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THEORETICAL BASIS OF OUTSOURCING

Outsourcing (transfer of business processes for performance party customers) was recently accepted as a highly effective form of business organization, enables companies to reduce costs and to focus on the most profitable activities for it. As an example, you can specify a widespread rejection of clothing suppliers from developed countries from the ownership of garment factories in favor of placing orders for the production of finished products from specialized companies located in countries with low labor costs. In fact, the clothing suppliers of its producers have become the owners of trade mark and design technologies that do not lead productive activities.

Abroad, and later – in Ukraine, a large amount of literature on outsourcing – as a science that examines its management and organizational aspects as well as a mathematical model for the interaction of the customer and the operator, and practical advice to business managers and the use of Outsourcing in the daily activities of the enterprise [2; 3; 5]. However, the author has a great number of questions. The most important of these issues are:

- What is the difference between outsourcing and the other forms of cooperation between enterprises (purchasing goods and services for industrial needs, tolling production contract). This question is of both theoretical and practical significance, since the answer depends distribution of rights and obligations between the parties and, in the result, there is a need for special measures of legal regulation (as in the case of leasing);

- Nature of outsourcing as an economic phenomenon. As previously mentioned, the focus of the existing literature is given to organizational and managerial aspects, however its economic essence is not adequately disclosed;

- In what form may be an interaction between companies in outsourcing;

- How can choose to pay the operator's services. This article attempts to answer these questions.

Outsourcing is a method of optimization of activity of the enterprises of customer of service, due to passing to the external specialized organizations to Performers (to the external providers of services – the operators of outsourcing) of non-core functions, ancillary,

supporting or concomitant production of processes, necessary for work of the enterprise, partly or fully, that allows to concentrate the efforts of the enterprise on the basic article of activity, to increase the business efficiency [1].

An operator of outsourcing is the specialized organization Performer (an external provider of services is an operator of outsourcing), rendering the necessary services to the enterprises in the area of its specialization; having or hiring a skilled staff, applying the advanced effective forms and methods of work, technical means and technologies, providing the high quality of the given services, the supplied products, the executable works and the separate functions, partly or fully [2].

Advantages:

1. The decline of the cost of the realization of business process, namely:

- the reduction and control of costs (as a rule, cheaper, than the salary to a staff unit);

- the economy for the tax savings to a staff unit;

- the release of the internal resources of the company for other aims (a synergetic effect is possible).

2. The increase of the quality of the got products or services:

- focusing of the company on basic activity (both the firm-customer and the performer – a synergetic effect is also possible here);

- the use of the specialized equipment, knowledge, technologies;

- the decline of risks, related with the realization of business process;

- the use of competition at the market of performer;

- the reduction of the influence of uncontrollable factors (shortage of stuff);

- the division and partial passing the risks to other company;

- the additional access to finances (at the fund market) is the increase of the investment attractiveness of the enterprise.

The main source of the cost saving with the help of outsourcing is the increase of the efficiency of the enterprise generally and the appearance of possibility to free the proper organizational, financial and still human

resources to develop the new directions or to concentrate efforts to the existing, requiring enhanceable attention.

Basic types of outsourcing [3].

1. Outsourcing of business process. In industry of the outsourcing the term of “outsourcing of business process” is characterized by the complex of second-rate technological processes, the composition of which changes constantly. Usually the finances and book-keeping, the labour resources, the supply, the extra charge and the account of settlements, the internal audit, the calculation of taxation, the centers of maintenance of users and the row of specific processes characterized for this industry are included in this complex.

2. IT-Outsourcing. Presently under the term of “IT-Outsourcing” is implied the transmission of execution of some IT-PROCESSES to the external companies. To IT-PROCESSES take the processes of planning, development, introduction, accompaniment and development of IT-infrastructure of company.

3. Outsourcing of production and economic. Outsourcing of production and economic is one of the most widespread types of outsourcing for which all of the anxieties of exploitation of the objects of the real estate, cleaning up of the apartments, working feed, the management of a transport park of the enterprise, taking of inventory of commodity and other attendant work etc. are the duties of outsourcing companies.

4. The industrial (or production) outsourcing. There is an industrial (or manufacturing) outsourcing, when the company is more profitable to attract outsourcer than to conduct the production process on their own. The electronics manufacturers and telecommunications companies do so often in such a way.

A release from the row of labour intensive and non-core operations enables to concentrate for the development of the new products or services, and if it is necessary to reconstruct a production process quickly and painlessly. Basic advantages of industrial (production) outsourcing are a decline of prime cost of production process, upgrading of quality and reliability of the passed functions, the access to the new resources. It is achieved through the implementation of the company – of outsourcer of more or less similar operations for itself and for plenty of clients, using the modern technologies.

5. Accounting outsourcing. Accounting outsourcing is one of the variants of providing the record-keeping at the enterprise for which the head of the enterprise carries the complete responsibility, in accordance with the legislation of Ukraine. In this embodiment, in order to ensure the accounting for its business and provide the necessary accounting and budgetary funds are used by a specialized company. The forms of collaboration can be very various, beginning from forming of a “zero

accounting” and up to the regular collaboration on a daily basis.

Theoretically and practically, the accounting company can fully perform all functions of accounting company up to the execution of bank payments and primary documents counterparts. However, this does not exclude the possibility of construction a fairly complex and flexible business processes using the external companies and their employees to achieve the maximum efficiency.

6. Outsourcing of office printing. Outsourcing of office printing is the use of technique of the specialized company for an office printing. The transition to pay for a printed page. Due to the use of the more productive equipment, the outsourcing company may reduce the current operating costs of the expense materials, services. It assumes risks and expenses, related to the exploitation of the printing equipment up to the replacement if it be impossible of operative repair.

For a small firm, with the unstable volume of the published works, such approach can substantially reduce a requirement in an original circulating capital. It allows a company not to make the large valid for one occasion of the expenses of the acquisition of technique.

7. Outsourcing as hiring a staff – (outstaffing). Different companies enough often have a necessity to hire the skilled personnel without legal registration.

8. Outsourcing of marketing. Outsourcing of marketing is the transmission of functions of marketing of company, specializing in this field. In that case the companies refer to the outsourcing of marketing when the companies is more profitable to solve marketing tasks using the services of the strange specialized company. The choice of marketing activities for a transmission for outsourcing is unique for every company. It depends upon the specific of activity of company, the presence in the state of the enterprise of enough number of own marketing specialists and the level of their qualification.

The advantages of outsourcing of the marketing:

- Economy of the cost savings for maintenance and management by the marketing department;
- The narrow specialization of specialist of marketing allows the company Customer not only to get a result and also to solve the specific tasks;
- The probability of receipt of the poor-quality solution of task goes down;
- Outsourcing of marketing gives the company the additional competitive advantages.

9. The services of outsourcing for the public and local self-government authorities.

10. Outsourcing of call-center. Every year the number of call-centers (contact centers) increases. Wishing to take the advantage of services of call-center,

the leaders of the companies have a choice – what is more profitable, more correct, more reasonable: the organization of call-center in the company or take advantage of outsourcing call-center? For many executives the use of outsourcing business in business and including in regard to a call-center is unusual. But distrust of outsourced call-center disappears as soon as the responsible persons meet closer with the high technological level of equipment centers and understand that the creation of such technical base for itself is impossible and unjustified economically.

The forms of outsourcing [4].

1. Full (maximum) outsourcing. The term is used for denotation of the agreement according to it the state of employees and possibly the assets, related to the basic activity of the enterprise (in fact up to 90% of such activity), such as the information technologies or finance are passed to the provider of services for the time of the action of contract.

2. Partial (selective) outsourcing. This form of outsourcing may be shown only at making of different expensive products (for example, domestic technique).

3. Joint outsourcing. The term “joint outsourcing”, introduced by the British company EDS, describes one of the options for outsourcing, in which the parties to the agreement are partners. Recently, however, some experts use the term to describe subcontracts which involve some service providers.

4. The intermediate outsourcing. This type of outsourcing takes a place when the organization transfers the management of their systems and platforms to a third party, supposing that its own specialists of IT are able to develop the new systems. The organization, planning to carry out intermediate outsourcing, as a rule, demonstrates the high level of trust to the capabilities of the specialists of IT.

5. Transformational outsourcing. Unlike intermediate outsourcing, the organization invites the provider of services which will reorganize the work of subdivision fully, developing the new systems and creating the reliable base of knowledge and skills, which passes to the client then. Transformation outsourcing differs from full one only that the transition of staff and assets is not final up to the end of the project a client finds the complete control and takes the duties again. For many people it sounds as the ordinary services of consultant. The only difference is that the transformational outsourcing the supplier usually operates sufficiently regardless of the personnel of the client. Therefore it is not surprising, that there are only small number of the real examples of transformation outsourcing.

6. Outsourcing of joint ventures. Outsourcing of joint venture involves the creation of the new company

for the use for the future business opportunities. The staff and assets of client will be transferred to this joint venture but not to the provider of services. The purpose will be not only to improve the quality of work of the translated subdivision but that is more important, the development of commodities and services which can be sold to the third party. Then the customer and the provider of services will share the income earned by the new company. Thus, the provider of services will be able fully to utilize the possibilities for the creation of the systems and a client will share the charges with him for the development of the new software. A joint venture gets advantages of using the specialized knowledge of the client about the market. Some goods and services of joint venture will be developed using the opportunities which have arisen due to agreements for the complete outsourcing.

Proposed in this paper include the classification of outsourcing allowed to outsource certain activities that previously were not included in outsourcing, and considered as a separate, and to identify specific, has not been studied, the type of outsourcing – the mutual (two-way). The author’s point of view, is that it’s makes it possible, on one hand, to has proper understanding of the economic essence of the phenomenon of outsourcing, and the mechanisms of interaction between enterprises within the outsourcing, and on the other – has allowed to consider a number of today’s popular forms of business (including franchising) as a special case more general phenomenon of resource use outside companies (outsourcing).

The author hopes that the results obtained in this study will be of great interest both to researchers studying outsourcing and, more broadly, principles of interaction between enterprises and managers to practitioners who use outsourcing business activities run by their respective companies.

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Ковальов А. В. Теоретичні основи аутсорсингу

У статті розглянуто існуючі класифікації видів аутсорсингу, доведено, що вони досліджують лише управлінську та організаційну складові аутсорсингу. Виявлено відмінності аутсорсингу від покупки товарів і послуг. Запропоновано підхід до аутсорсингу як до економічного феномену, побудовано класифікації видів аутсорсингу за економічним змістом і за способом організації взаємодії між підприємствами. Описано механізми взаємодії підприємств при аутсорсингу.

Ключові слова: аутсорсинг, види аутсорсингу, види взаємодії підприємств.

Ковалев А. В. Теоретические основы аутсорсинга

В статье рассмотрены существующие классификации видов аутсорсинга, доказано, что они исследуют только управленческую и организационную состав-

ляющие аутсорсинга. Выявлены отличия аутсорсинга от покупки товаров и услуг. Предложен подход к аутсорсингу как к экономическому феномену, построены классификации видов аутсорсинга по экономическому содержанию и по способу организации взаимодействия между предприятиями. Описаны механизмы взаимодействия предприятий при аутсорсинге.

Ключевые слова: аутсорсинг, виды аутсорсинга, виды взаимодействия предприятий.

Kovalyov A. V. Theoretical Basis of Outsourcing

The present paper contains the analysis of the existing classifications of types of outsourcing. It demonstrates that these classifications are based on managerial and organizational criteria without taking into account the economical nature of outsourcing. Differences between outsourcing and purchase of products and services are described. A new approach to outsourcing is proposed that is based on economical aspects of this phenomenon. New classifications of types of outsourcing based on its economical nature and the types of interaction between companies are given. A list of methods of payment for outsourcing services is applied.

Key words: outsourcing, types of outsourcing, types of interaction between companies.

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