



APPLICATION OF OUTSOURCING IN INDUSTRY

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Annotation

The article discusses issues that are devoted to the study of basic concepts and concepts in the field of industrial outsourcing. Outsourcing technology is one of the logistics strategies of company management, which, in order to improve logistics efficiency, involves the transfer of some business functions or parts of business processes to a third-party contractor (outsourcing company).

Keywords: outsourcing, business processes, outsourcing experience, industrial outsourcing, advantages of outsourcing, outsourcing service.

The relevance of the research topic is that for the development of enterprises it is necessary to improve the management of both the main business processes of the company and auxiliary ones. The effectiveness of enterprises and organizations, ensuring their competitive advantage, and the development of business as a whole largely depends on the quality of management of auxiliary functions.

The classical business model assumes that the processes are carried out by the company's own forces. At the same time, entrepreneurial activity is not just the main tasks, but also a lot of auxiliary functions. The increase in capacity leads to the need for detailed accounting, preparation of additional reports, frequent interaction with regulatory authorities, etc. Many firms are unable to cope with the increased volume of work, managers' attention is scattered, and competitive advantages are lost.

To prevent this from happening, you need to either radically change the business structure, or transfer part of the processes to the contractor.

In the context of the search for business development options, attention to outsourcing is increasing, which sometimes becomes not only a method of increasing production efficiency, but also an integral part of crisis management. A developed market infrastructure can support the company's activities based on an outsourcing strategy and create conditions for effective work.

The active use of outsourcing began at the end of the twentieth century, when the principle of dividing functions into main and secondary ones and transferring the latter to specialists in a particular field external to the enterprise for a long period began to be actively applied in management.





When using outsourcing, many new aspects of interaction between enterprises and organizations appear, which necessitates further study and development of outsourcing.

The first outsourcing experience can be considered the services provided by law firms in the USA and the UK at the beginning of the twentieth century. Practical outsourcing as a management technology appeared during the "great confrontation" between Ford and General Motors, which proved that in a competitive environment a company cannot rely only on its own resources and be completely self-sufficient. Alfred Sloan, who headed General Motors, began using outsourcing long before the term appeared. He based the company's management and production on the method of cooperation of highly specialized production both inside and outside the company.

The advantage of outsourcing is that it allows companies to adapt to changing conditions, most fully meet the requirements of the external market by using external resources rather than internal reserves.

The basic principle of outsourcing is as follows: "to do what you can and know how to do better than others, and entrust others with what they do better and cheaper" An innovative form of economic and organizational relations — outsourcing is increasingly developing, both in world and Uzbek practice. The transfer of some functions of the enterprise to external specialists (outsourcers) is a recognized trend of the world economy, which allows enterprises and organizations to focus on their core activities, improve the quality of management, which brings Uzbek enterprises close to the possibility of practical application of modern high management technologies.

The analysis shows that outsourcing is a modern method of creating highly efficient and competitive organizations with a consistent concentration of management based on the formalization of all processes related to design, production, operation and maintenance.

Among the reasons for the transition to outsourcing, production managers in developed countries call:

- desire to increase labor productivity;
- striving to reduce costs;
- the need to concentrate on the main activity.
- the resulting effect:
 - fast deadlines for the execution of works;
 - availability of equipment;
 - loading of non-core capacities;
 - the opportunity to create a new business, a new strategic source of income;





- the opportunity not to lose, not to destroy the existing production capacities in the industries;
- profit maximization;
- expanding the order portfolio;
- the ability to increase the manageability of the production process;
- the ability to carry out investment modernization programs more often;
- increase the flexibility of the assortment, sales;
- introduce innovations into the product line faster;
- reduction of unproductive and productive costs.

We will determine the composition of the measures required when attracting production outsourcing, or allocating our own divisions for these services:

To determine the strategy of production development; to determine those productions that need to be allocated or attracted; to restructure.

When outsourcing, the client delegates some powers to a specialized agency. We are talking about any non-core tasks, including:

- accounting;
- legal support;
- recruitment of personnel;
- protection of the territory;
- IT services;
- registration of foreign employees;
- personnel records management, etc.

These can be both specific functions within divisions, and large-scale tasks related to production, organization of logistics chains and promotion of goods or brand. It is only important that the process is not the main one for the company.

Currently, the classification of forms and types of outsourcing has not settled down, since the relationship between the customer company and the contractor within the framework of specific agreements may have significant differences.

However, the following classification features and types of outsourcing can be cited:

Sign	Type of outsourcing
country of origin	<ul style="list-style-type: none">· inshoring - the work is carried out by another company, but within the country;· offshoring - development is sent to another country
type of activity	<ul style="list-style-type: none">• production outsourcing· non-production outsourcing (outsourcing of business processes)· outsourcing of information technologies.
form of organization of joint activities	<ul style="list-style-type: none">· external and internal outsourcing;· full and partial outsourcing
activity profile	<ul style="list-style-type: none">· outsourcing of core processes;· outsourcing of auxiliary processes
Function of management	<ul style="list-style-type: none">· outsourcing of the organization· outsourcing of control· outsourcing of planning· outsourcing of motivation





Competition in the open market, where the determining role is played not only by the ratio of price and quality of products, but also by the possibilities of the best satisfaction of customer needs, the range of related services provided, reduction of time to market new products, possession of intellectual property and other advantages of the company, forces managers to use new management concepts.

Based on the historical stages of outsourcing development, the main factors of its development are highlighted:

- the development of information technologies and the formation of information networks, which led to a significant reduction in the cost of information transmission, as well as made it possible to quickly exchange information between enterprises;
- further development of scientific and production cooperation as a factor of competitive advantages;
- wide implementation of international quality standards.

Outsourcing can be beneficial for an enterprise in such cases:

1. it is unprofitable for the company to keep highly specialized employees on a permanent basis;
2. non-core areas spoil the annual reporting in a large business structure;
3. it is necessary to improve financial performance by reducing the number of full-time employees or reducing the costs of support processes;
4. the company cannot compete with other enterprises in non-core specialties, which leads to difficulties in finding new employees for these positions;
5. the introduction of a new business task may worsen the established interaction within the enterprise.

Outsourcing service is beneficial for both small and large companies. It makes no sense for private entrepreneurs to attract narrow-profile specialists to their staff, while corporations delegate entire departments to contractors, leaving one specialist in the staff to coordinate actions.

Such a tool is beneficial for organizations in a highly competitive environment. Some firms delegate up to 80-90% of the responsibilities, focusing on what makes the product unique and attractive. The management remains to create a further development strategy, introduce innovations, and improve the USP.

Thus, on the one hand, outsourcing involves the removal of certain functions or types of production activities outside the company, which allows the company to concentrate on its core business. At the same time, the customer company transfers certain powers and responsibility for possible risks to the outsourcer company. That is, the transition to outsourcing is a strategic decision aimed at increasing profitability and competitiveness in the long term.





The implementation of outsourcing at industrial enterprises in Uzbekistan is one of the most complex organizational and economic problems. The presence of this problem is due to insufficient knowledge and practical testing of a relatively new method of managing the activities of enterprises. The reasons for distrust of this method include such as management doubts about the quality of services provided by the side, possible leakage of confidential information, lack of methodological experience in using outsourcing, doubts about its effectiveness. These reasons determine the presence of risks in the use of outsourcing technology in industrial enterprises.

Experts identify several main advantages of using industrial outsourcing:

- The ability to borrow someone else's experience and knowledge. First of all, it is access to those resources that the company itself does not currently possess. Moreover, these resources can be different: qualified personnel, revolving funds, information, new high-performance technologies, etc.
- As a rule, an outsourcing company does not work with one customer.
- By developing the technology of one client, specialists can apply his promising ideas also for the manufacture of products of another:
- The ability to free up resources for the development of enterprise strategy,
- sales tactics and other internal projects. By transferring some of its functions to an outsourcer, the company frees up staff that can be used to develop the core business, which, in turn, leads to increased productivity. This applies to both technical and managerial personnel. who can fully focus on the main business processes of the company
- Reduction of production costs. One way to reduce costs is to transfer some of the non-core responsibilities to an outsourcer company. This can be repair work, maintenance of buildings, production of the simplest blanks and other auxiliary services. By delegating this part of the work to a third-party organization, you can significantly reduce their cost.
- Insurance of own capacities. Among other things, industrial outsourcing is used to insure the company's own production capacities in the event of equipment failure, as well as with a sharp increase in volume and production speed. It may be especially relevant to attract an outsourcer for seasonal business projects.
- Of course, there are disadvantages like any case. I would consider the following to be the most significant:
- Lack of control over the actions of the outsourcer, dependence on his integrity. The relationship between two legal entities does not allow the customer to interfere in



the operational and economic activities of the contractor. therefore, he often cannot fully control the execution process.

- The possibility of leakage of internal customer information, technological solutions, know-how and other vital data and developments for the company, carefully protected from competitors.

- The logistical process is complicated. An outsourcer company that is ready to provide the necessary services may be located on the other side of the globe or. key companies.

- Without developing a certain part of production, the company does not develop its staff. In addition, by transferring specific issues to a third-party company, the customer eventually becomes directly dependent on outsourcing, and the longer part of the production remains outside of his jurisdiction, the more difficult it will be for him to create a similar production at his own enterprise in the future.

- The decision to outsource certain functions is strategic and has a serious impact on the company's rating and competitiveness in the future. Companies face the so-called problem of choosing "make or buy", i.e. to produce independently or to purchase on the side.

Summing up, we note that the goal of any company is to achieve maximum efficiency in its field of activity. Therefore, it is necessary to regularly analyze activities and strive to focus attention on the main activity, and outsource secondary functions, but at the same time regularly evaluate and monitor the work of outsourcers, discuss current affairs and problems, and set new tasks for them.

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