



# The Ethics of Offshoring: Working Conditions, Wages and More

ethics



# Introduction

When the concept of offshoring started gaining popularity in the early 2000s, global businesses perceived it as the act of ‘taking advantage of cheap labour’.

Almost two decades later, most organisations are able to see offshoring for what it really is — **an opportunity to access skilled tech talent and scale at speed.**

However, some businesses are still concerned about the practical aspects and ethics of offshoring. In this piece, we discuss the **ethical implications of offshoring** in 2021.



# Why do companies go offshore?

Before a company decides to go the offshore route and **build a distributed team**, it's essential to understand the benefits of offshoring.

## 1. Access to large talent pools

According to ManpowerGroup, there will be a **global shortage of over 545K software developers by 2026**.

In such a scenario, the reality is apparent — businesses in the West are struggling to keep up with their hiring needs.

## 2. Cost-effective operations

Let's consider a company that is only operating in the UK.

The cost of hiring talented engineers, their payroll, establishing R&D units, and delivering the finished software requires a massive amount of capital that the business won't generate if they only hire locally.

In these cases, **going offshore can prove to be just the solution that businesses are looking for**.

# The ethics of quality

A common concern that correlates to the [ethics of offshoring](#) is quality.

**India produces over 1.5 million engineers every year, a number that is unrivaled across the globe.** This means that finding talented, dedicated, and passionate engineers is much easier.

Their premium education, never-say-never attitude, and **elite abilities ensure that they only provide the best software.**

The reasons why software projects fail are many, but going offshore, if done strategically, is not one of them!





# The ethics of working conditions

Fortunately, gone are the days when employees in developing countries like India were holed up in dingy cabins working for 15 hours a day to meet deadlines.

For instance, at The Scalers, **we've created an ergonomic modern-day workspace** specifically designed to bolster the team's morale, increase employee retention, and **positively impact the company culture**.





# The ethics of patriotism

Another ethical question that arises when companies move their development processes offshore to another country is, “Am I depriving local engineers of jobs?”

Setting up a development center in the West is very expensive, and **there aren't enough engineers — that's why offshoring has become so popular**. It doesn't lead to a loss of jobs, as one would think.





# Effect of Globalisation

Rather than companies having to choose between globalisation or patriotism, why can't they choose both?

It has been proven, time and time again, that globalisation always benefits a country's economy. Wealth is not a zero-sum game where one country's loss is another country's gain.

If it's indeed the case that **going offshore means becoming more economically productive and producing better services and products**, aren't companies doing more good than harm?





# The ethics of wages

Other ethics of offshoring arguments are surrounded by the wages of engineers in countries like India. Because **you can hire developers at a fraction of the cost compared to the West**, businesses sometimes worry that maybe engineers aren't being paid enough.

However, the reason why their payroll is significantly cheaper is the lower cost of living in India. For instance, **consumer prices in the UK are over 219% higher than in India**. Even groceries in the UK are priced 124% higher than in India.

So, even if an offshore software development company in India can hire developers for anywhere between 25-40 €/hour, their disposable income is relatively high. This means that **they are paid well, and businesses are not hiring cheaper labour and compromising quality**. High prices don't always mean high quality.

By partnering with the right offshore development company, **you can access developers that add value to your business** without breaking the bank.



# Thank you



[thescalpers.com](https://thescalpers.com)