

The Feasibility Process of Executive Outsourcing with TELOS Technique from Managers and Experts' Viewpoints

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ABSTRACT

In this study the feasibility of performing outsourcing has been identified with TELOS technique in administration of schools renovation, improvement and equipment of Lorestan in different aspects of technical, economic, legal, operational and temporal from managers and experts' viewpoints. Since, statistical populations are managers and experts of administration of schools renovation, improvement and equipment of Lorestan province, the numbers of them are 25 people. Since, statistical population is limited, the questionnaires were distributed among them and census was used instead of measurement sample of all. 37 questionnaires out of 40 distributed questionnaires were collected. Research questions include 5 questions in five dimensions that the first 6 questions of questionnaire are related to question number 1 (technical dimension) with alpha 12,0.81; the next questions include the questions 7-18 are related to question number 2 (economic dimension) 10,0.84, the following questions include the questions number 19-28 that are also related to the third question (legal dimension) 12,0.78, the next questions means 29-40 are related to the fourth question (operational dimension) 0.83 and the final 6 questions include the questions number 41-46 are related to the fifth question (temporal dimension) 0.81. *Spss* statistical software and *t* test were used to analyze the data obtained from above questionnaire. The achieved results indicate that the conditions are provided for outsourcing. As it can be seen from the results, providing environmental and state conditions to perform outsourcing in different dimensions is over the considered average (3). So, providing state conditions govern on performance society of outsourcing should not be delayed.

KEYWORDS: Executive Feasibility Process, TELOS Technique, Outsourcing, Dimensions Of Outsourcing.

INTRODUCTION

In recent decades, rapid developments in the field of technological innovations and administrative systems have raised a new concept in management knowledge; this new concept is referred to reengineering which accordingly the government attempts to implement policies and administrative reform program, and organizations relative structure which have been formed based on command and control replaced by transformation and radical changes due to recognition on the mentioned concept and its proper position in state management. In the recent years more than any other time, transformation has been created in state affairs section; these transformations have not been created by themselves but in response to various and interdependent requirements such as (state affairs section), (change in economic theory), (change results in private section particularly globalization) and have been done as an economic power (Hiuz, translation by Alvani, 2002, Page: 18).

Leadership and management deficiencies are the most frequent causes of under-performance for companies and the people they depend upon for long-term survival.

Like people, companies must grow through distinct developmental stages, e.g., the "terrible two's," adolescence, etc. New economy companies experience these stages in a time warp, which obviously complicates the developmental challenge.

While effective leadership and management skills are required at every stage of a company's development, the level of mastery, and the degree to which the company depends on specific skills, change with the unique challenges that accompany each stage of the growth cycle. It is in the nature of the growth challenge that most companies do not have the skills they need when they most need them

According to economic theory, each management project or program will be functional when to be consistent with state conditions; this question can be raised related to outsourcing: to what extent the provisions of article 88 of the law of government regulations in the conditions governing on state section and environmental, economic, social,

political conditions of the country can be enforced? If, Non-compliance laws and regulations with state conditions of downsizing and outsourcing become false, this issue will be found important.

RESEARCH BACKGROUND

In a research entitled strategic assessment of outsourcing and staff reduction, Mr. Bloomberg (1998) with the aim of providing an insight investigated decision making process of outsourcing to understand whether outsourcing is done or not; and also referred to the factors such as theoretical decision structure to explanation structure from real process and concluded that the trend to outsourcing and staff reduction and manpower will be continue in the associations and companies. In a research entitled IT outsourcing contracts of an organized and empirical, Mr. Matoi KO.Li (1996) investigated the important issues related to IT outsourcing contracts.

With discussing about pre-contract and post-contract issues from management viewpoint, it is approximately unstoppable and has high sources and an unavoidable current. In a research entitled guidelines for a constructed method for outsourcing, Mr. F.France chini and M. Galito (2003) provided models and presented processes proposal for official and management outsourcing and concluded that processes outsourcing should be investigated using proper methods and structure. In a research entitled the use of analytical hierarchy in IT outsourcing decision making, Mr. Goudini Jay. Ado (2000) concluded that analytical hierarchy process is as a potential tool for outsourcing decision making and proved that analytical hierarchy process can effectively be useful and indicated that outsourcing organizations cannot reach the required scores without the support of IT and using outsourcing.

Outsourcing is a process by which the activities that were previously performed by an organization or association are transferred and done by a foreign contractor. Baily et al (1993, page 283) used similar viewpoint and described applying external resources (outsourcing) as follows: a contractual relationship between a foreign contractor (outsourcer) and an organization (outsourced) in which the contractor takes responsibility of one or several institutional or organizational business work. Outsourcing is non-strategic processes outside the organization and focus on key processes inside the organization (Rahnavard, 2005, Page:16; quoting of Buster (2003).

Privatization, private outsourcing: (Bronze and Astaziadis, 2003, Page: 357 referred that Mr. Parker, 1995) believed that public sector has basically some features compare to private sector which faces some problems in applying and producing effective and efficient services and products. And environmental changes such as globalization, regional competition and technological changes are some other reasons that change privatization development to a strategic necessity.

Downsizing: downsizing is a deliberate organizational decision for manpower reduction to improve organizational performance. (Rahnavard, 2005, Page: 17 quoting from Kozlowski et al, 1993) refer that Lit et al (1997) considered outsourcing as one of downsizing techniques through which producing and applying some products or services are assigned to other organization with making an agreement.

Comparing the use of outsourcing in private sector and state sector: Outsourcing is not a very new concept although has attracted much attention in recent years, because Kent and Janice (1998) pointed that U.S. state to provide public services has used private companies since early 1900. However, Morris wimeri (1992) claimed that using outsourcing in the last decades of 1980 had a rapid increase in most non-core activities and even nuclear activities in special parts. Takaki (1993) in the field of IT reported increase in data outsourcing which changed from 34% in 1988-1989 to 68% in the year 1991. (Bronze and Astaziadis, 2003, Page: 355) also pointed out J Wasinger (2000) reported the experience of 500 associations in England and concluded that 73% of respondents used art activity of applying outsourcing that is non-core, while about 27% of respondents consider outsourcing services significant and vital. Rateri and Robertson (1995) found that it is possible to use outsourcing more inlabor-based works. It crosses from significant up and down to do its activities or display the current activities which are not unique in a special institution.

TELOS technique

A feasibility method is a TELOS technique that represents the following questions: (Rahnavard, 2005).

Technical Feasibility

Different kinds of hardware and software are evaluated to determine whether they can respond to the needs of outsourcing policy. Is it technically possible to perform a plan?

Economic Feasibility

Costs-benefits analysis is done to determine whether outsourcing benefits are more than executive costs? Is outsourcing policy effective in terms of cost? Meaning that, are the benefits of performing outsourcing policy more important than its costs.

Legal Feasibility

Legal Feasibility refers to state legislation and also legal commitments. Is legal arrangements needed to perform the proposed system/policy? Is there any conflict between outsourcing policy and regulation?

Operational Feasibility

The functionality of outsourcing policy is studied in terms of institutional, political and humanitarian activities. Is our organization capable to do that? Are organizational procedures adequate to support the considered project?

Schedule Feasibility

Schedule Feasibility refers to the possibility of outsourcing finishing in the allocated time.

Can the considered policy be done in a reasonable time?

Outsourcing feasibility model

Outsourcing policy can be done in different forms. Purchase of services from non-governmental sector, partnership with non-governmental sector (rental or partnership) and assigning the management to non-governmental sector can be pointed out. Application of these outsourcing forms is not identical in all duties and activities of governmental organizations. If this general principle to be accepted that outsourcing is true about non-strategic duties, so, it is necessary that organizational duties divided primarily into two groups of strategic/essential and non-strategic/inessential. However, there is this viewpoint that strategic and non-strategic duties can be interpreted to governmental and authoritative duties, respectively. If this viewpoint to be accepted, it is necessary to divide organizational duties into two groups of governmental and authoritative functions.

The dimensions of outsourcing

Technological dimension (technology): For outsourcing of activities to non-governmental sector, the organization should have capability and trend toward forming an executive committee (article 88) to benchmark non-governmental sector for having the required technology and facilities to do the assigned activities.

Economic dimension: It is obvious that there are many good reasons associated with outsourcing which can lead to 20 to 40 percent costs reduction.

Legal dimension: Outsourcing contracts include complicated business and legal issues and is full of risks for outsourcing customer(outsourced) and dealer (outsourcer).

Operational dimension: There are several types of outsourcing contracts that depend on intellectual level of human resources and the selected technical resources; so as, continually tend to eliminate the costs and improve the efficiency.

RESEARCH METHOD

In this study, the feasibility of performing outsourcing has been identified in administration of schools renovation, improvement and equipment of Lorestan in different aspects of technology, economic, legal, operational and schedule from managers and experts' viewpoints. Since, statistical populations are limited (managers and experts of administration of schools renovation, improvement and equipment of Lorestan province), the questionnaires were distributed among them and census was used instead of measurement sample of all.

37 questionnaires out of 40 distributed questionnaires were collected. The feedback rate is 92.5. Statistical descriptive method is used to collect and analysis of data through document/laboratory study and interviewing; and also questionnaire which included three parts: the first part included 5 questions related to individual characteristics, the second part included 10 questions related to executive measures and the third part related to preparation of outsourcing requirements (feasibility).

The data that obtained through the third part of questionnaire including 46 questions were used for statistical analysis. Research questions include 5 questions in five dimensions that the first 6 questions of questionnaire are related to question number 1 (technical dimension) with alpha 12,0.81; the next question includes the questions 7-18 are related to question number 2 (economic dimension) 10,0.84, the following questions include the questions number 19-28 that are also related to the third question (legal dimension) 12,0.78, the next questions means 29-40 are related to the fourth question (operational dimension) 6 and 0.83; and the final 6 questions include the questions number 41-46 are related to the fifth question (schedule dimension) 0.81.

It is necessary to explain that the questionnaire consisted of six-item Likert with the options of very low, low, somewhat, high, very high and I do not know. The scores 1,2,3,4,5 were, respectively, allocated to above options; and the option of *I do not know* was also without score. The method of calculating the average: the sum of options $\sum xi = 1 + 2 + 3 + 4 + 5 = 15$ was divided into (n=5); and finally 3 obtained as the average.

$$\frac{\sum xi}{n} = \frac{1+2+3+4+5}{5} = 3$$

So, each of questions that its mean was more than 3 had ready conditions for outsourcing and those which were below 3 had not ready conditions. Meanwhile, cobweb graph was used to compare different dimensions of feasibility. SPSS statistical software and student's t-test were used to analyze the data obtained from above questionnaire.

DATA ANALYSIS

The first sub-hypothesis (feasibility of technical dimension)

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law from technical dimension.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X1	6	3.3367	.34162	.13947

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X1	2.414	5	.061	.33667	-.0218	.6952

Using Spss software and according to the results obtained from table number (9-4) and output of student's t-test, confidence interval of executive feasibility average of outsourcing technical dimension is between the following intervals:

$$-0.0218 \leq \mu - 3 \leq 0.6952 \quad \longrightarrow \quad 2.98 \leq \mu \leq 3.6952$$

Therefore, technical dimension (the possibility of observing priorities of executive regulations: public institutions, welfare institutions and institutions organized of holding training courses of outsourcing in your and others' organization for assigning of units management) is approximately more than (3) and outsourcing is possible from this dimension.

The second sub-hypothesis (feasibility of economic dimension)

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law from economic dimension.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X2	12	3.307	.4290	.1238

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X2	2.476	11	.031	.3067	.034	.579

Using Spss software and according to the results obtained from table number (10-4) and output of t-test, confidence interval of executive feasibility average of outsourcing economic dimension is between the following intervals:

$$0.034 \leq \mu - 3 \leq 0.579 \quad \longrightarrow \quad 3.034 \leq \mu \leq 3.579$$

Therefore, economic dimension (the existence of productive labor market to attract people who become separated from their job) is more than the considered average (3); and outsourcing is possible from this dimension.

The third sub-hypothesis (feasibility of legal dimension)

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law from legal dimension.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X3	10	3.232	.2714	.0858

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X3	2.703	9	.024	.2320	.038	.426

Using Spss software and according to the results obtained from table number (11-4) and output of t-test, confidence interval of executive feasibility average of outsourcing legal dimension is between the following intervals:

$$0.038 \leq \mu - 3 \leq 0.426 \quad \longrightarrow \quad 3.038 \leq \mu \leq 3.426$$

Therefore, legal dimension (the possibility of application of 50% of staffs employed in a unit as an officer in applicant companies for services in terms of the rules governing the employment) is more than the considered average (3); and outsourcing is possible from this dimension.

The fourth sub-hypothesis (feasibility of operational dimension)

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law from operational dimension.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X4	12	3.4483	.37949	.10955

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X4	4.092	11	.002	.44833	.2072	.6895

Using Spss software and according to the results obtained from table number (12-4) and output of t-test, confidence interval of executive feasibility average of outsourcing operational dimension is between the following intervals:

$$0.2072 \leq \mu - 3 \leq 0.6895 \quad \longrightarrow \quad 3.2072 \leq \mu \leq 3.6895$$

Therefore, operational dimension (the existence of suitable condition to implement article 88) is more than the considered average (3); and outsourcing is possible from this dimension.

The fifth sub-hypothesis (feasibility of schedule dimension)

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law from schedule dimension.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X5	6	3.6583	.29294	.11959

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X5	5.505	5	.003	.65833	.3509	.9658

Using Spss software and according to the results obtained from table number (13-4) and output of t-test, confidence interval of executive feasibility average of outsourcing schedule dimension is between the following intervals:

$$0.3509 \leq \mu - 3 \leq 0.9658 \quad \longrightarrow \quad 3.3509 \leq \mu \leq 3.9658$$

Therefore, schedule dimension (functionality of outsourcing policy of the contents of article 88 in short term) is more than the considered average (3); and outsourcing is possible from this dimension.

The Results of the Main Hypothesis of Research

In administration of schools renovation, improvement and equipment of Lorestan province, there is the possibility of implementing article 88 of the financial regulation law.

The hypotheses raised from t-test for investigating the approval or rejection of the main hypothesis of research are as follows:

$$\begin{cases} H_0 : \mu \leq 3 \\ H_1 : \mu > 3 \end{cases}$$

In this test, it is claimed that the hypothesis average is more than 3.

As it is pointed out previously, the obtained average was equal to 3. So, if suitable condition for each of research sub-hypotheses is assumed more than the obtained average (means the number 3), it is concluded that the average more than 3 for each of research hypothesis indicates that the considered hypothesis has suitable conditions for performing outsourcing. The results of hypothesis testing indicate suitable condition for outsourcing. So, conditions are provided in administration of schools renovation, improvement and equipment of Lorestan province.

CONCLUSION

Although, outsourcing has attracted much attention in recent years, but it was used in America's private sector to provide services in the year 1900. But, public sector paid attention to outsourcing in the late 1980s and so made legislation. In our country in the year 1381 Hijri, the government in terms of article 88 of the financial regulation law obliged executive organizations to assign (outsourcing) all or parts of their activities (enterprise affairs) except of governmental affairs. But, it is necessary to pay attention to legal strategies to study outsourcing, some of these strategies are: making legislation and financial regulation, Drafting mechanism and supervision works, empowering non-governmental sectors, Implementation and motive jobs, making necessary arrangements to reduce individuals' resistance, preparation and implementation of training schedules, reasonable scheduling and giving information.

Finally, an organization that wants to implement outsourcing policy should investigate its executive feasibility and then attempt at decision-making in one of triple states, means: delaying outsourcing policy, attempting to implement outsourcing policy, and stopping implementation of outsourcing. To implement this decision; first, internal and external benchmarking should be done, then an agreement should be made and at the end outsourcing policy should be managed for its continuation.

In this research, outsourcing executive feasibility was studied in administration of schools renovation, improvement and equipment of Lorestan province according to TELOS technique including five dimensions: technical feasibility, economic feasibility, legal feasibility, operational feasibility and schedule feasibility. The obtained results indicate the conditions are provided for outsourcing. As can be seen from the results, providing environmental and status conditions for implementation of outsourcing in different dimensions is more than the considered average (3). So, the implementation of outsourcing should not be delayed due to status conditions governing society.

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