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Андатпа

Жоғары білікті қызметтің аутсорсингі соңғы екі онжылдықта маңызды рөл атқаратын салыстырмалы түрде жаңа феномен болып табылады. Бұл зерттеу Қазақстандағы корпорацияларда жоғары білікті жұмыс тәжірибесінің аутсорсингін эмпирикалық зерттеу болып табылады. Зерттеудің мақсаты жоғары білікті қызметтің аутсорсингінде шешімдер қабылдауға факторлардың әсерін зерттеу болып табылады.

Аутсорсинг - бұл жұмыстың бірнеше салаларын үшінші тұлғаға тапсыру, Себебі, қазіргі таңда басқада көптеген компаниялар сол салыны басқаларға қарағанда жақсырақ, арзанырақ және тезірек жасай алады. Жоғарыда айтылғандарды оңайлатылған түрде сипаттауға болады, өйткені өніммен жұмысты жеңілдету қажет.

Зерттеудің мақсаты - қазақстандық нарықта жоғары білікті қызметтің аутсорсингін компаниялар мен шағын компанияларды біріктіру арасындағы бәсекеге қабілеттілігі бар. Қазақстандық корпорациялардың жоғары білікті қызметінің аутсорсингі білікті мамандарынан үлкен бәсекелестігі бар.

Зерттеу әдістемесі түрлі салаларда жұмыс істейтін және жоғары білікті қызметті аутсорсингпен айналысатын көптеген корпорациялардан ақпарат жинау болып табылады. Бұл ғылыми жұмыс сандық деректерді талдауды қолданады. Зерттеу көптеген регрессиялық талдауды қолдану арқылы талданды.

Зерттеудің нәтижесі - Пирсон корреляция коэффициенттері пайымдауынша, артықшылықтардың пайдасы оң әсерін тигізеді, алайда қабылданған тәуекелдер менеджерлердің аутсорсингте шешімдер қабылдауына теріс әсер етеді.

Абстракт

Аутсорсинг высококвалифицированных видов деятельности - сравнительно недавнее явление, которое приобретает все большее значение в последние два десятилетия. Это исследование является эмпирическим исследованием аутсорсинга на практике высококвалифицированной деятельности в корпорациях Казахстана. Цель исследования - изучить влияние факторов на принятие решений по аутсорсингу высококвалифицированной деятельности.

Аутсорсинг - это передача работы, прав доступа и прав третьих лиц на третью часть. Корпорации должны быть взамен, потому что другие - как сделать это лучше, дешевле и быстрее (Тауаюова, 2012). Выше изложенное может быть описано в упрощенном виде, поскольку существует необходимость упрощения работы с продуктом.

Задача исследования заключается в том, что на казахстанском рынке аутсорсинг высококвалифицированной деятельности имеет конкурентоспособность между компаниями-интеграторами и небольшими компаниями. Для аутсорсинга высококвалифицированной деятельности казахстанских корпораций существует большая конкуренция со стороны персонала специалистов потенциальных клиентов.

Методология исследования - сбор информации от многих корпораций разных размеров, работающих в разных отраслях промышленности и аутсорсинга высококвалифицированной деятельности. В этом тезисе используется количественный анализ данных. Исследование было проанализировано с использованием множественного регрессионного анализа.

Результаты этого исследования - коэффициенты корреляции Пирсона показывают, что воспринимаемые выгоды оказывают сильное положительное влияние, в то время как, но воспринимаемые риски слабо влияют на принятие решений менеджерами по аутсорсингу.

ABSTRACT

Outsourcing of high skilled activities is a comparatively recent phenomenon that has become increasingly significant in the last two decades. This research is an empirical study of outsourcing of high skilled activity practices in the corporations of Kazakhstan. The purpose of the research is to explore the influence the influence the decision making of outsourcing of high skilled activities.

According to, Tayauova, outsourcing is transferring work, responsibilities and decision rights to third-part company. Corporations have to outsource because there are others how can do it better, cheaper and faster (Tayauova, 2012). The term outsourcing could be described, in the simplest form, as the process of constructing a business function to someone else.

The problem statement of the research is that in Kazakhstani market outsourcing of high skilled activities has competitiveness between students and integrator firms and small companies marked. But there are not so many big players. For outsourcing of high skilled activities by Kazakhstan corporations there are a lot of competition is made up by the staff specialist of potential customers.

The research methodology is collecting information from many of corporations, with different sizes, operating in different industries and outsourcing high skilled activities. In this thesis is used quantitative data analysis. The research has been analyzed using Multiple Regression analysis.

Sampling for this study was top 58 corporations (respondents, top-managers) from Kazakhstan has been taken. Corporations were chosen from list of NB500 ranking of the large companies of Kazakhstan.

Results of this research is the Pearson's correlation coefficients reveal that perceived benefits have a strong positive influence, while, but perceived risks have a weak negative influence on the decision making of managers towards outsourcing.

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1 INTRODUCTION

The introduction of this topic covers the main aspects. This part of the thesis primarily deals with the background for taking up this research topic and appropriateness of it. It will define the research questions, research problem statement, aim and objective of the research. In this part will be described the structure of the thesis.

1.1 Background of the study

In the world where new technologies have not borders and efficiency is becoming the norm for successful companies, outsourcing is developing rapidly to become strong competitor as a valuable business alternative for any organizations. While the need may vary from company to company, from large corporations to a small startups are involving themselves in making outsourcing a core component of their functions. Today's world is seeing high growth in online communication systems, which businesses and enterprises are increasingly using to shorten borders.

As technology improving, this experience of 'like in person' will only growing, meaning corporations can work remotely together and use technology to create products and services more cost efficiently and at a rapid pace. To add to it, the current state of economies worldwide has brought companies in larger nations to seriously consider coherent development alternatives to provide appropriateness in a fast step globalized world.

With the offensive increase the globalization, outsourcing of high skilled activities has been thrown around quite a lot in the past few years. Actually, Kakabadse mentions that the last two decades have seen a huge rise in the outsourcing of high skilled activities – with high price tags attached to contracts, indicating that outsourcing has been an integral part of primary functions of a lot of organizations (Kakabadse, 2002). Outsourcing has changed the foundation of competition for corporations (Brown, 2005).

With the internet things is becoming a global phenomenon, most companies now face competition not only locally but also globally.

1.2 Problem statement

In the book, *The Outsourcing Dilemma*, J. Brain Heywood writes that one of the most frequently asked questions is how could they become competitive and remain competitive over all our business processes and he mentions that outsourcing of high skilled activities is a whole different thing. Heywood also talks about the importance of considering outsourcing as a coherent part of the business, instead of an isolated process in itself (Heywood, 2001).

Ramingwong told about how offshore outsourcing is changing the face of the global software industry. Outsourcing of high skilled activities is increasingly being actively pursued by small, medium and large corporations and they are directly linkyd to reduction of costs, access to specialist competencies and flexible functions (Ramingwong, 2007).

In spite of, outsourcing of high skilled activities services in demand in Kazakhstan market continue to be green. Customers are still unwillingly to let strangers into their infrastructure, and outsourcers continue to suffer from a shortage of qualified personnel (Demesinov, 2009). Demesinov, also mentioned that western corporations for a long time do not hire a cleaning staff, a lawyer, an IT specialist, an accountant, a marketer. All this functions perform outsourcing companies (Demesinov, 2009).

On Kazakhstani market outsourcing of high skilled activities have competitiveness between students and integrator firms and small companies marked Tayuova in her article (Tayauova, 2012) . But there are not so many big players. For outsourcing of high skilled activities by Kazakhstan corporations there are a lot of competition is made up by the staff specialist of potential customers.

1.3 Research aim and objective

The aim of the research is to explore the impact of factors which influence the decision making outsourcing of high skilled activities.

Outsourcing of high skilled activities shows though not intensive, but nevertheless growths due to the increasing demand from the customers of services. This is due to the fact that, firstly, the management of companies begins to understand that the transfer of the external organization of functions related to the information systems of the enterprise allows you to concentrate on the conduct of your core business, increasing its effectiveness. Secondly, outsourcing is more economical than the maintenance of an all functions specialists in the staff (Karan, 2015).

The paper is empirical study of outsourcing of high skilled activity practices in Kazakhstan corporations. In spite of the fact that outsourcing became very popular topic among scientific works all over the world, there is no research done on outsourcing of high skilled activities in Kazakhstan companies. As well as outsourcing became a systematical study for many researchers, it started to bear many positive and negative characteristics from theoretical view, while the reality for organizations can be different. Certainly, outsourcing of high skilled activities is a wide-spread activity which is practiced nearly by every business sphere, so, it has to be taken into account that all features presented by scientists, who analyze outsourcing phenomena, are applicable.

Objective of this research is identifying to impact of perceived benefits and perceived risks which influence the decision makers' attitude towards outsourcing of high skilled activities.

1.4 Research question

Demesinov said in his article that the notion outsourcing appeared in economic literature relatively recently. The essence of conception not always to transfer any functions of organizations to specialized corporations for providing strategic advantages. The main question of outsourcing of high skilled activities sound like this: execute tasks independently or attract third-party organization to implement it. Needs of the companies

in execute some functions or to have some departments not always mean necessity to create them inside corporations (Demesinov, 2009).

In this research following research question will be answered: Is there benefits and risks of outsourcing influence on its decision making? From this research question thesis has two hypotheses.

Hypothesis 1: Perceived benefits of outsourcing of high skilled activity have no influence on the management's attitude towards outsourcing (the β -coefficient for the "perceived benefits" independent variable in the regression model is zero).

Hypothesis 2: Perceived risks of outsourcing of high skilled activity have no influence on the management's attitude towards outsourcing (the b -coefficient for the "perceived risks" independent variable in the regression model is zero).

1.5 Thesis structure

The following chapter will focus on the literature which includes the definitions, motivations for outsourcing of high skilled activities. The next chapter mentions the research methodologies used in the research paper as well as the method for the data collections along with the reasoning behind them and the last part include data analysis. Also of the thesis concludes with conclusions part which includes the summaries of the findings and to give some recommendations for future research.

2 LIRETATURE REVIEW

This part of the thesis explains the definitions of outsourcing of high skilled activities. Also here will be explained cultural aspects of outsourcing of high skilled activities. The main factors that manage outsourcing of high skilled activities with their benefits or risks will be discussed in this chapter.

2.1 Essential Definitions of outsourcing of high skill activities

To get an overall picture about the definition of the word “outsourcing”, definition from different scientists have been input below. According to, Tayauova, outsourcing is transferring work, responsibilities and decision rights to third-part company. Corporations have to outsource because there are others how can do it better, cheaper and faster (Tayauova, 2012). The term outsourcing could be described, in the simplest form, as the process of constructing a business function to someone else. In other words, it denotes as the continuous purchase of services from third party, making use of highly integrated processes, organization models and information systems. But it is most commonly defined as the transfer of activities and processes previously conducted internally to an external party (Tayauova, 2012).

Karan Shah defines offshoring as transferring business location and possession as part of the same company. This is in contrast to outsourcing of high skilled activities which a business function is contracted to a third party company (Karan, 2015). These processes would have been conducted internally otherwise, according to Ellram and Billingtone (Ellram, 2001).

According Power, outsourcing consist of two words like “out” and “sourcing”; sourcing means that the act of transferring work, responsibilities and making decision rights to someone else. Many corporations have to source out work functions because there are others who could do it cheaper, better and faster (Power, 2006). Ashley gave the determination of outsourcing of high skilled activities as the distribution of risk and

responsibility for executing a function or service to another organization (Ashley, 2008). In short, outsourcing of high skilled activities can be determined as the process of delegation of operations or jobs to the third party, who can do it better, cheaper and faster. Depending on level of control over its performance of outsourced function, outsourcing can be separated into internal and external types. Internal outsourcing is relocation of functions in business system for saving control over its performance and external outsourcing of high skilled activities is delegation of performance of separate or mutually related functions to external outsourcer (Ankin, 2009). For example, divisions of joint activities of external outsourcing include centers concept, cooperation, joint servicing, and participation in capital, whereas divisions of joint activities of internal outsourcing include long-term partnership, short-term partnership, and single partnerships. Depending on effective use of resources and relocation of risk and responsibility outsourcing of high skilled activities is divided into partial and full outsourcing types. Partial or selective outsourcing is the delegation of certain functions or business processes to outsourcer, while set of mutually related functions are performed by company itself and full outsourcing refers to the delegation of separate function to outsourcing company with entrusting it with full responsibility for function's performance (Tapper, 2001).

2.2 Benefits and Risks of outsourcing of high skilled activities

Advantages of outsourcing: The most significant advantages of outsourcing of high skilled activities are focus on core activities, cost savings, access to experience, improving performance, and flexibility (Fan, 2006). First, many researchers agree on the fact that by handling over noncore activities to a trusted third party, a company can concentrate on activities central to its value proposition and increase its competitive positioning (Hirschleim, 2010). Second, outsourcing in general is held toward one of the main goals as cost savings (Liao, 2002).

The special necessity arises when a certain resource, either human or equipment resources, is not needed full time, or the efforts to obtain the resource cannot be justified. For example, for a medium-size business keeping technical expertise and maintenance is needed occasionally. Since the cost of hiring and training an engineer who is competent in computer support is too high, it will be beneficial for the organization to outsource this task. Third, by outsourcing companies have the possibility to access to highly qualified personnel, who may not be available to the client organization and fully exploit the suppliers investments, innovations and specialist capabilities (McIvor, 2005). Fourth, an important reason for outsourcing consideration is achievement of an improvement in performance that the outsourcer company might offer due to economies of scale. Large scale can provide a variety of functions and opportunities which will help to save the best available worker, who might not want to work in less stimulating consumer environment. Additionally, with service providers the level of operational experience is expected to be higher, because of the greater concentration of staff on tasks as compared to internal operations (Allen, 2003). Fifth, flexibility is the key reason for outsourcing of high skilled activities for many companies. Outsourcers' contacts and the jobs of their employees depend on the degree of flexibility to reflect changing business environments.

Disadvantages of Outsourcing: Main disadvantages of outsourcing of high skilled activities are loss of managerial control over outsourced operations, threat to security and confidentiality, quality problems, hidden costs and reallocation of existing teams. First, disadvantage related to the lost of control over the outsourced operations stems from the reason that managing external resources requires special skills which is a combination of the skills of people and process management, contract management and power negotiation (Axelrod, 2004). Second, almost every outsourcing contract has terms of security and confidentiality spelled out, but the execution and audit are always difficult. In financial services, requirements keep information known to investment bankers away from traders, brokers and other individuals who might attempt to use such insider information

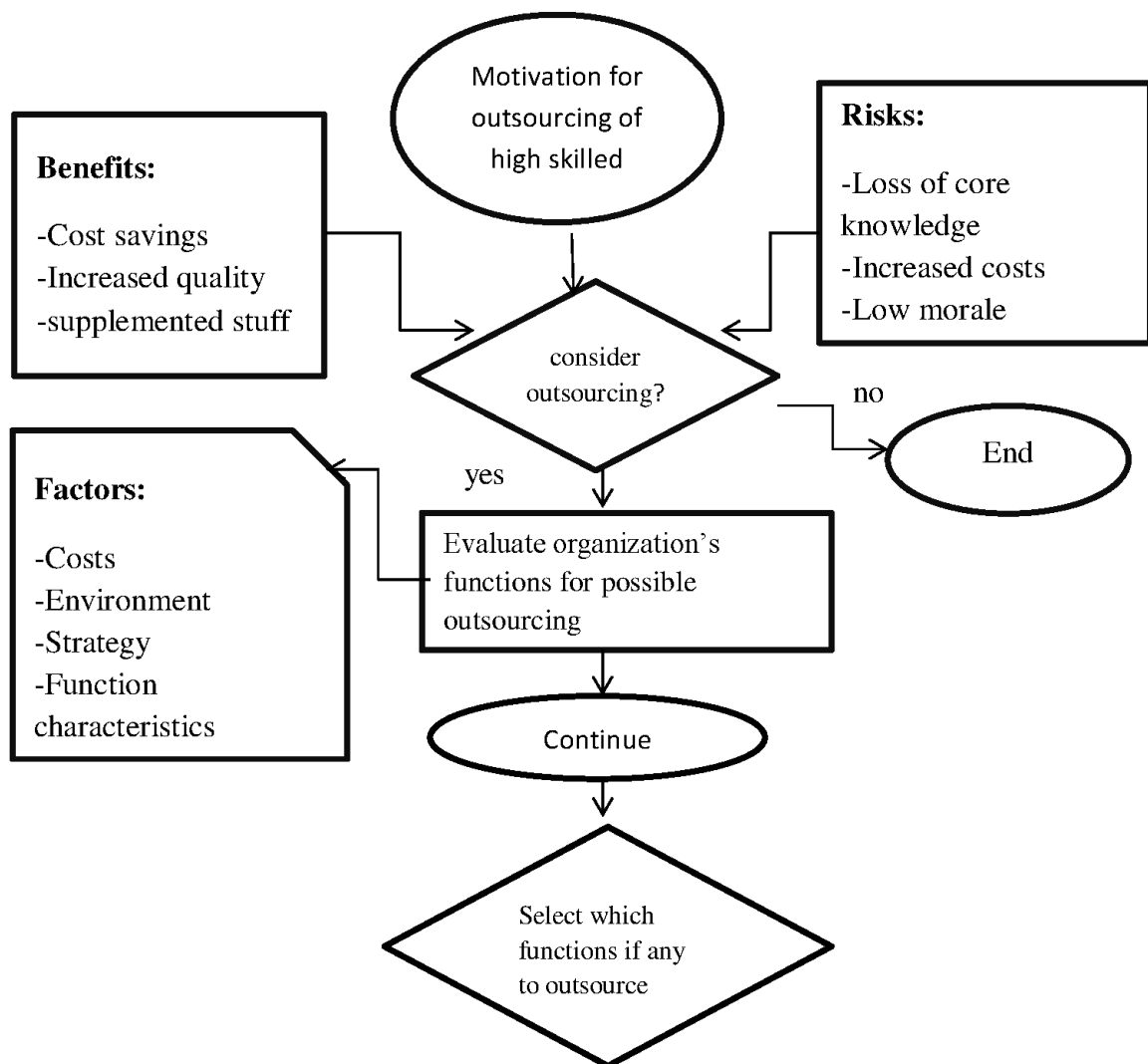
improperly (Klein, 2003). Third, one reason to outsource is the expectation of receiving better service from the outsourcer than from internal staff. Outsourcer has to be chosen in that particular way to ensure that there is no bad influence on the quality of goods and services produced. Otherwise, company may lose its position on the market (Anderson, 2001). Fourth, company will sign a contract with the outsourcing company that will cover the details of the service that will be providing. Anything not covered in the contract will be the basis for the company to pay additional charges. For example, an analyst may intentionally exclude costs to favor one decision, such as selecting one provider versus another, choosing in-sourcing over outsourcing of high skilled activities, or staying in particular business or not (Reategui, 2002). Fifth, the outsourcing is often related to the firing in employees' minds. It is also a problem for the organization's top management team to decide how to relocate the existing employees. Often after outsourcing a part of the original team moves from outsourcing party to the outsourced one, which in turn causes major changes (Bragg, 2007). According to Bragg, sponsoring such major change and seeing it fail can lead to termination of one or more of a company's management staff (Bragg, 2007).

2.3 Motivation for outsourcing of high skilled activities

Outsourcing is a popular and progressive form of doing business. For small and young companies, outsourcing is a matter of survival and the issue of gaining access to advanced technologies. For large companies, this is a good method for reducing costs, simplifying the organizational structure and optimizing business processes. Outsourcing helps companies to function and develop on the market, while reducing their costs, adapting more quickly to the conditions of the external environment, improving the quality of products and services, and reducing risks. Applying outsourcing, the company-customer gets the opportunity, to concentrate on those business processes that are peculiar to it, on its specifics.

When we speaking about outsourcing, one of most popular topic arise when to outsource and when not to. In this research felt important to read literature research when do companies outsource? In the research paper, Outsourcing decision support: a survey of benefits, risks and decision factors, Kremic and Tukul develop a self-explanatory workflow that explains the flow to decide whether a company needs to consider outsourcing or not (Kremic, 2006).

Figure 1. The motivation for outsourcing of high skilled activities



Source: computed by author

The figure 1 is self-explanatory: the three aspects that decide whether a company should consider outsourcing of high skilled activities is first, the motivation, second, the

benefits and third, the risks involved. The motivation can either be cost, strategy or politics (Bryman, 2007). If the answer to all three is yes or if the party accepts the factors and their tradeoffs, they should go ahead with outsourcing.

Thereafter, it comes the evaluation criterion for choosing an outsourcing provider. This is done a due diligence of the company with factors such as competency, costs, environment, strategy, function, characteristics, and access to technology. Based on the data collected, the party needs to assess which functions to outsource before choosing a particular outsourcing provider.

3 METHODOLOGY

This chapter include itself methodological framework which relates to the way methods are combined in order to generate appropriate research data that could ultimately form the response to the research question. Also this part of the thesis considers data collection and data analysis with results of the analysis.

3.1 Research methods

Research methods could be described as a general plan that, with due consideration to the researcher's resource constraints, clarifies how the research question is to be addressed, how the research objective is to be met, and how required data are to be collected.

The main purpose of this research is an analyzing current state of outsourcing of high skilled activities in Kazakhstan corporations and identifies the influence of determinants on decision making of outsourcing of high skilled activities. This requires collecting information from many of corporations, with different sizes, operating in different industries and outsourcing high skilled activities. In this thesis is used quantitative data analysis. Quantitative data analysis is helpful in evaluation because it provides quantifiable and easy to understand results. Quantitative data can be analyzed in a variety of different ways. In this section, you will learn about the most common quantitative analysis procedures that are used in small program evaluation. You will also be provided with a list of helpful resources that will assist you in your own evaluative efforts.

Particular attention will be paid to the sampling strategy and to the questionnaire structure, design and content so as to reduce dislocation and enhance the safety and actuality of the research. In so doing, attempts will also be made to increase the potential response rate and reduce the risk of missing data.

The research has been analyzed using Multiple Regression analysis. Multiple regression analysis is a statistical method for analyzing a dataset in which there are one or more independent variables that determine an outcome. The outcome is measured with a

dichotomous variable. Independent variables (X_1 , X_2) influence to the dependent variable (Y). In this research Dependent variable Y is management's attitude towards outsourcing: 1) influence - 1; 2) not influence – 0. This is will depend on independent variable X_1 – perceived benefits, X_2 – perceived risks.

3.2 Sampling Strategy

A sample consists of a subset or segment of the population that is selected for investigation (De Vaus, 2013). The extent to which the characteristics of a sample represent those of the population from which the sample is drawn dictates the ability to generalize from the sample to the population. Such a generalization process, which is typically related to the positivistic hypothetical-deductive tradition, calls for a probability sampling approach which is, in turn, commonly associated with survey- based research (De Vause, 2013). While probability sampling does not completely eliminate sampling errors, it allows the researcher to employ tests of statistical significance that allow generalized inferences to be made (Hair, 2011). However, this would require an adequate definition of the population, an appropriate sample frame, and a properly selected sample.

In survey –based research, a population consists of all of the units like individuals, households, organizations to which desires to generalize survey results (Hofstede, 2001). It refers to the universe of units from which the sample is to be selected (Ramingwong, 2009). In this research, the population consists of corporations outsourcing of high skilled activities from all industries. The main reason for selecting all industries as the sample of this study is that past studies have limited their samples to single industries and the study aimed to improve the external validity of this research by obtaining data from a broader population of firms operating in all industries. For this study, a list of the top 58 corporations from Kazakhstan has been taken. Corporations were chosen from list of NB500 ranking of the large companies of Kazakhstan.

3.2 Data collection

At the initial stage of data collection, the target respondents were sent an email stating the nature and purpose of the study including all other relevant details. The respondents were also assured of completed data confidentiality with respect to their identities and also the organizations they represent. At the end of the email, the link to the web based questionnaire was sent. To improve the response rates, follow up calls were made and emails were sent to these respondents (Anawati, 2006).

Following data collection which started in March, 2018 and finished at the mid-May, 2018 around 75 companies were contacted. Responses were received from 67 respondents of which, 58 were found to be usable and the others and others were rejected as they were invalid or had incomplete data.

Each respondent gave information about their company, and outsourcing of high skilled activities, and advantages of outsourcing of high skilled activities, disadvantages of outsourcing of high skilled activities.

Increasing outsourcing of high skilled activities experience by Kazakhstan corporations to be a good candidate for this study. Sample of this research consists of 58 large companies which list of their names was included in the end of the research work. For performing proper research it is necessary to choose correct research method that will provide with wide information related to a subject that is being discussed. By telephone and by email was agreed with top managers of companies was chosen to answer for questions of questionnaire that was prepared (Maltoff, 2005).

The questionnaire has been designed to test. The types of advantages and disadvantages of outsourcing of high skilled activities in the questionnaire have been selected from the literature review. The main advantages of the questionnaire are that the managers don't lose their time to meeting face to face. Questions were not difficult and

easy to understand. The questionnaire was accompanied by a covering letter that states the objectives of the study and also ensures complete confidentiality of the data. It also assured the respondents that the data would be used only for academic publications and reports while strictly maintaining the anonymity of the respondents and the organization to which they belong (Eberlein, 2008).

4 DATA ANALYSIS AND RESULTS

This chapter includes itself data analysis and results from data collections method which was described previous chapter. Also, this part considers the results of hypothesis

proved or unproved. Research question will be answered and conclusion was written and some recommendations for the future research were given in this part of the research.

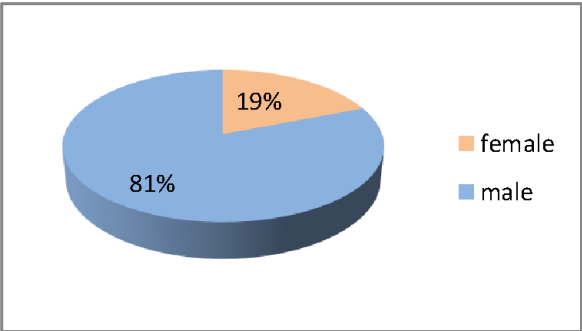
4.2 Data analyses and results

Data was collected through online survey with a sample of 58 head of managers who were business owners and use outsourcing of high skilled activities. 58 companies that participate in survey are large corporations of Kazakhstan. They all are in list of National Business 500 largest companies of Kazakhstan. According to analyses of outsourcing size and types, outsourcing practices in corporations of Kazakhstan have differences and similarities. We asked a few questions from general questions: about gender, how much employees work in their corporations, what types of business field their company directed, in which city your company's head office located.

Figure 4.1 Gender of respondents

In survey 58 top managers participated from different corporations. From them were 81% male and 19% female. It means that in our country more males have top-manager position than female.

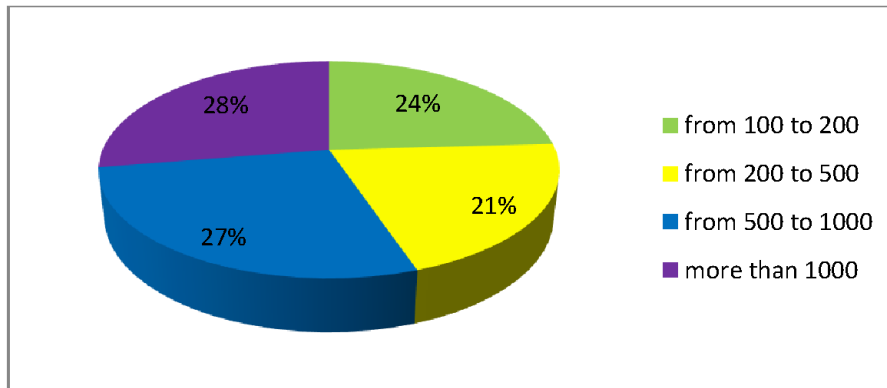
Source: computed by author



We asked question to know how much corporations are big or medium size. The number of employees in their corporations sample 24.1% - from 100 to 200, 20.7% - from 200 to 500, 27.6% - from 500 to 1000, 27.6% - more than

1000. As we choose corporations from list of National Business 500 the largest Kazakhstani companies, in this research include employees from 500 to 1000 and more than 1000 results take more than half.

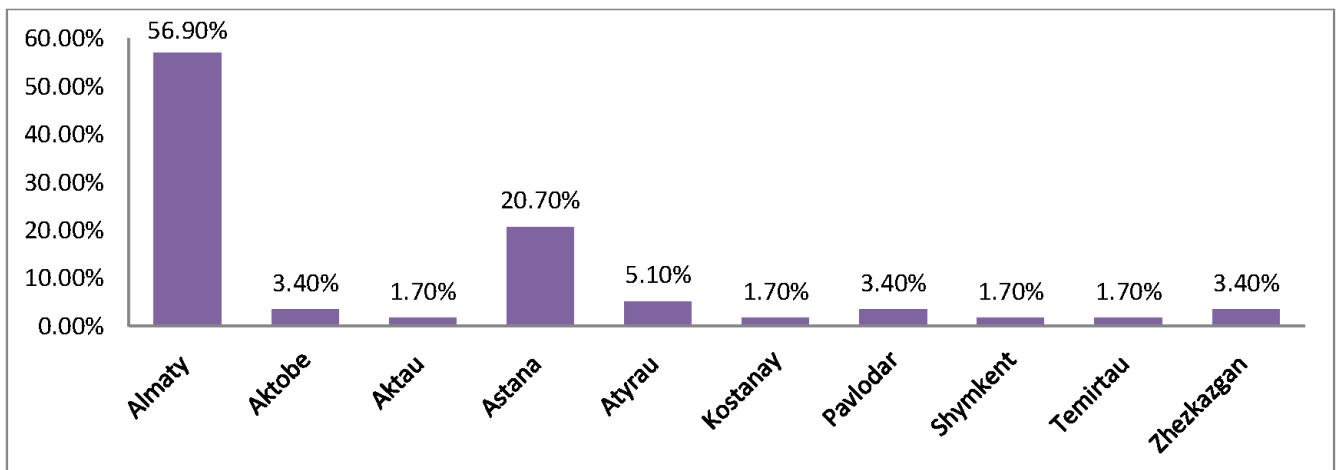
Figure 4.2 The number of employees of the corporations



Source: computed by author

We asked the question where their companies head offices are located. In this survey most organizations are located in Almaty. So, it means that Almaty city have more experience about outsourcing of high skilled activities than other cities in Kazakhstan. The sample consist of 56.9% in Almaty, 20.7% in Astana located companies which use outsourcing of high skilled activities.

Figure 4.3 The location of the company

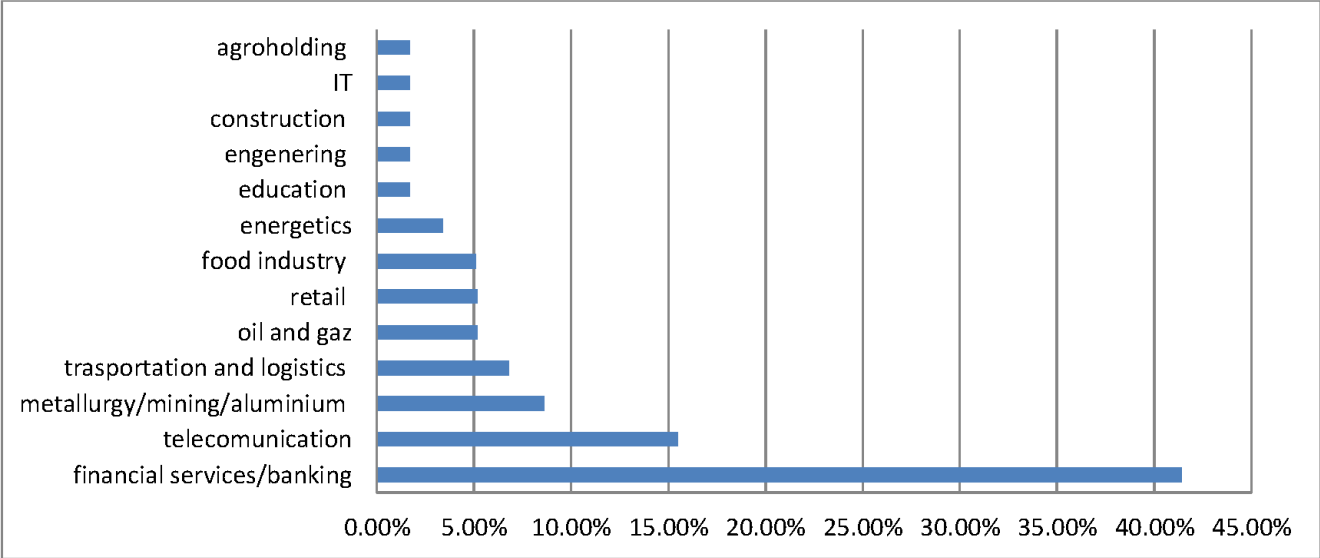


Source: computed by author from data collection results

The Kazakhstan’s business environment is full of all kinds of relationships, individual entrepreneurs and enterprises. In addition to the differences in their legal forms of organization, they also differ in the types of economic activity and methods for

achieving effective results. So, participates in this research most companies which use outsourcing of high skilled activities from financial and banking sectors consider 41.4%. And telecommunication sector composed 15.5%.

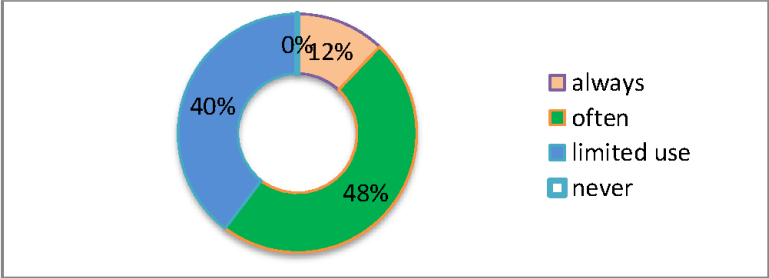
Figure 4.4 The business fields of the companies



Source: computed by author from results of data collection

In analyses was question how long do you use outsourcing of high skilled activities. More companies answered that they use it often, sample is consist of 48.3% often. But limited use outsourcing was also more answered 39.7%. And companies that use outsourcing of high skilled activities always only consist of 12.1%.

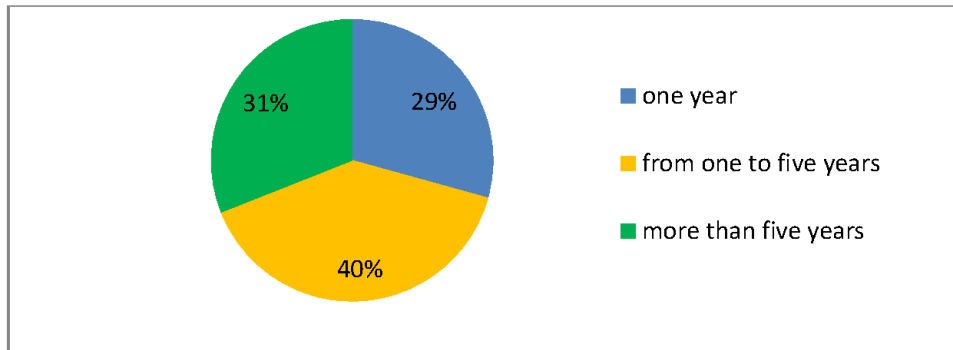
Figure 4.5 How often use outsourcing of high skilled activities



Source: computed by author from results of data collection

We asked participants how long they have been using outsourcing of high skilled activities. Major of them 39.7% of participants surveyed have from one year to five years of outsourcing of high skilled activities experience.

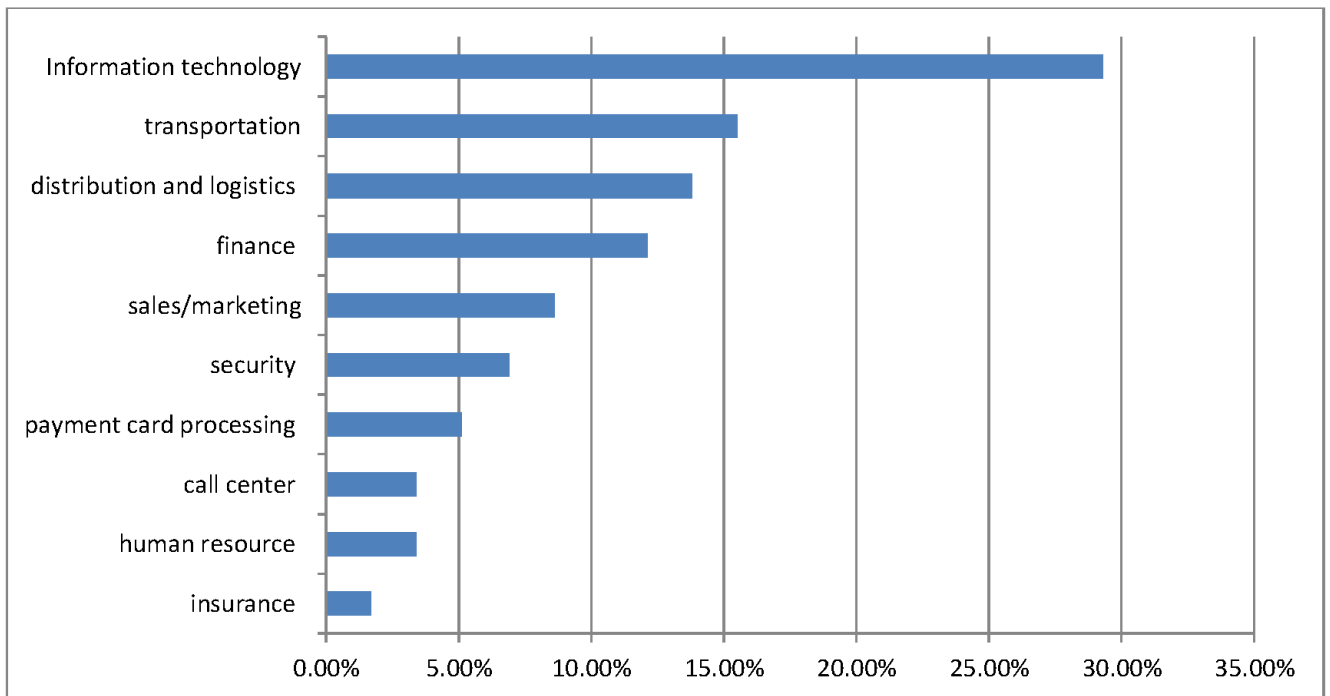
Figure 4.6 Experience of using outsourcing of high skilled activities



Source: computed by author from results data collection

We asked participants what functions they have been outsourcing. Major of them 29.3% information technology (IT).

Figure 4.7 Outsourced functions from companies



Source: computed by author from results of data collection

According to analyses of outsourcing size and types, outsourcing practices have not similarities (Frank, 2005). Companies are experiences an outsourcing of high skilled activities function of information technology and transportation the most use. Several

banks are experiencing an outsourcing of high skilled activities function of payment cards processing, which actually one of the most expensive functions among the banking operations, and mostly satisfied (Burger, 2007).

The confirmatory factor analysis (Table 1) of the construct “perceived benefits” reveals that all the 11 indicators confirm to the four major factor components, which can be identified under the following headings:

- (1) quality improvement of products and services (rotated sum of squared loadings = 24.84 %);
- (2) access to new capabilities, skills and resources (rotated sum of squared loadings = 20.47 %);
- (3) cost-related benefits (rotated sum of squared loadings = 20.20%); and
- (4) process and business intelligence improvement (rotated sum of squared loadings = 13.11%).

Table 1 - Factor analysis of perceived benefits of outsourcing of high skilled activities

Indicators of perceived benefits	Total	Initial eigen values		Total	Extraction sum of squared loadings		Total	Rotation sum of squared loadings	
		Variance (%)	Cumulative (%)		Variance (%)	Cumulative (%)		Variance (%)	Cumulative (%)
1	4.242	38.561	38.561	4.242	38.561	38.561	2.732	24.841	24.841
2	2.146	19.505	58.066	2.146	19.505	58.066	2.252	20.473	45.314
3	1.212	11.021	69.087	1.212	11.021	69.087	2.222	20.195	65.509
4	1.049	9.532	78.619	1.049	9.532	78.619	1.442	13.110	78.619
5	0.721	6.558	85.177						
6	0.554	5.041	90.218						
7	0.471	4.285	94.503						
8	0.278	2.530	97.034						
9	0.226	2.050	99.084						
10	0.077	0.696	99.780						
11	0.024	0.220	100.000						

Source: Results from data analysis using SPSS; extraction method: principal component analysis

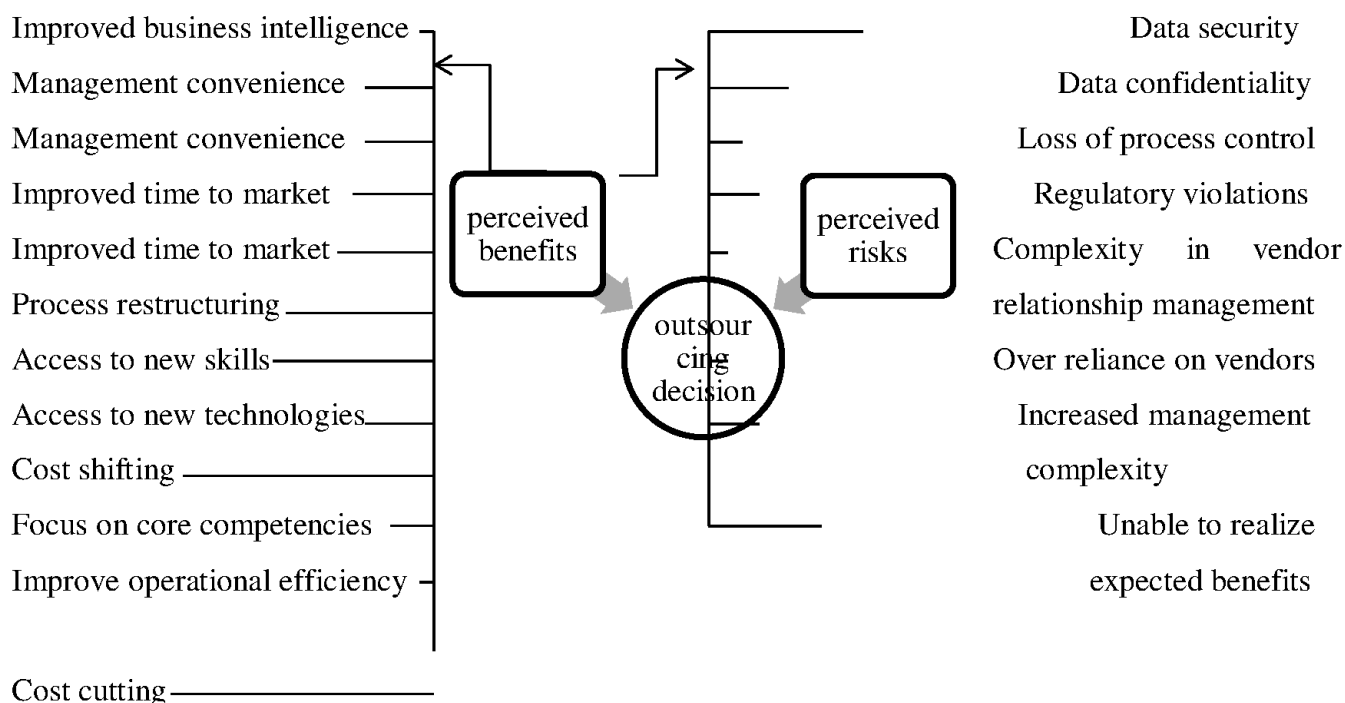
Table 2 - Factor loading of the indicators of perceived benefits of outsourcing of high skilled activity

Perceived benefits	factor components ^a			
	1	2	3	4
Cost cutting			0.830	
Improved operational efficiency	0.847			
Improved customer service	0.883			
Achieve better focus on core competencies	0.861			
Cost shifting	0.419		0.715	
Access to a new technologies		0.930		
Access to new skills sets		0.949		
Process improvement				0.729
Introduce new product/service (with quick time-to-market)	0.406	0.611	0.499	
Management convenience (spreading risks)			0.706	0.460
Improved business intelligence				0.791
Notes: ^a 1 – Quality improvement of products and services, 2 – access to new capabilities, skills and resources, 3 – cost related-benefits and 4 – process and business intelligence improvement; results from data analysis using SPSS; rotated component matrix after rotation converged in six iterations; extraction method: principal component analysis; rotation method				

Source: Results from data analysis using SPSS

The total rotated sum of squared loadings of these four-factor components indicates that 78.6 percent of the variance is explained by these four factors collectively. Further, high factors loadings of all the indicators, except one, of perceived benefits (Table 2) reflect that the decision makers perceive that outsourcing is likely to deliver these benefits. It is to be noted that three indicators cross-loaded in this construct, however, there is a gap of at least 0.2 between the primary and cross-loadings in all but one case. Further, in the case where the gap is less than 0.20, the face validity (meaning of the indicator) is strong and hence it is understood that the cross-loading does not affect the interpretation of the identified factors.

Figure 9. Attitudinal model of outsourcing



Source: computed by author

It is important to note that among all the indicators of perceived benefits of outsourcing, the benefit of being able to access new technologies (loading = 0.930), skills and resources (loading = 0.949) on continuous basis are the predominant indicators that contribute to the overall perceived benefits while the indicators such as the ability to introduce new products/services more frequently (loading = 0.611) are not well considered by the decision makers. It is also interesting to note that, the benefits of being able to improve operational efficiency (loading = 0.847), customer service (loading = 0.883), and focus on core competency (loading = 0.861) are favored more than the benefits related to cost cutting (loading = 0.830), cost shifting (loading = 0.715), and convenience (loading = 0.706).

The confirmatory factor analysis of the perceived risks of outsourcing reveals that all the eight indicators of the construct confirm to two major factor components, identified under the headings:

- (1) management and policy-related risks; and

(2) data-related risks, explaining about 72.7 percent of the variance (rotated sums of squared loadings = 72.7) (Table 3), of which data-related risks appeared predominant.

Table 3 - Factor analysis of perceived risks of outsourcing of high skilled activity

Indicators of perceived risks	Total	Initial eigen values		Total	Extraction sum of squared loadings		Total	Rotation sum of squared loadings	
		Variance (%)	Cumulative (%)		Variance (%)	Cumulative (%)		Variance (%)	Cumulative (%)
1	4.626	57.820	57.820	4.626	57.820	57.820	3.455	43.183	43.183
2	1.196	14.951	72.771	1.196	14.951	72.771	2.367	29.587	72.771
3	0.760	9.499	82.270						
4	0.526	6.573	88.843						
5	0.422	5.274	94.117						
6	0.315	3.941	98.058						
7	0.122	1.531	99.589						
8	0.033	0.411	100.00						

Source: Results from data analysis using SPSS

And this is substantiated by higher factor loading (Table 4) with data confidentiality (loading = 0.953) and data security (loading = 0.944) risks being the major factors contributing to the overall perceived risks.

Table 4- Factor loadings of the indicators of perceived risks of outsourcing of high skilled activity

Perceived risks	factor components ^a	
	1	2
Data security		0.944
Data confidentiality		0.953
Losing process control	0.767	
Regulatory violations and legal obligations	0.592	
Complexity in vendor relationship management	0.765	
Over reliance on vendors	0.766	
Increased management complexities	0.867	
Unable to realize expected deliverables/ benefits	0.697	

Notes: ^a1 – management and policy-related risks, 2 – data-related risks; rotated component matrix; results from data analysis using SPSS; rotation converged in three iterations; extraction method: principal component analysis; rotation method

Source: Results from data analysis using SPSS

The data also reveal that various management and policy-related risks such as increased management complexities (loading = 0.867), risks of losing process control (loading = 0.767), risk of vendor lock-ins and/or over-reliance on vendor (loading = 0.766) and the complexities in vendor relationship management (loading = 0.765) are loaded high and hence indicate that they contribute significantly to the risk perception of the decision makers towards outsourcing. At the same time, it is important to note that regulatory violations and legal obligations (loading = 0.592) has not loaded high enough to be considered for analysis and the risk of not being able to realize the expected benefits out of outsourcing engagements (loading = 0.697) also contributes relatively weakly to the over all risk perception of the decision makers.

Table 5- Mean, standard deviation, Pearson correlation coefficients, and significance scores of the constructs of the attitudinal model of outsourcing

Constucts	Mean	SD	Pearson correlation coefficients	ρ- value (one-tailed)
Percieved benefits	2.1758	0.57740	0.529	0.001*
Percieved risks	2,3792	0.73291	- 0.252	0,089**

Source: Results from SPSS

A multiple regression analysis is used to test the validity of the attitudinal model of outsourcing. Here the “perceived benefits”, “perceived risks” are the independent variables and the “attitude towards outsourcing” is the dependent variable. It is also intended to assess the predictability of this structural model.

Table 6- Beta coefficients of the attitudinal model of outsourcing of high skilled activity

Model	Unstandardized coefficients	standardized coefficients		

	B	SE	β	t-value	ρ -value
Constant	1.463	0.194		7.527	0.000
Percieved benefits	0.152	0.047	0.532	3.261	0.003 ^a
percieved risks	0.028	0.037	0.123	0.748	0.461 ^b

Source: Results from SPSS

The Pearson's correlation coefficients reveal that perceived benefits have a strong positive influence, while, but perceived risks have a weak negative influence on the decision making of managers towards outsourcing. (Table 6). This is consistent with the theoretical foundation established in the review of literature pertaining to the factors influencing outsourcing decisions.

The standardized β -coefficients reveal that the perceived benefits ($\beta = 0.532$) of outsourcing of high skilled activity have a strong influence on the outsourcing decision making. However, perceived risks ($\beta = 0.123$) have the least influence on the attitude towards outsourcing of high skilled activity. This is quite contrary to the established belief endorsed by the current outsourcing literature. It can also be inferred that the perceived benefits are more important influencing factors. And the positive influence of perceived benefits is dominating the negative influence of perceived risks.

So this suggests that H1 be rejected as the impacts of perceived benefits, on the attitude towards outsourcing are statistically significant. At the same time, the impact of the perceived risks is not statistically significant at 5 percent level of significance and hence H2 should be accepted. We can see that two independent variables influence for attitude towards outsourcing of high skilled activities. Perceived benefits influence positively and perceived risks influence negatively.

CONCLUSION

From the above data analysis, it is evident that the decision makers, at corporations of Kazakhstan, are strongly positively influenced by their perception that outsourcing will enable them to achieve improvement in operational efficiency and customer services and also allow them to focus on their core competencies. It is also evident that the indicators such as the ability to access new technologies, skills and resources/capabilities and cost cutting and cost shifting contribute heavily to shape the decisions makers' perception towards the benefits of outsourcing. Overall, it can be concluded that the decision makers in the Kazakhstani corporations perceive, predominantly, operational and business-related benefits of outsourcing to be more important than financial and cost-related benefits. Further, it is important to note that the overall perception of benefits of outsourcing contributes significantly in shaping the decision makers' attitude towards outsourcing and influence their decisions to outsource.

As far as the factors contributing to the overall perception of risks due to outsourcing are concerned, the study reveals that the decision makers seem to perceive data-related risks to be more serious than other risks. These findings are very much in line with the conclusions drawn by several outsourcing studies conducted globally. While it is evident that all, but one, indicators of risk identified in this study contribute to the overall risk perception of the decision makers as far as the risks associated with outsourcing is concerned, it is interesting to note that the overall risk perception is found to be insignificant in terms of its influence in shaping the decision makers' attitude towards outsourcing. The reasons for this comfort level with the risks of outsourcing – especially in the corporations of Kazakhstan.

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APPENDIX 1

Are you male or female? *

- female
- male

The number of employees? *

- from 100 to 200
- from 200 to 500
- from 500 to 1000
- more than 1000

The location of your company? *

Your answer

The business field of your company? *

- financial services/banking
- metallurgy/mining/aluminum
- oil and gas
- telecommunication
- transportation and logistics
- Other:

How often do you use outsourcing of high skilled activities? *

- often
- always
- limited use
- never

How long does your organization use outsourcing? *

- one year

- from one to five years
- more than five years

What functions of your company was outsourced? *

- transportation
- sales/marketing
- human resources
- finance
- distribution and logistics
- information technology
- manufacturing
- Other:

Please indicate the ‘degree of expectation’ with degree of realization’ of benefits from outsourcing by your corporations on a five-point scale.

Scale: Very high – 1, High – 2, Neutral – 3, Low – 4, Very Low – 5.

Benefits	Degree of Expectation					Degree of Realization				
	1	2	3	4	5	1	2	3	4	5
Cost cutting										
Improved operational efficiency										
Improved customer service										
Achieve better focus on core competencies										
Cost shifting										
Access to new and updated technologies										
Access to new capabilities and skill sets										
Process improvement										
Introduce new products										
Management convenience										
Improved business intelligence										

Please indicate the ‘degree of perceived risk’ and the ‘degree of actual/ experienced risk’ of the following risk elements by your Bank due to outsourcing on a five-point scale. Scale: Very high – 1, High – 2, Neutral – 3, Low – 4, Very Low – 5.

Elements of Risk	Degree of Perceived Risk					Degree of Experienced Risk				
	1	2	3	4	5	1	2	3	4	5
Data security										
Data confidentiality										
Losing process control										
Regulatory violations and legal										
Complexity in vendor relationship management										
Over reliance on vendors										
Increased management complexities										
Unable to realize expected										

APPENDIX 2

List of companies which participate in survey

№	Name of the company	Business field
1.	JSC “Kaz Munai Gas”	Oil and gas
2.	JSC “Ozen Munai Gas”	Oil and gas
3.	JSC “Kaz Trans Gas”	Oil and gas
4.	JSC “Kaz Trans Oil”	Oil and gas
5.	JSC “KBTU”	Education
6.	JSC “Airline “Euro-Asia-Air”	Air transportations
7.	JSC “TNC “Kazhrom”	Metallurgy/aluminum/mining
8.	JSC “Aluminum of Kazakhstan”	Metallurgy/aluminum/mining
9.	JSC “Pavlodar Machine-Building Factory”	Engineering
10.	JSC “ArcelorMittal Temirtau”	Metallurgy/aluminum/mining
11.	JSC “Qazkom”	Financing/banking
12.	JSC “BTA. Securities”	Financing/banking
13.	JSC “Kazkommers Life”	Financing/banking
14.	JSC “Kazkommers Police”	Financing/banking
15.	JSC “Halyk Bank”	Financing/banking
16.	JSC “ BI Group”	Construction
17.	JSC “Air Astana”	Air transportation
18.	JSC “Sberbank Russian”	Financing/banking
19.	JSC “Samruk Energo”	Energetics
20.	JSC “ Ksell”	Telecommunications
21.	JSC “ATF Bank”	Financing/banking
22.	JSC “Forte Bank”	Financing/banking
23.	JSC “ Bank Center Credit”	Financing/banking
24.	JSC “ Eurasian Bank”	Financing/banking
25.	JSC “ Rahat”	Food industry
26.	JSC “ City Bank Kazakhstan”	Financing/banking
27.	JSC “ Nomad Insurance”	Financing/banking
28.	JSC “BTB Bank”	Financing/banking
29.	“Kazakhmys”	Metallurgy/aluminum/mining
30.	JSC “ Kassa Nova Bank”	Financing/banking
31.	JSC “Tengri Bank”	Financing/banking
32.	JSC “Magnum”	Retail
33.	JSC “Qazaq Banki”	Financing/banking
34.	JSC “Ksell”	Telecommunications
35.	JSC “Altel”	Telecommunications

36.	JSC “Logycom”	IT
37.	JSC “Bayan Sulu”	Food industry
38.	JSC “Kazakhtelecom”	Telecommunications
39.	JSC “ Kaspi Bank”	Financing/banking
40.	JSC “Nursat”	Telecommunications
41.	JSC “Kegoc”	Energetics
42.	JSC “Airline SCAT”	Air transportation
43.	JSC “ Bank Astana”	Financing/banking
44.	JSC “ Asia credit bank”	Financing/banking
45.	JCS “Atameken Agro”	Agroholding
46.	JSC “Kaz Trans Com”	Telecommunications
47.	JSC “Capital Bank Kazakhstan”	Financing/banking
48.	“Almaty TV”	Telecommunications
49.	“Borusan Makina Kazakhstan”	Retail
50.	JSC “ Centras Security”	Financing/banking
51.	JSC “Kommesk-Omir”	Financing/banking
52.	JSC “ Centras Insurance”	Financing/banking
53.	“Green House Best”	Retail
54.	“Proctor &Gamble Kazakhstan”	Retail
55.	JSC “Aste”	Telecommunications
56.	JSC “Alha Bank”	Financing/banking
57.	JSC “Kazsatnet”	Telecommunications
58.	JSC “ Kaspi oil”	Oil and gas