DEVELOPİNG A BUSİNESS WİTH OUTSOURCİNG USİNG THE İNTERNET

Jasmina Perisich, Jusuf Ajrula, M.Sc.   page 85-98

ABSTRACT

Internet changed the wold and the whole business from period when digital products started to be ordered and payed online then which also started to get delivered to the customers by internet, instead of ordering physical products through internet and delivering them to the customers prhysically. With that businesses realised the power of internet and lots of new methods of doing business over the internet has emerged. One of those new methods that has emerged is arranging human resorses over internet, that is called outsourcing. In this paper outsourcing through internet will be covered in depth, by clearly stating the difference among outsourcing people online and on tradional ways and defining the strenghts and weaknesses of online versus tradional outsourcing. Then an empyrical analysis of outsourcing will be made of one international and one Macedonian SMEs, and a diagnose of situation and opportunities of developing a business with outsourcing using the internet will be shown. By which, businesses can differ and measure the power of hiring outsourced people online and by tradional ways.

Keywords: outsourcing, human resources, internet

Jasmina Perisich, Ph.D.

University Union Nikola Tesla – Faculty of business – Belgrade

e-mail:
jasmina.perisic52@gmail.com

Jusuf Ajrula, M.Sc.

International Vision University, Gostivar - North Macedonia;
e-mail:
yusuf.ayrula@vizyon.edu.mk

INTRODUCTION

At early stages of the Internet, it has been using as an media for marketing and basic communication. Payments through Internet were made only by people who believe in this new medium. Definitely, for beginning of outsourcing through internet, there should be transfer of money from the person that give jobs – employee, to the person who offer service – employer. At the beginning of the Internet era, Internet shopping was meaning ordering a product and the distribution was made by traditional channels. That's why at that period there were no such a big need of outsourcing people through internet because this idea could not be accepted by the Internet users, to do all of the business only through Internet. But as people started to buy digital products i.e. products that could be payed and used or downloaded all through Internet, then the world started to understand the real potential of the Internet. At that time it became evident the real Internet business.

Nobody can achieve anything significant in the business sense without using the effort of other people. The principle is true for business as well as all the other walks of life. The sooner this principle is grasped the better it would be for the entrepreneur to compete in the business arena. The big corporations like Apple, Microsoft, Coca-Cola and Google, happened as a result of someone being introduced to someone. There is no example when a big company would grow and it would become a huge corporation and for the success to be accountable only one person.

The big corporations in the area of the internet and technology, can really grasp this trend of hiring people using the internet. They are using their very own competitive advantage and they achieve great extraordinary results. But, in practice we can see that the big corporations who are into the more traditional business like selling gadgets for homes, food and other things, are also beginning to use this method of hiring people.

OUTSOURCING OVER INTERNET AND DIFFERENCE WITH TRADITIONAL METHOD

Human resources is a term used to describe the people that create the workforce of a corporation.(Www.wikipedia.org, 2016)

From the corporate objective, employees have been traditionally viewed as assets to the enterprise, whose value is enhanced by further learning and development, referred to as human resource development (Elwood F. Holton II, James W. Trott, 1996).

Outsourcing is an arrangement in which one company provides services for another company that could also be or usually have been provided in-house. Outsourcing is a trend that is becoming more common in information technology and other industries for services that have usually been regarded as intrinsic to managing a business. In some cases, the entire information management of a company is outsourced, including planning and business analysis as well as the installation, management, and servicing of the network and workstations. Outsourcing can range from the large contract in which a company like IBM manages IT services for a company like Xerox to the practice of hiring contractors and temporary office workers on an individual basis (Www.techtarget.com, 2016).

Difference among traditional way of outsourcing people for different type of jobs and outsourcing over the Internet in general could be seen at the price, speed and quality. This differences in more details are explained as follow:

1. The entrepreneur can send his offer from his work spare to thousands of web sites over the internet and with that can gather bigger number of candidates and much faster can deal a work
2. Because to an offered job then of thousands candidates can concur, it's obvious that every candidate will be much qualified then the other. At the end of the interviewing process they can choose the most qualified one.
3. Also the entrepreneur can hire candidate for cheaper price because over internet they have the luxury to choose among much more candidates.

The speed is incomparably faster if all the process of hiring people is going over internet. The speed is faster because after placing an offer immediately some qualified person can apply for the job. After couple of minutes they can share their contacts and communicate over Skype of by phone if accepted. After the conducted interview if the entrepreneur see

that the other side math the needs he can send over e-mail and agreement and the work immediately to be started. All of this process can be effectively proceeded without boundaries of place all over internet.

Afterwards beside the speed also the quality is enormously better with online engagement of human resources. That's because the entrepreneur over Internet has the ability to choose from all over the world. After, the entrepreneur again also very easily could find exchange for the engaged one if he or she could not execute the needed activity correctly. Last difference among the traditional and online way of outsourcing is the price. The price every time on online outsourcing should be lower than the traditional outsourcing, because everyone depends on the income and will work faster and better to gain the agreed amount of money.

In the table below some other differences and characteristics of traditional and online outsourcing methods have been revealed (Turban, David, & Lang. Judy, 2011):

Table 1: Online vs. traditional outsourcing

Traditional versus Online outsourcing		
Characteristics	**Traditional outsourcing**	**Online outsourcing**
Costs	High	**Could be lower**
Lifecycle	Short	**Long**
Location	Usually local or restricted	**Global**
Content	Could be complicated	**Fast and simple**
Place for details	Restricted	**Huge**
Easy of location	Hard	**Fast and easy**
Possibility for the employer to find an employee	Hard	**Easy**
Connection of supply and demand	Confuse	**High**
Confidentiality	Hard copy material could be easily get lost	**Easy**
Communication among employers and employees	Could be slower	**Fast and easy**
Possibility of employees to compare work places	Restricted	**Huge**

Source: Introduction to Electronic Commerce, 3rd Edition, 2011

STRENTHS AND WAKNESSES OF ONLINE OUTSOURCING

The traditional way of outsourcing is existing from whenever exchange of stock and services exit on the earth. Actually this method every time was available and will be in the future forever. For sure that also and today it's the most dominating method of outsourcing. Most of entrepreneurs want to work with people in same territory that have been hired. On the other hand, the virtual hiring brings with it couple of strengths and weaknesses, from which some could be easily defines some not so. Still a huge number

of people are refusing to use the online model of outsourcing, because they think that outsourcing has much weaknesses then strengths.

Some of the obvious weaknesses of online outsourcing of human resources that actually from the other side are the strengths of traditional method of outsourcing could be described as:

1. Lack of seeing of physical reactions of the interviewed candidates during the interviews. Only interviewing through skype with online conversation is excluding this lack that actually bring and couple of advantages.
2. If some hard or more complicated activity should be done, definitely that the employee will have more questions that will need to state for successfully complete the activity-work. If they will be in a same place (office) it will be done very fast. On the other side, as with the case with virtual working, communication by email itself brings some disabilities that could be seen at the final results.
3. It's very difficult if the entrepreneur want to see how the employee is executing the job or by witch steps he or she is going through.

As couple of inabilities, there are definitely and couple of strengths that come with online outsourcing, which here are the weaknesses of the traditional way of outsourcing human resources that could be stated as follows:

1. Ability to hire workers from around the world. That brings with it two good things. There are much more chances to recruit people with more qualified skills. The labor market differs with intensive labor rivalry which is a great opportunity for the entrepreneurs, because when there is a huge rivalry they could select the most appropriate workers with most of skills and experience. The next valuable part of online outsourcing is that they can hire people at the lowest prices.
2. The ability to grow is much higher. If the entrepreneur wants hire let's say 50 people, they must make 50 computers available, they must pay electricity etc. costs. But if they work virtually, work

from home, they can hire 500 workers at a time without any need for extra fixed costs.

3. Hired workers must send reports. This is conducted with the term called creative avoidance. This means that the worker at the end of the day must send a report with everything done in that day. This tells that the results will be transparent.

ANALYSE OF SUCCESSFUL INTERNATIONAL SME

Every day we met new SMEs that are available only online and are selling products. This trend shows that in future bigger number of companies will be available online, will get promoted

online and will distribute their products online. The international company that will be evaluated is called "Replace Myself".

Picture 1: www.replacemysel.com

Source: www.replacemyself.com, 2016

This middle company exists from 2008 and is founded by John Jonas. By their website could be read that the company is headed by only two employees that actually are the managers of the company. But in reality they have 150 workers – employees around the globe, from which the greatest amount are from Philippines. Replace Myself has an annual turnover of around 1.5 million US dollars and because near all of their activities are conducted over internet, more than 50% of that revenue is actually their profit. Their products that are offered by the internet are all digital and are mainly oriented for entrepreneurs that want to establish their own online presence and manage it all over the internet. Actually the products that they are selling are video shoots for how to hire people from other countries, mainly from Philippines, how to manage them, how to

communicate with them, how to delegate everyday activities, how to retain the great workers and to reward those great ones.

Because we are speaking for hiring workforce over internet, for sure that some problems will emerge with the employees. Big part of the workers that actually have started jobs with some companies, constantly will search for other better jobs that could be payed higher. That's the way how online workforce is behaving, because online there are so many available offers and if someone is talented in the area that he or she is working, for them acquiring new jobs will be so easy. This phenomenon require giving constant qualitative education to human resources. So, after some period of time they will stop to work for the same employer, the new hired worker again will need to be educated. Because all of this process is occurring many times and is very monotone, documentation of the training or education is a clever think to be done.

Replace Myself helps exactly in this point of the process. They have already prepared video materials for how an employee should be trained that will promote the web site through the

internet. How somebody should be educated that will do audio or podcast transaction of and interview. How a logo should be designed and uploaded by themselves on the webpage. How to create a new product, new advertisements, and social media campaigns, how to do programming and how to incorporate all of this thing etc. Founders of Replace Myself were hiring people from 2004, where they saw that the whole process of education started to be repetitive, they came to the idea to get documented the whole process on word files, for using them later as a reference. After by conduction couple of analyses of the market they came to the knowledge that many other entrepreneurs need to hire human resources over the internet but didn't know how to educate them for taking the maximum from those workers and get the job done in beautiful manner. With that the idea has raised by Dan and John for creating video material where entrepreneurs will see how to do that. Training of hired people from around the world and learning how the entire system of virtual working should be done.

One of the principles why Replace Myself is very successful is because before to sell something to entrepreneurs on their web site, first they offer free sample that is shown through a webinar. Short for Web-based seminar, a webinar is a presentation, lecture, workshop or seminar that is transmitted over the Web using video conferencing software (Www.webopedia.com, 2016). In this case the webinar that is offered on replacemyself.com tells about the main principles of online hiring people, more exactly for hiring people from Philippines. After that, why Philippians are better than Indian workers, how to deal with Philippians, which are their characteristics etc. To help promote Replace Myself, John Jonas owns and another website, called onlinejobs.ph. Here job offeror's from all around the world offer their jobs and Philippians apply to them. One of the things why Philippians are the best workers why should be hired for different jobs is because of that, that they are speaking English very well. Big part of them really knows good programming languages, design, video production, internet marketing etc. Also the fact that in Philippines exist a huge number of unemployed people plays a big role for favoring them.

DIAGNOSE OF SITUATIONS AND OPPORTUNITIES FOR RISING BUSINESS WITH OUTSOURCING HUMAN RESOURCES OVER INTERNET

Part of people forgot how much opportunities are there on the internet. How many ways of making something from nothing. How much ways of forming companies with human resources engaged by online outsourcing. Only before 20 years the internet that we all now know it didn't exist. It couldn't get believed to communicate with someone from other side of the world, to engage someone from abroad and grow a business with that much little money invested in it.

Near 85% of success of an entrepreneur will depend to the quality of relationships that will occur during his personal life and during his business activities. How many people will have around him that have a quite positive thinking about him that much successful the entrepreneur will be and they will progress faster. Successful people in their entire life are creating a network of relationships with people that are qualitative and of high value in the society, and as a result of that they get much more

success in their business and also private life from people that keep their leisure in their first place. Much more of the success 90% depends from the called reference group. The referent group is identified as a group of people with whom the entrepreneur in general is identified and with whom he passes his leisure and also working time (Tracy, 2004).

With evolution of the internet, today everyone can use this phenomenon at a very effective and efficient way. The internet and the IT technologies altogether have created a platform for hiring people – outsourcing that never been much easier in the history. Actually, all trends and predictions are talking that the electronic medium i.e. the internet will be used much and much more for outsourcing human resources. Without any difference in which businesses the company will be or in which general industry, they for sure will need forces that will create their IT presence. That is all true because today every single company in the world has some sort of contact with information technologies that could be giving values, serving to customers and creating brands.

For implementing outsourcing on successful ways, the entrepreneurs must differ the fundamental things from other business trends and they must be conscious for the high value of risks. They need to face the facts. With using the internet all views are targeted to sources that are giving cheaper prices (Brown, 2010). All facts are showing that. Today with enormous speed new industries and technological segments are rising.

Innovation is increasingly becoming commonplace and only the bravest and those who are willing to take risks may have a piece of the pie. History is evident that small companies with enormous speed could become big companies with revealing new industries or with improving existing technologies in different ways or maybe with creating new products at all. But suddenly, in more cases of those companies the leadership was taken by other companies who became rival and most of them come later in the market by using the original idea (Gibson & Skarzynski, 2008).

Afterwards it's definitely true that by using the internet more and more opportunities will arise for creating businesses. More techniques for retaining relationships with existing and new customers will arise. Today, only by using e-mails new methods are arising in practice that still are not

evidenced on papers. But also the big rivalry with the internet could not be bypassed. Because everything is getting global, for the entrepreneur of Macedonia direct rival could be an entrepreneur from China. On internet no local business is existing. If they will be oriented for a strict location that means that only part of it activities are brought online. This means that selling and marketing activities are conducted mainly by traditional ways, they are using the internet only as value added medium for growing the actual business. On the other hand, the fact that the rivalry is much higher on the internet than everywhere else is actually a good thing for clever entrepreneurs. And clever entrepreneurs are those that know that they should use the efforts of other people. They knew that there is every time someone more capable and more experienced in doing something than them.

Nowadays the trend is going up to using virtual assistants. Finding good potential virtual assistants, their engagement and managing all over the internet, is an entire different section for researching. Today it is very hard to function without online presence, actually without having a web site. For that, entrepreneurs could outsource people for creating a web page for them, people who have entire expertise for creation, managing, promoting and bringing visit from the targeted group. In western countries there are virtual assistants located near the business who are helping them even in everyday activities, that means not only with activities connected with the working of the company, also personal activities are included. Here we have a big question when on the Balkans we will have such a virtual personal assistants as they are in western countries and sure in USA. This should be considered especially today when there are huge number of techniques ant talents that need to be developed. On the other hand not a single person could possess a huge number of talented knowledge. Also, the fact that there is tough competition is good news because there will be relatively larger part of many entrepreneurs who will easily give up. When hindered Internet during the daily operation, or a problem related to an employee, you think you might have done wrong in the business that they started. The system online is very selective and cruel. Selects only that part of entrepreneurs who are willing to offer something new. To create something that has value and that really helps people.

SUMMARY

Much of the most successful businessmen today unanimously declare that their huge companies would be neither a third of it as if they would work without several of their most valuable individuals within their human resources. Bill Gates, one of the richest people in the world said that if any of his top 20 people will leave the work, he tells that Microsoft would become an unimportant company. Michael Dell, founder of Dell Computers Inc. in more of his lectures intended primarily for entrepreneurs, said that one of the main reasons for his company became so successful is because he was aggressive in locating and hiring a number of people who are smarter and more capable than him.

No matter how big the changes to the general thinking and philosophy of marketing, future changes and practices as a result of technology will be even greater. Experts today examined existing theories about maintaining relationships with customers and expansion of the business. Computers and the Internet will bring enormous changes in buying and selling.

As e-commerce in the world is developing at great speed and is represented in almost every aspect of human life, of course there are a lot of opportunities and ways to earn online and to help developing businesses as well as home and internationally.

One of the methods that are more practiced is hiring a human resources. The fact is quite understandable because the costs in the act greatly reduced, the procedure is simplified and in most of the cases, the results prove to be better and more effective.

In business terminology there is something called "creative avoidance". The entrepreneurs have people working for them. If you monitor these people and see the work they perform based on what they do while at work, you will notice that they actually work. Look busy. Whenever you look they are constantly working on the computer. It gives entrepreneurs an illusion or a distorted image that they are actually productive. Creative avoidance is in fact just that. Avoiding to work in a creative way. Entrepreneurs seem to work but nothing actually cooperate. This example is known in practice in business can perfectly display by hiring human resources electronically.

On the other hand, if a person works for an entrepreneur across the world, some possibly from India or the Philippines, the entrepreneur will not be able to see it. We can only make conversation through the Internet or communicate through e-mail but can't see it while running. And that means that person will have to submit a report every day or once a week for things that worked. Entrepreneurs will never see how they have worked and were the looked busy, but they will the most important thing – the job done - RESULTS. Entrepreneurs will evaluate people working with them based on proactive, initiative and of course by the level of productivity. So and that's the natural way actually of working with human resources by online outsourcing

REFERENCES

Brown, D. (2010). *The black book of outsourcing*. East Hampton.

Elwood F. Holton II, James W. Trott, J. (1996). Trends Toward a Closer Integration of Vocational Education and Human Resources Development. *Journal of Vocational and Technical Education*, *12*(2), 7.

Gibson, R., & Skarzynski, P. (2008). *Innovation to the Core: A Blueprint for Transforming the Way Your Company Innovates*. Oxford.

Tracy, B. (2004). *The 21 Success Secrets of Self-Made Millionaires*. Omaha.

Turban, E., David, K., & Lang. Judy. (2011). *Introduction to Electronic Commerce, 3rd Edition* (3rd ed.). Prentice Hall.

Www.techtarget.com. (2016). Outsourcing. Retrieved from

http://searchcio.techtarget.com/definition/outsourcing

Www.webopedia.com. (2016). Web-based seminar. Retrieved from http://www.webopedia.com/TERM/W/Webinar.html

Www.wikipedia.org. (2016). Human resources. Retrieved from https://en.wikipedia.org/wiki/Human_resources#cite_note-Elwood_F_1996.2C