American Journal of Business Management, Economics and Banking ISSN (E): 2832-8078 Volume 11, | April, 2023

# POSSIBILITIES OF USING OUTSOURCING IN THE PROVISION OF TRANSPORT AND LOGISTICS SERVICES

Kadyrov T.U.

Department of "Methodological Provision of Education System" of the Graduate School of Business and Entrepreneurship

ABSTRACT	KEYWORDS	
This article highlights the importance of outsourcing in the provision of	transport-logistics	
transport and logistics services, and systematizes the group of factors that	services, outsourcing,	
encourage such activity. A method of evaluating the economic	insourcing, outsourcer,	
effectiveness of outsourcing and criteria for evaluating the description of	insourcer, economic	
the outsourcing's execution capabilities are proposed	efficiency.	
	-	

#### INTRODUCTION

Relationships between business entities based on outsourcing have recently been more and more widely used in foreign practice.

The term "Outsourcing" is derived from the abbreviation of the words "Outsider Resource Using" (resource use by external organizations), and contractual relations basically mean the use of resources (production or service activities) of other enterprises and organizations instead of their own resources. In recent years, all types of production and service activities are carried out by companies in all sectors of the economy in the framework of mutual cooperation based on outsourcing.

As a result of the conducted research, outsourcing is defined as an integral part of the management strategy related to the provision of certain components or processes of the enterprise (insourcer) related to the production or provision of services to an external executive (outsourcer) on the basis of the rules of division of labor, stable business cooperation and mutual economic interest. can be given.

At first glance, outsourcing appears as a form of mutual cooperation. However, it differs from ordinary organizational-economic relations in the following ways:

- guarantee of the scope and quality of the work assigned to him by the external executor;
- an open price policy between partners for the work performed or the services provided (the agreed price and the objectivity of making adjustments to it);
- mutual cooperation and long-term business relations;
- the authority to make corrections or changes to the technological processes of outsourcing as agreed by the outsourcer;
- joint responsibility of the outsourcer and contractor for product quality, delivery terms and other conditions, etc.

Also, in outsourcing, a complete list of participants and the type of work performed by them should be provided in the creation of the product or service provided to them according to the requirements of

consumers. If these types of services require special licenses, this is one of the necessary conditions based on the established legislation. Then, it is possible to achieve proportional provision of responsibility of the outsourcer and the customer in conflict situations arising from the performance of contractual obligations between the transport service provider and the consumer.

In the logistics system, it is appropriate for the customer to use outsourcing in the following cases:

- if the company does not have enough experience and knowledge in logistics activities;
- if the quality of service and level of service increases;
- if a synergistic effect is achieved by ensuring service reliability;
- if outsourcing does not conflict with the company's strategic goals.

Of course, its synergistic efficiency is of primary importance for the customer when making a decision on outsourcing, which is manifested in the following cases:

- achieving economic efficiency by reducing costs per product unit due to the expansion of the scope of activity and the increase in the production volume;
- combined effect due to the complementarity of the customer's and outsourcer's resources;
- reduction of the customer's transaction costs due to outsourcing;
- increase in the possibility of applying innovative achievements in production.

It is worth noting that the effectiveness of outsourcing is ensured for the enterprises performing it only if the order given by the customer is attractive and profitable. Because they will be interested in both long-term cooperation and high profit in their work. Otherwise, even if there is a demand for outsourcing among customers, it will be difficult to implement it in practice, or it may not be implemented at all.

In our opinion, the main factors encouraging the use of outsourcing in the provision of transport and logistics services in the road transport system are as follows:

- 1. Provision of transport and logistics services of various types of motor vehicles, trailers, semi-trailers, special trailers, refrigerators, loading and unloading mechanisms, technological equipment for maintenance and repair of vehicles, cargo handling equipment, storage warehouses and other technical is carried out by using technological means. This naturally requires attracting a large amount of capital and investments in order to have these technical means. In conditions of limited material and financial capabilities of transport operators, they outsource some types of transport-logistics operations in order to fully satisfy the needs and demands of customers. In this case, if the financing of the execution of these operations is carried out by an outsourcer, the costs are covered by the payment made by the consumer for the services provided, together with the added value.
- 2. Quality of transport and logistics services. In some cases, even if transport operators have the technical and technological capabilities of providing transport-logistics services in the required volume, they cannot implement the quality level of some of their types at the level of competitors' or customers' requirements. This situation also encourages the outsourcing of some components of service provision.
- 3. In the full implementation of transport-logistics operations, it can be expensive for companies to keep highly qualified specialists, they can be attracted from time to time on the basis of outsourcing. For example, in evaluating or certifying the quality of transport and logistics services, conducting marketing research, solving complex technical and technological problems that rarely occur in the use of transport vehicles and technological equipment, forwarding special cargo, operations related to catering or other comfort during passenger transportation, etc. attract qualified specialists.

- 4. Transport-logistics services at motor transport enterprises, i.e. insourcing them when there is a reserve in production capacity, renting vehicles and technological equipment based on outsourcing in case of shortage, and other operations;
- 5. Providing services to clients on the basis of an individual approach, to ensure that some of the services requested by them are performed together with the external executors offered by them, etc. Based on the analysis of these factors, it is possible to systematize the advantages and disadvantages

of outsourcing in the provision of transport and logistics services (Table 1).

Based on the analysis of the forms and methods of outsourcing in the logistics system in international practice, the following forms of outsourcing can be widely used in the provision of road transport services:

- outsourcing of transport production components;
- outsourcing of transport functions (transportation, loading and unloading, warehouse service, storage, etc.).

Table 1 Advantages and disadvantages of using outsourcing in transport-logistics services

	The field of activity of	The advantage of using outsourcing	Disadvantage of using outsourcing	
№	the motor transport			
	enterprise			
		1. Achieving high operational qualities;	1. Lack of full control over	
		2. Maximum use of transport potential;	production quality;	
1.	Operation of vehicles	3. Achieving production flexibility;	2. Requires special experience;	
		4. Achieving high innovation.	3. Increase in risks at the rate of	
			production;	
		1. Decrease in capital expenditure;	1. Increase in the volume of economic	
		2. Cost reduction;	relations;	
2.	Economic activity	3. Payment for technical and technological	2. Increase in administrative activity	
۷.		means only in the amount used;		
		4. Increase in cash flows.		
		1. Focusing on the main activity;	1. Disclosure of know-how;	
		2. Reduction of management personnel and	2. Decrease in relations with clients;	
3.	Management activities	assets;	3. The dependence of management	
		3. High labor productivity and	efficiency on the management system	
		management efficiency.	of partners.	

For customer companies, in order to provide transport-logistics services in the volume, quality and price required by customers, it is important to evaluate its economic efficiency when making a decision regarding the formation of an order to outsourcing and its implementation. Based on this research task, we found it necessary to propose the simplest and most reliable method of its assessment that can be used by the general public. It can be expressed as (Ia):

$$Ia=\sum_{i=1}^{n}(i=1)^n (C_i-C_ai-C_ti)$$
 (1)

Here: C\_i – costs of performance of type i-transport-logistics services by the ordering operator, soums; C\_ai - costs of outsourcing of i-transport-logistics services type, soums;

C\_ti - transaction costs spent on the outsourcing of the type of i-transport-logistics services, soums.

(1) in order for the expression to be meaningful, the following condition must be fulfilled:

$$C i \ge (C ai - C_ti) (2)$$

It should be noted that in practice, customers do not always set the main goal of obtaining economic benefits from outsourcing. To implement it:

- lack of material, financial and labor resources;
- limited innovation potential;
- -lack of experience in some jobs;
- -customers demand that certain operations be performed by the company they want;
- not being able to ensure the required quality of performance even from the cost of transport-logistics services;
- the need to strengthen the competitive position of the motor transport enterprise with low prices and high quality, and other circumstances may be more important. In this case, the synergistic effect of outsourcing is more important for the customer.

Therefore, when using outsourcing for customer transport operators, a comparative description of the extent to which the outsourcer fulfills the order also plays an important role (Table 2).

Table 2 Criteria for evaluating the description of the performance capabilities of the outsourcer

No	A descriptive sign of outsourcing	Evaluation criteria	Sample value of the grade, % (X=1÷100)	The actual possibility of the outsourcer, (Y=0÷1)
1	2	3	4	5
1.	Technical capabilities	Compliance of the contractor's field of activity and experience with the order		
2.	Technological possibilities	Compliance of order fulfillment technologies and methods with regulatory requirements		
3.	Production capacities	Possession of production capacity to perform the required volume of work		
4.	Management options	Ability to manage and develop outsourcing		
5.	Staff capacity	Sufficient composition and qualifications of the personnel executing the order		
6.	Financial opportunities	Possession of financial resources to perform the required amount of work		
7.	Patent and intellectual property rights	Preservation of intellectual property rights of the outsourcer in the execution of the order		
8.	Innovative potential	The level of innovation in order fulfillment		
9.	Recommendations and reviews	Availability of positive reviews and recommendations from other customers		
		Total	Σ=100	Σ=0÷9

In the integral assessment of the outsourcer's performance capabilities, expert methods are used to calculate the weights of its individual indicators (9 in our example). In the expert assessment, sample indicators are calculated in percentages, the average value of their weights is calculated, and their sum is equal to 100.

After determining the weight of the sample indicators, the capabilities of a selected outsourcer are evaluated from 0 to 1 points according to the specified indicators. If the indicator of the outsourcer

according to any criterion fully matches the sample, it is evaluated with 1 point. It is appropriate to evaluate them in an expert manner.

#### Literature

- 1. Dolbina S. A. Algorithm management relationship with outsourcing //Rossiyskoe predprinimatelstvo. 2010. No. 12 (2). S. 60-66.
- 2. Kurbanov A. H., Plotnikov V. A. Outsourcing: history, methodology, practice. M.: INFRA-M, 2012. 112 p
- 3. Kotlyarov I. D. Outsorsing i inye formy mezhfirmennoy kooperatsii: Analiz otlichiy // Bukhuchet v stroitelnyx organizatsiyax. 2011. No. 1. S. 41-43. 2012. S. 39-43.
- 4. Slyusareva E.V. Outsourcing logisticheskikh functional enterprise //Vestnik Omskogo universiteta. Series "Economics". 2009. No. 2. S. 117–118.
- 5. Khugaeva L.T. Effektivenost outsorsinga na predpriyatii// Terra esonomicus. 2011, volume 9, number 2, chapter 2.
- 6. Sergeev V.I., Kizim A.A., Elyashevich P.A., Global logistic system, pod. public ed. V.I., Sergeeva, SPb.: ID "Biznes-pressa", 2001.;
- 7. Modern logistics, Johnson James, Wood Donald, F. Wardlaw, Daniel, L. Murphy Jr., Paul R., M.: Izdatelsky dom "Williams", 2005, str.556.