

Milena Ilić¹⁾
Zoran D. Živković²⁾

1) JP "Gradsko stambeno",
Beograd, e-mail:
milena.ilic@stambeno.com

2) JP "Gradsko stambeno",
Beograd, e-mail:
zoran.zivkovic@
stambeno.com

QUALITY OF OUTSOURCING SERVICES IN THE PUBLIC SECTOR

Abstract: *Business today is rich quick, dramatic, complex and unpredictable changes that have a strong impact on business and management organizations. Today and the future are such that they need organizations that are able to continuously carry out large, radical and transformational change.*

Outsourcing uses specialized knowledge and resources of external suppliers. Over time, outsourcing companies increasing number of processes and functions that are sometimes exercised independently, and which can now be done cheaper and more efficient engagement of external suppliers.

Keywords: *quality, outsourcing, suppliers*

1. INTRODUCTION

Outsourcing is a situation where the company moved the business function, business process or part of business process, which until then was conducted only within the corporate limits, outside its corporate boundaries. So, outsourcing a long - term relationship between the two companies, which one company (external supplier) agrees to perform certain activities for another company, include the company's decision to purchase products or services (and mostly those who were long before that traditionally provided within the company) from external suppliers. The term "outside supplier" is used to indicate the entity (company or individual) that is outside the company, and that it provides specific services.

When it comes to outsourcing in the public sector, it is important in public sector outsourcing refers to the indulgence business while maintaining accountability for performance. The effects of outsourcing in the public sector are, the reduction of public administration,

rationalization, efficiency increase - a sort of avoiding "obsolete" bureaucratic structures in order to achieve political goals.

2. SIGNIFICANCE OF OUTSOURCING

There are many reasons why a company resorts to outsourcing, or temporary or permanent relocation of secondary tasks to companies that they are the primary activities, the most important [1]:

Improving business focus - outsourcing allows companies to focus on certain activities which are crucial to their future, while the operational details are entrusted to external experts. Access to top resources around the world - by entering into a partnership with a supplier who has the skills and knowledge that are best in class, the company gets access to the latest technology and operating procedures. Accelerating effects of reengineering -

Outsourcing allows the company to immediately feel the benefits of re - engineering business processes, involvement of external suppliers who had already conducted its own re - engineering processes and brought them to the top level.

Risk sharing - when companies decide on outsourcing, it reduces the risk of capital investment and become more flexible, more dynamic and better positioned to adapt to constant changes which are present in the environment.

Redirecting resources to the activities of strategic significance or competitiveness - focus on core business - while someone else takes care of the production of specific parts of products / services, free business resources and energy directed the main activity reduce costs - outsourcing engagements are often more cost effective than the implementation of specific projects in your own engagement lack of quality professional staff acceleration of the project - specific skills, particularly specialized external enforcement will lead to faster realization of business

Before more and more companies are setting dilemma management jobs burden of secondary importance, or other delegated this responsibility. Both of these options has its advantages and disadvantages.

Main advantages of outsourcing are:

- 1) focus's management on core business
- 2) focus management enforcement on outsourcing process
- 3) reduction investment in equipment required to process the outsource
- 4) reduction capital invested in fixed assets
- 5) better return on investment (ROI)
- 6) relief of managing a complex function (if it is a function of the outsourcing process that is complex)
- 7) structure employees focused on the enforcement outsourcing process
- 8) high motivation enforcement

- 9) long reduction in user costs
- 10) regular investment in the necessary enforcement infrastructure

The main disadvantages of outsourcing are:

1. performer is losing quality experts
2. negative consequences of globalization: outsourcing and moving jobs to Third World countries, where the same jobs working for a lot less money, one of the negative consequences of globalization. In the complex environment of different interests and great influence outsourcing process on the quality and implementation of contractual obligations, the organization assumes all the risks for the implementation work. These risks relate to the exercise: obligations (budget for implementation, timelines, quality, safety and health, safety, environment, the demands of the community, etc.), goals (profit, interest in the market, partnership development, needs of employees, etc.). Liabilities are defined by contractual provisions or requirements of the market, while the goals the organization defines itself, changing and adapting them to the realization of work.

3. RISK OF OUTSOURCING

So, with many benefits outsourcing, it carries with it certain risks. Risks vary from small, in the field of pricing, the default key functions of external suppliers. In making decisions about outsourcing, they must carefully consider all potential risks, and provide alternatives. The most important risks are: [2]

- Change of circumstances in which there is an external supplier. It may happen that a supplier has a financial problem, to be purchased by companies that do not want to continue the cooperation, or to change the business orientation.
- Underestimation of risk due to lack of

- accurate information about specific companies
- Distortion of the image of the company, if outsourcing involves the release of large numbers of workers
 - The lack of delivery of products or services important for the normal functioning of the enterprise
 - Responsibility to its customers for services or products that the company receives, or for her by external suppliers.

Other authors, as the most important barriers in obtaining the resources and capabilities from external sources stated: [3]

- Uncertainty over the cost and availability of outsourcing suppliers;
- Loss of control of the company in terms of some activities;
- Concerns about job security for employees;
- Operational problems with any change decisions on outsourcing;
- The risk of inefficiency of performing an activity that is externally provided.

These dilemmas are present in any outsourcing initiative. Management of these barriers is easier when it comes to non-essential business processes than in the case when obtained from outside sources essential (core) processes. To overcome potential problems, apply effective risk management measures in the form of providing the right information, the continuous provision of services, responsiveness and flexibility in relation to the changes and concerns of employees. However, the benefits of outsourcing are numerous and are acquired by using the partner's business processes and available resources. The fact is that outsourcing partner has narrowed the field activities (specialized for certain activities) and perform them more efficiently. The success of the performance of outsourcing activities can be questioned if the companies no longer take care and insist on controlling the process, but the

management of outsourcing to provide the fulfillment of specific requirements in terms of desired performance levels. Instead of harsh and excessive control, successful companies maintain a partnership with the outsourcing company. The close and long - term cooperation based on an open exchange of information is a good mechanism for building trust between partners (customer and the executor).

The goals set by the organization - (Employer, the user) must be real and admissible for both sides. [4] If the goals are not well placed, they will have a negative impact on relationships and relationships with end users and increase the risks for the implementation work.

4. QUALITY PROCESS OF OUTSOURCING

One of the main characteristics of today's world are the changes more and more speed. New knowledge and technologies, new information and communication capabilities, the new competitors and suppliers, government programs, new regulations and technical barriers, the growth needs and expectations of customers, new social demands, request a new style of management that has to find quick answers to these changes. The fact is that only organizations that are continually enhanced its capabilities and performance can lately to maintain and even improve their operations and position in the globalized market. So that is the basis of quality management to achieve competitiveness by changing the way business is faster than the changes occurring in the environment. [6]

The highest level of the new concept of quality is total (complete) that quality. Total Quality Management, TQM. It is believed that TQM is still the best management method for simultaneously anticipating and creating the future of the

organization, create loyalty, because of their enthusiasm, organizational and technological restructuring of the organization reduce costs, increase productivity and profits, social responsibility and long-term growth and development of the organization complies with environment. [6]

The quality of implementation of work achieved through the implementation of quality outsourcing processes. The fact is that the quality of any business depends on the quality of suppliers, or to the management of quality suppliers of engineering organization directly affects the level of quality of the work carried out. It is impossible to achieve quality in a job without the involvement of suppliers with the appropriate level of quality. [7]

So, we can say that the quality of the process of offering the organization depends on the quality of the process of offering suppliers and is being negotiated, as later in the stage of the contract, is extremely important to protect the interests and the customer and the executor. Required the intensive communication with service users, on the one hand, or with suppliers or the perpetrators, on the other.

Employer organization strives to achieve the best contractual terms to the user, and then to coordinate with suppliers in order with the least risk started the process of realization of the work. At this stage it is very important supplier flexibility of great importance to the procurement process outsource services. It's even a stage where the organization procuring entity seeks to transfer all the contractual terms agreed with the user in contracts with suppliers. This phase is crucial given that provides quality work, because the quality of the suppliers involved depends on the quality of overall outsourcing services. Further, when it comes to construction, it is a process of achieving a full engagement of suppliers and where, all the possible weaknesses and

problems contracting organization has failed to solve in previous phases. At this stage of contracting organization conducts intensive quality control of suppliers in order to be satisfied all the requirements of users.

In order to ensure quality, of course, it is necessary to organize and conduct specialized training, as well as testing the work done.

In accordance with the requirements of international standard ISO 9001:2008., Item 7.1: "When an organization chooses to have any process of "outsourcing", which affects product conformity with requirements, it must ensure the management of such processes. The type and level of management applied over such processes from "outsourcing" must be defined within the quality management system.

NOTE 1 These processes, essential for a quality management system, including processes for management activities, providing resources, product realization, measurement, analysis and improvement.

NOTE 2 The process of "outsourcing" is a process that required the organization for its quality management system and that the organization has chosen to be conducted by external parties.

NOTE 3 Ensuring management of the processes from "outsourcing" does not relieve the organization of responsibility for compliance with all requirements and requirements of laws and regulations. The type and level of management that apply to the processes of "outsourcing" influenced by many factors, such as:

- the possible impact of the process from "outsourcing" the organization's ability to provide a product that complies with the requirements;
- degree of separation process control;
- ability to achieve the necessary management application requirements of ISO 9001:2008 7.4 (procurement).

5. OUTSOURCING IN THE PUBLIC SECTOR

The fact is that there is great importance and necessity of establishing the existence of public enterprises, especially when it comes to the area in which the manifest shortcomings of market mechanisms, such as public goods, natural monopolies and activities with external effects. [8] The main objectives of establishing the existence of these companies is reflected in higher profit, maximizing welfare and in meeting political goals.

When it comes to public administration, we must bear in mind that it is extremely large and important field, covering local and republican public administration, public services and public enterprises. The area is a major reform in our country and the world. The quality of public administration is especially gained in importance over the past thirty years, in parallel with the crisis of the welfare state and public services expansion to developments in the global economy, the decline of trust in government and institutions. There was an introduction of economic principles and standards for the operation, as well as the structure of public administration (and the new public management). The focus of interest to put the consumer, which represents the last stage in defining the quality of public services. [10]

As already noted, outsourcing is a global term that means letting other parts of its own affairs specialist perpetrators.

In the public sector outsourcing refers to the indulgence business while maintaining accountability for performance. The effects of outsourcing in the public sector are primarily the reduction of public administration, rationalization, efficiency increase - a sort of avoiding "obsolete" bureaucratic structures in order to achieve political goals.

The process of globalization, the dominance of market factors and the processes of integration and the formation of large trade and political associations, encouraged the unique process of free competition and movement of goods, capital and services. Therefore the process is open competition and efficiency and more widespread practice to measure all market criteria of efficiency. Hence the work processes and activities in the public sector is increasingly entrusted to partner institutions that are organizing the public sector. Process outsourcing is becoming more and more an element of measure, order and efficiency in the public sector.

Research results achieved in practice when it comes to outsourcing in the public sector in different countries show different results - from significant savings and increased efficiency, the lack of benefits and even increased costs due to outsourcing and contracting with outside suppliers. [9]

The advantages of outsourcing in the public sector include the potential for:

- cost reductions;
- increased accountability of service providers through contract performance of works;
- better access to knowledge and technology;
- rational use of capital and equipment;
- better quality and greater flexibility of services, and
- contribution to local industrial development

The potential disadvantages of outsourcing in the public sector are:

- decreased public sector responsibility for outsourcing services;
- of loss of privacy and confidentiality of personal information;
- fraud in tenders and other similar problems;
- loss of control over public sector outsourcing services;
- high costs of outsourcing;
- savings realized by the state as a result

of loss of other groups, and not from increased of efficiency;

- impact on employment levels and wages of workers - contractors outsourcing services.

The question of what kind of services the public sector should be outsourcing depends on the theoretical treatment of issues such as the degree to which the private sector should be involved in the provision of public services. It also depends on practical considerations and analysis of where the service will, in their outsource, be achieved desired objectives - reducing costs and increasing quality.

The results of various studies show that outsourcing is not a cure for the current budget problems. But it is undeniable that in some situations, outsourcing leads to significant savings in state spending with a satisfactory outcome.

Successful outsourcing requires a thorough analytical preparation. Must be considered in detail what services are appropriate for outsourcing, its expectations, which are the potential benefits, costs of services, cost savings and costs of outsourcing.

When it comes to public companies, one strategy that is used by the public sector and public-private partnership. Case studies (English public - private partnership) simply put is a joint cooperative action of the public sector with the private sector in providing public services or construction or production of goods. Give a precise definition of public-private partnership is quite difficult, because the main goal of this type of partnership is more economical, efficient, successful construction of facilities, production of goods or services than the traditional way. This form of partnership occurs in different areas, in different forms, with different expiration dates. One of the definitions of public-private partnership is defined as follows: "Public-private partnerships can be described as cooperation between public and private

sector in planning, production, service, finance, business or collection of public affairs."

This definition gives a clear picture that the public sector appears as a supplier and manufacturer, or as a partner agreement defines the type and scope of work or services is transferred to the private sector and the provision of such services offered to the private sector, which appears as a partner who seeks this kind of cooperation, if you can make a profit, under the provision of quality of performance of obligations under the contract.

Public-private partnership draws on the synergy of partners working together. [11] Public-private partnership is gaining a greater role in implementing major projects in the area to meet public needs, primarily due to lack of budgetary resources to finance, and labor inefficiency and inadequate quality of public services. In that kind of partnership, the public sector must ensure that an appropriate project with a private partner provides the so-called. "Value for money", or we can say, cost-effective, reliable and timely service at an agreed price and the agreed quality standards, as defined in the contract, and that such a project is cost-effective than traditional government procurement (investment). [12]

6. CONCLUSION

The fact is that for the past ten years, companies have tried to focus on what is known as a core competency and key drivers of business success. Core competencies are defined as those skills and abilities that distinguish the organization from its competitors. For example, it can be a development engineering, research, marketing or other functions that provides the company a competitive advantage. Key drivers of business success are defined in a simple

manner. They are related to the functions within which companies must operate efficiently, as well as in relation to competition, so that the company be competitive in its field when it comes to changes in technology, cost reduction and product quality.

Common understanding of outsourcing is that by which should be outsourced all activities that do not give the company a competitive advantage. Another way suggested that the company should concentrate on activities in which the best, and they are almost always its key

activities, and candidates for outsourcing all activities not essential.

With any planning and arranging an outsourcing project company should have in mind back-sourcing or termination of business relationships that will surely come sooner or later in the agenda.

When it comes to public administration, we must bear in mind that it is extremely large and important field, covering local and republican public administration, public services and public enterprises. The area is a major reform in our country and the world.

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