

CONCEPTUAL MODEL FOR EVALUATION OF THE QUALITY OF OUTSOURCING SERVICES

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Abstract: *Increasing the effectiveness of outsourcing processes in military structures is part of their creation and use. The broadly popular perception of enhancing the effectiveness of a process as a whole is to increase its capabilities in some of its directions in order to make it more effective and to reduce costs. This is the reason for the focus on increasing the effectiveness of the outsourcing processes used in the Bulgarian Armed Forces. They should be considered not only as a transfer of certain services, but also as a process of management, control, constant monitoring and coordination with the modern, dynamic market that needs permanent optimisation in order to increase the effectiveness. This article studies and analyses the possibilities of evaluating the effectiveness of an outsourcing service and compiling a conceptual model for quality assessment.*

Keywords: effectiveness, model, evaluation, quality, outsourcing process

1. Introduction

Generally speaking, the notion of effectiveness shows the ratio between the achieved result and the set target. The effectiveness of an outsourcing process can reflect the relationship between the set objectives, the existing conditions, the effects of its respective management activity, the final results and the resources used. In this sense, the effectiveness of such a process should include the economy and usefulness of the budget expenditures, which primarily reflect the current and future economic benefit for the Armed Forces. [6,7]

Effectiveness as a whole is related to the appropriateness of the performed actions and can be sought in the implementation of each service. For example, Glushkov views this value as an opportunity to reflect the qualitative provision of the supply of food

service in the field of the Armed Forces. [5,4]

2. Conceptual model for quality evaluation of outsourcing services.

In practice, there is an evolution of methods for establishing effectiveness. At an early stage, an emphasis is placed on the system of indicators used, and later on – on the implementation of effectiveness measures. In this respect, as an example from the distant past, the studies of C. Pidley and H. Simon could be mentioned. [10]

In their view, it is wrong to only measure performance by the results achieved and to ignore the price that has to be paid. They assume that improving performance can be done through measures such as: introducing quota, control, upgrading equipment, staff training, improvement of management and discipline, etc.

According to C. Pidley and H. Simon, effectiveness is defined as the ratio between the actual results obtained using the available resources and the maximum results expected to be obtained with their help. [9] In order to achieve effective and efficient provision of information exchange, it has to move through the different levels of management in the ascending and descending direction. [1]

The notion of effectiveness applied to outsourcing services should be distinguished from the term efficiency. Effectiveness is usually interpreted as an effective service delivery, and efficiency is linked to the achievement of economic goals in the sense of an optimal resource – results ratio. According to this interpretation of the two terms, effectiveness is defined as “doing the right things”, and efficiency – as “doing things right”.

The effectiveness of services is a concept that also characterises the organisation of the entire outsourcing process as it creates the conditions for its overall functioning. The assessment of effectiveness gives an answer to the question of whether the set objectives have been achieved and at what cost they have been achieved, taking into account the existing conditions.

A prerequisite for evaluating the performance of an outsourcing service is the development of a system of indicators that expresses the correlation between the factors determining the quality of the service, the resources and the final results of the process. An analysis of the ratios between these indicators over a period of time (for example: per month, quarter, semester, year) shows the reciprocal relationship and influence between them and allows a fairly complete and objective assessment of the effectiveness of the outsourcing process.

Depending on the purpose of evaluating the performance of outsourcing services, basic indicators such as quality, cost reduction, satisfaction, etc. could be adopted. Using these indicators, an analysis of the overall

effectiveness of the outsourcing process can be performed.

Nowadays, in the face of growing global competition, each customer strives to increase their requirements for both delivering and receiving services. The high requirements of customers indicate that the demand for the quality only of the functional characteristics of the service is not enough. This is also demonstrated by the representative study of "Satmetrix" in Great Britain. It finds that service companies spend billions to attract new customers through advertising and subsequently lose them as a result of disappointment with poor experience or experience from the outsourced service. The survey shows that unsatisfactory experience has caused more than 10 million outsourcing users to switch providers within just 6 months. According to survey data, the main reasons for this “epidemic” switching of service companies are the following:

- ✓ incorrect prices / fees – 23%;
- ✓ insufficient quality of services – 22%;
- ✓ rude or uninterested employees – 19%;
- ✓ inability to find a suitable employee who to solve a problem – 29 %;
- ✓ discounts for new clients, but not for current customers – 7 %; [8]

This makes it obvious that one of the main reasons for refusing to continue using the same service provider is dissatisfaction with the level of service delivery, i.e. customer expectations are not satisfied. The Bulgarian Armed Forces, as a service user, build a preliminary view of the level and quality of services of the external provider, which is formed on the basis of advertisements and oral opinions of other clients, including comments and opinions in user forums and social networks. When the service is consumed, if expectations are not met, dissatisfaction occurs and it becomes a serious obstacle to further use of the same provider. In order to avoid such situations, it is necessary to learn about the expectations of the military and to pay attention to the quality performance of the

service. This shows that quality is one of the main indicators for assessing the effectiveness of outsourcing services.

The quality effect is defined by a standard [3] as a set of properties and features of products or services that satisfy existing or supposed user needs.

Quality is the result of the mutual efforts of the client and the supplier in the implementation of the individual stages of the outsourcing service lifecycle. This effect is aimed at meeting consumer requirements and implies the must to maintain good relations with suppliers.

The standard [2] also indicates the whole set of requirements for regulating the rules which manage the activities of organisations in the aspect of quality. Its aim is to include all the activities that ensure the satisfaction of the organisations in the scope of the quality control system. Following the requirements of this standard and implementing a quality control system can enable the structures of the Bulgarian Armed Forces to use outsourcing services of the same consistent quality in accordance with the requirements of applicable national law regulations.

In order to reach the set goals in the field of quality in outsourcing services it is necessary to emphasize the main quality principles [2]:

- ✓orientation towards the external provider;
- ✓commanders' leadership;
- ✓involvement of the staff delivering the service;
- ✓process approach;
- ✓system approach to service management;
- ✓continuous improvement of the activity;
- ✓decision-making based on facts;
- ✓mutually beneficial relationships with service providers.

The quality of services can not be controlled at the exit, as is the case with goods. One of the big differences between goods and services is the lack of opportunities for quality control over the service before it reaches the user. The service is performed in real time, which means that the user is involved in the

production process. In services, benefit is purchased, not property. The user buys the specific benefit of the service provider's intellectual or craft work.

The quality of the outsourced service depends entirely on the perception of the military concerning this quality. Practice shows that very often there are differences between the level of quality the users actually receive and what they are expecting.

Zeithaml, Berry and Parasuraman define the following parameters for users' perception of service quality: [12]

- ✓physical characteristics of the service: equipment, facilities, appearance and image of the staff;
- ✓responsibility: readiness to deliver the service at the desired level and to accept the negative consequences of its incorrect delivery;
- ✓reliability: the opportunity to deliver the desired service professionally and accurately;
- ✓guarantee and security: knowledge and competence of the staff and their ability to inspire trust;
- ✓empathy: ensuring individual attitude towards each consumer groups.

According to them, four major problems are formed that can lead to a discrepancy between what customers expect and what they get: [11]

- ✓lack of information about users' expectations;
- ✓specification of quality-of-service standards which do not correspond to what is defined as users' expectations;
- ✓characteristics of service that do not meet the specifications;
- ✓not reaching the required level of service, which is reflected in the marketing communications.

According to these authors, in order to improve the quality of services, it is necessary to determine the reasons for each discrepancy and, based on this, to build a strategy for overcoming them. Their opinion is that the dividing line is between the service expected by the customers, in

this case the military, and the received service (Figure 1). [11]

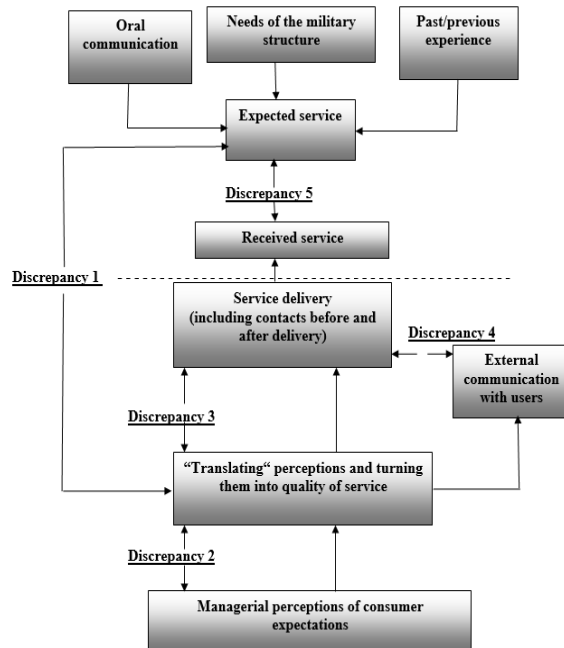


Figure 1: Conceptual model for quality evaluation of outsourcing services

According to the model presented in Figure 1, there are five types of discrepancies in quality evaluation of services:

1. The external provider is not aware of customers' (i.e. the military) expectations.
2. The proper design and service standard are not selected.
3. Standards are not precisely met.

4. The performance of the service does not exactly meet the customers' expectations.

5. Difference between customer expectations and service delivery.

From this it becomes obvious that the solution of the problem, namely the achievement of the ideal quality of service implementation, is to achieve equality between the desired level of service delivery and the level of delivery perceived by the client, or to exceed the client's expectations.

4. Conclusion:

The quality of outsourcing services implies maximum compliance with the requirements and specifics of military structures.

The inconsistency model remains one of the best conceptual models because it demonstrates that quality is directly related to the customer's perception of service performance.

The application of this model in various units and structures of the Bulgarian Armed Forces requires the adaptation of the used tools to the specifics of each particular service whose quality is evaluated and measured. Despite the similarities between services, each outsourcing service has its inherent features distinguishing it from others and requiring special attention in quality assessment.

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