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**STRATEGIC PRIORITIES SYSTEM REFORM
OF THE REGIONAL ECONOMY
ON THE PRINCIPLES OF OUTSOURCING
(ON THE EXAMPLE OF THE PAVLODAR REGION)**

Abstract. The article considers the current economic situation in the field of outsourcing of the leading industrial region of the Republic of Kazakhstan – Pavlodar region. The purpose of the study is focused on the search for effective and optimal ways, mechanisms of forming regional outsourcing industry systems. Particular attention is focused on the trends in the formation and development of outsourcing mechanisms in regional economic systems, including aspects of the republican level. Research and analysis of the outsourcing services market were performed in the Pavlodar region. The research identifies main conceptual problems of systemic economic reform of the Pavlodar region on the principles of outsourcing, based on statistical and analytical analysis. The following have been identified as leading strategic priorities of outsourcing: devising a regional model of outsourcing development, designing optimal organizational and economic foundations of outsourcing, developing a regional system of outsourcing centers. The main research methods were statistical, comparison, analogy, analysis and synthesis, a systematic approach, a forecasting method, induction and deduction methods, a method for designing hypotheses. The results of scientific research can find practical application at the national level and in the system of functioning of regional economic systems aimed at the dynamic development of small and medium-sized businesses, through the creation and functioning of an effective supporting infrastructure.

Key words: outsourcing, outsourcing services, outsourcing market, regional economy, region, economic mechanisms, contract manufacturing.

Introduction

The current state of Kazakhstan and the regional economy is best described by a high degree of economic interdependence due to changes in the organizational structure of global production, the development of transnational trade and investment cooperation, the international division of labor, and the presence of multinational companies with close cooperative ties.

In these conditions, in order to maintain a leading position, it is necessary for republican and regional enterprises, firms, companies to constantly improve production processes, technology, management methods, and seek innovative solutions to problems using the latest global business achievements. Under current conditions, it is necessary to develop and apply a whole range of measures to increase the competitiveness of products and services, level of customer service, and the speed of achieving strategic goals and objectives. With all other conditions being equal, the main task of production and economic activity for most enterprises remains to increase net profit, increase their competitiveness and reduce total costs. Outsourcing is a modern management tool focused on solving these goals and objectives.

Outsourcing as a relatively innovative concept of building a business and entrepreneurship constitutes a fundamentally new outlook at the future not only for individual enterprises, firms and companies, but also business entrepreneurship as a whole. This is a new form of developing industrial-economic relations, focused on the integration and diversification of industrial-functional and commodity relations [1, 2].

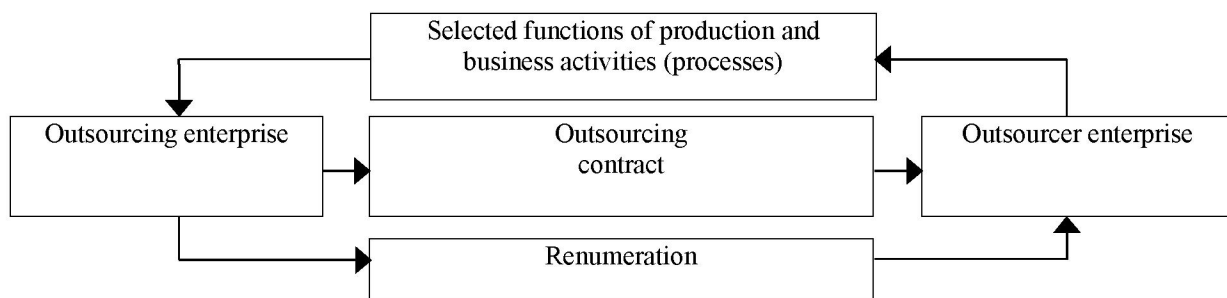
Scientific studies show that modern outsourcing systems are always focused on supporting entrepreneurship, on the one hand, and, on the other hand, on the diversification of business systems [3,4].

In the Kazakhstani economy, as a whole at the macro level, as well as in regional economic systems, outsourcing is a poorly explored, new and promising type of activity that can find its potential strategic application in almost any business field and is especially relevant during periods of economic situations when a search for reserves to develop enterprises and increase their efficiency is needed. Outsourcing also allows enterprises to enter a new format of innovative and creative work, apply radically new approaches to the organization of marketing, management, investment financing, and human resource management.

In modern scientific literature and scientific publications, outsourcing is seen as the process of using an external source or resource. The latter refers to the transfer by an organization, on the basis of an agreement, of certain types or functions of the production and business activities to another organization operating in the relevant field of knowledge [5].

Unlike services and support, which are one-time, episodic or random in nature and are limited to the beginning and the end, outsourcing is usually transferred to the functions of professional support for the smooth operation of individual systems and infrastructure on the basis of a long-term contract, the validity of which ranges from one year or more [6, 7].

The subjects of outsourcing, according to Figure 1, are: enterprise (company, firm) – enterprises that transfer production and business functions (certain business processes that are not specific to the core business) to external management; enterprise-outsourcer - an enterprise that assumes obligations to perform or manage production and business functions (business processes).



Note – Compiled by the authors according to sources [6, 7]

Figure 1 – The system of interaction of subjects and objects of outsourcing

The objects of outsourcing are: managing production and business activities; contract, outsourcing contract; the payment (remuneration) for outsourcing services [6, 7].

In modern theory and practice, outsourcing is usually divided into types and forms. Types of outsourcing are consolidated and analytical in nature.

The main types of outsourcing according to economists and managers are: manufacturing outsourcing; IT outsourcing; outsourcing of processes and all management subsystems; knowledge management outsourcing [5, 6, 7].

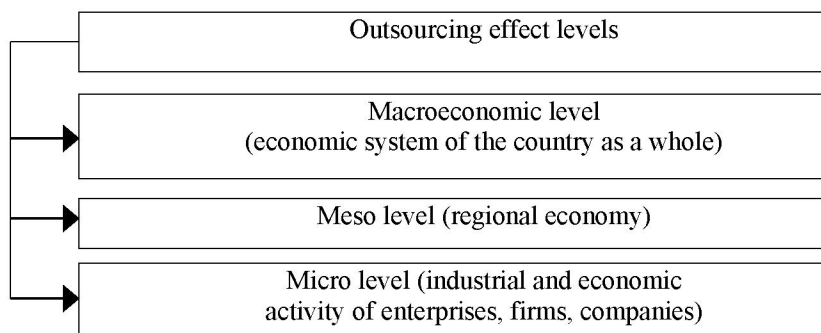
To date, in the world practice, in the context of each type of outsourcing, there are many subsections, many of which are successfully used in enterprises with access to a quantitative and qualitative effect. Depending on the specifics, industry, goals and objectives in each specific organization, the processes that are transferred to third-party outsourcing companies can differ significantly from each other [8].

Methods

To build a new type of economy (post-industrial economy), and to form an effective system for managing business processes of regional enterprises, it is necessary to use modern methods of long-term integration cooperation with various actors in the market infrastructure.

The transition to an outsourcing model of business processes of enterprises, is bound to the fact that the dynamic and uncertain market environment puts forward new issues, the solution to which involves reconstruction of all structural elements and subsystems of industrial and economic activities.

The relevance of outsourcing, according to Figure 2, is multi-level. The potential effect of outsourcing can be as follows: macroeconomic level (economic system of the country as a whole); meso level (regional economy); micro level (production and business activities of enterprises, firms, companies).



Note – Compiled by the authors

Figure 2 – Outsourcing effect levels

In the regional economy, the economic effect of outsourcing, on the one hand, consists of economic effects of outsourcing at the micro level, and on the other hand passes into specific qualitative components.

Given the enlarged analytical approach, the model of the economic effect of the use of outsourcing at the regional level will take the form

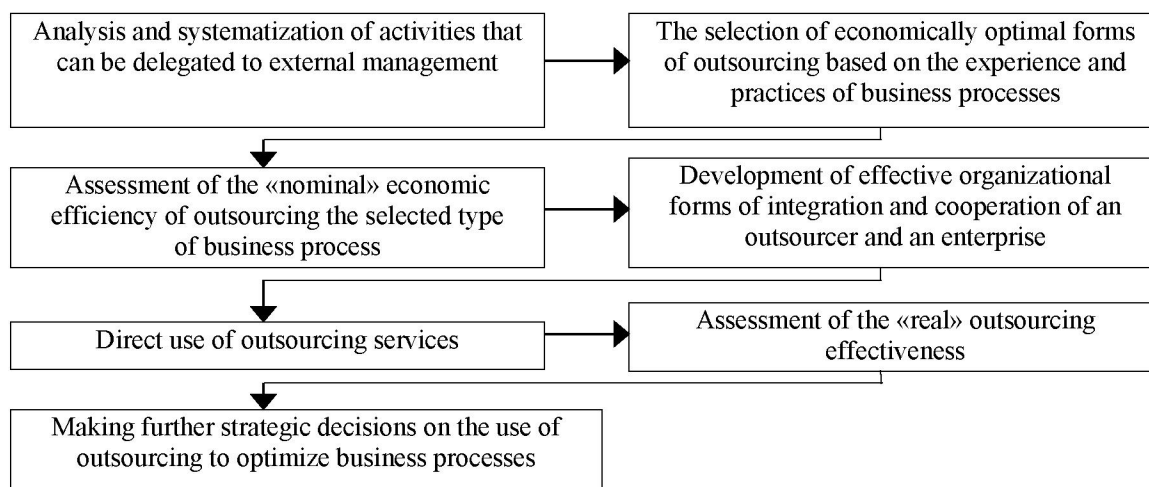
$$E_{outs.}^{Reg.} = \sum_{i=1}^n \frac{E_{outs.}^{Enterprise.}}{n},$$

where $E_{outs.}^{Reg.}$ is the total weighted average efficiency or outsourcing effect at the regional level; $E_{outs.}^{Enterprise.}$ – the effectiveness or outsourcing effect at the micro level in the enterprises, firms of companies; n – the number of enterprises, firms, companies using outsourcing systems in the regional economy.

Based on the above, the outsourcing application model can be presented according to Figure 3.

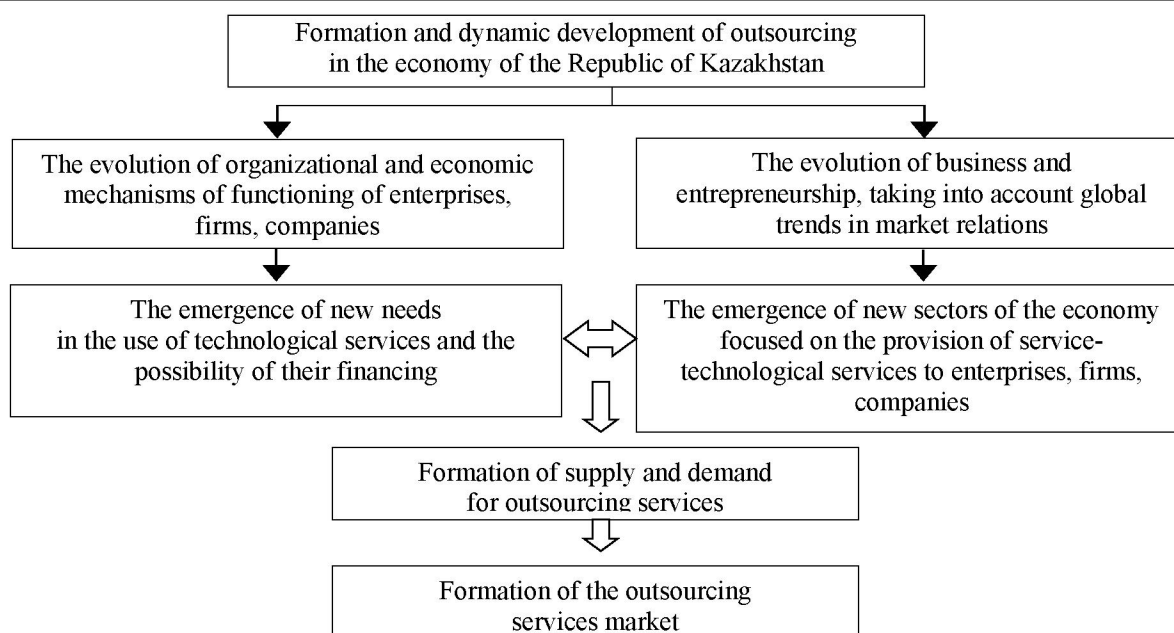
The formation and development of outsourcing in the Republic of Kazakhstan is directly related to the dynamic development and deepening of the market economy both at the national and regional levels.

The development of outsourcing processes takes place almost simultaneously with the independence of the economy of the Republic of Kazakhstan, the development of service and technological sectors of the economy. At the same time, according to Figure 4, the formation and dynamic development of outsourcing was determined, on the one hand, by the evolution of organizational and economic mechanisms for the functioning of enterprises, firms, companies, and, on the other hand, by the evolution of business and entrepreneurship, considering global trends in market relations.



Note – Compiled by the authors according to the source [9]

Figure 3 – Outsourcing application model



Note – Compiled by the authors

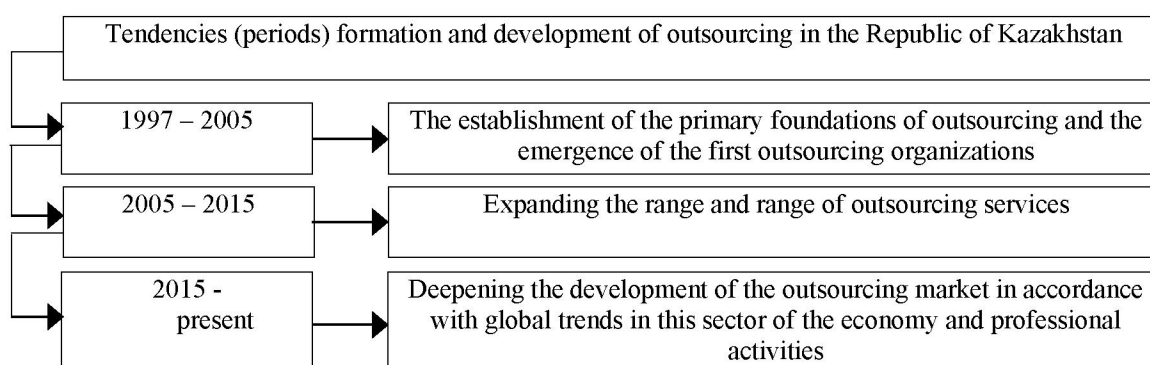
Figure 4 – System-forming trends in the formation and development of outsourcing in the economy of the Republic of Kazakhstan

The evolution of organizational and economic mechanisms for the functioning of enterprises, firms, companies led to the emergence of new needs for the service and technological services and the possibility of financing them.

The basic needs of enterprises, firms, companies in service and technological areas were: marketing services; management services (organization of production, the formation of optimal organizational and managerial structures); services in the field of planning and assessment of economic, industrial and economic activities; accounting and auditing services; services in the field of investment activity; services in the field of commerce, including marketing; other services [10, 11].

As a result, the appearance on the market of service-technological services served as the basis for their transformation into services and the outsourcing market.

For large periods, outsourcing development trends in the Republic of Kazakhstan are presented according to Figure 5.



Note – Compiled by the authors

Figure 5 – The enlarged periods, the development trends of outsourcing in the Republic of Kazakhstan

Many Kazakhstani experts and scientific economists note the fact that the outsourcing services market in Kazakhstan is developing at a low rate in terms of intensity.

Among regional small and medium-sized enterprises, there is a certain kind of low potential for trust in outsourcing organizations that provide a variety of customer-selected service and technological services.

The main customers in the Kazakhstan market of outsourcing service providers, in the framework of the past and planned strategic periods, are an overwhelming majority of foreign multinational companies, as well as large industrial enterprises with the participation of foreign capital [10, 11].

The development of outsourcing in regional economic systems is not comparable with the development trends of a similar market at the national (republican level). Nevertheless, outsourcing in the regions of the Republic of Kazakhstan is developing dynamically in specific, private areas of outsourcing.

In Pavlodar region, outsourcing services are: computer programming services, consulting services and similar; legal and accounting services; management consulting services; services in the field of architecture, engineering surveys, technical testing and analysis; research and development services; advertising and market research services; other professional, scientific and technical services; security services; services in the field of maintenance of buildings and territories; office administrative services, office support services and others.

According to official statistics, a dynamic growth of organizations specializing in outsourced services is observed and takes place in the region. According to Table 1, while in 2013 there were 681 organizations in the region, in 2017 there were already 908 organizations (enterprises) providing outsourcing services.

Table 1 – the dynamics of the number of enterprises and organizations providing outsourcing services

number of units

Name of services oriented to outsourcing	Years				
	2013	2014	2015	2016	2017
Computer programming services, consulting services and similar	47	60	63	70	82
Legal and accounting services	63	70	67	80	87
Management Consulting Services	17	12	14	24	24
Services in the field of architecture, engineering surveys, technical testing and analysis	200	219	207	245	280
Research and Development Services	12	15	13	20	24
Advertising and market research services	36	40	45	45	53
Other professional, scientific and technical services	35	34	31	40	48
Security services	178	197	178	198	209
Services in the field of maintenance of buildings and territories	40	48	51	54	57
Office administrative services, office support and other	53	43	29	36	44
Total	681	738	698	812	908

Note – Compiled by the authors according to the source [12]

The maximum number of outsourcing organizations in the region falls on such types of services as: computer programming services, consulting services and similar; legal and accounting services; services in the field of architecture, engineering surveys, technical testing and analysis; security services.

In parallel with the growth of organizations and enterprises providing outsourcing services, the region has seen an increase in the volume of service provision in this sector of the economy. According to table 2, in 2013, outsourcing services were provided in the amount of 21,454.3 million tenge, in 2017 the volume of services amounted to 30,646.9 million tenge.

Extremely low income falls on such outsourcing services as: legal and accounting services; research and development services; office administrative services, office support services and others.

In terms of outsourcing organizations by size, the maximum income, was accounted for by small outsourcing enterprises. Approximate parity income occurred in the context of medium and large outsourcing organizations.

The provision of outsourcing services also varies depending on the form of ownership of enterprises and organizations.

In the regional market, outsourcing services are provided by: state enterprises, organizations; private enterprises, organizations; foreign organizations and enterprises.

Table 2 – the Dynamics of the volume of rendered services oriented to outsourcing

million tenge

Name of services oriented to outsourcing	Years				
	2013	2014	2015	2016	2017
Computer programming services, consulting services and similar	867,1	897,1	824,4	1 260,1	1 965,5
Legal and accounting services	371,9	529,7	324,0	519,8	469,9
Management Consulting Services	143,8	215,8	205,9	379,2	854,6
Services in the field of architecture, engineering surveys, technical testing and analysis	9 828,0	8 327,0	9 075,6	9 945,9	10 716,0
Research Services and development	267,2	234,2	277,9	431,6	654,9
Advertising and market research services	1 579,9	1 682,6	1 238,2	990,6	1 259,4
Services are professional, scientific and other technical	310,6	310,1	355,6	689,2	1 515,6
Security services	6 642,0	7 569,3	8 712,5	9 828,1	10 605,1
Services in the field of maintenance of buildings and territories	596,8	2 089,9	4 286,1	5 593,9	1 941,5
Office administrative services, office support and other	847,0	569,2	533,8	610,7	664,4
Total	21 454,3	22 424,9	25 834	30 249,1	30 646,9

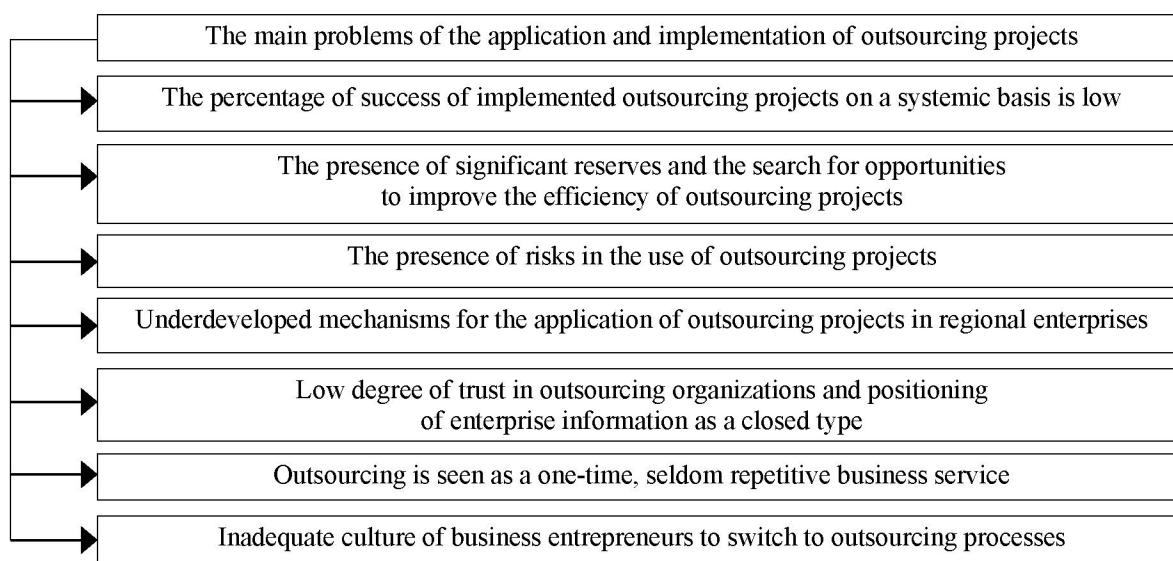
Note – Compiled by the authors according to the source [12]

Most income from outsourcing services is earned by private enterprises and organizations. At the same time, there is a positive trend of income. The minimum volume of outsourcing services provided is provided by state enterprises and organizations, while there are trends in revenue decline. The average income from the provision of outsourcing services is accounted for by foreign enterprises and organizations.

Research and analysis of the outsourcing services market in Pavlodar region shows that the number of enterprises and organizations that initiated outsourcing projects had positive progressive dynamics. Nevertheless, the outsourcing market, as a whole, is still not perfect and there are issues in the integration of supply and demand.

The results of the study

In the Pavlodar region economy, with all respect to its importance and significance to the national economy, outsourcing has not been included in the system-forming factor in the work of small, medium and large regional companies, enterprises, firms and organizations of the region.



Note - Compiled by the authors

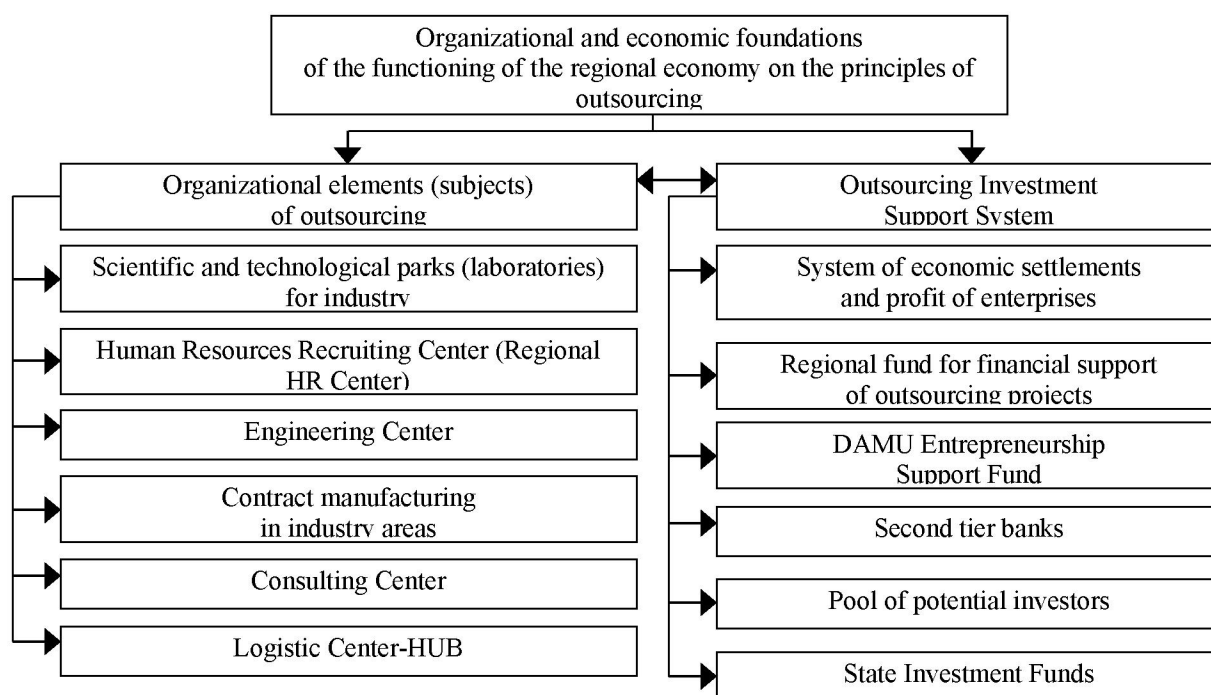
Figure 6 – The main problems of the application and implementation of outsourcing projects at the regional level

In most cases, outsourcing is seen as a one-time, seldom or medium-repeating service, and not a systematic and dynamic management process, which is ceded into external control. It should also be noted that outsourcing services, as such, are not considered by statistics and in practice, it is difficult to evaluate the real-practical contribution of this process to the economic development of the region in the research process.

In a systematic way, the main regional problems of the application and implementation of outsourcing projects are presented According to Figure 6.

The development of the regional system and the outsourcing market should presuppose the dynamic formation of both organizational and economic foundations.

The organizational and economic foundations of the functioning of the regional economy on the principles of outsourcing can be represented According to Figure 7.



Note – Compiled by the authors

Figure 7 – Organizational and economic foundations of the functioning of the regional economy on the principles of outsourcing

As an intensification of investments in outsourcing entrepreneurial projects, at the regional level, the following can be created:

- regional fund for financial support of outsourcing projects;
- a pool of potential investors.

The main tenets of achieving efficiency when using outsourcing should be:

- the cost of outsourcing services as a rule should be lower than the cost of building an organizational element in the structure of the enterprise;
- the selection of human resources to carry out the necessary business processes must be complex, requiring a certain period of time;
- creating your own element in the organizational structure requires additional capacity (office space, office equipment, stationery, reference and legal systems, licensed software).

One of the options for optimizing costs and evaluating the effectiveness of outsourcing using the example of personnel outsourcing is presented in table 3.

According to table 7, the calculations show that in the system of functioning of a small enterprise, the annual cost savings from optimizing (eliminating) personnel recruiting services can amount to an average of up to 1.3 million tenge per month, while the level of efficiency of investments in HR outsourcing is 55 – 56%.

Table 3 – Cost optimization option and evaluation of the effectiveness of outsourcing using the example of personnel outsourcing in the functioning of a small business

Name of the indicators	Value
Base cost of personnel outsourcing, per month, tenge	200 000
Base cost of personnel outsourcing, per year, tenge	2 400 000
Cost savings from the use of outsourcing services, tenge, including:	1 340 740
- taxes, tenge	860 740
- payment of advanced training expenses, tenge	300 000
- equipping and financing the functioning of the workplace, tenge	180 000
Outsourcing efficiency, %	55,9

Note – Compiled by the authors

Conclusion

The regional outsourcing system, that is created and put into practice, should serve as an associative tool for all subjects of the regional market system with the latter focusing on a high level of creativity, competitiveness and innovation. Also, the regional outsourcing system should become a multiplier of new business projects for the production of high value-added products.

Summing up, we can conclude that the proposed economic model of outsourcing support for the activities of enterprises in the region of various sectoral directions will improve the parameters of effective all types of production and business processes and macro-indicators of the functioning of the economic system.

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АУТСОРСИНГ ҚАҒИДАТТАРЫНДАҒЫ ӨНІРЛІК ЭКОНОМИКАНЫ ЖҮЙЕЛІ РЕФОРМАЛАУДЫҢ СТРАТЕГИЯЛЫҚ БАСЫМДЫҚТАРЫ (ПАВЛОДАР ОБЛЫСЫ МЫСАЛЫНДА)

Аннотация. Қазақстан Республикасының жетекші өнеркәсіптік аймағы – Павлодар облысының аутсорсинг жүйесін дамыту саласындағы қазіргі заманғы экономикалық жағдай қарастырылған. Зерттеудің мақсаты аутсорсинг саласының аймақтық жүйелерін қалыптастырудың тиімді және оңтайлы жолдарын, механизмдерін іздестіруге бағытталған.

Республикалық деңгейдегі аспектілерді қоса алғанда, өңірлік экономикалық жүйелерде аутсорсинг тетіктерінің қалыптасуы мен даму үрдісіне ерекше назар аударылды. Павлодар облысында аутсорсингтік қызметтер нарығына зерттеу жүргізілді және талдау жасалды. Жүргізілген зерттеулер барысында статистикалық және аналитикалық талдау негізінде аутсорсинг қағидаттарында Павлодар облысының экономикасын жүйелі реформалаудың негізгі тұжырымдамалық проблемалары белгіленген. Аутсорсингті дамытудың жетекші стратегиялық басымдықтары ретінде мыналар анықталды: өңірлік аутсорсингті дамыту моделін әзірлеу, аутсорсингтің оңтайлы ұйымдық-экономикалық негіздерін жобалау, аутсорсинг орталықтарының өңірлік жүйесін дамыту. Зерттеудің негізгі әдістері - статистикалық, салыстыру, аналогия, талдау және синтез, жүйелік тәсіл, болжау әдісі, индукция және дедукция әдістері, гипотезаларды жобалау әдісі. Ғылыми зерттеу нәтижелері тиімді қолдау инфрақұрылымын құру және оның қызметі арқылы шағын және орта бизнесті серпінді дамытуға бағытталған өңірлік экономикалық жүйесінде және ұлттық деңгейде іс жүзінде қолданылуын таба алады.

Түйін сөздер: аутсорсинг, аутсорсинг қызметтері, аутсорсинг нарығы, өңірлік экономика, өңір, экономикалық тетіктер, келісімшарттық өндірістер.

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СТРАТЕГИЧЕСКИЕ ПРИОРИТЕТЫ СИСТЕМНОГО РЕФОРМИРОВАНИЯ РЕГИОНАЛЬНОЙ ЭКОНОМИКИ НА ПРИНЦИПАХ АУТСОРСИНГА (НА ПРИМЕРЕ ПАВЛОДАРСКОЙ ОБЛАСТИ)

Аннотация. В статье рассмотрена современная экономическая ситуация в области развития системы аутсорсинга ведущего промышленного региона Республики Казахстан – Павлодарской области. Цель исследования сосредоточена на поиске эффективных и оптимальных путей, механизмов формирования региональных систем отрасли аутсорсинга. Особое внимание акцентировано на тенденции становления и развития механизмов аутсорсинга в региональных экономических системах, включая аспекты республиканского уровня. Проведены исследования и выполнен анализ рынка аутсорсинговых услуг в Павлодарской области. В ходе проведенных исследований, на основании статистического и аналитического анализа обозначены основные концептуальные проблемы системного реформирования экономики Павлодарской области на принципах аутсорсинга. В качестве ведущих стратегических приоритетов развития аутсорсинга были определены, такие как: разработка модели развития регионального аутсорсинга, проектирование оптимальных организационно-экономических основ аутсорсинга, развитие региональной системы аутсорсинговых центров. Основными методами исследования послужили – статистический, сравнение, аналогия, анализ и синтез, системный подход, метод прогнозирования, методы индукции и дедукции, метод проектирования гипотез. Результаты научного исследования могут найти практическое применение на национальном уровне и в системе функционирования региональных экономических систем, нацеленных на динамичное развитие малого и среднего бизнеса, посредством создания и функционирования эффективной поддерживающей инфраструктуры.

Ключевые слова: аутсорсинг, аутсорсинговые услуги, рынок аутсорсинга, региональная экономика, регион, экономические механизмы, контрактные производства.

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