



## Outsourcing

Outsourcing is **subcontracting** a process, such as product design or **manufacturing**, to a **third-party** company. The decision to outsource is often made in the interest of lowering firm **costs**, redirecting or conserving energy directed at the **competencies** of a particular **business**, or to make more **efficient** use of **labor**, **capital**, **technology** and **resources**. Outsourcing became part of the business lexicon during the 1980s.

### VOCABULARY

1. Subcontracting- a contract that assigns some of the obligations of a prior contract to another party.
2. Manufacturing- the making of goods by manual labor or machinery
3. Cost- the price paid to acquire, produce, accomplish, or maintain anything
4. Capital- the wealth, whether in money or property, owned or employed in business by an individual, firm, corporation
5. Technology- use of technical means and their relationship with life
6. Resources- the collective wealth of a country or its means of producing wealth.

**WORD APPLICATION:** Give the synonym of the underlined words. You can find the words from the vocabulary section on the first page.

- 1) Sharp is a known company for making electronics gadgets.
- 2) Ell company invest \$200,000 for the boutique.
- 3) The fast development of IT in India makes Call Center business viable in India.
- 4) We purchase bars and steels from Margo Construction. We pay \$250,000.
- 5) Philippines is one of the viable grounds for call centers. Fluency in the English language of the workers, cheap labor cost and fewer competitors make this possible.

### LET'S TALK

1. Does outsourcing gain popularity among businessmen in your country?
2. What are the merits and demerits of outsourcing?
3. Will you adopt outsourcing? Why? Or Why not?