun	routine	The job is not difficult as all employees follow the same routine.
adjective	routine	The work is routine and not very interesting.
adverb	routinely	Employees routinely work night shifts.

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Word Family Practice

Choose the correct word family member from the list below to complete each blank.

Many customer service companies outsource their work to other countries. The 1..... to do this is generally based on labor costs, because wages are lower in certain parts of the world. There are many people who 2..... this practice because it leads to loss of employment for workers in the company's home country. This is one reason why the outsourcing of labor has become 3..... . For the receiving countries, on the other hand, global outsourcing offers economic opportunities. Inconvenient night shifts are 4..... in customer service jobs and the work can be boring and 5..... , but the 6..... is regular employment at a relatively decent wage.

1. decision	decide	decisive
2. opponent	opposition	oppose
3. controversy	controversial	controversially
4. preponderance	preponderant	preponderantly
5. routines	routine	routinely
6. enticement	entice	enticing

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Dictionary Skill

Different Meanings
Many words have more than one meaning.

Read the definitions below. Then read the sentences and write the letter of the correct definition for each sentence.

QUESTIONS 1–2

firm [FURM]
A *noun.* a company, business organization
B *adjective.* hard; steady; unchanging

_____ 1. The prices on our products are *firm*, and we are not willing to change them.

_____ 2. The directors of the *firm* are thinking about outsourcing some of the work to another company.

QUESTIONS 3–4

shift [SHIFT]
A *noun.* period of work time
B *verb.* move; change

_____ 3. They decided to *shift* some of the work to another branch of the company.

_____ 4. The *shifts* at this company are generally eight hours long.

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Listening

CD 1 Track 22

Listen to the talk. Complete the timeline below.
*Write **NO MORE THAN TWO WORDS AND/OR A NUMBER** for each answer.*

1.....	The firm built the first factory.
1910	Owners decided to have a 2.....
3.....	First branch factory built
1940	Original factory replaced
1998	The most 4..... year for the company: no outsourcing of labor
Present:	Apex is a major employer in the region, with low 5.....

Writing

There has been some controversy about the practice of companies in wealthy countries outsourcing labor to countries where wages are lower. What do you feel are the advantages and disadvantages of this practice?

Support your opinion with reasons and examples from your own knowledge or experience.

Write at least 250 words.

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