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Competitive Conditions for the Use of Outsourcing in the Supply Chain

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ABSTRACT: Logistics service companies of all industries account for about 30 percent of logistics services each year. The volume of the logistics market is growing by an average of 5-6% per year. In the lower segment (freight, reloading, warehousing services) annual growth is estimated at 2-5%. In the middle segment of logistics services there is an increase of 10-15%. The largest growth is observed in the top segment of supply chain management and integration. It is no coincidence, therefore, that logistics companies are changing their future challenges and market orientations to expand the complexity of services.

The tendency to focus on the principles of logistics and the main types of activities of enterprises and the combination of the effectiveness of their application creates a wide range of opportunities for the development of the logistics outsourcing market and specialized logistics intermediaries.

Individual enterprises are gradually becoming part of the global type of production. Procurement and sales processes are also becoming more complex, and the level of logistics knowledge for all partners in the value chain is becoming the key to success. Only specialized logistics enterprises will be able to ensure the high quality of logistics in the country's economy. This is evidenced not only by highly developed countries, but also by countries that are moving towards building a market economy today[1].

I. INTRODUCTION

As a rule, logistics enterprises infiltrate the customer's single management system, in which there are almost always weak points in the relationship with the supplier or customer, even systemic interruptions. This may apply to joint management or synchronization of processes between the customer and his supplier or customer.

The very concept of logistics outsourcing consists in the fact that the firm does not need to use its own resources to organize logistics operations, the firm can entrust these operations to an external partner.

Logistics providers, or logistics service providers (operators) or SPL-providers - providing services in the field of logistics, performing individual operations or complex logistics functions (warehousing, transportation, order management, physical distribution, etc.), as well as integrated management of customer-enterprise logistics chains are the organizations that carry out[2].

Today, market conditions are changing rapidly and companies that want to be competitive require a quick response from both their internal divisions and the companies that have outsourced them.

II. GEO SCATTERED TYPE BIG DATA IN APPLICATION

According to a study by foreign scientists, 500 product manufacturers - U.S. Among the participants of the Fortune 500 manufacturers rating, the main logistics services provided to enterprises by 3PL-providers are transportation, warehousing, documentation and carrier selection services[3]. The dynamics of use of more mass types of services of 3PL-providers in percentages are given in Table 1.

III. SYSTEM ANALYSIS**Table 1**

Logistics services provided by 3PL provider's[2]

Logistics services package	<i>Share of services, %</i>			
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Direct shipping	63	68	49	61
Warehouse placement management	46	44	56	59
Expedition			44	45
Registration of payments for transportation		43	53	
Cargo tracking				33
Customs broker services			40	41
Information systems design				8
Selection of information support				8
Ensuring the functioning of information systems				20
Selection of carriers	32	33	29	43
Negotiations on tariffs	26	24	29	37
Return of goods	25	16	21	25
Driving	25	18	21	20
Rewrapping, marking	19	27	21	25
Production under the contract			16	10
Order management	17	16	24	33
Consolidation of shipments	11	11	8	10
Inventory management	6	7	10	4
Managing order procedures	5	9	5	8
Supply of parts	5	11	2	10
Consulting services		37	30	25
Supply of materials				4

IV. INPUT DESIGN

Customers are usually interested in the integrated nature of the services offered to them by logistics intermediaries, such as transportation, cargo handling, accompanying service, supply of spare parts, and so on. Studies show that 60 to 70 percent of logistics services are comprehensive according to consumer requirements. Outsourcing customers also want 3PL providers to “provide a wider and more complete set of services”. They disagree that “logistics providers should focus on a limited range of services”. Apparently, most companies want to partner with a single logistics provider who will act as a “leading logistics manager” in the integration of logistics services[4].

V. OUTPUT DESIGN

Thus, based on the above trends, it can be concluded that the market of logistics services, in particular, the logistics outsourcing market, which is still in its infancy, today has great prospects for development both abroad and in Uzbekistan. Globalization, integration and cooperation processes, as well as growing consumer demand, encourage companies that want to be competitive in the market to take a logistical approach to building a business, as well as to use support such as logistics outsourcing in their operations.

VI. INTERFACES INITIATED BY COMPUTERS

Logistics Services Outsourcing (Third Party Logistics Services - TPL (3PL) / Logistics Outsourcing) is defined as the transfer of part or all of logistics functions (mainly non-manufacturing) to external logistics service organizations.

A logistics provider is a logistics intermediary, but not every logistics intermediary is a logistics provider. “Logistics provider” is a generalized definition of an organization that provides comprehensive services in the field of logistics outsourcing, as opposed to logistics intermediaries that specialize in a single service[5].

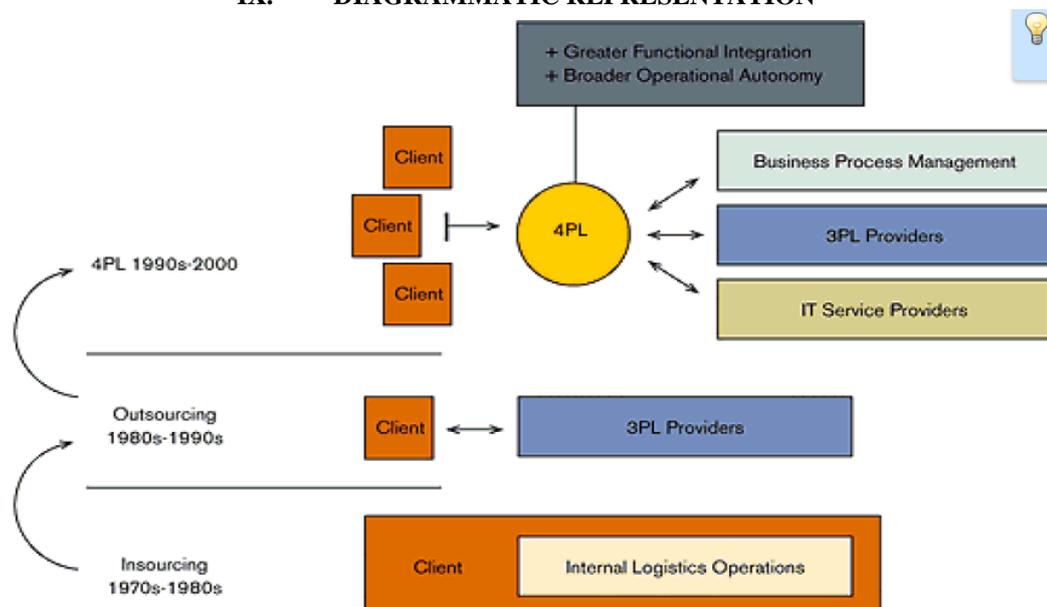
VII. DESIGN OF ERROR MESSAGE

With the rapid advance of logistics to supply chain management, there has been a move from firm to a network supply chain in which competition is carried out any more. Certain definitional and practical differences exist between logistics and supply chain management, although the terms are often used interchangeably (Cooper et al., 1997). Logistics can be defined as the planning and management of physical and information flows through an organization, whereas supply chain management extends this concept into the wider network of the organizations suppliers and customers. As such, supply chain managers not only need to be equipped with the skills and knowledge to manage logistics, but also they must be relationship managers[6].

VIII. ESSENTIALS OF PERFORMANCE

The historical ‘question to make or buy’ is frequently asked, in the main scope of promoting firms’ adjustment to the new corporation and technology environment (Laios and Moschuris, 1999). It has long historical content, expressed as an issue of lean manufacturing for the purpose of reducing cost associated with the purchasing, operations and marketing. In addition, this relates with the ‘medium and small size enterprises, which have limited competences and resources, compared to larger corporations’. This facilitates understanding how SMEs can proceed in developing collaborations for best use of all available resources and improve capabilities, with contribution of outsourcing or ‘third party logistics’ (3PL). It is a growing phenomenon, as a way to restructure the distribution networks and gain competitive advantage (Greaver, Manoliadis). The relations among the outsourcing firm, the 3PL service providers and customers are complex to integrate, and NIT are helpful to reduce the 66 risks of outsourcing (Xu et al., 2008). Since small and medium size enterprises (SMEs) --which are fundamental economic pillars of the European economy representing 99 per cent of enterprises -- as a rule lack competence, resources and capabilities, 3PL may enable them to improve relationships and become ‘order makers’ rather than ‘order takers’ with more leverage in their processes and succeed sustainable competitive advantage (Holter, et al., 2008). However, the 3PL providers may affirm declining efficiency, insofar as they focus on traditional service offerings such as transportation, and warehousing rather than playing the role as integrator or lead service provider (Zhou et al., 2008).

IX. DIAGRAMMATIC REPRESENTATION



1-pacm. Development of the outsourcing of logistics services according to Gattorna.[1]



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Less allocated services include return and repair of goods (22.8%), inventory management (21.0%), transportation routing and transport fleet management (19.3%), information technology (17.5%), consolidation services (17, 5%), order management (15.8%), order receipt / processing (5.3%), customer relations (3.5%).

X. RESULTS

The term Third Party Logistics Provider (abbreviated as 3PL's) is now used in most foreign literary sources. The term arose as a result of defining the nature of the interactions between the supplier of the product and its consumer and the role of the external logistics service organization.

XI. CONCLUSION

Nowadays, providers have started to offer a wider range of services, including value-added services, and instead of LSPv in the lexicon, the concept of "3PL / PL Provider" (Third Party Logistics provider) has been decided, and their services have also been replaced by 3PL (Third Party Logistics) Logistics Outsourcing).

XII. SCOPE

The 3PL providers who remain stick to traditional service offerings may become victims of short-sightedness falling in declining efficiency, insofar as they focus on traditional service such as transportation, and warehousing rather than playing the role as integrator or lead service provider.

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