

## RESEARCH ON QUALITY OF COOPERATION IN OUTSOURCING SERVICES OF RAILWAY UNDERTAKINGS

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### **Abstract**

*Improving knowledge on an external enterprise needs and scope of service provided are the most important assets of services provision in outsourcing. Other benefits involve constant level of income and improvement of the provided services quality resulting from experience gained and then customer loyalty, becoming familiar with the structure and technologies applied in an external enterprise and access to confidential information. Diagnosis and assessment of the partnership cooperation provides an opportunity to determine the most effective forms and methods of communication between partners and to obtain information on communication disorders and problems in the course of collaboration. Description of tasks concerning transport orders and information distribution affects the relationship between the outsourcing partners and effectiveness of the cooperation. Recognition of positive and negative aspects of cooperation will enable to eliminate in the future any errors and omissions that influence effectiveness of the partnership cooperation. The positive assessment of cooperation resulting from the provided service quality and implementation of the defined objectives presents the ability to continue the cooperation between the current partners.*

**Keywords:** *outsourcing, outsourcing cooperation, rail transport, quality of rail transport services*

### **1. Introduction**

Cost reduction, high quality of provided services and good relationship with a business partner based on mutual trust, kindness and positive attitude are examples of cooperation benefits. The following are difficulties that cause termination of the parties' collaboration: increase of costs of the service rendered, low quality service and poor relations between the partners. The positive assessment of cooperation resulting from the service provided to an external entity, partners' satisfaction of the outsourcing cooperation and implementation of the defined objectives make up an opportunity to continue the cooperation between the current partners [4]. In such situation, the collaboration contract can be extended with the existing provisions or be modified. If factors that require verification of the outsourcing reasonableness do not appear in the business environment, such as for instance, changing business profile, support for the new customer profile and the conditions for provision of services in the area of cost and quality level do not differ from the market average, there is no impediment to collaboration continuation on the existing conditions. In the event of circumstances that require reconsideration of the outsourcing contract, but the current cooperation has been satisfactory providing the partners with achievement of the set up goals, the contract provisions should be negotiated and the collaboration adjusted to new realities [5].

### **2. Research on quality of cooperation in outsourcing services of railway undertakings**

Empirical studies carried out in the years 2012-2013 allowed to identify areas of outsourcing cooperation in the rail transport. The study involved both undertakings that provide rail transport services as well as production and trade undertakings that outsource the logistic support to

specialist external entities. Among the benefits expected as a result of the implementation of the transport services outside the undertaking, the most advantageous have been: cost reduction, higher quality of services and increased flexibility of business in 21% indications.[6] Access to resources that are unavailable in the undertaking was of slightly less importance – 20% indications. The ability to focus on key competences – 17% indications, has been the least benefit. The requirements determining the quality of services have been defined by the indicators of the quality of services such as timeliness or complaints, which have been indicated by 30% response. Moreover, customer references – 27% and quality certificates – 24% indications have been of significant role. A definite size of resources for instance of the rolling stock, has been of less importance for the companies which outsourced the services. (Fig. 1) [1, 7].

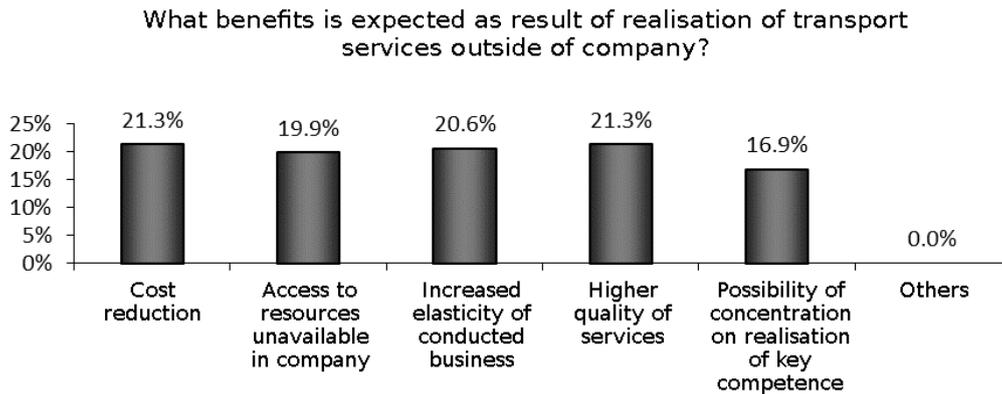


Fig. 1. Benefits of transportation services

Among the methods to monitor the quality of services, the respondents indicated the analysis of irregularities and complaints reported by the ordering party – 29% indications, contact with the ordering party's manager who supervises the cooperation – 27%, analysis of quality indicators – 25%, contact with undertakings, which are ordering party's clients – 19% indications (Fig. 1).

### 3. Study of quality level of services outsourced by the ordering party

The tasks allocated to employees have not been clearly defined for 37% of the respondents. Every third person considered them to be adequate to the possessed competence. According to a slightly smaller number of respondents i.e. 27%, the tasks are adapted to expected time of their implementation. 2% respondents stated they have not been accurately defined and 1% that the tasks assigned to employees are not suited to the expected time of implementation e.g. too many tasks are to be executed (Fig. 2) [1].

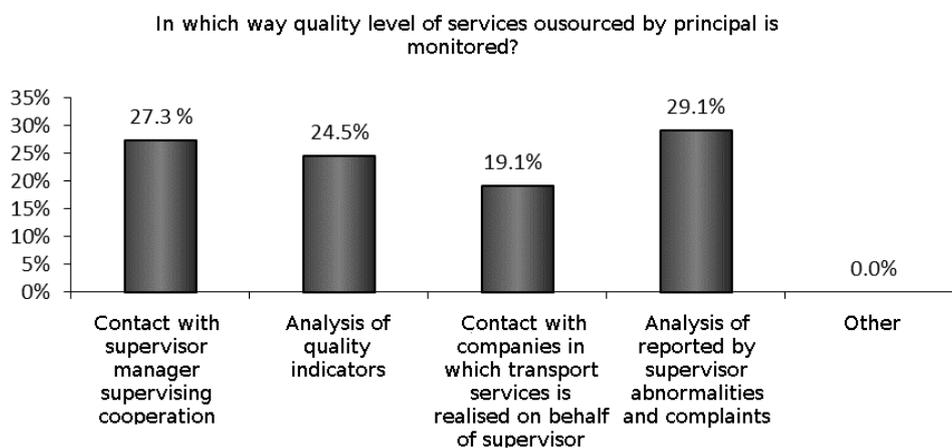


Fig. 2. Methods of service quality level monitoring

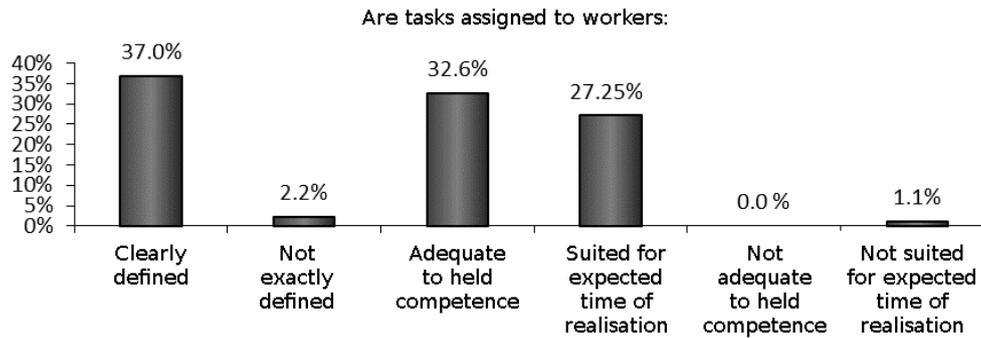


Fig. 3. Scope of the tasks assigned and scope of employees' competence (source: own research)

#### 4. The reasons for decision on provision of rail transport services

According to 21% of executives representing the transport companies, taking a decision on the provision of transport services by external companies within outsourcing, was mainly due to relatively large financial resources. Further positions have been to expected benefits from close cooperation with a customer and warranty of services sales within a long term. A little less of the respondents believed that possessing appropriately qualified workforce and willingness to offer the same services as the market competitors significantly influenced the decision [1].

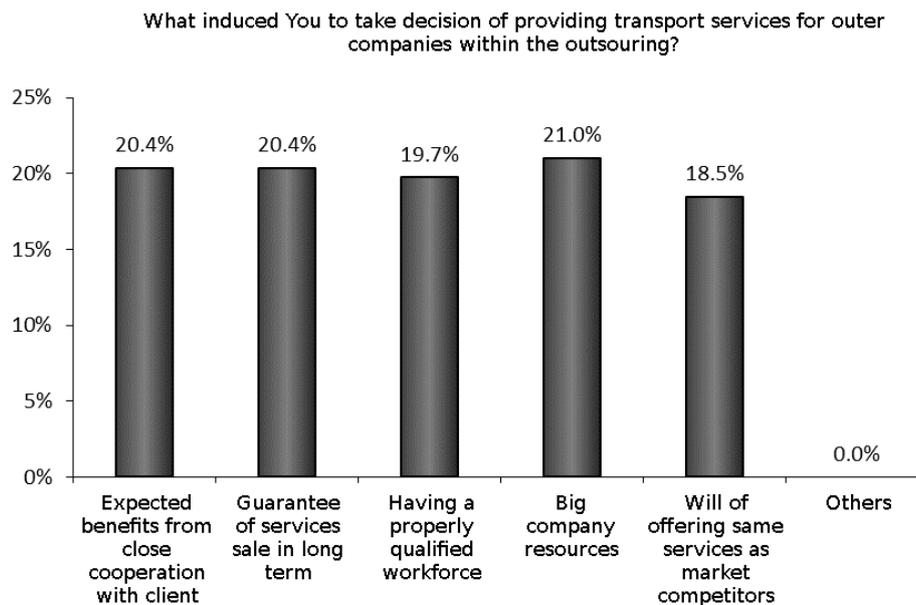


Fig. 4 The management staff's reply to the question regarding reasons for the provision of services in outsourcing

#### 5. Assessment of cooperation in rail transport services implementation

If the outsourcing cooperation does not contribute to expected benefits for one or both of the parties, it means tangible or intangible losses (e.g. image losses) and extra costs of the parties; the cooperation in such case should be terminated. A negative assessment of the partner is linked to failure in meeting obligations set out in the contract. With reference to the contractor, it will be in particular [2]:

- increase in the cost of provided services,
- too low quality of services in relation to the set standards,
- too little resources involved in cooperation,
- delayed provision of services,
- ill will.

## 6. Summary

Negative assessment of the cooperation should lead to the quickest possible termination of the contract. Then, an analysis should be performed to assess the rightfulness of the decision on the outsourcing. If the decision was wrong, the undertaking should resign from the outsourcing of transport services and include the outsourced operations back to its own operations. If the decision to outsource was justified, but a wrong partner for cooperation had been selected, a new partner should be opted for. However, the ordering party's fault may be due to lack of confidence and failure to transfer all indispensable information. Other causes of the collaboration breakdown [3]:

- bad decision on the outsourcing of services, due to the absence of actual outsourcing benefits,
- lack of trust between partners and negative partner attitude towards each other,
- inappropriate partner selection criteria (e.g. cost only),
- non-considering of risk elements in cooperation,
- communication tools unsuitable for the type of collaboration,
- lack or improper identification of cooperation weaknesses or failure to undertake actions leading to reduction of the weaknesses impact,
- non-communication to the supplier's employees information indispensable for the correct project implementation,
- failure to instruct the cooperation stakeholders about the outsourcing project,
- lack of a team to supervise the phases of work transfer to the supplier and the cooperation progress,
- lack of clear definition of tasks or defining them in a way non-understandable to the contractor,
- lack of communication rules and conditions,
- communication interference,
- lack of established cooperation quality standards,
- non-observance of follow-up conclusions and no reaction to irregularities revealed in the course of the cooperation monitoring.

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