

OUTSOURCING IS A CHALLENGING FORM OF INTERNATIONAL INDUSTRIAL COOPERATION

For the purpose of the world economy externalization which supposes the appearance of new types and forms of business activities, non-equity modes of international production and development disjoined with the capital participation play an important role. This form includes a wide range of production models and investments, such as contract manufacturing, outsourcing, franchising, etc. Non-equity modes of international production and development are rapidly developing and have already established themselves as an effective mechanism for business dealing [1].

According to the statistical data of the recent years one of the most challenging directions of international cooperation in the manufacturing field, which together with the contractors' production accounts for about 60 percent of total sales generated by cross-border activity on the basis of non-equity modes of international production and development, both domestically and internationally, outsourcing is recognized [1].

Many industrial enterprises realize economic disadvantageousness of all technological operations independent performance, use preferences of the third-party organizations' production specialization. Such an approach allows them to apply available production resources more rationally and to achieve a decrease in combined value costs, without losing their competitiveness in the competitive environment. And that represents special relevance.

As international trade practice shows, the tendency of sales volume increase is traced throughout the world in recent years [1]. So, in 2010 the sales volume within non-equity modes of international production and development exceeded 2 trillion dollars that made about 14% of the universal sales volume (these data generally relate to developing countries because they need more investments, new technologies, etc.). At the same time the global FDI stream amounted 1,24 trillion dollars in 2010 from which the considerable sum about 1,1-1,3 trillion dollars fell on contracting manufacturing production and outsourcing. Moreover the biggest sales volume indicators belong to electronics (230-240 billion dollars) and the automotive industry (200-220 billion dollars). Thanks to outsourcing, a positive factor is that the added value in these branches composed 20-25 billion dollars and 60-70 billion dollars, and employment – 1,4-1,7 million people and 1,1-1,4 million people respectively.

Using of the international production outsourcing gives the chance for application of the flexible interaction mechanism with the various companies. It

allows providing Multinational Corporation with motivational incentives for investment carrying out with vitality supporting maintenance of the partners within knowledge, technologies and skills extension. Such policy gives the opportunity to realize considerable potential for the capacities strengthening on long-term prospect for host countries and to create a large variety of competitive advantages and to activate the processes of development.

The advantages of the international production outsourcing using in system of non-equity modes of international production and development can be explained by the following reasons:

- Market cooperation system flexibility to the environment adaptation changes;
- Risks and expenses decrease at the expense of a non-core activity externalization;
- Possibility of stable and long-term relations establishment with the local companies through the new workplaces creation, a considerable added value and export opportunities, and also through new technologies transfer that, finally, conducts to strengthening of local industrial potential.

Manufacturing, intercompany and intersectorial interaction at various levels allows compensating a lack of certain resources at the expense of their redistribution that in turn provides reproduction process continuity and gives a set of additional effects. During production and technological integration implementation in local chains the problem of the most effective capacity use of each enterprise is solved, so, there is a receiving synergetic effect possibility of all industrial integration element unobtainable at subjects independent functioning [2].

Also there is a positive fact that it becomes unprofitable to accomplish a full cycle of development and production on each enterprise in today's global competitive conditions, as it leads to unnecessary duplication of fixed costs, to increased production costs and inefficient resources usage, such as the development and supporting of high-tech industries.

In these conditions, it is essentially important to search for new areas of national economies adaptation to effective technological realities for international co-operation. This is accompanied by the transfer of certain industrial enterprise business functions or business processes in service to another company, specializing in the relevant field. This is accompanied by the transfer of certain business functions or business processes from the industrial enterprise to another company, specializing in the relevant field [3].

This form will help to strengthen and to speed up the development of the host country productive capacity, to stimulate the domestic enterprises growth and domestic investment in productive assets, and also to intensify countries' economic integration of into the global supply chains. In this connection, it is necessary for

countries (especially those who have sharing borders) during the strategic decisions formation to take into account the fact that the development and growth trends of this form of transnational cooperation occupy an important place among other forms of international economic relations such as trade and investment.

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