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OUTSOURCING: ITS CONCEPT AND TYPES

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The article defines outsourcing, a new form of development of industrial and economic relations, which is used in various activities. The main reasons for the transition of organizations to outsourcing are highlighted.

The modern world economy is characterized by a high degree of economic interdependence of countries. This interdependence is caused by changes in the organizational structure. Transnational trade and investment are formed. The field of information technology is booming. This allows you to quickly manage the flow of information between companies in one country and abroad. Information technologies contributed to the emergence on the world stage of a new economic model - outsourcing.

In recent years, outsourcing has begun to penetrate into the organizational structures of management with farming a number of functions out. Its use makes it possible to enhance the competitiveness of organizations by reducing costs, streamlining production and management, and focusing on innovation.

In the literature, outsourcing (from English outsourcing: using an external source and/or resource) is defined as a business practice in which services or job functions are farmed out to a third party [1].

Some authors [2, 3] understand the outsourcing managerial decision, that is, consider outsourcing as a management decision on the withdrawal of a function or process from an enterprise or organization that meets development goals.

Other researchers propose to interpret outsourcing as the transfer of processes and functions [4], implying at the same time the rejection of the independent execution of a process or function and its transfer to a third-party organization.

Anikin B.A. and Rudaya I.L., the authors of the book «Outsourcing and Outstaffing: High Technology Management», interpret outsourcing as a sequence of organizational decisions, the essence of which is the transfer of some previously independent functions of an organization or activities of an external organization or it is customary to say «to a third party» [5].

It should be noted that in the scientific literature there are a number of terms similar to outsourcing: *shrinking* - reduction, organization compression; *downsizing* - reducing the organization; *deleyering* - reducing the number of management levels; *spin off* - the allocation of units of business or "unfastening" structure; *externalization* - the transfer of control over the performance of any function of the company specializing in this field. However, they all represent only a special case of applying the outsourcing methodology.

Outsourcing adheres to the following principles: Effectiveness, Efficiency, Economics. It allows you to increase the efficiency of the enterprise as a whole and use the freed up organizational, financial and human resources for the development of new directions or concentration of efforts that do not require increased attention.

Today there are many types of outsourcing in the world; many of them are successfully used in Belarusian enterprises. In each specific organization, the processes that are transferred to third-party companies may differ significantly, and it depends on the specifics, industry, goals and objectives of the companies. Some types of outsourcing are shown in table 1.

In fact, there are many methods of how to divide such a business model as outsourcing. It is necessary to choose a model of organization of outsourcing relationships, taking into account the characteristics of the organization. Despite this, the main types are manufacturing, business process outsourcing and IT outsourcing. The experts of the Outsourcing Institute (USA) highlight the outsourcing of information technology as the founder of modern outsourcing and the modern market in their research.

At present, outsourcing in education is of particular relevance, since education is the most important component of the indicator "quality of life" [9, p. 70], which makes it necessary to constantly increase its level. The use of outsourcing in education can increase its level. The established cooperation of universities and organizations will lead to the effective use of their existing resources. Cooperation will contribute to the development of the region and increase its competitiveness. [9, p. 72]. Moreover, this form of cooperation between universities and organizations will contribute to a closer interaction of stakeholders, which is important for high-quality training of specialists at the present stage of development of our country and the world community as a whole [10, p. 400].

Economics

Table 1 –Types of outsourcing

Type	Meaning
Production outsourcing	the transfer to an outside organization of the products or its components production, partial or complete
IT-outsourcing	the transfer to the third-party organization in whole or in part of the functions of servicing the information needs of the organization
Accounting outsourcing	the transfer to the outside organization of the functions related to the organization, accounting and reporting at the enterprise outside the company
Logistics outsourcing	the acquisition of a third party inventory management services, transportation of goods, its storage and all business processes associated with these operations
HR outsourcing	the transfer of third-party organization functions related to the selection and search for employees (as well as staff leasing and outstaffing)
Business Process Outsourcing	the transfer to an outside organization of certain functions necessary for running a business, but which are not essential, i.e. transfer of non-core business processes (advertising, storage and processing of information, etc.)
Outsourcing in education	the transfer to a third-party organization of a non-core type in order to minimize the expenses of an educational institution

Source: compiled by the author on the basis of references [1, 6–8].

Organizations resort to outsourcing for various reasons. There are some of them:

1. *Cost reduction.* The ability to reduce costs in an organization by transferring part of the functions to a third-party organization is often the main and sufficient condition for switching to outsourcing. In this case, the effect of cost reduction prevails over the other reasons, since it is most quickly felt from the point of view of financial costs. But for this it is necessary to first analyze the situation on the largest costing items, taking into account not only direct costs, but also indirect costs.

2. *Improving the efficiency of individual functions.* The third-party organization will do its job more professionally. This is facilitated by its narrow specialization in this area and the presence of highly qualified specialists.

3. *Transfer of fixed costs in the variables.* There are two aspects of motivation. First, there is a redistribution of risks, some of which are transferred to the involved organization. Secondly, due to the use of the finished infrastructure of another organization, overhead costs are reduced (the costs of supporting the activities of its own divisions are reduced).

4. *Release and redistribution of resources.* When part of the functions are transferred to a third-party organization, the company releases a number of resources: fixed assets, working time, space, cash, etc. Thus, the enterprise has the opportunity to redistribute them and redirect to the most significant processes that will help increase the value of the enterprise.

5. *Using global experience.* In this case, outsourcing allows enterprises to use the accumulated best practices in ensuring both core and non-core processes, which, in turn, is a significant factor in the development of relations with foreign investors.

Outsourcing is used actively by leading corporations of the world. Today, it is the largest corporations, such as Ford, British Petroleum, Procter & Gamble, Dell, Excel and others, as a result of outsourcing, have achieved impressive results (increased profits by reducing costs, increasing the overall activity of their companies, reengineering, etc.).

It can be concluded that outsourcing enables an organization to focus on solving its main tasks - increasing competitiveness, promoting its goods and services on the market. It allows you to increase the effectiveness of the organization by reducing costs, accelerating adaptation to the external environment, improving the quality of goods and services, reducing risks.

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