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## OUTSOURCING AS AN EFFECTIVE INSTRUMENT OF PROJECTS MANAGEMENT

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**Preconditions of using outsourcing in the process of projects management, types of outsourcing services in this sphere, their characteristics and applications are considered. Advantages and disadvantages for outsourcing services customer organizations concerning project management and constraints of using outsourcing in present-day Ukraine are studied.**

**Key words: outsourcing, project, project management, specialists outsourcing, functions outsourcing.**

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## АУТСОРСИНГ ЯК ЕФЕКТИВНИЙ ІНСТРУМЕНТ УПРАВЛІННЯ ПРОЕКТАМИ

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**Розглянуто передумови використання аутсорсингу в процесі управління проектами, види аутсорсингових послуг у цій сфері, їх характеристику та застосування. Досліджено переваги та недоліки для організації-замовника аутсорсингових послуг щодо управління проектами та чинники, що стримують використання аутсорсингу в Україні на сучасному етапі.**

**Ключові слова: аутсорсинг, проект, управління проектами, аутсорсинг фахівців, аутсорсинг функцій.**

### Formulation of the problem

Currently projects change the world that surrounds us, provide the acceleration of scientific and technological progress, sustainable economic development, solution of specific tasks in different branches of the economy, rapid response to certain challenges etc. Consequently, this causes an increase in the number of successful projects, an important providing factor of which is project management methodology. In this context there is a growing interest and requirements to existing methods of project management and the constant searching for new, more effective methods. In practice, to provide project management without any help is not always possible and advisable. Therefore, one of the most effective ways to manage the project under certain conditions, is to transfer it to outsourcing that involves the transferring to external specialized companies.

### The analysis of recent research and publications

The issue of outsourcing project management is in a large number of research. Among the works concerned common approaches and project management methodology, the researches of by G. Ditzhlem, I. Kendall, K. Rollings, L. Nozdrina and others can be noted.

In particular, such authors as A. S. Grygoria, T. G. Grygorian, K. V. Kashkin [1] examine the features of taking decisions on the choice of outsourcing IT project management. However, the complexity of the existing nowadays problems causes the necessity of the comprehensive study of new approaches and means of project management that would be based on international experience, take into account specific economic conditions in Ukraine and provide a positive result.

### **The formulation of objectives**

The necessity of studying new approaches and methods of project management at this stage leads to the formulation of following research objectives:

- research of types of outsourcing services in the field of project management and how to use them;
- clarification of the main advantages and disadvantages of outsourcing project management.

### **Presentation of main materials**

The word project was derived from the Latin and means “thrown away”.

The project means investing resources, including financial, material, and labor in order to obtain the intended result and to achieve a goal on time.

Project management is the process of managing the team and project resources with the help of specific methods, so that the project will be over successfully and reach its aim. Effective project management allows us to carry out projects on time, within budget and planned quality.

In the project management:

- are defined the project objectives, target audience, their reasoning;
- the structure of the project is determined (subaims, the main stage of the work that must be done);
- requirements defined by the project implementers are conducted;
- agreements are signed and accompanied;
- the project budget of works is made;
- the schedule of the project is provided.

As it was noted about, the current topic at present stage is to use outsourcing in project management. In the world practice, this phenomenon is not new and is considered one of the ways of providing projects on time, efficiently and within budget. For Ukraine – outsourcing project management is a new and unique service in which the task of project management as for,- customers projects, is realized by foreign company that specializes in professional project management and represents the interests of the customer [2, p. 314].

Outsourcing (English – “outsourcing”) means outside source. With the help of this term the company identifies non-core function which is displayed outside the company. According to Yermoshyna, outsourcing is a management strategy that allows to optimize the function of the organization of the main activity area [3].

Outsourcing company provides quality project management through the use of management methodology, internal project of management quality system that ensures the effectiveness of making decisions. According to the experts, savings from the transfer of project management outsourcing is 10–50 percent depending on the content of the project, the specifics of the company and other factors [4].

Transfer functions of project management in outsourcing can be caused by the following reasons:

– the company needs realization of one and significant project for the company while the introduction of computer project management system is not required, but setting of project management also requires additional time:

- presence of old inefficient methods of project management;
- company always carries out a certain amount of design work while its transfer spends too high costs both as for the project management and the improvement of project management;
- some tasks appeared in the company and these tasks are associated with developing of a specific set of documents deals with the project, and at the same time with the plan to continue the project of self-administration after having done this work;
- rapid growth in the number of projects with the lack of its own staff;

- unsuccessful implementation or failure of previous projects;
- transfer the strategy of non-core activities to outsourcing;
- strategic importance of the project (time, budget);
- implementation of corporate project management system through outsourcing [2, p. 315].

There are two types of outsourcing services in the field of project management: outsourcing specialists and outsourcing functions.

While an outsourcing specialist assumes responsibility for providing the required number of professionals with the necessary competencies to the customer, customers provide their own effective application on the tasks of the project.

This approach makes it possible to transmit different functions of project management in outsourcing, particularly among the most important ones are: general project management of outsourcing projects managers, administrative methodological and technological support of outsourcing project management with outsourcing specialist / administration of the projects.

Also this approach allows the customer the flexibility to adjust the set of the work, which experts of the outsourcing are involved in, redistributing the task between experts, that is an advantage in the conditions where the actual set of work and complexity are difficult to assess, because some work is often based on the results of others.

While outsourcing of the professionals is in a process of making an agreement, it is determined by a set of functions and tasks that will be required to be solved by the experts of outsourcing and it is defined by the number of specialists, period of their competence. The customer selects the representatives, who provide interaction of employees with consultants of the customer service, coordinating work and if it is necessary they detail or refine the set and /or priorities of work which is done by specialists of outsourcing. The cost is calculated based on actual hours of work, confirmed by the customer.

While defining outsourcing functions an outsourcer is responsible for doing specific functions of project management of the client. The customer, in turn, ensures compliance the best execution of these functions and their integration in the interest of the project / program [2, p. 318].

Functions that are often transferred to outsourcing (their implementation is provided by project office): drawing up and monitoring of the project, schedule monitoring and control of the process of making the project, the general administration of the project, schedule of meetings, monitoring of implementation of planned tasks, control of their fulfillment, archiving of project documents.

Depending on the way of customers action and its intensity, work is accompanied by outsourcing consulting services that can be provided on a full or partial outsourcing.

One of the most common areas of outsourcing project management in Ukraine is information technology (IT). It is caused primarily by high dynamics of development of information technology, its specification, complexity and differentiation of the activity.

Lets find out the advantages and disadvantages of outsourcing of customer services in the field of project management and present it in a tabular form (table 1).

*Table 1*

**Advantages and disadvantages of outsourcing project management [4, 5]**

Advantages	Disadvantages
Effective use of its own resources	A threat of breaking confidential information about the customer
Improving the quality of management	Presence of major risks as for the successful implementation of projects
Adherence of the budget and deadlines while project	Lack of sufficient information about the outsourcer
Reducing labor costs of employees involved	Customer indecision regarding the transferriny of management functions to external project executors
Achievement of strategic objectives	
Reliability and Stability	
Ability to plan and change the quality of management	

It should be noted that in the context of outsourcing of project management there are both advantages and disadvantages. However, in practice, the savings from the transfer of project management, outsourcing is 10–50 % depending on the project, the specifics of the company, the company activity, the field and so on.

In addition, there are following constraints on the way of transferring of the project management outsourcing:

- partially – formed market of outsourcing services in the field of project management;
- the lack of attractive conditions for foreign providers of outsourcing services.

However, the market for outsourcing services of project management is a very attractive thing and shows great promise as is evidenced by its capacity, which has exceeded 1 billion [6]. Therefore, despite a number of constraining factors, outsourcing project management is an effective way of successful implementation of their security contributions, which creates conditions for sustainable development of domestic companies and the national economy in a whole.

### Conclusions

1. The use of outsourcing is one of the effective tools for project management. It is proved by comparing the advantages and disadvantages of transfer project management to outsourcing and economic effects derived from this event.

2. At this time in Ukraine there is a positive trend towards the use of outsourcing in project management. However, there are factors that reduce this process and therefore an important task in this context is the reduction of its importance.

### Prospects for future research

Researching works will be the basis for further development of the theoretical aspects regarding the use of outsourcing project management and forming algorithm making decisions on its use by domestic companies as an efficient instrument nowadays.

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