



## Is Outstaffing or Leasing of Specialists Justified?

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**Abstract.** A feature and commonality of the modern stage of development of the economy of the CIS countries is the transition to the priorities of knowledge, the use of the results of science in the real sector of the economy. At the same time, a deficit of personnel potential is natural in all processes of the innovation economy - practically none of the countries in the post-soviet space trains specialists in the field of innovation management, limiting itself to training of innovation management. Despite the fact that the creation of science-intensive industries, spin-of companies is documentary approved, the issue of personnel ensuring remains relevant. The paper considers and shows the positive effect of the experimental use of the outstaffing variant in the real sector of the economy of Uzbekistan, the mechanism of which is not quite unambiguously perceived by managers. The results of the work are also relevant for migration, especially labor migration, when it comes to highly qualified specialists.

**Keywords:** knowledge economy, personnel, virtual organizational forms, outstaffing, leasing of labor resources in spin-off companies.

### Introduction

A feature of the modern stage of economic development is the transition to a post-industrial economy based on the development of knowledge and science, which are fundamental production factors. The distinguishing features of the post-industrial economy are globalization and informatization. At the level of individual industries post-industrial trends are expressed in the increased variability of technologies as a result of constant innovation, in increasing the mobility of industry structures, strengthening intra-industry integration and global competition. At the level of organizations there is a virtualization of resources, the concentration of companies on their “core” competencies and the transfer of other functions to external contractors, the spread of network and virtual organizational forms (Кузнецова, 2009; Твисс, 1989; Якока, 2000; Ваганов, 2002).

In such conditions the pledge to the successful activity of the organization in the long run is its ability to change in accordance with changing market conditions, which is ensured by the presence of organizational-managerial mechanisms that control the need and ensure not only the implementation of changes, their adaptation within the organization, but also the improvement of novelties management, improvement of the newest quality of the innovative product. For a complete understanding of this process we will consider the mechanism of implementation of an existing innovative product, but adapted to the requirements and conditions of functioning of a particular organization, as well as a mechanism for improving its characteristics (Алехина, 2000; Овчинникова, 2001; Басовский, 2005; Поддергина, 2006).

As an example, let's consider the process of implementation a new mechanism of personnel interaction between a subsidiary and the mainstream societies based on the principles of outstaffing (Ваганов, 2002; Алехина, 2000; Мельник, 2010). Much attention has been paid to the issue in the scientific literature (Робертс, 2006; Мартынова, 2021;



Мельник, 2010), including in foreign scientific periodicals (ASS, Vol. 18, No. 8 (2022), p.20). However, since there is no consensus on the use of outstaffing, the relevance of this work becomes significant and is conditioned by the following:

- insufficient knowledge of the issue of implementation of novelties in the field of personnel management;
- lack of qualified personnel workers;
- irrational use of personnel resources at the enterprise;
- absence of perfection in the organization of personnel records management.

The aim of the study is to develop a system for improving the management of a new quality of an innovative product on the example of implementation of a mechanism of personnel interaction between a subsidiary and the mainstream societies based on the principles of outstaffing.

The main objectives of the study, ensuring the achievement of the goal are:

- 1) organization of outstaffing as an innovative product in personnel management;
- 2) analysis of the state of the enterprise in the real sector of the economy and the use of outstaffing with the relevant regulatory documents;
- 3) substantiation of the economic effect of using an innovative solution.

## **1. Theoretical-methodological base and methods of research**

The theoretical and methodological basis of the study was the works of national authors on the problems of implementation of innovative technologies in the personnel service, personnel management in an organization, as well as the use of outstaffing mechanisms. Among the methods of research used:

- theoretical (analysis of scientific literature, legislative acts, articles of the Labor Code, Tax Code);
- study of statistical data on the research problem;
- the method of included observation of the development of the implemented system of personnel interaction between enterprises;
- analysis of the state of the general economic activity of the enterprise;
- retrospective analysis of own management activities;
- quantitative and qualitative analysis of the obtained results.

All of the above allowed us to obtain constructive conclusions.

The empirical base of the study is reports, data obtained from the analysis of the activities of the personnel department of the enterprise.

## **2. Results and its discussion**

In the work on the example of a separately taken enterprise reviewed the process of implementation of such a new organizational-managerial mechanism of personnel interaction as outstaffing - or leasing of specialists (Робертс, 2006; Мельник, 2010; ASS, Vol.18, No.8 (2022) p.27).

Benefits of using the outstaffing service:

- reducing the burden on personnel services and reducing the cost for their maintenance;
- delegation of responsibility (relationship of an employee with the tax and migration



services);

- increase in the number of employees without cancellation the simplified taxation system;
- increasing of investment attractiveness of the company.

Thus, personnel leasing is very often an effective substitute for labor relations.

### 3. SWOT-analysis of the company's activities

When implementing a construction project, the following key success factors can be identified:

- use of experience, knowledge, skills and technologies of one of the project participants;
- government support for oil and gas companies;
- equipping with equipment and technologies that allow to carry out a full production cycle and form a flexible production program;
- availability of unique equipment (crane equipment with large load capacity);
- formation of a highly qualified staff of specialists with work experience.

The results of marketing research, determination of trends in the development of the industry, as well as assessing the internal potential are presented in the form of a SWOT-analysis (Table 1).

**Table 1.** SWOT-analysis of the enterprise

Opportunities	Threats
<p>The country has a significant number of gas and oil fields, the development of which requires a certain amount of specialized equipment.</p> <p>There is a demand for equipment that is difficult to satisfy in full. The state has declared active support for the processes of fundamental modernization of industry.</p>	<p>The difficult economic situation in the world, which leads to the difficulty of forecasting the consumption of hydrocarbons and, as a result, their production.</p> <p>The ongoing problems in the euro / dollar zone and the growing budget deficit in the USA do not allow forecasting the exchange rates of the main currencies (dollar, euro, yen, ruble).</p> <p>Technogenic accidents and natural anomalies make the forecasting of production volumes and prices for metal (steel) unpredictable.</p>
Strengths	Weaknesses
<p>Using the advanced experience of a strategic partner in the methods of planning and organizing production management, basic business processes.</p> <p>The possibility of using new modern technological equipment in the implementation of the Project.</p> <p>The presence in the staff of professional managers from the industry with extensive experience in implementing projects in russian and leading international corporations.</p> <p>Extensive experience of the main investor.</p> <p>Possibilities of cooperation with other enterprises in order to increase the efficiency of activities.</p>	<p>The need to use a large amount of import supplies: equipment, a number of components, etc. It is connected with the lack of relevant industries in the country or the low quality of their products.</p> <p>The threat of changing the construction time due to the postponement of the contract by the Customer.</p> <p>Insufficient amount of labor resources in local proximity to the place of implementation of Project.</p> <p>The threat of luring a highly qualified staff of specialists to competing organizations.</p> <p>High costs for the maintenance of invited top managers due to the mastering of the company's authorized capital.</p>

**Note:** the name of the enterprise is not given due to the experimental nature of the work and private form of property

Taking into account the role of the state in modernizing the economy and solving the



problems of hydrocarbon production (this is important for Uzbekistan), it is possible to forecast with a high degree of confidence the continuation of the state course aimed at all-round support and development of the oil and gas industry. The state, realizing its responsibility and acting within the framework of the Development Strategy 2026, is ready to provide financial support in the modernization of the industry. In fact, such measures of state protection provide a plan of the sales of the enterprise. The analysis shows the possibility of practically full utilization of capacities for the production of modern equipment for the mastering of oil and gas fields.

The enterprise is created from scratch, which helps to reduce the unemployment rate and stimulates the growth of the need for highly qualified specialists: workers, engineering and technical workers.

Thus, the main objectives of the project can be formulated as follows:

- construction of a new type of enterprise (such as a Spin-off company), equipped with modern technological equipment, in accordance with the Strategy for the development of the country;
- formation of a science-intensive production center and achievement of a leading position in the production of equipment for the exploration and production of hydrocarbons;
- entering the world market with competitive products;
- creation of new jobs and increase in tax revenues to the budget, as a result of the creation of a highly efficient enterprise.

#### **4. Development strategy of the enterprise in conditions of changing the timing of the implementation of project**

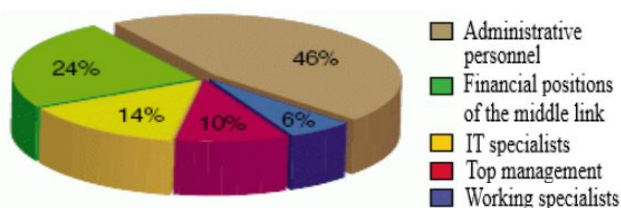
Currently, the period of project implementation has been suspended due to a lack of own funds to support current financial business activities, so the company's management has two main tasks:

1. Reduce the cost of maintaining personnel by reducing the number of employees to the number necessary for the implementation of current general business activities;
2. Retain highly qualified specialists with extensive experience in large international companies invited for implementation of this project.

Despite the reduction in personnel, the main goals of the personnel policy of the enterprise were achieved:

- uninterrupted and high-quality provision of the new company with the necessary number of employees of the relevant profession and qualifications;
- rational use of personnel;
- formation and maintenance of the team's working capacity;
- development of criteria and methods for the recruitment, selection, training and placement of qualified personnel, increasing the qualification of employees;
- development of the theory of personnel management;
- development and strengthening of corporate culture.

The main principle of an active, open personnel policy at this stage is efficiency, i.e. attracting minimal costs to obtain the maximum result in the selection of highly qualified personnel (Fig. 1).



**Fig. 1.** The first results of outstaffing - the ratio of positions withdrawn from the staff

The priority direction of personnel policy is the formation of a structure at the first stage: the selection of employees with good organizational skills to solve primary tasks. The personnel policy is based on the principles of active communication with employees, due consideration of the needs of all departments, innovativeness, professionalism and transparency, and is also aimed at solving the following primary tasks:

- Design and construction of the production site;
- Participation in marketing activities to form a future package of orders;
- Formation of the company's development strategy for the long run, taking into account its own detailed analysis of the development of existing and prospective oil and gas fields;
- Analysis of the possibility of the company's entry into international markets;
- Formation of the brand.

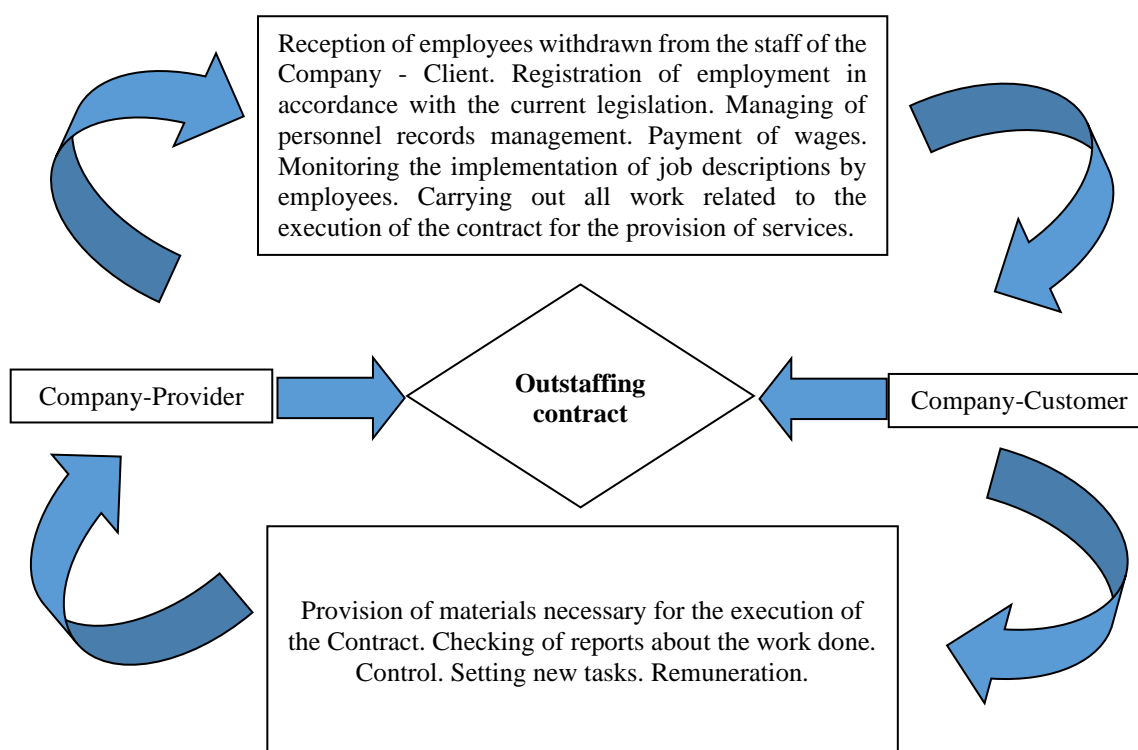
Thus, by carrying out a number of measures in the field of personnel policy, management costs were reduced by 25%. Despite this, the issue of the company's unprofitability, as well as the retention of invited narrowly directed specialists in the field of hydrocarbon production, still remained open. In view of this, it became necessary to create a system that both simplifies the organizational and legal basis for personnel interaction and brings economic efficiency. To solve these tasks was developed a new system of personnel interaction, based on the principles of outstaffing.

## 5. Development of a scheme of application of outstaffing

In order to address issues related to optimizing the staffing table and operating the company's budget, as well as reducing the risks associated with resolving labor disputes, with minimal financial, organizational and time losses based on the principles of outstaffing, was developed a new algorithm for personnel interaction. The scheme of application of outstaffing is shown in fig. 2.

After the conclusion of the contract for the paid provision of services, the obligatory annex to which are the lists of withdrawn employees with their personal data, a description of the functions, responsibilities and compensations, the employees are registered at the provider. Each of them signed a separate labor contract. Actual working conditions, in particular, jobs, employees remain the same. In the course of work, all current documents, certificates, etc., employees withdrawn from the staff are transferred directly to the provider. Accordingly, he monthly pays wages to each employee, as well as all premiums, bonuses and additional payments determined by the company-customer. In addition, the provider monthly deducts established taxes from the payroll fund, payments to the pension fund and other payments determined by law. Periodically (weekly, monthly, quarterly), the provider sends the customer reports about the work done, on the basis of which an invoice is issued.

The bill for services includes the salaries of employees, taxes, payment of possible bonuses and the actual payment of services for outstaffing. The newly created department was staffed with employees. Thanks to this, it was possible to increase their employment and efficiency, being narrowly focused specialists, they could not be provided with a full-fledged workload at their previous place of work. The department at the moment meets all international requirements and standards.



**Fig. 2.** The scheme of application of outstaffing

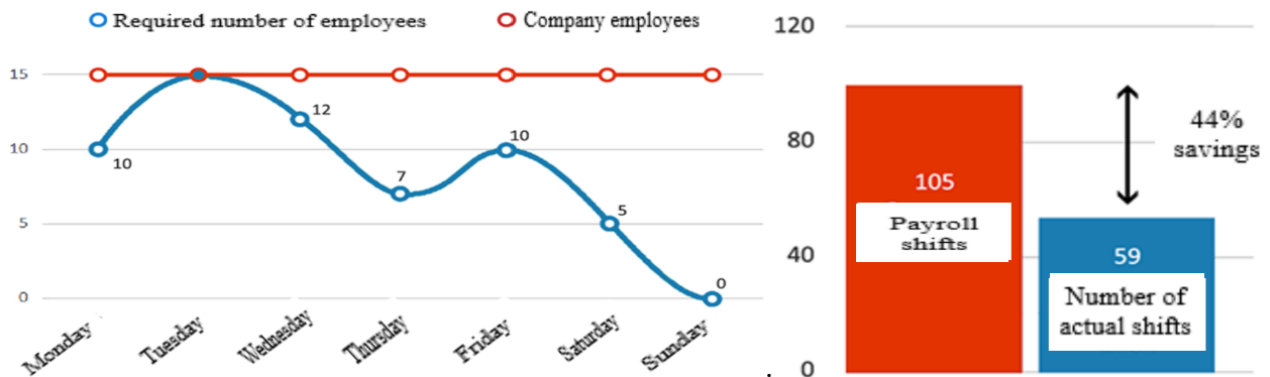
## 6. Creation of a normative basis for a new mechanism of interaction

In order to create a legal framework regulating the relationship between the subsidiary and the mainstream societies, the contract for the paid provision of services was originally developed, based on a standard outstaffing contract. Under the outstaffing contract (transfer under the "outstaffing" contract for the lease of personnel to the customer), i.e. the provision of services of a peculiar nature, the terms of the contract regarding specifically the qualifications of the employees of the company-lessor, their number and deadlines of execution of certain functions by them on the instructions of the customer come out in first place. Exactly these parameters mainly affect the amount of payment under the contract for the paid provision of services. Therefore, the amount of work that the leased workers must perform is not specified in the contract, in some cases they are defined in general form as an additional agreement to the contract. Here it can be applied by analogy about rental contract of a vehicle with a crew. According to this agreement, the crew members are employees of the lessor. They obey to the lessor's orders relating to the management and technical



exploitation of the vehicle, and the lessee's orders relating to the commercial exploitation of the vehicle, which also has the right to make claims to the lessor in connection with malfunctions or poor execution by the crew of his orders. When outstaffing, as a similar type of contract, the customer can make similar claims to the firm-provider.

The results obtained (Fig. 3) allow us to assume that the development and improvement of this novelty will bring, first of all, economic efficiency to all parties of the process, and can also be further used in the process of interaction of the entire main society with enterprises included in its structure.



**Fig. 3.** The result of a flexible approach to the ratio of the scope of work and the personnel involved

The contract specifies: a list of provided employees, indicating their functions that they will perform, as well as the obligations of the customer to provide the leased employees with appropriate workplaces, providing for them the working conditions established by the Law, and observe labor protection and safety for life and health in accordance with labor law.

According to the acting mechanism of personnel relations, based on the principles of outstaffing, all responsibilities for the recruitment of employees, registration of their labor relations with them are borne by the firm-provider. It also carries out the search and selection of candidates according to the requirements and wishes of the customer, the provision of reserve specialists in case of illness or absence of key employees. Replacing employees if necessary, conducting mandatory medical examinations, training, insurance, etc., falls on the company-provider.

## Conclusions

The priority of product quality issues and ensuring its competitiveness have increased the importance of a creative approach to work and high professionalism in management. This encourages to look for new forms of management, implement organizational-managerial novelties, develop the potential abilities of personnel, improve his qualification level, provide high motivation for the labor process, and, most importantly, constantly improve the management of new qualities of implemented innovative products. Human resource management is one of the most important directions of activities of many organizations and is considered the main criterion of their economic success, by importance even ahead of the technical process. You can have advanced, modern technology, but unskilledness of personnel will ruin it. Thus, a key component of business is the management and stimulation of personnel, and that is why the use of innovation in this area is essential. The continuous development of innovative thinking among the personnel is the



basis for the development of all innovative activities of the country as a whole.

The conducted research allowed to concretize the general conclusion:

**1.** At the present time, the demand for qualified specialists continues to grow on the part of large western and russian companies. It is expected that the practice of withdrawing senior and middle link employees from the staff will gain popularity, while a few years ago on the basis of outstaffing there was a selection of mainly auxiliary personnel.

**2.** At the present time, the CIS countries do not have much experience in the use and development of outstaffing as an organizational and managerial novelty. One of the reasons is that the relevant legal framework has not been developed for the wide use of this service. Legally, the term "outstaffing" is not fixed. Within the framework of personnel records management and the provisions of laws, employees of the firm-provider are considered to be seconded to the organization-customer. This is partly why the very concept of personnel leasing or outstaffing does not enjoy a very good reputation among medium-sized entrepreneurs, representatives of trade unions.

**3.** In the conditions of a dynamically developing market, such an indicator as the price of the provided service becomes of great importance. Based on this, often companies-client are looking for small firms that offer a flexible pricing system, original schemes that allow solving the problem of tax optimization, while providing all the guarantees of maintaining complete confidentiality.

**4.** In the process of research was studied the process of implementation the basics of outstaffing at a particular enterprise that is not ready to provide its requisites, although the use of a new mechanism of the interaction of personnel besides the improving indicators of efficiency (the ratio of profit to the number of employees in the company's staff), gave a lot of other advantages - was obtained an opportunity to develop a strategy for survival in conditions of temporary suspension of the project, thereby secure a revenue part for maintaining the current general economic activity of the enterprise, as well as retaining a staff of highly qualified specialists before the start of the project; the partner, being a company that has a strict competitive selection of employees, got the opportunity not to enroll in the state during the probationary period, to reduce the amount of work of the accounting and personnel departments, without enrolling in the state of additional.

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