THE IMPACT OF OUTSOURCING ON THE EXPENSES OF THE PUBLIC COMPANIES' FOOD DEPARTMENT DURING THE YEARS 2010-2013 (IRANIAN OFFSHORE OIL COMPANY-OIL FIELDS OF SIRRI ISLAND'S CASE STUDY)

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ABSTRACT

As a simple and economic executive tool, outsourcing is becoming more applicable every day. As a result nowadays, organizations have focused on their main capabilities and have started to outsource the activities that don't support the organization’s competitive stand. Therefore now, the public companies in Iran, including the ministry of oil and associated organizations, have also become interested in this matter and have outsourced their Food Service department. That is why we decided to study the impact of outsourcing on the Food department's expenses of Iranian offshore oil company- oil fields of Sirri island, and By determining this department's expenses during 2010-2013, and comparing the expenses before and after the outsourcing, we could help other state companies and organizations with the resulting conclusions. The present study is descriptive-analytic, and of a survey-functional kind, which was done during the years 2010 to 2013 in the Iranian offshore oil company- oil fields of Sirri island. In order to gather the data, the financial and sumptuary documents from before the outsourcing (2010-2011), and after the outsourcing (2012-2013) were used, then using descriptive statistics and Excel 2012 the expenses were calculated and compared, finally the results show an average amount equal to 193.966 million Rials of expenses during the two year period before the outsourcing, while the average amount of the expenses during the period following the outsourcing was calculated to be 122.283 million Rials. Therefore it could be concluded that outsourcing is an efficient and useful matter, and could help organizations in their path to decreasing the expenses and increasing the focus in the key activities of the organization.

KEYWORDS: Outsourcing, Final Cost, Direct Expenses, Indirect Expenses, Overhead Expenses

PROBLEM STATEMENT

Outsourcing is a suitable approach in order to reducing the costs, focusing on the main processes, improving the services and the proficiency. By utilizing the politic of outsourcing, an organization could focus solely on the activities for which it has been given the management power and do the jobs which are directly related to its organizational goals. (Tabatabaei, 2012). The start of outsourcing goes back to the 70s. At first it only included exports, but gradually more and more corporations realized that they are not able be professionally active in more than one or two fields. This issue forced them to separate themselves from different work areas and leave them in the hands of these areas’ professionals. According to a research done by the Fortune magazine (issue number 10), nowadays more than 90 percent of business corporations use outside service providers, and just in the European market, in the year 2001, the value of the outsourced services was estimated to be 27milliard dollars, a number which is growing year by year. Mainly at the beginning, outsourcing was practiced by big stock corporations, but nowadays it has become common among small corporations as well. The increase in the utilization range of outsourcing in the industrial market is due to the increase of the competitive pressures, and the growth of globalization (Noorbakhsh, 2010). One of the ways of providing the resources from outside the organization is outsourcing which could improve and increase the basic qualifications, reach the capabilities and facilities in the global class, increase the flexibility in order to face and react in a better way to the changes in the market, improve the operational functionality (such as higher quality, increased efficiency, shorter advancing time period, and better use of the equipment, increased outputs, more profit),

Suitable access to the best experiences and developing new skills, acquiring innovative ideas, finding a proper business reputation as a result of cooperating with progressive contractors, reduce the expenses and the final cost of the products due to having access to better provider with lower expenses’ structure, benefitting from the professionalism of the human resources belonging to the contractors, and focusing the energy and the devotion of the employees on the core activities (Chashm beraah, 2007). That is
why many public organizations in Iran, in order to reduce the size of the government to a logical size, improve the answering system and perfecting the services they provide, and in line with note 5, article 1 of budget executive regulations year 2003, and the third law of development, they have put the strategy of providing the resources from outside the organization in their programs, which is a manifestation of reducing the presence of the government and increasing the presence of the private section in the social arenas (Ferdowsi and colleagues, 2010). Hence a study in Shiraz shows that the tendency of the governmental managers to outsourcing, especially outsourcing the Food department is very high (Kavousi and Colleagues, 2010), and also outsourcing has started slowly in the ministry of oil and associated organizations since 2001; therefore in this survey the scholar intends to study the expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island, before and after outsourcing and the efficiency of the outsourcing, so that it could help other public organizations in this matter.

THE IMPORTANCE AND NECESSITY OF THE STUDY

The forming of new management techniques like globalization, defocusing, quality management, focusing on core capabilities, human resource management, and environmental necessities have transformed the organizations’ programs completely and have caused the organizations to turn from current activities to development programs. Nowadays issues like: restrictions of the resources, hardships of work, complications of technology, increase of the expenses, growing speed of environmental changes, competitive pressures, lack of trust towards the future, jobs becoming more professional, growth of some organizations especially in the public sections, and also legal restrictions, have made organizations to rethink their management models and turn to new strategies in order to achieve competitive benefits in the business world of today. One of these strategies is focusing on the main merits and qualification, and as a result leaving many of the subsidiary activities to the resources outside of the organizations by the outsourcing method, which is done in order to provide a more applicable answering system, with desired services provided for the customers, and empowering the corporations in reacting to present’s diverse demands (Mokhtari, 2012). Therefore the matter of outsourcing could be approached under two subjects:

1. Comparative analogy of outsourcing with economic principles
2. The benefits of outsourcing and its impact on the success and efficiency of the organization

COMPARATIVE ANALOGY OF OUTSOURCING WITH ECONOMIC PRINCIPLES

The concepts related to outsourcing are compatible with some of the principles of the classic economics on one hand, and some of the principles of the modern economics on the other hand. For example outsourcing has a content similarity with the “division of labor principle”, which was defined by Adam Smith (one of the pioneers of the classic Economics), and it actually was this principle that created the vertical series (dynasty) in the organizations. In one look it could be said that outsourcing is also a kind of a division of labor, with this point added that it’s not limited to the borders of the organization, and it goes farther on and becomes cross-organizational. Also in the domain of modern economics approaches like minimizing, and acquiring new organizational structures like flat organization and quick answering organization, have become possible by the help of outsourcing (Chashm Berah, 2007) Researches show that applying outsourcing could decrease the expenses and increase the focus of the corporation on its main activity, and it also would save time in order to take care of the inside processes of the organization, and reduce the risks by becoming partners with another institute in an unsafe commercial environment, develop the customer services, result in a better access to the professions that don’t exist in the corporation, create a sense of competition especially in the sections of the corporation that lack competence (Alvani and Ashraf Zade, 2008).

THE BENEFITS OF OUTSOURCING

Making the desired quality of the organization possible, liberalizing the resources inside the enterprise to achieve the main goals of the organization, improving the financial results, decreasing the overhead expenses, increasing the ratio of the investment return, innovation, flexibility in the laws and regulations, moderating the human resources, creating an atmosphere for making more influential decisions, a higher ratio of investment return to the economic enterprises, and avoiding the incompetency of the resources are the benefits of outsourcing (Khodaverdi, 2010).
THE IMPACT OF OUTSOURCING ON THE ORGANIZATIONAL EFFICIENCY AND SUCCESS

Outsourcing in organizations results in the decrease and the control of operational expenses, improvement of the focus of the enterprise, achieving the global class’s capabilities, using the inside resources for other goals, speeding the recurring engineering benefits and at the end the improvement of the quality and efficiency are resulted from outsourcing (Frost, 2000).

STUDY LITERATURE

1. In a study conducted by Daneshi and colleagues under the name of “impacts of outsourcing in the department of accidents and operations of the electricity company of Ahvaz on the decrease of the expenses” which was done through field work with the goal of assessing the impact of outsourcing the operational activities in the electricity company of Ahvaz and going through the expenses before and after the outsourcing, the results of which were discussed and elaborated by descriptive statistics, they came to the conclusion that outsourcing has resulted in the 8% reduction of the expenses, speeding of the services, and the growth of customers’ satisfaction (Daneshi and colleagues, 2008).

2. In a study done by Maschuris in the year 2006 under the name “outsourcing in public hospitals”, the results have shown that thinking economically about the expenses and customer satisfaction are the most importantly influential factors in deciding to use outsourcing, and he concludes that cooperating with the contractor in outsourcing result in an impressive improvement of the quality of the services and customers’ satisfaction with the cooperation’s operation.

3. In a study which was done by the Phoenix Staff in Arizona under the name “studying the impacts of outsourcing in the Vulgareen Maricopa pharmacy”, they came to the conclusion that outsourcing has resulted in a decrease of the expenses and an increase of the staff consent during the years 2003 to 2007.

4. In the research project financially supported by the Islamic Azad University of Mashhad, which was administrated by Monshizade and Mir Doost Ariaie, with the goal of identifying the operations that are transferable to the private section in the regional water company of Khorasan, the results indicated that the activities with a low degree of impact and dependency were outsourcable. Therefore in the final report of this study it has been concluded that the engineering activities have the highest, and the accounting services have the lowest possibilities for outsourcing. In this study, at the end, a comprehensive model in order to outsource the activities has been given which could be used by other executive establishments.

GOALS AND QUESTIONS

Main goal

Determining the impact of outsourcing on the expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island during the years 2010 to 2013

Secondary goals

- Determining the expenses of the direct materials of the Food department of Iranian offshore oil company- oil fields of Sirri Island during the years 2010 to 2013
- Determining the wage and income Expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island during the years 2010 and 2011
- Determining the overhead expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island during the years 2010 and 2011
- Determining the overhead expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island during the years 2012 and 2013
- Determining the amounts of the contracts of transferring the Food department of Iranian offshore oil company- oil fields of Sirri Island to the private section during the years 2012 to 2013
- Determining the common expenses before and after the outsourcing during the years 2012 and 2013
- Balancing and calculating the expenses before and after the outsourcing during the years 2010 to 2013
- Comparing and determining the meaningful connection between the expenses of the Food department of Iranian offshore oil company- oil fields of Sirri Island and outsourcing
• Determining the amount of the wasted food ingredients before and after the outsourcing the Food department of Iranian offshore oil company-oil fields of Sirri Island during the years 2010 to 2013

• Determining the average time circulation of shopping for the ingredients and professional equipment before and after the outsourcing during the years 2010 to 2013 in the Iranian offshore oil company-oil fields of Sirri Island

Applicable goal

The scholar has studied the impact of outsourcing the food services on the expenses of the Iranian offshore oil company-oil fields of Sirri Island in this research, and at the end helps the rest of the executive corporations and public organizations in using this technique based on the final results, hoping that it could be a guiding light for the managers and decision makers in the public organizations.

Survey questions

• How much are the expenses of the direct stuff of the Food department of Iranian offshore oil company-oil fields of Sirri Island during the years 2010 and 2011?

• How much are the wage and income expenses of the Food department of Iranian offshore oil company-oil fields of Sirri Island during the years 2010 to 2011?

• How much are the overhead expenses of the Food department of Iranian offshore oil company-oil fields of Sirri Island during the years 2010 to 2011?

• How much are the overhead expenses of the Food department of Iranian offshore oil company-oil fields of Sirri Island during the years 2012 and 2013?

• How much are the amounts of the contracts of transferring the Food department of Iranian offshore oil company-oil fields of Sirri Island to the private section during the years 2012 to 2013?

• What was the impact of the balancing ratios on the expenses before and after the outsourcing during the years 2010 to 2013?

• Is there a meaningful connection between the expenses of the Food department of Iranian offshore oil company-oil fields of Sirri Island and outsourcing?

• What is the amount of the wasted food ingredients before and after the outsourcing during the years 2010 to 2013 in the Iranian offshore oil company-oil fields of Sirri Island?

• How much the average time circulation of the shopping for the ingredients and professional equipment has been before and after the outsourcing during the years 2010 to 2013 in the Iranian offshore oil company-oil fields of Sirri Island?

METHODOLOGY

This descriptive-analytic study is of a functional kind and has been done on a case for a specific period of time. It covers the Food department of the Iranian offshore oil company-the oil fields of Sirri Island during the years (2010-2013). As the studies show, one of the important factors for choosing the sections that could be outsourced is being economically profitable, therefore the expenses for the two years period of 2010 and 2011 (providing the food of the staff by the company) and the years 2012 and 2013 (providing the food of the staff by contractor) have been gathered in this study, and then they have been analyzed and compared. In order to gather the data after the library study, the financial reports’ history, bills, and the financial documents of the company from the Sirri Island, the Tehran office, Shiraz office, and Lenge port’s office have been studied and the needed data regarding the expenses have been extracted. In this study the data regarding the expenses have been divided into three sections of direct materials, direct wage and payment, and overhead expenses. The data gathering method for each section has been explained below:

Direct material data gathering methods

In order to gather the data regarding the direct material, the monotonic holistic material system of the national oil company of Iran and the financial automation system of the goal company were used.

Direct wage and payment data gathering methods

In order to gather the direct wage and payment expenses, first of all a list of the official and contractual employees that were involved directly and indirectly with preparing, cooking, and distribution of the food during the years 2010 and 2011 was gathered from the social services departments of Sirri, the restaurant of Sirri, and the food storage of Sirri, and the wage and payments were calculated individually for each person during this two years period, according to the gathered
lists from the wage and payment department in the Tehran office.

The indirect and overhead expenses' data gathering method

Shipping fees, air cargo expenses, and the expenses of carrying the ingredients by airplane were taken out from the financial documents of the company and the reports handed in by the contractors for the two years period.

The rest of the expenses like water, electricity, and gas expenses, and the expenses related to the keeping and storage, and etc. which are not tractable directly were gathered from the financial automation which were divided based on the number of the official employees, the weight of the carried cargo, the amount and percentage of involvement, the number of the working days and the amount of consumption and square footage.

After finding the data connected to each part through related methods, the data regarding the expenses, using descriptive statistics and the Excel 2012 software, for the years 2010 and 2011 were examined and analyzed, and finally in order to make the data comparable between the before and after the outsourcing periods, balancing ratios like inflation rate, and the increase and decrease of the employees were used, and the inflation rate were decided based on the statistics provided by the Central Bank to be 12.4% in 2010, 21.5% in 2011, and 30.5% and 34.7% accordingly in 2012 and 2013. Also in order to make a correct comparison between the overall expenses of the Food department before the outsourcing and the fee paid to the contracted after the outsourcing, the common expenses that the company had to endure should be added to the money paid to the contractor. The common expenses include the depreciation expenses, the expenses regarding the management, financial matters, public relations, production and providing the water of the region, energy production, fixing the turbine of the region, laboratory, phone department of Sirri region, general services, safety, health, security, and environment, as well as the general overhead expenses across the mother company which exist in both situations of food preparing, and distribution by the company and by the private section.

FINDINGS

The overall cost of the Food department

After gathering the information and examining and analyzing the data, the results of the study indicated that the Iranian offshore oil company- oil fields of Sirri Island had 700 employees which because of the operational nature of the region all of them were men who were working in this company officially, under a contract, or contractually. The Food department of this company was in charge of preparing, cooking, and distributing the food of all the staff of the company, which after gathering the mentioned information in the methodology, the data regarding the expenses of the Food department of the company were as described below:

Regarding the expenses during the two year period before the outsourcing, examining and analyzing the data show that the highest expenses in the year 2010 belong to the overhead expense of 62,948 million rials which took over 67% of the total expenses, and the total expenses were equal to 93,896 million rials (table number 1). Also in the year 2011 the highest share of the expenses belonged to the overhead expenses which took over 65% of the total expenses, and the total expenses in this year were 106,604 million rials (table number 1). And at the end by balancing the expenses of 2010 against the inflation rate of 2011 (21.5%), the average expenses of the years 2010 and 2011 were calculated, and the average expenses were also balanced against the inflation rate of the years 2012 and 2013 which were 30.5% and 34.7% accordingly, so that they could be compared with the paid amounts of money to the contractor in the years 2012 and 2013. In the chart number 1 the share of each part of the total cost from the total cost has been shown as well.

Table 1: the Expenses Made during the Two Year Period before the Outsourcing by its Forming Sections Separated

<table>
<thead>
<tr>
<th>Final Costs’ sections</th>
<th>2010</th>
<th>2011</th>
<th>Average expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>21,068,546,208</td>
<td>25,703,626,374</td>
<td>24,692,336,156</td>
</tr>
<tr>
<td>Direct wages</td>
<td>9,880,357,097</td>
<td>11,658,821,374</td>
<td>11,831,727,634</td>
</tr>
<tr>
<td>Overhead Costs</td>
<td>62,947,323,106</td>
<td>69,242,055,417</td>
<td>69,997,423,294</td>
</tr>
<tr>
<td>Total</td>
<td>93,896,226,411</td>
<td>106,604,503,165</td>
<td>106,521,487,073</td>
</tr>
</tbody>
</table>
The cost of the direct materials in the years 2010 and 2011 has been calculated using the total cost of each of the ingredient which are used in preparing, cooking, and distributing the food in the restaurants of the Sirri region, such as: rice, lamb, beef, chicken, bread, mushroom, tea, milk, wheat, Saffron, Sugar Halva, oil, spaghetti, lentil, cotyledon, fruit, and etc.

The cost of the direct wage and payment of the employees for the years 2010 and 2011, including the head chef, the cook, waiters of various restaurants of the company and the staff of the food storage, was calculated from the total monthly wage and payment after adding retirement, savings, and the future plan funds of those employees who were directly involved in preparing, cooking, and distributing the food. And in order to calculate the income of the staff contractually working, the total report handed in for the bakery, and the workers like the head chef, the cook, and the Contractualworkers who were employed in the restaurants were used. The overhead expenses included the indirect materials, indirect wage, and the rest of the overhead expenses. The indirect materials include Chinese and disposable plates, spoons and forks, glove, bowl, espresso, toothpaste and brush, detergents, milk, coffee, juice, and etc. Indirect wages include the wage of the cleaners, restaurant and around the restaurant waiters, and the employees of the Tehran, Shiraz and Lenge port offices. The rest of the indirect expenses include the land transportation expenses, the cost of renting the Fridge in Shiraz, the cost of renting the food trucks, the expenses of the company offices in the cities of Shiraz and Lenge port, the flight cargo of the food ingredients, air transfer expenses, custom service expenses, the expenses of unheading and heading, and the rest of the expenses. The overhead expenses take over an average of 66% of the total cost, and this is an indication that if preparing, cooking, and distribution of the food in the Sirri region are done by the company a major part of the expenses are related to the overhead expenses.

The fee of the contractor

After going through the documents and proves related to the Food department and studying the signed contract with the Food department contractors, it was found out that the selection of the contractor was based on the regulations of the National oil company and was done after holding a tender, and choosing the best price based on the credit and the background of the participant companies.

It was also realized that the fee of the contractor who was in charge of preparing the basic ingredients, carrying them to the oil region of Sirri, cooking the food with the quality standards specified in the contract, and distributing it, in the year 2012 was 95,415 million rials and 107,933 in 2013, around 3% of which in both years was related to the modifications of occupations’ high commission regarding the increase of the incomes, and the bonus of the oil ministry to the contract employees, and 97% of it was based on he signed contract with the contractor company.

The amount of the money paid in 2012 were balanced against the inflation rate of the year 2013 (34.7%), then the average of both years was used in order to compare the expenses after and before outsourcing.

Common expenses

The common expenses are the expenses that the company has to endure in both situations of outsourcing and insourcing, which are inevitable, and they are the expenses that are counted as uncontrollable for the Food department. These common expenses include the depreciation expenses, the expenses related to the management sections of the Sirri region, financial matters, public relations, providing the water, providing the energy and fixing the turbines, laboratory, phone
department, general services, safety, health, and environment of the Sirri region.

The depreciation expense is given to the Food department according to the permanent properties of the department based on the official employees of the restaurant, kitchen, and food ingredients’ storage as to the total official employees of the Sirri region. In the years 2012 and 2013 the average number of the official employees of the restaurant are 10 and the average number of the official employees of the company are 595. The reason behind the fact that the expenses of these sections are the same and are common is the services these sections provide for the Food department, some of which are mentioned below:

1. The depreciation expenses of the building and the equipment of Sirri Island’s restaurant: the building and the restaurant and kitchen equipment, including the Fridge and the equipment inside the kitchen and the restaurant properties fall under the responsibilities of the company in both the outsourcing and the insourcing, and in order to make a more exact comparison they are added to the fees paid to the contractor.

2. The management expense center: the manager of the region controls the quality and the quantity of the food through inspectors and people in charge by holding several meetings in Tehran and Sirri Island.

3. Finance department expense center: in both insourcing and outsourcing the finance department takes care of the documents, paying and handing in the related financial documents, controlling the accounts and other financial operations.

4. Public relations expense center: all the official and contract employees take part in the celebrations, ceremonies in both situations of insourcing and outsourcing, and different prizes are distributed between the employees for different contests, the section in charge of all of these matters is the public relations. So the expense of this center is part of the common expenses.

5. The water providing expense center: the water in the Sirri region is provided by the company and in both conditions of insourcing and outsourcing the water used by the employees, the restaurant, and the kitchen is provided by the company and no money is received from the contractor for doing so.

6. Energy production and turbine fixing expense center: in both situations of insourcing and outsourcing the utilized electricity is provided by the company and no money is obtained from the contactor.

7. Laboratory expense center: testing the water used by the restaurant and the kitchen in both conditions of insourcing and outsourcing is done by this center and the contractor is not charged for this matter.

Also in the rest of the mentioned centers considering the services they provide for the Food department in both outsourcing and insourcing situations, in order to build the conditions for comparison between the period before the outsourcing and after the outsourcing, the common expenses were added to the fee of the contractor.

<table>
<thead>
<tr>
<th>Particles of the final cost</th>
<th>2012</th>
<th>2013</th>
<th>Average Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Fee paid to the Contractor based on the contract</td>
<td>92,563,000,000</td>
<td>104,595,060,000</td>
<td>114,638,037,000</td>
</tr>
<tr>
<td>The Modifications of Occupations’ High Committee, and the Bonus of the Oil Company to the Contract Employees</td>
<td>2,852,939,000</td>
<td>3,337,938,630</td>
<td>3,590,423,732</td>
</tr>
<tr>
<td>Common Expenses</td>
<td>3,190,000,000</td>
<td>3,812,050,000</td>
<td>4,054,490,000</td>
</tr>
<tr>
<td>Total</td>
<td>98,604,939,000</td>
<td>111,745,048,630</td>
<td>122,282,950,732</td>
</tr>
</tbody>
</table>

After determining the final costs in both insourcing and outsourcing situations and showing them in table number 1 and table number 2, a table was prepared in order to compare the expenses of the Food department before and after the outsourcing (table number 3). In order to make the calculated average expenses from before outsourcing (table number 1) and the calculated average expenses from after the outsourcing (table number 2) the expenses from before the outsourcing were balanced against the inflation rate of the years 2012 and 2013 which were 30.5% and 34.7%. 

Table 3: Comparison of the Food Department Expenses in both Outsourcing and Insourcing situations

<table>
<thead>
<tr>
<th>The Expenses before the outsourcing</th>
<th>The Expenses after the Outsourcing</th>
<th>The Difference Between the two Methods</th>
<th>The Decrease Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>193,966,912,851</td>
<td>122,282,950,732</td>
<td>71,683,962,119</td>
<td>37%</td>
</tr>
</tbody>
</table>

Other findings of this survey which were discovered by studying the financial documents and the company and contractor reports, showed that as far as the wasted food ingredients are concerned, by outsourcing the amount of the food ingredients wasted and gone bad were reduced up to 0.7%. So during the years 2010 and 2011 the food ingredients were spoiled because of inappropriate transfer and unheading and heading in the port of Lenge and Sirri Island (2%), while during the years 2012 and 2013 by putting the contractor in charge of this responsibility this amount was reduced to 1.3%. Also in the period after the outsourcing the concentration of the maintenance sections on buying the stuff that have a role in increasing the production of oil (main goal of the company) went up to the extent that the results regarding this matter indicate the circulation amount of buying the professional materials and equipment was reduced from 25 days to 20 days.

DISCUSSION AND CONCLUSION

The findings of this research indicate a 37% decrease in the total cost of the Food department by outsourcing it, which is in line with the results of the research executed by Daneshi and colleagues. In the research of Daneshi which was done in the operations and accidents department of the electricity company of Ahvaz, the amount of the expenses belonging to this department had an 8% reduction, and this study showed that outsourcing was influential in the increase of the quality of the services and the growth of customer satisfaction (Daneshi and colleagues, 2008).

In the Maschuris study (2006) the results indicated that being economic in the expenses is the most important factor in deciding to outsource (Maschuris, 2006), which agrees with the results of this study, and other studies (Alvani and Ashraf Zade, 1997-Chashm berah 2007) showed that outsourcing could be influential on the focus of the organization on its main activities, which is again the same as the findings of this research which indicated that by outsourcing the shopping circulation by the maintenance guys had decreased and the focus on the main shopping had increased.

Khodaverdi’s study showed that outsourcing could be effective on the decrease of the expenses and wasted resources which match the results of the current study indicating that by applying outsourcing the amount of the food ingredients going bad has decreased up to 7%. Therefore at the end it could be concluded that outsourcing is influential on the decrease of the expenses and the increase of saving the organization’s resources, although the secondary activities should always be given to the private and outside of the organization section, and the mission and the main duty of the organization must be the priorities of the organization itself. Therefore based on the results the following suggestions are presented:

The increase of considering and practicing outsourcing in executive and public organizations

Deciding the priorities and discovering the activities that can be outsourced in public organizations

The increase of the functionality of the organizations by preparing the possibility of applying outsourcing

Also in the current study, no research has been done regarding the quality of the services and the satisfaction of the organization’s customers by outsourcing, which will hopefully be covered in the future studies.

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