

Forms of Non-Standard Employment in the Context of the Transformation of Business Processes in Modern Conditions

Pravdiuk, Maryna

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Pravdiuk, M. (2023). Forms of Non-Standard Employment in the Context of the Transformation of Business Processes in Modern Conditions. *Path of Science*, 9(1), 4010-4016. <https://doi.org/10.22178/pos.89-24>

Nutzungsbedingungen:

Dieser Text wird unter einer CC BY Lizenz (Namensnennung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier:

<https://creativecommons.org/licenses/by/4.0/deed.de>

Terms of use:

This document is made available under a CC BY Licence (Attribution). For more information see:

<https://creativecommons.org/licenses/by/4.0>

Forms of Non-Standard Employment in the Context of the Transformation of Business Processes in Modern Conditions

Maryna Pravdiuk ¹

¹ Vinnytsia National Agrarian University

3 Sonyachna Street, Vinnytsia, 21000, Ukraine

DOI: [10.22178/pos.89-24](https://doi.org/10.22178/pos.89-24)

JEL Classification: E24

Received 10.12.2022

Accepted 20.01.2023

Published online 31.01.2023

Corresponding Author:

Pravd18@gmail.com

© 2023 The Author. This article is licensed under a Creative Commons Attribution 4.0

License 

Abstract. Modern business is dynamic and requires flexibility and quick response to societal changes. The conditions for forming market relations in Ukraine, characterised by the influence of a dynamic external environment and the growth of competition, require the search for innovative means of survival of enterprises and maintaining their efficiency. The purpose of the article is to study and summarise the theoretical aspects of the outstaffing process to identify the opportunities and threats associated with the participation in it of all subjects of this process, organisational and legal aspects of outstaffing, taking into account which will ensure the possible benefits of its implementation. Based on the analysis of literary sources and the study of practical experience in providing outstaffing services in Ukraine, the content of this process is determined. It is determined that outsourcing is one of the methods of cost optimisation at the present stage of enterprise development. The main scientific approaches to the definition of this concept, the classification of types are considered, and the main advantages and disadvantages of its use with an increase in the efficiency of the enterprise. The theoretical foundations of outsourcing in the enterprise are analysed to reduce production costs, improve quality and increase product competitiveness. Arguments have been formulated about recognising this toolkit as an effective means of minimising the costs of the enterprise, and some additional advantages of its use in a crisis economy are given. The main problems of regulating legislative and regulatory requirements for providing outstaffing services in Ukraine in current economic conditions are investigated. Explored outsourcing helps new and established businesses attract more professional employees by transferring their business processes to service providers with safer and more advanced technologies. The use of atypical forms of employment undoubtedly has its advantages, but the implementation process is hampered since it is not fully regulated by law. In general, it is necessary to study the specifics of outsourcing and outstaffing since these are promising ways to solve enterprise personnel problems.

Ключові слова: non-standard employment; forms of work; business; business processes; outsourcing; outstaffing.

INTRODUCTION

The rapid development of information technologies and large-scale digitalisation of socio-economic relations in society have significantly influenced and continue to change approaches to doing business, forcing companies to reconsider management approaches and actively implement an effective policy for optimising business processes. Thanks to the economic development of competition, modern enterprises promote new management tools, one of which is outsourcing. It is necessary to finance and human resources

competent employees, but in the conditions of COVID-19, and the introduction of martial law in connection with Russian aggression, the business is looking for ways to optimise financial resources. Transaction costs have undergone significant revision to save the company. Their reduction allows you to focus directly on operational activities. At the same time, it is possible to delegate other processes to third parties – outsourcers. Outsourcing is moving a business function performed within an organisation for a third-party business provider of operations. This means that the service or production is per-

formed within the organisation, and another organisation performs the pen.

The main factors determining competitiveness are organisational (including managerial) and technological, as well as such characteristics of human resources as skills and abilities, qualifications, and motivation of employees. The combination of these factors determines the resilience and adaptability of a business entity in a competitive environment, and profit indicators are the ultimate goal of survival in a competitive environment.

Ensuring competing positions in the enterprise should be achieved due to high-performance efficiency, which is ensured through the introduction of modern technologies and qualified personnel, as well as due to the ability to maintain a leading position in the market, which in turn is ensured through the introduction of several marketing activities. One of the measures that can improve the situation in the enterprise is the choice of effective tool management of strategic analysis. Collateral occurs through the selection of certain criteria in the aggregate of the relevant tools. So, the choice of an effective tool for generating strategic management directly depends on the enterprise's development level and the goals that are implemented [1].

RESULTS AND DISCUSSION

Outsourcing arose as a response to the requirements of the world market; it is based on an important principle of an efficiently organised economic system — the principle of division of labour. Thanks to the development of the market, it became possible to concentrate all resources on the main activity of the enterprise and transfer auxiliary functions to a reliable and professional partner [2]. Sourcing models are modern ways of doing business, the direct content of which is the attraction of third-party resources. Thanks to their use, many companies have the opportunity to reduce their costs, pay more attention to basic business operations and get new ideas [3].

With the development of technology and entrepreneurship, various models appeared: outsourcing, no sourcing, crowdsourcing, etc.; in the development process, the concept of a "sourcing model" was created, which is used in many areas. Its importance lies in the fact that it is the main factor and model of development of the company's activities to attract external resources to im-

prove the company's activities and solve specific business problems [4].

Americans were the first to use the concept of "outsourcing." And it all started with the appointment in the 20s of the 19th century of Alfred Sloan as CEO of General Motors, who aimed to repel part of the market from Henry Ford - the main competitor of G. M. Sloan was enlightened by the idea that the company should focus on its main functions, and auxiliary ones can be "put on the side", thereby significantly reducing the level of costs and optimising business processes. He was the first to come to this conclusion. In the future, such a transfer of non-profit functions to a specialised third-party company began to be called outsourcing (from the English outsourcing – using an external source) [5].

There is a discussion between scientists about when outsourcing began [6]. According to Corbett (2004), although the outsourcing phenomenon appeared in the United States around 1970, the date still needs to be scientifically recorded. Amity and Wei (2004) noticed that outsourcing was first mentioned in the context of the automotive industry in 1979 in the Journal of the Royal Society of Art, vol. CXXVII, 141/1. The article cited the British auto industry representatives' decision to transfer some works to German specialists. Bloomberg (1998) argues that outsourcing came from the IT sector in 1980. Gerble et al. (2009) discussed its origins, concluding that outsourcing existed in industry and the service sector. The first arose in the industrial sector when manufacturers began to transfer some activities to subcontractors. Outsourcing of services appeared later, starting with specialised legal activities, and then outsourcing of IT services. Bakanauskienė and Brasaitė (2011) note that there is more than a decade of literature by scientists on management, which analyses the process by which certain management functions, actions and processes that were previously performed within the organisation are transferred to external companies [6].

In modern economic conditions, market relations are developing so dynamically that all enterprises, institutions and organisations are forced to keep up with the times. Freelancers are a kind of differential, tracking which is one of the important places to increase economic and financial leverage. Thus, it is known that now more than 60% of companies in Ukraine have been corrupted or have never benefited from the services of

removing personnel for the state. And this digital continues to grow. Such a freelance hiring servant is also popular in many communities in the United States and Europe. Their management has long discovered many advantages of outsourcing and outstaffing. Note that the modern concepts of "outsourcing" and "outreach" correspond to all the necessary required staff control over the help of my company outsourcer and also frees up time to solve the problems of the primary personnel - outsourcing and outstaffing a particular relationship between the organisation and the employee [7].

One of the atypical forms of employment is outstaffing. The term "outstaffing" is still not used in Ukrainian regulations but is actively used, as a rule, by recruitment agencies. The word "outstaffing" comes from English words (out - "outside", staff - "state") and means, in fact, this. Within the framework of an outstaffing contract, an employee is withdrawn from the state (or is not on staff) of the customer company and is registered in the staff of the contractor company. At the same time, such an employee continues to work in the same place (in fact) and perform their former duties, but the duties of the employer in relation to it are already performed by the contractor company [8].

Outstaffing is the withdrawal of some employees outside the client's organisation and transferring them to a recruitment agency that formally performs the functions of an employer for them. Still, they continue to work in their company [9]. I.O. Herashchenko and G.P. Dombrovska understand outstanding as the purchase of a service that is not a necessary running company in a specific period of time [10]. Under an outstaffing contract, the contractor provides employees with whom he is in an employment relationship to the customer for further use by the latter of their work in their business activities on apart with their own employees, and the customer undertakes to accept this service and pay for it by organising borrowed labour to ensure compliance with the law [11].

In the case of outstaffing, you are asking some outsourcing agency to provide you with one or more employees who will join your team and follow your guidance. They stay on partners' salaries, but you more or less fully manage their tasks. This means that they become an extension of your team.

Another form of non-standard form of employment is outsourcing. In the Oxford English Dictionary, the verb "outsource" is defined as "to receive something from an external organisation or area by a contract, to enter into a contract"[12]. The term "outsourcing" comes from the English outside resource using - "use of external resources". In world business practice, writes V. G. Fast, this term called understanding the sequence of organisational decisions, the essence of which is to transfer some solutions independently implemented by the organisation of functions or type in the activities of the external organisation [13]. According to N. Zagriy, outsourcing was recognised as a business strategy back in 1989, and today it is becoming the most common model for ensuring the development of companies. Experience shows that those who at least once tried to outsource the company's business processes no longer return to the standard model of labour relations.

Nevertheless, this phenomenon is treated with a touch of scepticism in the post-Soviet space. This usually applies to large enterprises, where the manager wants to see a specialist at his side. Such demand gives rise to "outstaffing" [14].

The essence of outsourcing is to improve the efficiency of the company and the release of resources by transferring individual non-core functions to third-party specialised companies to focus on the company's main activity and its further development and expansion. The decision to introduce outsourcing in the enterprise is made by the top management and is also included in the enterprise's corporate strategy [15].

Improving quality is the most traditional goal of outsourcing because the classic slogan "we keep ourselves what we do better than others, pass on to the external performer what he does better than others" implies, firstly, concentrating efforts on improving the quality of the product (process), which is a new competitive advantage, and secondly, attracting a more professional business entity. Accordingly, quality improvement can be used by you: a) your efforts; b) the professionalism of the supplier. Depending on these criteria, the supplier choice and the relationship design will also be somewhat different. In the first case, there is a transfer of already developed processes, and their specialists are engaged in improving and developing new projects. In the second case, the supplier develops new systems and creates

an innovative approach, which is transferred to the customer [16].

The most significant impact on the development of outsourcing on a global scale was revealed by such processes: as technology – complexity, location and nature of services that can be used in outsourcing. All these criteria have reached a colossal scale and continue their development, expanding the possibilities of their application, for business; internationalisation – increased political and regulatory stability, improved education of the workforce, reduced resistance (and sometimes even aspirations) to mobility, the introduction of cloud and mobile solutions; economic and political factors – the need to adhere to the established budget in the state sectors of the economy, strengthening the requirements for assessing the risks of financial services [17].

There are the following types of outsourcing: professional outsourcing (specialised services, legal, accounting, etc.), multisourcing, IT outsourcing, specialised outsourcing, applied to specific business processes, business process outsourcing, production outsourcing, project outsourcing, operational outsourcing, local outsourcing, and offshore outsourcing. These types of outsourcing of NSU are associated with the attraction of valuable resources for the development of the customer's business, for example, outsourcing of business processes, outsourcing of human resources: transaction processing, supply management, administrative support, legal or bugler services, without a pitch, technological support of e-commerce, etc. [18].

Outsourcing as a form of subcontracting acts as a technology for creating highly efficient and competitive organisations with a consistent concentration of management based on the formalisation of business processes related to the design, production, operation and maintenance. This allows you to gain competitive advantages through external communications and the ability to manoeuvre resources quickly. Outsourcing relations are structured based on transactions, the terms of which may provide for different forms of organisation of activities from an economic and legal point of view. The form of partnership depends on the customer's choice, the distribution of responsibility and risks between the customer and the contractor [19].

Guided by the essential aspects of outsourcing – building business relations at the level of "orderer–performer", the following models of outsourc-

ing singing are distinguished: horizontal (American), pyramidal (Japanese) and mixed. In contrast to the flat model, according to which a more significant number of performers are used to solve one supplied problem, the pyramidal model provides for a longer-term half-work for the future with the possibility of developing industry and intersectoral clusters. At the same time, in the practice of outsourcing European countries, including Ukraine, there is a mixture of pyramidal and horizontal models [20].

One of the main obstacles to the active implementation of outsourcing in Ukrainian enterprises is the need to define outsourcing processes and their regulatory right to regulate, control and be responsible for violations. According to Art. 6 of the Civil Code of Ukraine, "the parties have the right to conclude an agreement that is not transferred by acts of civil law, but complies with the general principles of civil law" [21].

And already in Art. 627 "the parties are free in the conclusion of the day's agreement, the choice of the counterparty and the recognition of the terms of the contract, taking into account the requirements of the Code, and other acts of civil law, customs in business turnover, the requirements of reason and justice" [21].

Previously, we have already emphasised that outsourcing cannot be attributed to standard employment, and this sees specific problems of its legal regulation because standard employment is the full employment of an employee on working hours, which is equal to the norm established by law or an employment contract, with remuneration in proportion to the time performed by the labour function and official duties. This distinctive feature of non-standard employment is the atypical duration of working time, the location of the workplace, tasks, functions and other conditions of the employment contract. In turn, the Labor Code of Ukraine provides several non-standard forms of employment: flexible working hours, home-based work, dis-dancing work, and part-time work. At the same time, such forms of employment as networking, platform work of services for the delivery of goods and transportation of passengers (Uber, Glovo, Bolt, Wolt, Raketa), coworking, out-staffing, outsourcing, R&D activities offices and other forms of employment under civil law contracts are not provided for either by the Labor Code of Ukraine or by the Civil Code of Ukraine. Attempts to consolidate at least partially the ser-

vices for the provision of personnel by one business entity to another to further develop their tasks were carried out in Article 39 of the Law of Ukraine "Pro employment of the population" and subparagraph 14.1.183 of the Tax Code of Ukraine [22].

Non-standard forms of employment in today's conditions are quite an effective means of developing business in Ukraine. In today's needs, the well-known expression "Time is money" is more relevant than ever to the pen of a prominent American politician and scholar, Benjamin Franklin. In a general sense, he noted that you should not waste time for which you can earn money. We believe that using outstaffing in outsourcing will give any business strategy a significant acceleration of implementation. When using these forms, the company receives the specialised experience of those involved and, most importantly, professional professionals who work quickly and efficiently. Each professional involved from the outside will undoubtedly be able to bring fresh ideas for solving local problems, as well as the advantage of outsourcing and outstaffing, in that the time for the implementation of specific projects is significantly reduced with minimal risk of delay.

Without question, this is budget savings because outsourcing companies often allow you to pay less than in the case of direct hiring. Many firms in this market operate in different countries, so that you can choose from various options.

We cannot ignore the fact that COVID-19 and the war in Ukraine have affected the educational process in our country. Despite educational institutions' efforts, the quality of graduates in the number of professions has decreased significantly, which again directs the business view to the already established highly professional market of outstaffing companies. Businesses must refrain from allowing spending time on personnel preparation, which is unnecessary because we get access to the talent pool from other countries.

Regarding the positive features of outsourcing, several scientists highlight the negative ones, in-

cluding the language of the unauthorised dissemination of confidential information about the company, and the outsourcing company gives guarantees about the impossibility of leakage of information about the customer, but the use of this solution is not fully provided; companies, because the outsourcing firm is a business entity, therefore, there can potentially be problems that will be reduced to liquidation, as a result of which there is a need to find another outsourcing company and transfer all cases to it.

CONCLUSIONS

Summing up the above, note that the outsourcing contract is the obligation of business entities, the content of which is the mutual rights and obligations to perform the outsourcing processes transferred by the customer certain functions to meet the economic needs of the owner. In modern minds of management in the practice of sub-enterprises of Ukraine, there are relatively new opportunities to work with personnel or solve financial problems in cases where their employees cannot do the work for various reasons. Technologies include outsourcing and outstaffing. This has yet to become widespread due to several non-negative problems, although their implementation has positive aspects. The main benefits are lower costs and access to new technologies and innovations. All help organisations improve their financial matrices. B and demolish organisations can access skills and techniques from a global talent pool without a significant investment. With this rank, outsourcing helps new and already established businesses attract more professional workers by transferring their business processes to service providers with safer and more advanced technologies. The use of atypical forms of employment undoubtedly has its advantages, but their implementation is somewhat slowed down since the law is not fully regulated. In general, you need to explore the specifics of outsourcing and outstaffing, as these are promising ways to solve enterprise personnel problems.

REFERENCES

1. Taran-Lala, O., & Pavlenko, V. (2022). Osoblyvosti konkurentnospromozhnosti pidpriemstv ta yikh vzaiemodiia v suchasnykh umovakh hospodariuvannia [Peculiarities of competitiveness of enterprises and their interaction in modern economic conditions]. *Investytsiia: praktyka ta dosvid*, 23, 47–52. doi: [10.32702/2306-6814.2022.23.47](https://doi.org/10.32702/2306-6814.2022.23.47) (in Ukrainian).

2. Chen, K.-S., Chang, T.-C., & Lin, Y.-T. (2019). Developing an Outsourcing Partner Selection Model for Process with Two-Sided Specification Using Capability Index and Manufacturing Time Performance Index. *International Journal of Reliability, Quality and Safety Engineering*, 26(03), 1950015. doi: [10.1142/s0218539319500153](https://doi.org/10.1142/s0218539319500153)
3. Cai, W., Liu, C., Jia, S., Chan, F. T. S., Ma, M., & Ma, X. (2020). An emergy-based sustainability evaluation method for outsourcing machining resources. *Journal of Cleaner Production*, 245, 118849. doi: [10.1016/j.jclepro.2019.118849](https://doi.org/10.1016/j.jclepro.2019.118849)
4. Ciasullo, M. V., Fenza, G., Loia, V., Orciuoli, F., Troisi, O., & Herrera-Viedma, E. (2018). Business process outsourcing enhanced by fuzzy linguistic consensus model. *Applied Soft Computing*, 64, 436–444. doi: [10.1016/j.asoc.2017.12.020](https://doi.org/10.1016/j.asoc.2017.12.020)
5. Haluza, L., & Saldan, T. (2015). [Autsorynh yak instrument pidvyshchennia konkurentospromozhnosti pidprijemstva](#) [Outsourcing as a tool for increasing the competitiveness of the enterprise]. *Naukovyi visnyk Mukachivskoho derzhavnoho universytetu*, 2(4), 124–128 (in Ukrainian).
6. Žitkienė, R., & Blusytė, U. (2015). The management model for human-resource outsourcing among service companies. *Intellectual Economics*, 9(1), 80–89. doi: [10.1016/j.intele.2015.10.003](https://doi.org/10.1016/j.intele.2015.10.003)
7. Brazili, N., Krot, Yu., & Pasternak, A. (2020). Osoblyvosti nadannia posluh austafinhu v Ukraini ta yikh dokumentalne oformlennia [Peculiarities of providing outstaffing services in Ukraine and their documentation]. *Pryazovskiy ekonomichnyi visnyk*, 2(19), 249–254. doi: [10.32840/2522-4263/2020-2-42](https://doi.org/10.32840/2522-4263/2020-2-42) (in Ukrainian).
8. Kukhta, K., & Ponomarenko, V. (2017). [Autstafinh, autsorynh ta kraud-tekhnologii u konteksti transformatsii biznes-protseviv](#) [Outstaffing, outsourcing and crowd technologies in the context of transformation of business processes]. *Ekonomika i suspilstvo*, 17, 553–557 (in Ukrainian).
9. Shevchenko, L. (2012). [Pozykova pratsia: sutnist, ryzyky, osoblyvosti rozvytku v Ukraini](#) [Loan work: essence, risks, peculiarities of development in Ukraine]. *Visnyk Natsionalnoho universytetu Yurydychna akademiia Ukrainy imeni Yaroslava Mudroho*, 1(8), 122–129 (in Ukrainian).
10. Dombrovska, H., & Herashchenko, I. (2018). [Autstafinh – instrument v upravlinni personalom](#) [Outstaffing is a tool in personnel management]. *Visnyk Natsionalnoho tekhnichnoho universytetu "KhPI" (ekonomichni nauky)*, 37(1313), 77–81 (in Ukrainian).
11. Oliukha, V. (2015). [Optyimizatsiia kapitalnoho budivnytstva: hospodarsko-pravovi problemy](#) [Optimization of capital construction: economic and legal problems]. Kyiv: Tsentr uchbovoi literatury (in Ukrainian).
12. The American Heritage dictionary of the English Language. (2023). *Main*. Retrieved December 01, 2022, from <https://ahdictionary.com/word/search.html?q=outsourcin>
13. Shvydka, V. (2018). [Teoretychni ta praktychni pytannia pravovoho rehuliuвання dohovoru autsorynhu v Ukraini](#) [Theoretical and practical issues of legal regulation of the outsourcing contract in Ukraine]. *Naukovyi visnyk Khersonskoho derzhavnoho universytetu. Seriia "Iurydychni nauky"*. 2, 1. 79–82 (in Ukrainian).
14. Zahriia, N. (2020). Autsorynh ta autstafinh: yak tse pratsiuie? *Zakon & Biznes*, 27. Retrieved from https://jurliga.ligazakon.net/news/198064_autsorsing--autstafng-ponyattya-ta-osoblivost (in Ukrainian).
15. Bravar, J.-L., & Morgan, P. (2007). *Effektivniy autsorsing* [Effective outsourcing]. Kyiv: Balance Business Books (in Ukrainian).
16. Prokhorenko, O., & Brin, P. (2018). [Upravlinnia autsorynhom na promyslovomu pidprijemstvi](#) [Outsourcing management at an industrial enterprise]. Kharkiv: Drukarnia Madryd (in Ukrainian).

17. Stakhurska, O. (2017). *Autsorsynh v Ukraini y u sviti: osoblyvosti, tendentsii ta perspektyvy* [Outsourcing in Ukraine and the world: features, trends and prospects]. *Yuryst & Zakon*, 38. Retrieved from http://uz.ligazakon.ua/ua/magazine_article/EA010850 (in Ukrainian).
18. Holton, L. (2020, July 10). *The 11 Types of Outsourcing Explained*. Retrieved from <https://myva360.com/blog/the-11-types-of-outsourcing-explained>
19. Melnykova, M., & Kosytskyi, K. (2018). Tekhnolohii autsorsynhu v upravlinni podatkovymy zoboviazanniamy promysloвого kholdynhu [Outsourcing technologies in the management of tax obligations of an industrial holding]. *Efektivna ekonomika*, 8. Retrieved from <http://www.economy.nayka.com.ua/?op=1&z=6483> (in Ukrainian).
20. Sainchuk, A. (2019). *Analiz rynku autsorynhvykh pidpriemstv v Ukraini* [Analysis of the market of outsourcing enterprises in Ukraine]. *Ekonomichnyi visnyk Donbasu*, 2(56), 135–144 (in Ukrainian).
21. Tsyvilnyi kodeks Ukrainy [The Civil Code of Ukraine] (Ukraine), 16.01.2003, No 435-IV. Retrieved February 01, 2023, from <https://zakon.rada.gov.ua/laws/show/435-15#Text> (in Ukrainian).
22. Kuzmenko, H. (2022). Vplyv nestandartnykh form zainiatosti na pravove rehuliuвання trudovykh vidnosyn v Ukraini [The influence of non-standard forms of employment on the legal regulation of labor relations in Ukraine]. *Pravo i suspilstvo*, 5, 116–121. doi: 10.32842/2078-3736/2022.5.17 (in Ukrainian).
23. Vasylyk, A., & Tsarenko, O. (2015). *Suchasnyi stan ta problemy vykorystannia tekhnolohii zapozychenoї pratsi v Ukraini* [The current state and problems of the use of borrowed labor technologies in Ukraine]. *Molodyi vchenyi*, 2(17), 150–154 (in Ukrainian).