

## **Abstract**

Outsourcing had undergone a massive evolution since 1970s and has changed the way businesses operate in the global market place. Offshore outsourcing, in particular, has become a viable strategic venture and is no longer an exception but rather it is a norm in today's economy. Many businesses are able to gain various operational efficiencies by embarking into strategic outsourcing initiatives although existing literatures have proven that there are also significant risks associated with this type of venture. It is interesting to note that not all outsourcing efforts have provided positive results for organizations nor proved fruitful. Nevertheless offshore outsourcing has grown at a phenomenal rate and organizations in the developed countries are seeking for opportunities offshore in order to gain and sustain a competitive advantage. On the other hand, the emerging markets have opened their doorways to welcome these organizations as it significantly boosts foreign direct investment (FDI) into their countries. The Asian region and the Middle East are increasingly becoming popular locations for offshore outsourcing and Malaysia is no exception. It has witnessed significant growth in the last two decades and emerged as a popular outsourcing hub. Nevertheless there are many different perspectives to Malaysia's growth and its sustainability as an outsourcing hub is a growing concern especially in the wake of global competition from various emerging markets lately.

The purpose of this research is two-fold. It attempts to investigate the determining factors of operational efficiencies derived from offshore outsourcing and the significance of the risks factor in gaining and sustaining these operational efficiencies. The study also takes a

holistic view of Malaysia in the context of these determining factors and its ability to emerge as well as sustain as an attractive outsourcing hub. It sets out to review Malaysia's positioning as an outsourcing hub in comparison to other established offshore locations such as India and China as well as emerging markets such as Philippines and Vietnam.