Offshoring: Transfer Jobs or Operations Abroad[1]

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ABSTRACT

As a result of global shifts in the labor market. Especially after the collapse of the former Soviet Union in 1989 and the end of the Cold War, about half of the world's labor force from China, India, Russia and Eastern Europe joined the capitalist global economy. Technological changes associated with the Internet contributed to a massive expansion of outsourcing options for outsourcing services in addition to manufacturing and strategies. The business of TNCs is relentless in its search for new efficiencies especially in the labor side where significant cost gains can be found. As a result, offshore outsourcing is no longer just an option but "an increasingly urgent survival tactic for companies in advanced economies".

The offshoring trend is causing controversy as more high-paying white collar jobs are moved offshore. Although offshoring saves companies labor costs as well as other personnel-related expenses, it also contributes to creating an atmosphere of anxiety among workers who feel their jobs are threatened. Since job security is one of the most important factors in determining how employees with job vacancies will perform, the threat of offshoring can cause significant damage to employee morale. Dealing with the functional, structural and strategic aspects of the offshoring process will put human resources at the center of the offshoring discussion. But dealing with the repercussions of layoffs for employee satisfaction, hiring and retention may be the biggest challenge.

THE FIRST TOPIC: THE RESEARCH METHODOLOGY

The research methodology is one of the basic pillars that connects theoretical knowledge and determines the methodology, the path or the destination for all the research through defining the nature, problem, objectives and importance of the current research.

First: The Research Problem

Human resource management, during the offshoring process, is particularly difficult for the organization, which will lose experienced staff, or for the individual staff, who will face unwelcome change and the risk of losing their job. Appropriate measures should ideally be taken to mitigate the impact of offshoring on staff.

Offshoring also involves a wider range of tasks than local outsourcing, with completely different priorities. For companies, offshore relocation services, management of expatriate activities, provision of infrastructure, relocation issues and labor relations are a major concern. The costs of these management activities are much greater for offshore companies than outsourcing services, especially monitoring and relocation costs. Offshore companies face a wide range of difficulties compared to outsourcing or housing companies, where government relations, contract negotiation, and intellectual property rights are a major problem.

Second : Research Objectives

This paper aims to provide a big picture of this phenomenon by examining the extent and nature of offshoring as well as its impact on the labor market. It aims to present a reasoned criticism of the existing literature on this subject. It also aims to identify a policy that includes the objectives to be achieved and the principles to be applied in the process of transfer abroad, including a policy for analyzing costs, benefits and major risks, and countermeasures for all outsourcing options to provide services.

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Third: The Importance of Research

The focus of this research is the management of offshoring, a phenomenon that spans national, organizational and hierarchical borders as well as time. Although business internationalization is not a new phenomenon, the concept of data offshoring has received increasing attention in the literature due to the move in the industry to send high-value activities (from production facilities to research and development) abroad and to manage cooperation with an increasing number of facilities. Distributed to different regions of the world. The increasing interest in countries (Brazil, Russia, India, and China) as external destinations can be explained by the increase in highly educated workforce in addition to lower labor costs and large domestic markets.

THE SECOND TOPIC: THE THEORETICAL ASPECT

First: the beginnings of the emergence of functional transfer and offshoring operations

Debates about offshoring have been muddled in part by the lack of an agreed definition of the term. In its broadest sense, offshoring involves the offshoring of job activities, often to achieve lower labor costs and center mainly around manufacturing operations and service provision. The term offshoring described both the shifting of activities from internally owned facilities to wholly owned subsidiaries (for example, a company established an Indian subsidiary to operate its data centers) and the outsourcing of activities to other companies abroad (for example, A company signs a contract with Wipro to operate data centers in India (Vietor, et al., 2008:2)

Bardhan & Kroll (2003:1-2) felt that there were two waves of outsourcing in the US market, the first related to manufacturing and the second related to white-collar jobs. The outsourcing of offshore production to the United States and associated job losses in many industries has been attributed to the globalization of offshore production activities of intermediate inputs, typically in low-cost developing countries, such as Taiwan, China, South Korea and Malaysia. However, the software sector was the first in the field of services to move large white collar activities abroad and especially to India. The rapid spread of the Internet, the transnational networks created by immigrants in the United States, and the deregulation of emerging market economies paved the way for the outsourcing boom of the 1990s. The second wave of major industrial job influx occurred in the late 1990s, mainly driven by the high-tech sector (Gião, et al., 2008:195).

The nature of external activity changed over time with changing conditions in the host countries, as companies became skilled and comfortable in managing remote operations, as competition intensified in various industries, and as communications and computing technology developed. Among the first jobs to move offshore en masse were low-skill assembly operations that migrated to Mexico and Asia in the 1980s. China's gradual economic opening in the 1980s and 1990s, the rise of Eastern Europe after the fall of the Berlin Wall in 1989, and the development of outsourcing during the 1990s accelerated the outsourcing of manufacturing jobs. The so-called "Washington Consensus" - a set of economic liberalization policies that India began adopting in 1991 - paved the way for a gradual increase in foreign investment in India. Meanwhile, Indian software vendors proved their capabilities by helping American companies manage the potential computer crisis of 2000 in the year 2000. The advent of the Internet, the popularization of email, the standardization of computer platforms, and the overinvestment in global communications capacity during the high-tech bubble—all Events of the 1990s - facilitated the shift of offshoring from manufacturing to services. Among the first services to shift widely abroad were software programming, call center operations, and data center management

Second: Definitions related to job transfer or offshoring

Defining offshoring is not easy When it comes to analyzing offshoring, offshoring is defined here as “the closing of a production unit in a country followed by its reopening abroad for the purpose of re-importing into the national territory at low cost, or continuing to supply the market Export (Auer, 2006:115)

It is defined as “jobs that are done outside borders, such as manufacturing as well as other business services. This goes back to the period of classic MNCs (1950-1970) when FDI was guided by the characteristics of the host economies or geographical advantages” (abundant natural resources, low labor costs, available skills or market protection). During this period, the stages of labor-intensive production moved Such as assembly and processing first in traditional industries (shoes, textiles, toys, mature and standardized electronics), and then in high-tech manufacturing (electronic components, electronic goods assembly), to developed countries especially in Latin America and Asia (Massini & Miozzo, 2010:5)

Offshoring refers to the process of defining tasks and coordinating tasks and business functions across national borders. Outsourcing may include both internal sources (captive, or international outsourcing), and external activities increasingly performed by an external provider - that is, from outside the boundaries of the company. The outsourcing activity in turn can be located either locally (onshore) or offshore (offshore). Moreover, “moving operations to sources” rather than sales activities, and it supports global or local rather than local operations (Edoff, 2014:12)

As defined by (Gião, et al., 2008:196) offshoring is the movement of part or all of the entire value chain to a low-cost location. They add that working abroad hinges on managing costs through labor and skill arbitrage. It is based on the huge advances in telecommunications that have made it possible to establish back office operations in a variety of locations, thus benefiting from significantly lower labor costs. The above definitions include different approaches to these expressions. Except for the company's core business, geographic aspects, activities, occupations, striving to reduce costs, improve quality and color the collar are all used (in an attempt to) define offshoring, the term offshoring refers to the decision to transfer the supply of goods and services from local sites to external sites. These activities may be carried out on facilities wholly or partially owned by the parent company, by multinational suppliers, or by local suppliers (Gereffi, 2005:4).

Offshoring has been discussed so widely; it is difficult to define it. It should be noted that the topic of offshoring is deeply related to the buy-to-buy decision, as sourcing decisions generally have their origins in the buy-to-buy alternatives. The question, which company operations can be provided by external providers or should be maintained within the company, is in turn related to the concept of core competencies (Jahns, 2006:218).

To clarify, we define offshoring as the movement of work from high-cost to lower-cost foreign locations. The McKinsey Global Institute (2005) suggests that qualifying offshoring includes “any assignment that does not require any physical or complex interaction between employee, customer, or colleagues or little or no local knowledge.” In fact, even if local knowledge is required, transfer abroad is possible if the knowledge is codifiable (Foulkes, 2006:3).

It is the process of using unaffiliated foreign companies or offshore entities to manufacture goods or perform services. Examples of offshoring services include customer procurement activities, human resources operations, programming, call centers and document retention and storage. Offshore companies are often found in developing or emerging countries such as India, China, Pakistan, Singapore, the Philippines, Malaysia and South Africa. Job transfers also includes Task Assignment to foreign companies

It can be defined as building a global network that exceeds its strategic objectives serving the local market, focusing on the efficiency and interdependence of the global network (Mihalache, etal, 2011: 230)

Third: Presentation of the method of transfers abroad

Offshoring of operations can be framed according to the decision to offshore functions (components, products, or services), progression to offshoring planning and execution, and iterating through the governance associated with operations, as shown in the figure below To some extent, offshoring can be considered Offshoring is a description of the disruption to normal organizational procedures involved in development created by offshoring

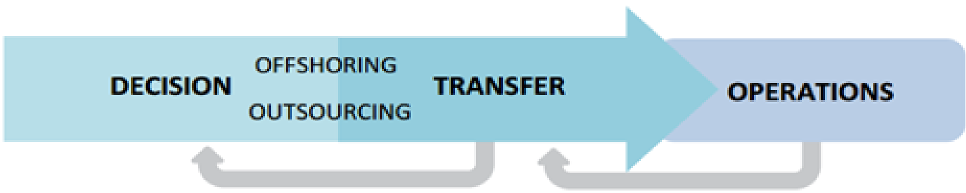


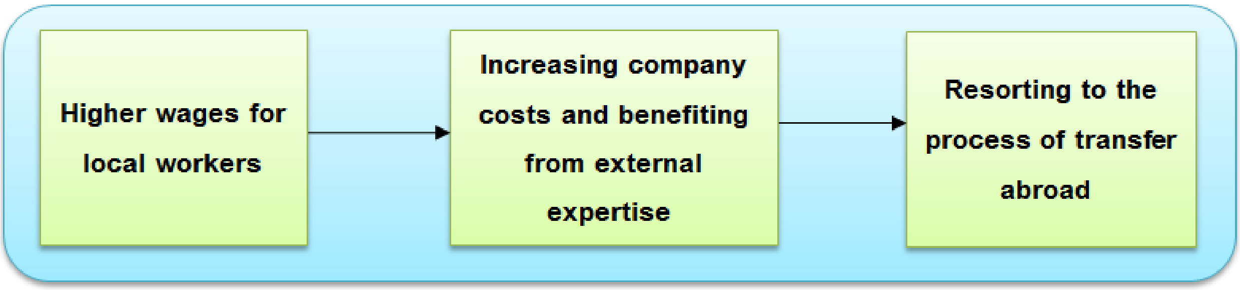
Figure 1 (External Transfer)

Source : Edoff, Petra., 2014,**'' Managing offshoring of complex products: Strategy and capabilities''**. Diss. Mälardalen University, pp:14 .

From a review of the literature on globally distributed offshoring development, it becomes clear that the vast majority of these papers focus on the decision to offshore data and the goals of companies that send jobs offshore. The following sections provide an overview of the key outcomes at each stage (a more comprehensive discussion of offshoring strategies is found in Section 2.3). In the strategy literature, it is stated that decision-related strategies are only a small part of explaining success. Executing strategies presents challenges that can undermine the initial intent, and communication of the strategy to all levels of the organization is often described as a success factor. This chapter attempts to balance existing theory by giving equal importance to the stages of process offshoring and offshoring, thus emphasizing the challenges associated with implementing offshoring rather than just informed decision making. Recent research supports the offshoring view, in which the challenges of separating activities from a single location and integrating them into a new context are described through the prism of organizational design. Jensen et al. [2013] present a model of outward organizational reconfiguration that describes the process in three phases; Dissociation, transition and reintegration. The authors describe several challenges associated with each part of the process, for example internal resistance, managing interrelationships between tasks across distances, and hidden costs. The challenges associated with the different stages of the process are described below (Edoff, 2014:14).

Offshoring is an old phenomenon - it has recently gained a new dynamism through falling relocation costs and huge advances in information technology. This facilitated further fragmentation of production processes as well as relocation of production sites. Developing countries play an increasingly important role in the process of outsourcing. The inclusion of developing countries in the "global production networks" enables multinational companies to benefit from generally lower labor costs in developing countries. This is the aspect that has led to fears in industrialized countries that jobs that were previously it would be "carried over" to developing and transition countries. Market research has fueled these fears by providing alarming headline statistics that project huge job losses at the expense of workers in developed countries. Although blame is often placed However, a close examination of the literature leads to the conclusion that these concerns are often greater than the actual threat. The literature has mainly focused on the impact of job offshoring in developed countries, That is, those countries that transfer tasks abroad (Bottini, et.al, 2007: 1)

The transfer process can be photographed outside



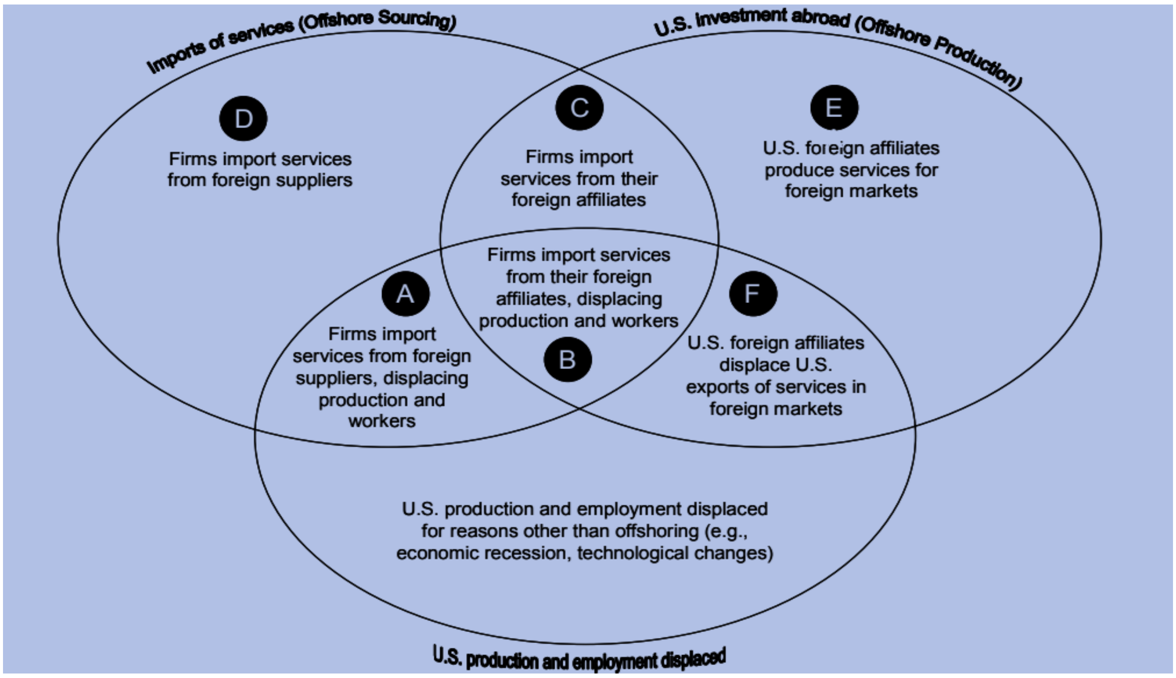
Source : Preparation of the two researchers

Fourth: the importance of transportation abroad

Offshoring provides broader scope for innovation improvements and offshoring is evidence of a company's innovation activities. This may reflect larger gains in productivity due to exploitation of factor price differences and technology supply from offshoring. If it were to reflect the sources of technology, then the research and development spending on the sources of companies and technologies would be complementary. It could be the outsourcing of innovative companies to upgrade products. Finally, outsourcing positively influences new product innovation. This reflects a direct impact on innovation while controlling the company's R&D spending. It also shows that the results depend mainly on the level of intellectual property protection in the economy. Companies increase their own R&D efforts following offshoring only if they operate in an environment that intensely protects intellectual property. Protecting intellectual property rights to obtain domestic and foreign technology sources does not matter if research and development is controlled, that is, if companies benefit from the direct effects of innovation. (Görg & Fritsch 2013:23)

Globalization is having a significant impact on product development practice across a wide range of industries, with the emerging paradigm involving skilled teams of engineers distributed around the world developing products in collaboration. Global Product Development (GPD) has emerged as a best practice in product development as co-located cross-functional teams have been accepted as a highly effective means of facilitating close collaboration between engineering, marketing, manufacturing and supply chain functions. There are multiple benefits: greater engineering efficiency through the use of low-cost resources, easy access to international technical expertise, product adaptation for the global market, and access to flexible product development resource allocation. As a mechanism of globalization, offshoring is one of the most important shifts in industry today, a shift that affects both company-wide strategies for distributing work and the daily activities of individual employees. It is generally referred to as the process of defining and coordinating tasks and business functions across national borders. Outsourcing includes both outsourcing to an offshore vendor and setting up offshore centers (Edoff, 2014:1)

Other offshoring discrepancies arose when, for example, an American company expanded operations abroad but maintained existing operations in the United States, or when it opened an overseas facility but sold new production exclusively abroad (Vietor, et al.,2008:2).



Source : Vietor, Richardh . K ., Rivkin, Janw & seminerio ,Juliana ,2008**," The Offshoring Of America**). Harvard Business School Publishing, Boston, PP:10

Kedia & Mukherjee (2009) explain the decision to relocate abroad through three sets of interrelated advantages: Edoff (2014:15).

- Disintegration features, which involve greater focus on core areas and more structured forms of sharper organization that promote greater flexibility.
- Location-specific resource-saving benefits, benefits associated with location that include human capital and country-specific benefits, as well as labor, knowledge, and time balancing.
- Exception benefits, related to capital-based benefits as well as co-specialization and organizational learning

Examples of successful companies are:

By 2007, the general public associated overseas with assembly operations, computer programming, and technical help desks. However, a wide range of services has begun to move abroad, as the following examples illustrate (Vietor, et al., 2008:11).

• Brickwork, an Indian B2K company, introduced a Remote Executive Assistant service that allowed busy entrepreneurs to hire Indian workers to create PowerPoint presentations, do background research, and fact-check for $1,500-$2,000 per month. Taking advantage of the US-India time difference, an assistant can get an assignment because the CEO will leave work in the evening in the US and then get the completed product in the executive's email inbox at the beginning of the next business day.

• A number of American companies worked to benefit from a group of scientific talents that turned to Eastern Europe, Central Europe and Russia in search of scientific talents. In 2005, for example, investment bank Morgan Stanley opened a mathematical modeling center in Budapest, Hungary, to support its fixed-income business. The following year, Morgan Stanley expanded its operations in Budapest to provide its offices in New York and London with services related to mortgage financing, financial control, and information technology. EDS, ExxonMobil, IBM, General Electric, Cisco and SAP were said to have similar regional or international service centers in Hungary.

Fifth: considerations of transfer abroad

There are a number of factors that a company must consider when deciding where to work abroad and these include costs, turnover rate, available skilled workers, risk assessment, accessibility, and infrastructure. While cost is an important determinant in companies' decision to offshore jobs, location is also important to the company's overseas investment future. In this regard, companies often focus on areas with good colleges where skilled employees are available at low wages. In addition, companies are also looking for locations close to airports so that employees can be flown in from remote areas for training. This, in turn, leads to infrastructure development (i.e. power supply, real estate development, telecommunications and cross-border transportation) and encourages other firms to provide business opportunities abroad. This is because these companies will derive their residual benefits from offshore business transfer resulting from infrastructure development and creation of a pool of skilled workers. Infrastructure development also reduces the risk of future involvement because it lifts these areas out of poverty and helps stabilize the government (Farrel, 2006:86).

Sixth: External factors that facilitate transfer abroad

While there are significant arbitration gains to be made, several barriers limit the feasibility of offshoring. Among them are the technological frontiers of production process analysis, tariffs, and transportation costs. Thus, as these barriers are overcome (or as factor price differentials widen), offshoring is expected to grow. Researchers have sought to make this link in order to explain the rise abroad. Venables (1999) develops a simple model to show that as trade costs fall, fragmentation of production becomes possible. An important implication of his model is that when the final stage of production is relocated to the country in which a final good is consumed, overall trade may actually decline in value, since exports of middlemen displace exports of finished products. Trade will only grow as a result of outsourcing when intermediates previously produced locally are imported (Bottini, 2006:6).

Effects on employment levels, job quality, and wage differentials in developing countries, in developing countries, we would expect a positive outward-facing effect on the labor market, because these countries are primarily the destinations of production transfers. Thus, for these countries, offshoring (or 'transfer') means creating new activities. This should create jobs especially when developing countries specialize in the production of labour-intensive components. As a result, employment and production in industry rise and national welfare increases. Moreover, new jobs should typically be more productive than average jobs in these countries (Levine, 2012:1).

1. **Reducing trade barriers:** (Yi, 2003) represents the fact that “merchandise or vertically specialized goods in operation cross multiple international borders during their production” (Yi, 2003:55). When imposing a tariff when crossing all borders, tariffs accumulate and can make Segmentation of production is not possible. However, a small decrease in the tariff rate can reduce the total cost below a critical limit and generate a significant effect. Yi uses this logic to explain the nonlinear response of trade volume to lower tariffs. In addition to the general decrease in the tariff, Regional free trade agreements such as the North American Free Trade Agreement (NAFTA) abroad have facilitated the shifting of production stages.
2. **Reducing Transportation Costs**: Hummels (1999) asserts that the cost of air transportation has declined significantly over the past 50 years, however he concludes that - contrary to conventional wisdom - the cost of sea transportation has actually gone up. Moreover, Hummels (2001) shows that faster transportation (whether by air or ocean) reduced the tax equivalent of trade costs in the United States from 32 percent to 9 percent over the period 1950-1998. Meanwhile, changes On average the structure favors long distance shipments relative to shorter distances. However, in contrast to the effect of a lower trade barrier, Hummels (1999) notes that changes in freight costs played a relatively minor role.
3. **Technological change**: In general, technological change is often cited as one of the factors favorable to outsourcing. A 2001 ILO report analyzes how developments in computing and networking technology have led to “spatial dynamics” in telework, call centers, software production and information processing (ILO, 2001). For example, communication costs were very high only a few decades ago and the price of a single audio circuit became very small in the late 1990s (Blake & Lande, 1999:1), for example, it would be unthinkable to set up a call center in India to serve British customers until recently. Moreover, the ability to store and transmit information digitally has led to the “tradability” of services that were previously considered non-tradable (Unctad, 2004:148). New developments in communication technologies have had an important impact even in industrialization (Hummels, 2001:94) suggests. That the “cascading nature of vertical specialization” makes “supervision and coordination in production” an important factor which can be restrained with the help of modern technology. (Bottini, 2006:7)

Eighth: Strategic transfer abroad

Job transfer has two complementary goals: (1) Enhancing competitiveness and raising salaries (2) Raising the basic values of companies and society

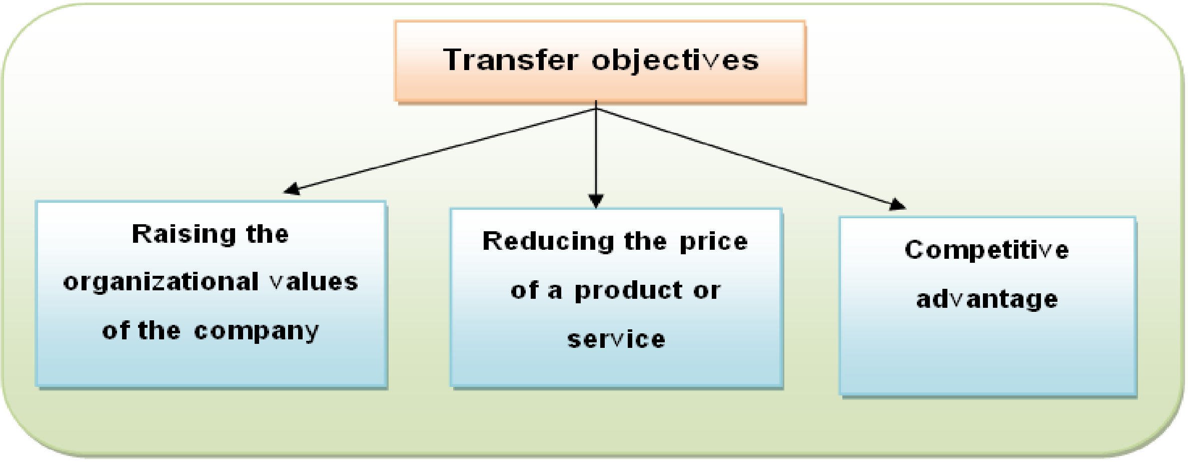
Through this, the focus of the company's own resources on a set of "core competencies" where it can achieve excellence and provide unique value to customers is outsourcing other activities - including many traditional works that are essential to any company - and for which the company does not have a strategic need or special abilities

Overseas company may pursue as part of a broader 'global sourcing' strategy to develop capabilities and pool of talent around the world. Companies differ in how they implement global sourcing strategies, for example by building internally managed operations, outsourcing to outside vendors, or forming joint ventures that involve a combination of internal management and partnerships. Firms also differed in how their US-based employees were affected by offshoring decisions (Foulkes, 2006:3).

If supplier markets are fully reliable and efficient, rational firms will outsource everything except those particular activities in which they can achieve a unique competitive advantage, which is their core competencies. Most companies can benefit from outsourcing scale-first in less important areas like payroll, for example, rather than calculating it entirely. As they gain experience, they may increase profit opportunities through outsourcing to another.

The evolution of the business model and practical capabilities has become a mechanism for achieving a strategic advantage in outsourcing, and this same idea is expressed by companies that deal in outsourcing as a strategic necessity if they want to obtain all its benefits (Gião, et al, 2008: 202)

The transfer abroad through a direct reduction in the consumer price index leads to positive effects on the real household income. He points out that South America was an original location for offshoring of services, but due to economic and political instability, labor unions, and uncertainty regarding exchange, production moved to East Asia and quickly became a global event with counties from all over the world participating. It is estimated that 18.7% of all final personal consumption of durable goods and 12.1% of non-durable materials are imported from abroad.



Source : Preparation of the two researchers

Ninth: Recent trends in transport abroad

The growth in outsourcing on a global scale is evident in the expansion of trade in goods and services used as intermediate inputs. For example, between 2000 and 2006, global exports of intermediate goods grew at an annual rate of 14 percent, compared to a rate of 9 percent for final goods (Chart 1). Following common practice, we measure the intensity of outsourcing by country and industry using two ratios: (a) imported intermediate inputs over total output, and (b) imported intermediate inputs over aggregate use. Both are computed from standard industry data sets maintained by national statistical agencies, allowing for international comparisons across industry. Whereas measures based on import content are derived under some limiting assumptions and do not convey a complete picture. They can be explained in the following way (Cheung, et al, 2008: 16).

It is the practice of companies to transfer activities from to foreign locations. Offshoring is a growing phenomenon involving a large number of companies. More than two million jobs were transferred in 2011, with the highest percentage in manufacturing (53%) and information technology services.

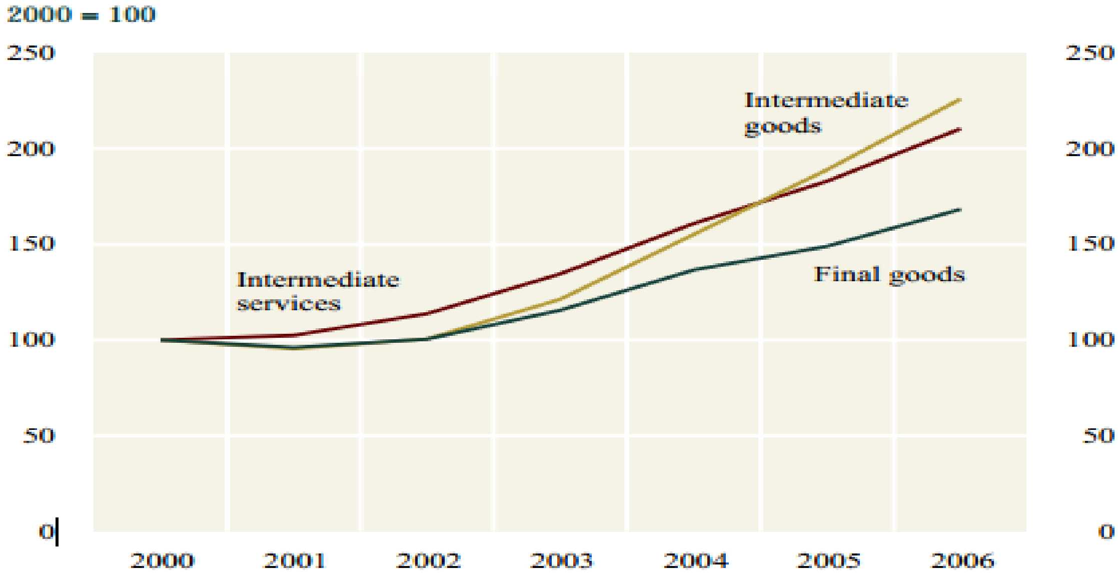


Figure (3) shows the growth of global exports of intermediate and final goods and services through job transfers

Tenth: The extent of the impact of the transfer abroad

Estimates of the number of jobs that have moved offshore, will move offshore, or may move offshore vary widely—from hundreds of thousands to tens of millions. Official statistics on this phenomenon have been hard to come by. In fact, a report by the Government Accountability Office in 2004 was titled, “Existing Government Data Provides Limited Insight into Offshoring.” The scope of offshoring was arguable, so were its implications at the firm and country levels (Foster, 2012:4).

• **Firm-level effects**: Most firms have moved their activities abroad in search of profit. Particularly compelling was the prospect of savings in labor costs. In services, for example, a financial analyst who earns $35 an hour in the United States might earn $10 in India. In the manufacturing sector, workers earning $20 an hour or more in the United States have been replaced by similar employees working for a dollar or less an hour in China. In addition to labor savings, American companies were drawn abroad for many reasons—to access new markets, to serve self-globalizing business clients, to take advantage of new talent pools, and so on.

• **Effects at the country level:** In the US the overall economic impact of offshoring is discussed. "US consumers enjoy lower prices from foreign manufacturers and should benefit from services provided by foreign companies that have lower operating costs," says Gregory Mankiw, chairman of the White House Council of Economic Advisers. Mankiw pointed to the outsourcing of healthcare jobs as an example of beneficial offshoring and concluded that such a practice would help control rising medical costs.

Supporters of offshore operations also claimed that offshore operations eventually created jobs in the American export sector, lowered costs for domestic firms, and offered services to consumers at lower prices. According to one economist, “Rather than changing the number of jobs, free trade changes the mix of jobs in a country to reflect those areas in which we have a greater competitive advantage over other countries. International trade in services expands the process of job specialization and raises living standards.” 20 have argued studies such as those summarized in Illustration 5 showed that offshoring was “profitable”: every dollar spent on an offshoring activity produced more than a dollar of benefit for the beneficiary country and more than one dollar of benefit for the source country (Foster, 2012:5).

Eleven: A theoretical view of the consequences of Outsourcing

Offshoring raises several issues about welfare gains or losses in both developed and developing countries. However, the debate over production relocation is nothing new and should be placed in the context of a broader debate on trade and global economic integration. Concerning the developed countries, the economists have mainly focused their attention on employment issues. Indeed, by transferring some stages of production abroad, firms replace domestic labor with foreign labour. However, offshoring has an indirect effect on aggregate employment through sectoral and inter-sectoral linkages that may add to or offset the direct effect. Neglecting these interdependencies "would be a major disadvantage, since the estimated wage and employment effects of international outsourcing may be biased downward" (Egger & Egger, 2005:351) (Bottini, et al., 2007:16).

In terms of developing countries - as much as they are on the receiving end of offshoring, the impact of offshoring is more complex. In fact, by transferring production, new activities will start in these countries. However, under certain circumstances, a strategy that focuses exclusively on attracting vertical foreign direct investment and neglecting to encourage domestic investment can be counterproductive. Some authors have argued that, in the extreme, foreign investment can generate a significant impact as it replaces domestic investment rather than adding to gross fixed capital formation. This could be mainly at the expense of small and medium enterprises, the employment backbone of most developing countries. In any case, the new productive activities have a direct impact on employment as well as an indirect impact in terms of forward and backward linkages between factories of multinational firms and local firms. When offshoring is limited to accumulating intermediate imports for further re-export, few positive externalities on domestic firms should be expected in terms of technological effects, skill and wage upgrading. However, as the example of Costa Rica shows, the reorientation of outsourcing sectors towards higher-technology sectors can entail technological spillovers, although backward and forward linkages have remained somewhat limited and outsourcing is also linked to high wage inequality. Although the tasks offshored are labor intensive, their skill content generally exceeds the domestic average of developing countries. This can increase the higher wage for highly skilled workers and thus widen wage differentials (Levine,2012:1)

Twelfth: Transfer abroad and its impact on wages

Offshoring theory and wages: The theoretical literature on offshoring has grown very rapidly in recent years. Examples include global supply chain theories, fixed boundaries and choice between offshoring and foreign direct investment and organizational hierarchies. Several studies in these strands of literature have been the subjects of recent surveys, such as Rossi-Hansberg (2009), Antras (2014), and Antras & Yeaple (2014) (2014). To keep the scan (relatively) compact (Hummels, 2016:20)

The globalization of corporate activity, the acceleration of offshoring, and the integration of world markets are remarkable phenomena that have arisen in the international economy over the past several decades, and the economic effects of these activities on the labor market have naturally become the main focus of research for both international economists. Most of the studies focused on the effect of transferring the job abroad mainly on the level of wages and inequality in wages. The researchers believe that the increase in the external activities of companies may increase the levels of wages both at home and in the host countries. They are based on several reasons, such as the high productivity of the firms beyond their scope, technological fluctuations, and changes in the relative labor demand. The level of productivity of outsourcing firms is likely to be higher than that of non-industry firms hence, an increase in outsourcing within the industry may lead to higher productivity and wage levels in the industry. The outsourcing of firms from developed countries may necessitate technology transfer in the host country, which can act as the driving force for increasing wage levels in the host country (Kwon & Jeon, 2017:2).

Thirteenth: Measurement of Transfer Abroad:

Measuring offshoring is a less straightforward task. Although several methods have been developed, most of them have significant data problems. Thus, many researchers have resorted to 'proxy' measures, that is, they do not measure outsourcing directly, but use available data to estimate the extent of outsourcing. As a general rule, these measures face a trade-off between coverage – both geographically and over time – and measurement accuracy: data for a single point in time at the individual company level can contain a lot of detail, but global time series data will necessarily have to rely on oil forwarders Somewhat crude. On the measure of outsourcing (Bottini, 2007:11):

1. The share of foreign fixed assets in local assets. This procedure arises from the division of capital into domestic capital and foreign capital.
2. The flow of intra-company exports from the parent company to the subsidiary as well as intra-company imports from the subsidiary to the parent company (Marin, 2004). The analysis is based on MNE company level data.
3. The share of the company's (or sector's) total workforce located in overseas branches.
4. The ratio of the value of re-imported goods processed abroad to the value of domestic production. They use external processing trade data.
5. Mediates the value of [services and non-services] imported as a share of the total wage bill in the factory, as done by Gorg et al. (2004) and Germa and George (2004). They claim that the cost of offshoring is equal to the opportunity wage that companies must pay their employees if the tasks are not offshored.

6. And the. Import all goods - including finished goods - as long as they originate from low-wage trials. The idea is that companies sometimes outsource the entire production of a product but continue to sell it under their own brand name in their home market (Egger & Egger, 2001:247).

Fourteenth: The role and challenges of human resource management towards transferring jobs and businesses abroad

The decision about outsourcing is often treated as a purely financial matter since that human resource may not always be involved in the decision-making process of whether to offshore. Frequently human resources are brought in to take over the offshoring once the decision has already been made. Because overseas job prospecting is closely related to both an organization's people management practices and the morale of the current U.S.-based workforce, it is important for HR to be involved in this decision-making process. Human resources are a key player in the process of gathering information to determine the business impact of offshoring. Assessment of structural challenges that may present difficulties in maintaining consistency across all operations, the level of control over the ability of the business to maintain existing projects and infrastructure for both the country and the company and in some cases former contractors, as well as possible future changes within the country's economy or politics the climate all Responsibilities that may lie with human resources. (Jennifer, 2004: 7)

Individuals concerned with the impact of offshoring must understand, first, what types of jobs are likely to be offshored, and second, how they as individuals can develop skills and abilities that will make them more employable. As previously noted, jobs that do not require physical employee-client interaction, or local knowledge that is not tradable, are at greater risk of being transferred abroad. More specifically, Bardhan and Kroll (2003) identified six job traits that increase the likelihood of being targeted for performance abroad. These traits include : (Foulkes, et al., 2006:19)

- No requirement for face-to-face customer service.
- High information content.
- Work process is telecommable and internet enabled;
- The difference in high wages with similar professions in the country of destination.
- Preparation barriers are low.
- Low social networking requirements.

On an individual level, in an environment of global talent sourcing, (Friedman, 2005:238) writes that individuals should strive to be “outcasts”—those whose jobs cannot be outsourced. Friedman writes about four broad classes of outcasts. The first is to be "special", one of the global elite of artists, athletes and intellectuals whose talents are sought after all over the world. Of course, this is a very limited selection. Secondly, if one is not a "specialist," according to Friedman, one can become a "specialist" with unique and distinctive skills. Third, one can choose to be "established" by offering services rooted in direct contact or local knowledge. Some doctors, lawyers, and teachers are examples of well-established roles on a professional level; Other anchored jobs include cooks, plumbers, nurses, hairdressers, and other roles that involve personal contact with customers, the patient, or client. To maintain a competitive advantage as a "special", "specialized" or "associated" person requires continuous learning and skill development. Friedman's fourth recommendation for ensuring future job security is to be "truly adaptable" (Foulkes, et al., 2006:20).

This is the last problem that may be the most important for HR to focus on. There is no doubt that the issue is an increasingly divisive one that can have a significant impact on an employer. If employees feel in danger of being laid off because jobs are being moved outside, commitment and engagement is likely to suffer. This is especially important because job security is a critical factor in job satisfaction. In SHRM's recent research on job satisfaction, job security consistently tops the list of important factors determining employee satisfaction. With an important issue of job security, the threat of offshoring will have a greater impact on employee satisfaction and job performance than many employers may realize. This can have financial implications from high turnover and low levels of productivity, especially during the time period when offshoring is occurring. It could also increase union, a key factor in the SHRM job security survey—that made employees feel insecure in their jobs—they weren't unified. HR will need to take these types of issues into account when helping employers account for the impact of financial offshoring and without it (Jennifer, 2004:8).

Higher-level jobs, especially among consultants and managers, may see a push from the outside. Leading Indian outsourcing companies have set up offices in the US to gain experience and get closer to the US market. For example, Infosys, an Indian IT company with revenues of approximately $1.6 billion, announced plans in April 2004 to invest $20 million in a business consulting firm in the United States to "match competitors and counter potential political backlash against outsourcing." Externally (UNCTAD, 2004:158), senior advisors and rainmakers who can win business and manage external relationships for overseas third parties will be in demand. In addition, as US companies begin to undertake higher value-added activities abroad, such as drug research and development There is likely to be an increased demand for professionals who are able to direct and coordinate these activities across countries (Foulkes, et al., 2006:20).

Companies are facing significant public scrutiny in their efforts to identify talent globally, and the criticism is likely to linger, especially in an economic downturn. Despite the criticism, companies are unlikely to rein in efforts to reduce labor costs or halt efforts to find qualified talent around the world. For companies planning to increase their global sources of talent, early entrants provide good examples to follow. While the focus abroad so far has been largely on cost savings, some companies have expanded beyond cost to achieve a broader turnaround in their business. Companies need to keep strategic factors in mind and business models flexible to meet the changing global context.

Although the decision to offshore is driven by management behaviors, offshore operations are run-down and typically less involved, leaving human resources to manage ongoing cultural and personnel challenges as they arise. Once the decision to specialize overseas is made, the HR is responsible not only for managing people management practices across all operations but also for managing the impact the decision has on employees remaining in the US (Jennifer, 2004:7).

Apart from all the people management issues in connection with the offshoring process, HR practitioners are also weakly exposed as they themselves are towards offshoring. There is some disagreement about how concerned HR practitioners should be. One situation is that HR should feel just as vulnerable to experienced accountants, architects, software engineers, and others. But another view maintains that the biggest changes in the HR profession will continue to be brought about by technology, rather than the threat of cheap foreign labor and argues that this will continue to have the greatest impact on both the role of the HR profession and the types of jobs that HR professionals will do in the future. One certainty is that outsourcing will not go unrewarded as a factor in the employment landscape or as an occasional topic of discussion. Even organizations that decide to relocate will still feel the impact of the trend in some form because many industries and companies—customers, business partners, and advisors—are likely to be involved in offshoring in one way or another. Because of this, even those companies without proprietary operations may have to deal with a workforce that is increasingly concerned about job security and the resulting impact on employee motivation, performance, recruitment, and retention. For HR practitioners, this may be the biggest challenge they face.

CONCLUSIONS

A careful examination of the literature leads to a set of conclusions:

1. Offshoring has an employment-generating effect in developing countries. If the jobs created can be guaranteed to be “decent jobs,” then expatriates can offer women and men a chance to escape poverty.
2. Offshoring is one aspect of globalization that has the potential to make it more "fair" between countries. On the other hand, this will be of little comfort to workers in the developed world who see their own jobs jeopardized by being moved abroad.
3. Offshoring has important consequences for labor markets in industrialized countries. Because offshoring is likely to shift demand toward higher-skilled workers, policymakers need to find ways to mitigate the social and economic costs of job loss, for lower-skilled workers.
4. That international outsourcing may have a significant positive impact on the quality and quantity of employment in industrialized countries. Thus, the simplistic concept of jobs being "exported" from one country to another is often misleading
5. It makes skill upgrading more urgent, as a strategy for industrialized countries. The key to making the “win-win” abroad is to rehire those workers who have been made redundant in a productive way and to smooth their transition to a new job.
6. Being outward can have negative effects on inequality - in the south and in the north. This has often led to higher skill premiums and widening wage differentials, or when northern labor market regulations prevented lower wages for low-skilled workers, reduced employment opportunities for workers in this group.

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