

What are the benefits of outsourcing for your business

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The [practice of outsourcing](#) has become increasingly popular in several companies. Outsourcing can be defined as a process in which a company enlists the services of another organisation, known as a third party, to undertake a service on behalf of the company. The third party is an expert in the subject area and is ideally supposed to meet the client's requirements and perform the task to satisfaction. Outsourcing has been credited for giving companies a competitive edge within the industries they operate in, as they make use of experts to take care of some of their business needs.

Why is outsourcing the way to go?

[Outsourcing](#) has many benefits for your company which include lowering a company's costs, reducing the investments of an enterprise in capital expenditures, reducing the need for in-house staff training, and generally improving the utilization of a company's resources. By making use of an expert in the field, there is a significant reduction in the time and cost to be spent on the training of your staff to be experts in a particular field. The essential principle is that because the third-party provider focuses on that particular task, it can do it better, faster and cheaper than the hiring company could.

The benefits of outsourcing

When a company outsources a service, a company looks for the market leader in the field they want assistance with. The market leader's brand is premised on [providing specialised services](#) to their customers and they strive to ensure the delivery of superior service. The third party takes the responsibility of meeting the client's requirements to the best of their ability. This article will explore some of the benefits of using a third-party service provider.

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Managing operational costs

A major advantage of outsourcing is cost-effectiveness. Some outsourcing service providers are based in developing nations where labour costs are comparatively low. Outsourcing services to any of these countries helps a company financially, as the company can get high-quality work done at lower rates. The company can also make financial savings from operational costs as they do not have the associated costs of administration, payroll, rentals, HR, and utilities. For this reason, outsourcing can be beneficial to a company in lowering costs and channelling those funds to other critical business functions.

Optimisation of internal workforce

By assigning other tasks to external service providers, a company can utilise their staff to other critical functions within the company. The internal staff of the company can fully concentrate on the more core issues in the business, without having to split their time to other tasks. This allows for more concentration on internal business and resultantly, superior work is produced by staff. Also, the external service provider, being an expert in the particular field, will ensure the delivery of the service on time, and to the best quality. In this regard, the business will be fully functional as all critical aspects are accorded sufficient attention.

The setting of measurable goals

Outsourcing allows the company that is outsourcing to plan ahead of time its exact requirements and then hand over the responsibility to the external service provider to get it done within a given time frame. This allows the company to be in control over the task and incorporate it according to the business strategy of the organization. This ability to measure the results helps a company to set realistic goals, which proves highly beneficial for the growth of the company.

Bridges the talent gap

The talent gap is a real problem that many countries can face. At times the demand for skilled labour does not match up to the available labour and companies may be found having to make use of labour from other countries. Outsourcing bridges this gap by making use of local labour. The outsourcing country may look for labour in their own country for the client and employ remote workers. These workers will be working remotely from their own countries while providing labour for the outsourcing companies. By doing this, the hiring companies bridge the labour gap while also cutting administrative costs.

Global Expansion

Outsourcing has the advantage of creating a global presence faster and easier than before. In the past, a company relied on being the market for years and becoming an in-house brand for them to attain global dominance. Working with offshore resources can also be part of this global expansion initiative, as companies then have people with feet on the ground and local knowledge, in more diverse and strategic locations. By strategically establishing themselves on the globe, companies can easily assert their dominance and become relatively popular in a short space of time.

Gives a Competitive Advantage

There's no doubt that the cost savings and the streamlined business operations that come out of outsourcing, can give an advantage to the companies that are among the first to embrace it. As more and more companies implement the strategy of utilising offshore resources, it creates pressure on those companies that don't. For some businesses, the need to remain viable and competitive has forced them to resort to cheaper workforce options, even if they would have preferred to employ locally.

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