OUTSOURCING STRATEGIES: EVIDENCE FROM POWER DISTRIBUTION COMPANY IN EAST AZERBAIJAN PROVINCE

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Abstract

The main purpose of this study is evaluating of Outsourcing Strategies at Power Distribution Company in East Azerbaijan Province.In this study to collect data has been used library. Methods to research literature and has been used Field Methods to answer questions. We determined the amount of the sample size with the used of p.q sampling method which the statistical sample is 233 of Power Distribution Company employees of East Azerbaijan Province that have been selected through the simple random sampling method. To gathering of data, we used James R. Kroes (2007) questionnaires with 17 items. All the reliability and validity of measures has examined. Questionnaires reliability was estimated by calculating Cronbach's Alpha 0.908. In order to analyze the data resulted from collected questionnaires deductive and descriptive statistical methods are used, and to display some statistical data we used column diagram and in deductive level to test the questions of the research we used one simple T test. The outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Keywords: flexibility, cost, innovation, quality, time, outsourcing Strategies

INTRODUCTION

In business, outsourcing involves the contracting out of a business process to another party (compare business process outsourcing). The term "outsourcing" dates back to at least 1981. Outsourcing sometimes involves transferring employees and assets from one firm to another, but not always. Outsourcing is also the practice of handing over control of public services to for-profit corporations (Jamieson, 2013).

Outsourcing includes both foreign and domestic contracting (Hira and Anil, 2008) and sometimes includes offshoring (relocating a business function to another country) (Davies, 2004). Financial savings from lower international labor rates can provide a major motivation for outsourcing/offshoring.

"Outsourcing" became a popular political issue in the United States, having been conflated with offshoring, during the 2004 U.S. presidential election. The political debate centered on outsourcing's consequences for the domestic U.S. workforce. Democratic U.S. presidential candidate John Kerry criticized U.S. firms that outsource jobs abroad or that incorporate

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overseas in tax havens to avoid paying their "fair share" of U.S. taxes during his 2004 campaign, calling such firms "Benedict Arnold corporations" (Croghan, 2011).

Where outsourcing involves the transfer of an undertaking, it is subject to Council Directive 77/187 of 14 February 1977, on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses (as amended by Directive 98/50/EC of 29 June 1998; consolidated in Directive 2001/23 of 12 March 2001).

The basic ideas behind core competencies and strategic outsourcing have been well supported by research extending over a twenty-year period (Coase, 1975). In, Rumelt (1974) noted that neither of the then-favored strategies - unrelated divarication or vertical integration - yielded consistently high returns (Rumelt, 1974). Since then, other carefully structured research has indicated the effectiveness of disaggregation strategies in many industries (Batteyri, 1988; Aveni and Illinich 1992). Noting the failures of many conglomerates in the 1960s and 1970s, both financial theorists and investors began to support more focused company concepts. Generally this meant Sticking to your knitting by cutting back to fewer product lines unfortunately; this also meant a concomitant increase in the systematic risk these narrower markets represented.

However, some analysts noticed that many highly successful Japanese and American companies had very wide product lines, yet were neither conglomerates nor truly vertically integrated (Maloney, 1992; Miles and Snow 1986). Japanese companies, like Sony, Mitsubishi, Matsushita, or Yamaha, had extremely diverse product offerings, as did 3M or Hewlett-Packard in the United States. Yet they were not conglomerates in the normal sense. They were termed Correlated conglomerates redeploying certain key skills from market to market (Rumelt, 1974).

METHODOLOGY

In this study to collect data has been used library. Methods to research literature and has been used Field Methods to answer questions. We determined the amount of the sample size with the used of p.q sampling method which the statistical sample is 233 of Power Distribution Company employees of East Azerbaijan Province. which have been selected through the simple random sampling method.

To gathering of data, we used James R. Kroes (2007) questionnaires with 17 items. All the reliability and validity of measures has examined. Questionnaires reliability was estimated by calculating Cronbach's Alpha 0.908.

In order to analyze the data resulted from collected questionnaires deductive and descriptive statistical methods are used, and to display some statistical data we used column diagram and in deductive level to test the questions of the research we used one simple T test. The analysis has performed with SPSS.

RESULTS and CONCLUSION

The One-Sample T Test compares the mean score of a sample to a known value. Usually, the known value is a population mean. Also, one sample t-test allows us to test whether a sample mean (of a normally distributed interval variable) significantly differs from a hypothesized value.

Hypothesis 2:

- Null: The flexibility of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is not more than average.
- Alternate: The flexibility of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Table 1 and 2 shows sample output of a one-sample T test for question1. We compared the mean level of flexibility of outsourcing Strategies for our sample to a known population value of 3.

Table 1: Descriptive statistics strategies of outsourcing

Variable	Mean	Deviation	Std. Error
flexibility	3.3	0.86	0.08

The mean of flexibility of outsourcing Strategies is 3.3, which is higher than population mean of 3.

Table 2: The results of one-sample T test

Variable	df	t	Sig	Mean Difference	Lower	Upper
flexibility	93	3.76	.000	.33	.15	.51

T value is 3.76 in 93 degrees of freedom. The significance value is 0.000.The estimated significance (0.000) is less than .05. Therefore, we can say that the mean of flexibility of outsourcing Strategies is 3.3, which is higher than population mean of 3. So we can confirm Alternate hypothesis, and say that the flexibility of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Hypothesis 2:

- Null: The cost of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is not more than average.
- Alternate: The cost of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Table 1 and 2 shows sample output of a one-sample T test for question1. We compared the mean level of cost of outsourcing Strategies for our sample to a known population value of 3.

Table 1: Descriptive statistics strategies of outsourcing

Variable	Mean	Deviation	Std. Error
cost	3.5	0.51	0.05

The mean of flexibility of outsourcing Strategies is 3.5, which is higher than population mean of 3.

Table 2: The results of one-sample T test

Variable	df	t	Sig	Mean Difference	Lower	Upper
cost	93	9.8	.000	.52	.41	.62

T value is 9.8 in 93 degrees of freedom. The significance value is 0.000.The estimated significance (0.000) is less than .05. Therefore, we can say that the mean of cost of outsourcing Strategies is 3.5, which is higher than population mean of 3. So we can confirm Alternate hypothesis, and say that the cost of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Hypothesis 3:

- Null: The innovation of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is not more than average.
- Alternate: The innovation of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Table 1 and 2 shows sample output of a one-sample T test for question1. We compared the mean level of innovation of outsourcing Strategies for our sample to a known population value of 3.

Table 1: Descriptive statistics strategies of outsourcing

Variable	Mean	Deviation	Std. Error
innovation	3.8	0.58	0.06

The mean of flexibility of outsourcing Strategies is 3.8, which is higher than population mean of 3.

Table 2: The results of one-sample T test

Variable	df	t	Sig	Mean Difference	Lower	Upper
innovation	93	13.6	.000	.82	.7	.94

T value is 13.6 in 93 degrees of freedom. The significance value is 0.000.The estimated significance (0.000) is less than .05. Therefore, we can say that the mean of innovation of outsourcing Strategies is 3.8, which is higher than population mean of 3. So we can confirm Alternate hypothesis, and say that the innovation of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Hypothesis 4:

- Null: The quality of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is not more than average.
- Alternate: The quality of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Table 1 and 2 shows sample output of a one-sample T test for question1. We compared the mean level of quality of outsourcing Strategies for our sample to a known population value of 3.

Table 1: Descriptive statistics strategies of outsourcing

Variable	Mean	Deviation	Std. Error
quality	3.2	0.69	0.07

The mean of flexibility of outsourcing Strategies is 3.2, which is higher than population mean of 3.

Table 2: The results of one-sample T test

Variable	df	t	Sig	Mean Difference	Lower	Upper
quality	93	3.5	.000	.25	.11	.39

T value is 3.5 in 93 degrees of freedom. The significance value is 0.000.The estimated significance (0.000) is less than .05. Therefore, we can say that the mean of quality of outsourcing Strategies is 3.2, which is higher than population mean of 3. So we can confirm Alternate hypothesis, and say that the quality of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Hypothesis 5:

- Null: The time of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is not more than average.
- Alternate: The time of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

Table 1 and 2 shows sample output of a one-sample T test for question1. We compared the mean level of time of outsourcing Strategies for our sample to a known population value of 3.

Table 1: Descriptive statistics strategies of outsourcing

Variable	Mean	Deviation	Std. Error
time	3.6	0.62	0.06

The mean of flexibility of outsourcing Strategies is 3.6, which is higher than population mean of 3.

Table 2: The results of one-sample T test

Variable	df	t	Sig	Mean Difference	Lower	Upper
time	93	10.39	.000	.67	.54	.80

T value is 3.5 in 93 degrees of freedom. The significance value is 0.000.The estimated significance (0.000) is less than .05. Therefore, we can say that the mean of time of outsourcing Strategies is 3.2, which is higher than population mean of 3. So we can confirm Alternate hypothesis, and say that the time of outsourcing Strategies in Power Distribution Company of East Azerbaijan province is more than average.

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