



P-Glossary



Outsourcing

Outsourcing is a business practice that involves the transfer of an organizational function (often noncore activities) to a third party. When this third party is located in another country, the term "offshore outsourcing" may be used. Today many organizations are outsourcing largely due to the benefits it offers, such as lower labor costs or cheaper foreign currencies. Outsourcing enables companies to develop competitive strategies that will leverage their financial positions in the global marketplace. Outsourcing is also successful in increasing product quality or lowering firm and consumer costs. Since outsourcing enables lower costs, even if quality decreases slightly, productivity increases, which benefits the economy in aggregate.
