

MODERN TOOLS FOR ASSESSING OUTSOURCING OF NON-CORE BUSINESS FUNCTIONS

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Abstract. *One of the key issues in outsourcing practice is the organizational decision to transfer functions or business processes to a third-party contractor. This requires knowledge of models and mastery of methods for assessing the effectiveness of outsourcing.*

Developed foreign and Russian methods allow us to identify the feasibility and effectiveness of outsourcing. Existing methods for making decisions on the use and effectiveness of outsourcing can be divided into two groups: economic (calculation) and graphical.

Keywords: outsourcing, business functions, strategy, graphical model, matrix.

The group of economic methods is based on cost assessment. The variety of methods is explained by different approaches to assessment and the variety of types of outsourcing, for each of which an individual calculation can be proposed.

I.L. Rudaya associates the preliminary economic justification of an outsourcing project with the assessment of the costs of producing products and services using their own resources compared to the costs of acquisition [2].

To assess their own costs, they propose using the calculation method by processes. The calculation includes only those costs that can be avoided in the case of a successful outsourcing project, taking into account additional costs associated with the transfer of functions or business processes to the outsourcer, and with the obligatory consideration of alternative costs.

The effectiveness of outsourcing can be assessed by comparing own costs and outsourcing costs. To compare own costs and outsourcing costs, D.M. Mikhailov provides a list of cost items that are included in both groups.

Own costs include:

- production and wages;
- raw materials and logistics;
- capital (working capital);
- lost profits (transaction costs of outsourcing).

Outsourcing costs are:

- expected price change;
- one-time outsourcing costs;
- additional current outsourcing costs.

The main advantage of economic methods is obtaining specific data, objectivity of calculations, which allows comparing different options and playing out scenarios, as well as creating computer programs, as a result – minimizing the human factor in calculations. The disadvantages of this group of methods include increased attention to the cost component with complete disregard for strategic components, the company's positioning in the market, quality parameters of the organization's products and other parameters considered in matrices and algorithms. The disadvantages of the economic model include the impossibility of determining the strategic effectiveness of the solution and the complexity of use for organizations that independently make decisions about using outsourcing.

Graphical methods are associated with the use of graphs, matrices and algorithms. The following graphic models and matrices are used in Russian practice:

1. The BCG model, proposed by S. Dertning, head of the Moscow office of BCG. Based on the analysis of five elements: strategic influence, financial influence, business influence, business risks, feasibility.

2. The Price Warehouse Coopers outsourcing model, which is based on the use of two factors in decision-making: competitive and strategic importance of the asset. The combinations of these factors in the matrix provide four solution options. Outsourcing is necessary only with the combination: "high competitive importance - low strategic importance". When making a decision

based on this model, attention is focused on eliminating weaknesses at the expense of resources aimed at strengthening strengths, which is strategically incorrect.

3. The IBS model, based on the analysis of four parameters: strategic priorities; economic efficiency; manageability of services; reliability and risks. The decision is made using the matrix proposed by E.V. Mitrofanov. The matrix is based on two parameters: financial (the X axis shows the ratio of the cost of the service inside to the cost of a similar service on the market by levels) and quality characteristics (the Y axis is the assessment in points equivalent by levels).

4. The matrix of E. Mitrofanov suggests four options for solutions:

- use of outsourcing;
- development of the business function;
- development or outsourcing (depends on the company's policy regarding the business function);
- allocation of a competitive business function into a separate business.

5. The McKinsey model, which reflects two criteria: profitability of non-core assets and involvement in the technological chain for creating value for the consumer. Since all companies are a set of business units that are practically ready for outsourcing, the McKinsey graphical model is one of the best models for deciding on the feasibility of such operations. In it, the X-axis is involvement in the technological chain (the degree of involvement is assessed by experts), the Y-axis is profitability (net costs and contribution to the organization's profit are assessed). Business units or divisions are designated by dots on the field.

Business units are outsourced in three stages:

- obviously non-core or unprofitable organizations (everything that falls into the lower left corner of the model graph) are subject to sale or liquidation so that the services or products necessary for running the business can be purchased on the market;
- it may be necessary to change the technological foundations of the business – if some structures are involved in the technological chain and at the same time bring net losses, but their technologies are very important for the business;
- preserving only technologically important and profitable organizations. It is advisable to leave only what is truly technologically significant for the business and actually brings income.

6. A comprehensive matrix of outsourcing non-core business functions of an organization, proposed by Yu.G. Odegov and R.V. Nuzhdin based on the BCG approach. The matrix is based on a comprehensive review of business functions by four key parameters:

- strategic importance;
- risk;
- cost;
- quality [1].

By the strategic importance of a business function and the corresponding professional competence of personnel, the authors understand its significance for the successful functioning of the main areas of business activity.

Risks determine the potential for the manifestation of outsourcing shortcomings. Experts determine the risks and assess them by levels. Expert assessments are the basis for matrix positioning, both for this parameter and for others. Positioning in the fields of the complex matrix is carried out based on the results of expert assessments at three levels (low, medium and high). Cost is an indicator characterizing the ratio of the cost of services (competencies) on the market with own expenses for the implementation of similar business functions. Quality as a parameter reflects the consumer level of professional competencies of personnel and is assessed at three levels. This approach is justified by the need to ensure a balance of the selected indicators and parameters from the point of view of making a management decision on outsourcing. A comprehensive review of the obtained assessment results allows us to indirectly judge the overall level of outsourcing feasibility.

The considered methodology differs from others by the ability to conduct a four-factor analysis of business functions, rather than a two-factor analysis, typical of classical matrices.

7. D. Khlebnikov's outsourcing matrix, a unique development of domestic management, the result of creative development and a combination of the McKinsey and Price Waterhouse Coopers models with the BCG matrix, a two-factor analysis tool. The analysis is carried out on two main factors: "strategic importance" and "quality of competencies compared to competitors and the market in general", which are measured at three levels [4].

This method is distinguished by a criteria scale of assessment. As a result of the distribution of indicators across the fields of the matrix, management decision options are developed. The

outsourcing matrix considered by D. Khlebnikov is a method of distributing the object of consideration into segments of a 3x3 matrix, which can be a separate production, division, type of work, right down to a specific specialist - the bearer of a certain competence [4].

Within this matrix, two dimensions are specified:

- strategic importance;
- quality of competences / work / results in comparison with those available on the market.

The central segment has a special purpose - if you get into it when analyzing an object, it means that you are analyzing something incorrectly. There are no two identical competences, works, technologies, results, companies, markets, etc. in the world. There is always a difference, and getting into the center of the matrix signals a lack of information for analysis.

If a business is strategically important, but not competitive, it is necessary to develop competences. The company must learn and ensure that the quality of its services / work increases. If its competence is comparable to the market and is strategically important, it is necessary to develop assets, a technological base. This is necessary so that the business can develop through investment and, while maintaining high strategic importance, ensure the company's dominant position in the market. What falls into segments with low competence and low strategic importance should be liquidated, and the corresponding products or services should be purchased on the market.

Two more segments of the matrix show areas where products are competitive in the market, but have no strategic importance for the business as a whole. This is the basis for diversification. As soon as certain areas of activity, work, functions or production are allocated to the external environment, they also become an independent business, but already strategically important.

Strategic importance and the quality of competencies (works) of results in comparison with the market are quite complex parameters. It is impossible to express them in specific figures, so they resort to expert assessments.

Strategic importance has its components:

- technological involvement, which takes into account the type of activity of the company;
- profitability factor;
- the owner's claims (something that McKinsey does not have. If the owner wants to do business, then this is quite enough to run the business);
- socio-economic and political aspects of ownership. There are companies operating in difficult working conditions, with very strict government regulation and with high social responsibility.

The horizontal scale of the outsourcing matrix is the quality of competencies / work / results compared to the market. To assess this scale, you should:

- understand what the company does, what people buy from it;
- know what the business's competence is and answer the key question: who does it? It is important to analyze the real competencies of the staff;
- analyze the competitive environment;
- determine whether market conditions allow for transformation based on the analysis of the infrastructure.

Fomichev, A.N. believes that the basis for the success of outsourcing is a timely management decision. The method he developed for making management decisions on the use of outsourcing excludes the stages associated with determining the prospects of a business, making a decision on outsourcing, and a detailed assessment of the use of outsourcing [3].

The prospects of a business are determined by the criteria of competitiveness in the market, market prospects, the availability of the required amount of investment, the effectiveness of business coexistence, and product profitability. The matrix is based on two criteria: the prospects and competitiveness of a business, which are assessed using a four-point system (where 1 is the maximum and 4 is the minimum value of the criteria). After assessing these criteria, the business is positioned on the matrix and a decision is made regarding outsourcing.

When using the IBS matrix, the feasibility of outsourcing is considered in the context of four most important aspects:

- strategic priorities;
- economic efficiency;
- manageability of outsourced services;
- reliability and risks.

The decision to outsource a business function is made using a decision matrix developed by IBS consultants. The X-axis of this matrix shows the ratio of the cost of a service within the

organization to the cost of a similar service on the market, and the Y-axis shows the qualitative characteristics of the business function, also in comparison with the market.

As a result, the matrix is divided into nine segments, each of which corresponds to one of four solutions:

- outsourcing – refusal of services of own divisions and acquisition of similar products on the market;
- development – improvement of business function towards increasing quality of services or decreasing cost price;
- development or outsourcing – an option in which both solutions are possible (preference depends on the company's policy regarding the business function in question);
- allocation – the business function is competitive and can be allocated into a separate business to generate income.

In foreign practice, the Price Waterhouse Coopers quadratic matrix is often used to assess the feasibility of outsourcing, which is constructed taking into account two main factors: competitiveness and strategic importance of the asset. The scheme proposed by Price Waterhouse Coopers gives a general idea of the need to use outsourcing. In the case of production outsourcing, a more accurate answer is given by the assessment using the algorithm developed by SOLO.

So, to make a high-quality decision on outsourcing, it is necessary to consider significant parameters in a complex. Meanwhile, none of the widely known and traditionally used tools allows for a comprehensive assessment of all necessary parameters at the same time. Thus, to overcome the imperfection of the approaches considered, it is necessary to include a strategic aspect in the economic group.

This is due to the fact that economic methods only allow you to compare costs before and after the introduction of outsourcing, but do not take into account the importance of the work / competence / business process. To overcome this drawback, a method of expert assessments can be a way out, allowing to question specialists in a specific area of the organization's activity regarding its importance for the business as a whole. In Russian practice, graphic models are mainly used to assess the need for outsourcing a function. The most popular tool is the traditional "outsourcing matrix". It seems that the most preferable way to perform the analysis is to use D. Khlebnikov's outsourcing matrix.

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CLUSTER FORMATION IN THE SMOLENSK REGION: ENVIRONMENTAL ASSESSMEN

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Abstract. The article discusses the main issues of the development of the creative economy, the successful development of which largely depends on both external conditions and the internal policy of the regions, therefore, during the recruitment and renewal of personnel, an important task is to attract qualified and talented specialists.