LSE Professor - offshoring is a ‘global craps game’

Emerging offshore outsourcing destinations will find there is ample demand to go around, according to Professor Leslie Willcocks of the London School of Economics’ Outsourcing Unit. The Unit has collected data on outsourcing contracts of all kinds since the early nineties, giving it an unparalleled longitudinal perspective of global outsourcing trends.

"Nothing but all boats," said Willcocks as he presented the findings of a research report entitled ‘Beyond BRIC: Offshoring in non-BRIC countries’ earlier today. "But the situation, because the market is growing so fast. Not all countries will make the grade, though."

The recession, he said, will not impair the success of offshore outsourcing destinations. "People find reasons to outsource in the good times, and they find reasons during downturns."

However, it may make customers more demanding of their outsourcing providers, Willcocks added. "We've looked at previous recessions and how they affect outsourcing, and recessions catalyse things in different ways," he said.

"I believe that the recession is so deep that companies will look beyond simply cutting costs and go down the innovation route. They will therefore ask their outsourcing providers to be more innovative too."

What is more, the financial meltdown has made large organisations even more risk averse than they were beforehand. That means the many are looking to mitigate the risk involved with offshoring by using multiple locations. "It's like a global craps game," said Willcocks.

Indeed, Willcocks argues that offshore outsourcing is not simply a business practice that will come and go according to fashion. "I have a deep belief that offshoring is a transitional phase to a different way of operating, a different global division of labour," he said.

Click here to download a pdf of the LSE Outsourcing Unit’s Beyond BRIC report, which was commissioned by Egypt’s IT development agency ITIDA.