

Section 8. Economics, organization and management of enterprises, branches, complexes

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MANAGEMENT OF ENTERPRISE STAFF OUTSOURCING

Abstract. The article discusses the definition of outsourcing, a new term for the Georgian reality, and mentions that in case the company applies for outsourcing, the enterprise-customer staff is added to the number of employees of the provider organization. The authors explain where employees work after such a change and how they perform their functions and tasks. The authors describe in detail the process by which an outsourcing organization becomes an official employer and administers staff, taking legal and financial responsibility for social and medical insurance, taxes, payroll, and travel expenses.

Keywords: Enterprise staff, outsourcing, employees, outstaffing.

Introduction. The term outsourcing comes from the English word “staff” and literally translates as “outside employee”. During outsourcing, the enterprise-user staff is transferred to the organization-provider staff, at the same time, the employees continue to work in the previous job and perform their functions and tasks. That is, the outsourcing organization becomes the official employer and assumes legal and financial responsibility, including personnel administration, payroll, insurance, taxes, social and medical insurance, hospital and work left, and business trips.

Discussion

Prerequisites for the use of outsourcing by enterprises. Businesses operating in several regions

and using an outsourcing service provider have the opportunity to enhance management and focus on the key challenges facing businesses. The use of outsourcing allows the enterprise to respond quickly to changes in staffing needs.

Outsourcing is similar to staff leasing and outsourcing but uses different technologies. The management of the enterprise, which has decided to use innovative (non-standard) forms of employment (leasing, outsourcing, or outsourcing), considers it advisable to use the following recommendations:

– before making a final decision and introducing innovative forms of employment, will choose

the optimal technology for the company – leasing, outsourcing, or outsourcing;

- refuses to try to combine these three technologies because the number of risks increases;
- Before making a final choice, must conduct a thorough analysis of the enterprise to weigh the advantages and disadvantages of using the technology and to justify the economic feasibility of its use;
- To reduce the risk of employee motivation due to psychological stress due to the use of innovative forms, it is advisable to work with employees; Where possible, with the involvement of third-party specialists.

Positive and negative consequences of staff termination. Consider an outsourcing enterprise. When using personnel mitigation technology, the customer company has the opportunity to reduce the costs of salaries, personnel administration, reporting, health-care, life insurance, leisure, staff training and retraining, and more.

As the company reduces its personnel management (pay packages, training, jobs, rent, etc.) and accounting functions through personnel mitigation technology, the tax base is reduced accordingly. In addition to reducing direct costs, there are also indirect savings – reducing the time it takes for managers to address staff management issues.

An equally important advantage of hiring staff is the release of employers from part of their social and labor relations obligations to outsourced employees, whose implementation is the responsibility of the agency whose employees are employed.

Some companies use the state apparatus not only to reduce costs but also to reduce the number of employees. On the one hand, this is relevant for companies that have restrictions on the number of employees. On the other hand, it can improve the economic productivity of enterprises per employee (e.g. production or sales, profit, etc.), which in turn will increase the company's place in specialized rankings and, consequently, its image and investment attractiveness.

Some HR specialists point out that the use of staff hiring technology can reveal employee loyalty

and loyalty to the company, employer, and management. If an employee is interested in working for this company, it does not matter to him what legal address his staff documentation is issued to.

Outstaffing service providers also highlight a number of benefits for retired employees:

- Salary increases usually with the transfer of staff to the organization's provider;
- Pension insurance is introduced;
- It is possible to hire employees enrolled in the staff of the organization's provider, if the customer company does not need their services, etc. Sh.

In order to avoid a situation where a company transfers an employee under an outsourcing agreement to a provider, the contract between the client and the provider must take into account the customer's intention to terminate the relationship with the employee.

It should be noted that in theory and in practice, ideal management technologies have not yet been developed that would only have an advantage and outsourcing is no exception. Businesses that use outsourcing may face some challenges, such as:

1) The first group of problems is of a legal nature. Georgian legislation does not regulate either leasing or outsourcing procedures. Therefore, providers typically arrange for clients to outsource on a long-term business visit to the company where they will be performing labor functions;

2) The second group – is managerial problems. Simultaneous transfer of a significant number of employees to a provider can lead to an increase in social tensions within the team and sometimes in the region as most employees are unfamiliar with this form of employment;

3) The third group of problems is related to the company's business reputation. Managers of companies that use staff outsourcing technology usually do not disclose this information, believing that this could harm the company's position as a socially responsible employee and negatively affect the employer's image and brand.

In the case of staff licensing, as in the case of staff leasing, there is a complex legal issue between the two entities – the legal and actual employers of the employees. State-owned personnel outsourcing technology. In order to decide on the use of outsourcing technology, the company must consider the reasons for its use. In case the company decides to use outsourcing, the important issue is to choose a service provider. Among the criteria for choosing a service provider should be the following:

- Work experience – Long-term work in the market and access to successfully implemented projects is a guarantee of quality service;
- Provider reputation in the business environment, positive feedback based on the experience of working with the agency;
- Legality of outsourcing services business, compliance with current legislation;
- Business diversification of the provider agency, which can become a guarantee of financial stability (the stability of the customer's business processes depends on the provider's ability to retain staff and pay salaries to employees);
- Price of service. Which should be marketable, but the downturn may indicate the incompetence of the provider. Higher prices for staff outsourcing services are typical of well-known providers in the market. In this case, it makes no sense to overpay for the provider's brand.

For large companies operating in several regions, an important criterion for choosing a service pro-

vider is the geography of the regional offices, the opportunities for business expansion, and the opening of new branches.

The relationship between the employee and the service provider of the apparatus, as in the case of leasing, is defined by an employment contract. The option of concluding civil law contracts (contracts or services) with such employees is not ruled out. The relationship between the service provider and the customer's employees is regulated by the Civil Code.

The provider agency fee is calculated by taking into account two main factors. The cost depends on the salary of the employee who will work for the customer (usually 10–20% of the monthly salary) and the cost of additional services (7–10% of the cost). Fees may be fixed in monetary units.

The fee for a provider organization usually depends on the number of extra employees. The higher the number of such employees, the lower the percentage of remuneration.

Conclusion. The use of state-of-the-art hiring technology by a company should be economically justified. The use of outsourcing, as already mentioned, should be evaluated on the pros and cons of this technology.

The economic feasibility of outsourcing is based on an assessment of the benefits received by the company and the costs associated with the use of the device technologies and their comparison with alternative staff recruitment options.

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