

## ESSENCE AND CONTENT OF INDUSTRIAL OUTSOURCING

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### Annotation

Production outsourcing is the delegation of one or more stages, and sometimes the entire production cycle, to enterprises of other companies. The use of any external sources to achieve certain goals. If it concerns directly the production process, then in this case we are talking about production outsourcing.

**Keywords.** outsourcing, business - process, production efficiency, management method, resources, expenses.

The relevance of the research topic lies in the fact 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 quality of management of auxiliary functions largely determines the efficiency of enterprises, organizations, ensuring their competitive advantage, and business development as a whole.

The classical business model assumes that the processes are performed by the company's own resources. At the same time, entrepreneurial activity is not just the main tasks, but also a lot of auxiliary functions. Increasing capacity leads to the need for detailed bookkeeping, additional reporting, frequent interaction with regulatory authorities, etc. Many firms cannot cope with the increased volume of work, the attention of managers 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 is growing to outsourcing, which sometimes becomes not only a method of increasing production efficiency, but also an integral part of anti-crisis management. A well-developed market infrastructure can support the activities of an enterprise based on an outsourcing strategy and create conditions for efficient operation.

The active use of outsourcing began at the end of the twentieth century, when the principle of dividing functions into primary and secondary ones and transferring the latter to specialists external to the enterprise in one area or another 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 advantage of outsourcing is that it allows companies to adapt to changing conditions, most fully meet the requirements of the external market through the use of external resources, rather than internal reserves. The basic principle of outsourcing is as follows: “do what you can and can do better than others, and entrust others with what they do better and cheaper.” The transfer of some enterprise functions to external specialists (outsourcers) is a recognized trend in the global economy, which allows enterprises and organizations to focus on 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.

In outsourcing, the client delegates some authority to a specialized agency. This is about any non-core tasks, including:

- Accounting;
- legal support;
- recruitment;
- protection of the territory;
- IT services;
- registration of foreign employees;
- HR management and etc.

This can be both certain functions within departments, and large-scale tasks related to production, organization of supply chains and promotion of goods or a brand. It is only important that the process is not the main one for the company.

Competition in the open market, where not only the ratio of price and quality of products, but also the ability to best meet customer needs, the range of related services provided, reducing the time to market for new products, owning intellectual property and other advantages of the company, plays a decisive role, forces managers to use new management concepts.

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

- the development of information technologies and the formation of information networks, which led to a significant reduction in the cost of information transfer, and also made it possible to quickly exchange information between enterprises;
- further development of scientific and industrial cooperation as a factor in competitive advantages;
- wide introduction 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 firm 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 can 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 narrowly specialized specialists to their staff, while corporations delegate entire departments to contractors, leaving one specialist on 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. It remains for the management to create a further development strategy, introduce innovations, and also improve the USP.

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

The first experience of outsourcing can be considered the services provided by law firms in the United States and Great Britain at the beginning of the 20th 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 was coined. He put the method of cooperation of highly specialized production both within the company and outside it as the basis for company management and production.

The implementation of outsourcing at the industrial enterprises of Uzbekistan is one of the 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. As reasons for distrust of this method, one can single out such doubts as management's doubts about the quality of services provided, possible leakage of

confidential information, lack of methodological experience in using outsourcing, doubts about its effectiveness. These reasons predetermine the presence of risks in the use of outsourcing technology in industrial enterprises.

Experts identify several main advantages of using industrial outsourcing:

- Ability to borrow someone else's experience and knowledge. First of all, it is access to those resources that the enterprise itself does not currently possess. Moreover, these resources can be different: qualified personnel, working capital, information, new high-performance technologies, etc. As a rule, an outsourcing company works with more than one customer. By developing the technology of one client, specialists can apply his promising ideas to the manufacture of another's products.
- The ability to free up resources for the development of an 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 core business processes of the company.
- Reducing production costs. One way to cut costs is to outsource some non-core responsibilities to an outsourcing company. This can be repair work, maintenance of buildings, the manufacture of the simplest blanks and other support services. By outsourcing 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 secure the company's own production capacities in the event of equipment breakdown, as well as a sharp increase in production volumes and speed. It may be especially relevant to involve an out-sourcer for seasonal business projects. Of course, like any business, there are drawbacks. Among the most significant, I would attribute the following:
  - Lack of control over the actions of the outsourcer, dependence on his conscientiousness. The relationship of 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 implementation process.
  - Possibility of leakage of customer's internal information, technological solutions, know-how and other vital data and developments for the company, carefully protected from competitors.
  - Complicated logistics process. An outsourcing company that is ready to provide the necessary services may be located on the other side of the globe or. companies.
  - Without developing a certain part of production, the enterprise does not develop its personnel. In addition, by transferring specific issues to the jurisdiction of a third-party company, the customer eventually becomes directly dependent on outsourcing, and the

longer part of the production remains outside its 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 major impact on the company's ranking and competitiveness in the future. Companies face the so-called “make or buy” choice problem. make it yourself or buy it on the side.

Summing up, we note that the goal of any company is to achieve maximum performance 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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