

KEY FACTORS FOR SELECTING AN OFFSHORING LOCATION

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Abstract: Location selection for a new site or center is one of the key elements for companies looking to move offshore their business processes. Both literature and practitioners have proposed different criteria and frameworks to support this decision and, in this paper, we have synthesized a new framework based on key location selection factors and risks. Sources used range from articles in academic journals and books on this topic to reports from management and consulting companies. In case of the academic journals, the key ones were identified, and a snowball approach was used to select relevant articles. While initial offshoring decisions have been made based on direct costs, like labor costs, the landscape is now more sophisticated, and several factors are to be considered. The assessment factors we identified are related to availability of foreign languages skills in the talent pool, experienced individuals in the market on the desired processes, potential for cost optimization, IT & communications infrastructure, real estate availability, business climate and competition, city/region development plans, overall quality of life, and accessibility of the city.

Key words: offshoring; outsourcing; nearshoring; long-term decisions; framework

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