

**THE IMPACT OF THE ECONOMIC CRISIS ON THE FINANCIAL
SITUATION OF ENTERPRISES OF THE QUALITY
OUTSOURCING SECTOR****Puto A.***

Abstract: The article describes the impact of the economic crisis caused by the global COVID-19 pandemic on enterprises from the service outsourcing industry operating in 11 European countries. The following research objectives have been indicated: 1) learning the opinions of managers on the crisis and its impact on the company, 2) indicating positive and negative features of the economic situation related to the global pandemic, 3) the analysis of the financial situation during the pandemic. The methodology adopted in the research is based on the descriptive approach, using the case study analysis. For the purposes of the research, the structured interview questionnaire was used. The questions asked concerned the description of the specificity of the business, the company's location, the impact of the economic crisis on the situation of enterprises, the description of the positive and negative impact of the crisis on the operation of enterprises. The area of interest covered the subjective opinions of managers on the existing economic situation, which is metaphorically compared to the black swan in the article. The research conducted in the companies from 11 European countries indicated that in the period of March-August 2020, due to the strong dependence of the sector on the automotive industry, the companies were affected by the crisis. The turnover and the number of employees decreased dramatically. The slow recovery of contractors from the crisis as well as the change in customer approach to staff employment have changed the operating conditions of the quality outsourcing sector companies. Flexible adaptation to customer requirements has brought about that all the analyzed companies recorded an increase in the sales of their services, counting on the further good prosperity of the industry.

Key words: service outsourcing, automotive industry, quality control, positive and negative effects of crisis

DOI: 10.17512/pjms.2021.23.2.24

Article history:

Received March 08, 2021; *Revised* March 24, 2021; *Accepted* April 21, 2021

Introduction

The global economy is not only about common opportunities and threats, but also shared success and failure, it is also about common uncertainty and shared consequences. The outbreak of the pandemic caused by the COVID-19 coronavirus has paralyzed the global economy and resulted in the devastation all over the world (Peters, Jandrić & McLaren, 2020; Wind et al., 2020; Jandrić, 2020; World Health Organization [WHO]). The situation in China started a whole range of implications for markets around the world. The loss of investor confidence, loss of appetite for

* **Agnieszka Puto** Ph.D., Czestochowa University of Technology, Faculty of Management.
✉ corresponding author: agnieszka.puto@pcz.pl

risk among financial corporations, sharp increases in stock and raw materials prices, mass redundancies, and closures of certain industries are only some of the numerous consequences of the outburst of the COVID-19 pandemic. The crisis affects everyone and forces to take rapid and intensive actions aimed at eliminating it.

The occurrence of the coronavirus has resulted in the introduction of the temporary suspension of most production by the governments of most countries, which has been known as the “lockdown” (Baryshnikova et al. 2021; Muangmeest al., 2021). Their objective was to slow down the spread of the virus and prepare the health service to combat the rising tide of the disease. At the same time, it was very costly and particularly severe for some sectors of the economy, and their direct effect in the long term may be the economic recession of a large number of enterprises in many countries in the world.

The objective of the article is to indicate the approach of enterprises of the service outsourcing industry to the economic crisis caused by the global COVID-19 pandemic. The intermediate objective is 1) to learn the opinions of managers on the crisis and its impact on the company, 2) to indicate positive and negative features of the economic situation related to the global pandemic 3) the analysis of the financial situation during the pandemic.

Literature review

Risk and crisis in the development process of the company

Changes taking place in the environment cause fluctuations in the economic activity, manifested by periodic changes in economic indicators, which requires the adjustment of activities to changes, which pose a threat to the operations of enterprises, often intensifying so much that they create a crisis. A widely understood crisis is a consequence of a chain of related negative phenomena, arising randomly and causing an imbalance, leading to a situation that threatens the functioning of the organization, and even states (Bogdanienko, 2020; Niciejewska and Kiriliuk 2020; Kaddour et al., Cselényi et al., 2002; 2020; Malkus and Tyranska, 2019). It should be remembered that the crisis is not an event but a consequence of a particular event or a sequence of events, as a result of which there is a threat to the survival and functioning of the enterprise. It is a multidimensional phenomenon, and its intensity brings about cascade changes (economies of scale).

The sources of the crisis are primarily in the turbulent environment. As claimed by A. Holmes, “natural disasters such as the Asian Tsunami of 2004 and Hurricane Katrina that devastated New Orleans in 2005 provide examples of events that have a significant impact and occur suddenly without adequate warning to facilitate protective or preventative action. The only response is to address the consequences” (Holmes, 2011).

The Black Swan in the modern economy

The key factors creating the conditions for the operation and development of contemporary enterprises are determined as gigatrends. Their directions and

intensity determine the future since they not only determine the possibility of achieving success but also pose threats to operations, and in an extreme case, create crisis situations. The challenge is that these gigatrends do not develop in isolation, but in complex and often unpredictable interactions. (Jones, 2019). N. Taleb is the creator of the metaphor of the Black Swan. In his book (Taleb, 2009), he argues that the history of economics is created by the phenomena the occurrence of which is so unlikely and unpredictable that it seems practically impossible. And once they appear, they have a colossal impact on reality. The comparison of the global crisis caused by the COVID-19 pandemic to the black swan theory seems to be obvious. Taleb coined the term “black swan” to describe random events that form part of our lives. These events have the following three key attributes/signs: (1) outlier, being outside the realm of regular expectations; (2) carries an extreme impact; and (3) explanations for the occurrence are concocted after the fact, making it explainable and predictable. (Antipova, 2021).

As written by N. Taleb (2009), the history of nations and societies does not evolve gradually, evolutionarily, in a linear manner, but from time to time rapidly, it jumps (“History does not crawl. It jumps”).

How much the world was unprepared for the COVID-19 pandemic is evidenced, among others, by the report on the main risk factors and largest threats in the world, entitled The Global Risk Report 2020, commissioned for the World Economic Forum. The report indicated ten types of risks that were most likely to be realized in 2020 (see Table 1). As it can be seen, in the top ten most likely types of risk to occur in 2020, there is no Coronavirus pandemic (or any other pandemic). Such a threat was not foreseen by economists or financial analysts. The assumption that a single factor would pose a threat to the health and life of people of all the countries of the world and would have such a strong impact on the real economy and financial markets was beyond the normal range of predictions” – as N. Taleb would put it (2007) This is the essence of black swan events, anyway– very unlikely, unpredictable.

It was only in 2021 in the World Economic Forum Report that the respondents assessed the risks that pose critical threats to the world. Despite the prevailing pandemic and economic crisis, climate change and environmental issues were identified as the most important threats to the world. These risks were determined not only as extremely high in terms of the likelihood of occurrence but also in terms of the scale of impact over the next years.

Table 1. Top 10 risks in terms of effects/ the strength of impact on the world globally

Risk type	2020	2021
Risk related to the natural environment	Extreme heat waves	Climate action failure
	Destruction of ecosystems	Biodiversity loss
	Impact of pollution on health	Natural resource crises
	Water access crisis	Human environmental damage

	Uncontrolled fires	Extreme weather
Geopolitical risk	Economic confrontation	Weapons of mass destruction
Social risk	Loss of confidence in media information	Infectious diseases
	Internal political polarization	Livelihood crises
Technological risk	Loss of privacy (to companies)	IT infrastructure breakdown
	Loss of privacy (to governments)	-
Economic risk	-	Debt crises

Source: Own study based on The World Economic Forum (2020). The Global Risks Report 2020. <https://www.weforum.org/reports/the-global-risks-report-2020> (accessed on: 11.04.2021), World Economic Forum (2021). The Global Risks Report 2021. <https://www.weforum.org/reports/the-global-risks-report-2021> (accessed on: 29.05.2021)

As one may read in the Raport (World Economic Forum, 2021), "... the immediate human and economic cost of COVID-19 is severe. It threatens to scale back years of progress on reducing poverty and inequality and to further weaken social cohesion and global cooperation. Job losses, a widening digital divide, disrupted social interactions, and abrupt shifts in markets could lead to dire consequences and lost opportunities for large parts of the global population. The ramifications—in the form of social unrest, political fragmentation and geopolitical tensions—will shape the effectiveness of our responses to the other key threats of the next decade: cyberattacks, weapons of mass destruction and, most notably, climate change”.

The question arises as to how enterprises are dealing with the unprecedented situation related to the unpredictable crisis caused by the global COVID-19 pandemic. Are there any chances to emerge from the crisis in the service outsourcing industry? What constitutes the possible success in the market?

Methodology

Type of Research

The methodology adopted in the research is based on the descriptive approach, using the case study analysis. The qualitative methodology allows participants to respond to how and why a given social phenomenon occurs, especially when the world is facing an unknown and multifaceted phenomenon that affects the whole society in general in all areas, so the use of a qualitative methodology allows us to study these types of phenomena (Kovács et al., 2007; Yin, 2015). The main assumption is the analysis of the impact of the situation linked to the global economic crisis caused by the COVID-19 on the situation of service outsourcing companies providing services to production companies, in particular those in the automotive industry. The main emphasis is placed on finding the answer to the question how companies from the service outsourcing industry can adapt to the

environmental turbulence that has occurred and how the COVID-19 has affected their operations. The diversity of cases, determined by the activities of the analyzed companies in various foreign markets, gives rise to an increase in the reliability of the results obtained (Carden, 2009).

For the purposes of the research, the structured interview questionnaire was used. The questions asked concerned the description of the specificity of the business, the company's location, the impact of the economic crisis on the situation of enterprises, the description of the positive and negative impact of the crisis on the operation of enterprises.

As emphasized by Eisenhardt, to ensure the understanding of the phenomenon and achieve credible results using the case study method, it is necessary to study many cases (Eisenhardt, 1989). The selection of the companies was determined based on belonging to the parent company which is based in Poland. The managers of the companies expressed their willingness to participate in the study and shared the source data essential for the analyses. Table 1 presents the characteristics of individual companies, operating in selected European countries.

The X company was established in 2006. The company currently operates as the Capital Group. The parent company is based in Częstochowa, Poland, from where it manages its both Polish and foreign subsidiaries. Gaining experience in the local market, the management board translated the experience gained into national realities and subsequently foreign ones. The first business was open in Romania, followed by Slovakia, Czech Republic, Hungary, Serbia, Italy, Great Britain, Germany, Slovenia, Bulgaria and most recently in Turkey (Table 1).

Separately registered companies operate in the analyzed countries, therefore, in the article, each foreign company will be treated as a separate economic entity. The main business of each of them is quality outsourcing, i.e., various types of selections and controls of products or semi-finished products for various industries, particularly automotive and production.

Table 2. Historical outline of the analyzed service outsourcing companies – statements by the CEOs

Country	Date of establishment	Characteristics of the company – statements by the CEO
Poland	2006	<p>The company has been in the market since 2006. Due to the provision of top-quality services, it has gained the confidence of (hundreds of) customers and expanded its activities to many European countries. Although we began with the Częstochowa market, we rapidly started operating in other Polish cities, and soon also abroad.</p> <p>The company consciously acts for the benefit of the society it feels part of. It supports numerous institutions,</p>

		charities, and social initiatives. The company's objective is also to raise the qualifications of employees to provide services at the highest global level. These activities resulted in obtaining the Quality Management Certificate in accordance with the standard ISO 9001:2015.
Romania	2009	About 200 quality controllers (called operators). Our core team consists of 10 people. The headquarters in Oradea, main cities are Oradea, Arad, Timisoara, Cluj-Napoca, Sibiu. The market dominated by the automotive industry. The greatest challenge is inflexible forms of employment. The greatest opportunity is the expansion to the east and south of the country (Brasov, Craiova). Our team is professional and stable.
Slovakia	2010	The company with a 10-year history. The office in Zilina and the warehouses in Banovce nad Bebravou. The competitive automotive market driven by the presence of OEMs – KIA, PSA (Stellantis), and VW. Our team consists of 6 people. The number of operators - 50-60. More than half are self-employed (a common form of cooperation in our industry). Significant development opportunities.
Great Britain	2012	The company registered in 2012. At present the headquarters (and the warehouse) is in Warrington, in the central part of the country. Our operation is primarily providing residential services at Jaguar Land Rover. We search for additional projects to use our warehouse (about 800 m2). The automotive industry is going through some changes related to Brexit, but it is operating. Nissan has become the largest car manufacturer in the UK, despite previous plans to relocate production.
Serbia	2012	A well-developed company with traditions. The experienced core team – 4 people plus 25-30 operators. The office in Kragujevcu. Additionally, residential services at FCA, Yangfeng and Adient for 3 customers. The country outside the EU, large fluctuations in regulations as to the forms of employment (depending on the political situation). Our company is number one in the quality control market, and we are planning to cooperate with a few new investors in the Serbian market. The main sector is automotive.
Hungary	2012	The competitive market where the company could never exist. 3 OEMs (Audi, Mercedes, Suzuki), many subsidiaries of German companies. The office registered in Debrecen

		(only virtually). At present, a new person (located in Esztergom, where Suzuki is) with the experience in the automotive sector and formerly employed by the major competitor, is working on getting projects.
Czech Republic	2013	The office in Ostrava. Due to the manager's experience, currently directed to the activities of the agency. Many operators from Poland. The core team consists of 6-7 people. A high potential, due to a short distance and better rates in Poland.
Slovenia	2015	An active residential project at Renault (Nove Mesto). 1 resident. A virtual office. We are working on getting project outside Renault, by local contacts and the companies from Serbia and Macedonia. So far, we have been working on temporary projects in Slovenia with teams from Serbia; at present we are striving for permanent contracts.
Italy	2015	The core team consists of 4 people. Active projects – the region of Turin and Milan plus Cassino in the south. The residential projects we want to expand. A big problem is the lack of license to provide employment agency services and the lack of the local seller's abilities to get enough quality control projects. Attempts of cross selling and posting of workers from Romania to improve the results. The automotive industry developed (mainly in the north) plus production of household appliances, food.
Bulgaria	2018	The latest company. Operating since 2018. The office in the center of Plovdiv. A good young team. The major customer (Osram) is suffering from the lack of components (semiconductors). The influx of new customers allows this effect to be minimized. The company is developing well. It is taking up new challenges (e.g., CSL control for the flagship project by Fiat). 4 people in the core team. The number of operators depending on the Osram needs - 50-100.

Source: Own study based on the interviews conducted in the surveyed companies.

Description of the core business of the analyzed companies and their susceptibility to changes in the automotive industry

Within the framework of the X Group there is also a training platform operating, which supplements the company's offer with training, providing customers with a comprehensive offer. Another company is the entity dealing with temporary

employment and personal consulting. The subsequent companies are two entities. The first is the marketing and event agency, which also deals with the internal marketing of the entire X group and the call center that offers sales or customer service on the phone. The recently established company is the entity dealing with quality control using modern technologies, i.e., XCube x-ray system or measuring projectors, scanners, and 3D printers.

All the companies are served by the common service center located in the company's headquarters. This is where the most important decisions for the Group are taken. Due to the use of modern integrated management systems, the Company can control, coordinate and correct what is going on in other branches on an ongoing basis.

The main activity of the analyzed companies is providing services related to:

-control of the quality of components and details; this service consists in testing parts or components following the customer instruction or specification and detection of physical, technical defects. It is the basic type of business operations of the companies. It takes place using professional personnel. Due to the volatility and dynamics of the market, the company uses both own personnel and the staff acquired under the so-called employee leasing from third parties. In view of trust, high quality and reasonable remuneration, the company actually purchases these services from related entities that specialize in this.

-control of post-production components in isolated places in production halls, also using measurement techniques; this service includes testing in terms of quantitative, qualitative, or visual characteristics. This service is crucial for business activities of the companies. It is a supplement to the service described above and belongs to activities supporting production, it constitutes a whole with it from the point of view of the ordering party and because of the need for flexibility, takes place under the conditions of employee outsourcing.

-repair of components: this service consists in restoring the desired characteristics to components or parts. Components with minor technical defects are subject to modifications, service, repairs, and other operations aimed at bringing them to the technical condition acceptable to the customer and compliant with the specification presented by the customer.

-exchange of defective components. Elements that cannot be corrected, repaired due to significant and considerable non-compliance with customer standards are replaced.

-liquidation of damage arising during transport. Components are transported between contractor plants, customer plants, factories, or points of sale. Goods may be damaged during transport. It is then necessary to liquidate the damage in both the factual and legal sense.

-cleaning works at customer plants

-providing training services. The market in which the company operates is demanding in terms of quality, precision, order fulfillment time, high ethics. The company provides training services to the entities from its capital group and others

which are to enable them professional, timely and qualitative operation in the industry and related markets.

The automotive market in terms of quality control is specific. This market is prone to current economic and consumer trends. When the economy of the domestic, European, or global market grows, this translates into car sales. In the event of economic stagnation, car sales decline. Cars offered by entities at the end of the supply chain reach both consumers and economic entities. Economic entities invest in a new fleet also in the bear market, hoping to obtain cheaper funding. Another factor making the automotive market specific is the high dynamics of changes in terms of orders over a given period. This relates to macro-periods, e.g., 5-10-year business cycles and micro-periods, e.g., in one year's time. The above elements cause that the entity wishing to operate in the market linked to the automotive industry must be characterized, among others, by very high supply flexibility in the field of services provided. As indicated above, it is difficult to predict the volume of orders for quality control services for the coming months, and often weeks. The margin and profitability of this market are also at a relatively low level. This means that the entity which incurs too high costs of supply inflexibility will not remain in this market. A relatively significant cost of the functioning in the aforementioned market is employee costs since operations performed by the company are service ones. This means that, in the desired situation, the company will maintain active cooperation agreements with an adjusted number of personnel. Maintaining personnel at too low level may lead to the failure in execution of commercial obligations, obligation to incur contractual penalties and compensations for the benefit of customers and the loss of image so essential in this industry. In turn, maintaining employment at too high level will inevitably lead to a decline in profitability, loss of competitiveness and eventually market failure.

The entities of the X group operate on a synergy basis. On the one hand, individual entities specialize in specific branches and intergroup services. On the other, they are characterized by a high level of trust, mutual professionalism, and quality. Finally, however, the branched structure of the X group reaching far beyond the territory of the European Union allows for maintaining the necessary flexibility also in the employee area. As indicated, in the activities conducted by the company, it is crucial to match the supply of services provided to the demand. Labor law and civil law, to a certain extent, allow for creating the policy of the economic entity in the field of employment policy and maintenance of the readiness of personnel at a certain, required level. The model of cooperation adopted by the companies of the SGP group allows them, including the Company itself, to maintain the readiness of personnel in the dimension adequate to customer expectations. The cooperation form adopted by the X group allows for:

- maintaining relevant personnel flexibility,
- readiness to provide services at the level ordered by customers
- and responding dynamically to market fluctuations.

The freedom of contract, being the basis for civil law, allows economic entities to construct contracts with mutual consent to achieve the intended objectives with a reasonable amount of time, personnel, and economic resources in the most optimal way since only optimal operations allow economic entities to stay in the market and operate in the long term. The model in which the company orders a business support service from a cooperating company, using the personnel employed in the cooperating company is effective and essential for the efficient maintenance of the market position. It is an effective form since the companies may flexibly create the demand and supply of the personnel depending on their mutual expectations which are determined by customers' needs.

Results discussion

Table 3 below summarizes the opinion of the managers of the surveyed companies on the situation of the service outsourcing industry during the economic crisis related to the global pandemic. The downtime in the automotive industry was reflected with outsourcing service providers.

Table 3. Own research results –managers opinions on the company’s situation during the pandemic

Country	Opinions on the situation in the service outsourcing sector during the crisis related to COVID-19 in the country – statements by people directly managing the company in the country
Poland	<p><i>The panic caused by the COVID 19 resulted in the freezing of activities of virtually all our customers in the first period of the declaration of the pandemic (the end of 03-06). Our customers extended the downtime on their production lines due to the lockdown introduced, and in the subsequent period, due to the uncertainty of people in the Covid situation. The lockdown and uncertainty caused a sharp decline in the people’s demand for goods of a higher need (cars, household goods). Only in connection with the remote work, the manufacturers of the computer hardware maintained and later increased production.</i></p> <p><i>Until the initial familiarization with the Covid 19 virus and preparation the factories for production in the Covid reality by: increasing the distance by employees by changing the lay-out, using masks, gloves, hand disinfection, we fought to survive in the market.</i></p> <p><i>In the so-called first Covid wave, the decline in turnover was dramatic. The number of active customers in that period fell by more than 1/3.</i></p> <p><i>We entered 2021 full of optimism, with the certainty that the trend of Q4 /2021 would continue. Unfortunately, the crisis in the semiconductor market, caused by the increased production of these components for the benefit of IT sectors at the expense of the automotive industry brings</i></p>

	<i>about the unplanned downtime in the automotive industry and fluctuations in orders for the group in this industry.</i>
<i>Romania</i>	<i>First half of 2020 was chaotic, nobody knew what to expect and this determined, as a preventive measure, cutting all costs and even closing business for a short period. In the second half companies realized that they must produce because the consumption did not decrease, and the economy restarted. During that period outsourcing companies have adapted and even tried to see these situations as opportunities.</i>
<i>Slovakia</i>	<i>During the first half of 2020 we noticed a dramatic business loss – we remained on 20% of the average sales. Even with the state contributions we were not able to reach profit. During the second half of 2020 we noticed a business increase again, at Q1 of 2021 we achieved profit.</i>
<i>Great Britain</i>	<i>During the implementation of the first lockdown in Great Britain in March 2020, the whole automotive industry went into a standby mode, and employees and their companies were proposed the government support of 80% of remuneration for employees who lost an opportunity to perform their job due to the ongoing pandemic. Market warming did not come until June. Initially, however, it was not a good time for outsourcing companies since many production companies, limiting contact with people from the outside, forbade employees of external companies to come. Our residents, to be able to return to the hours spent prior to the lockdown, had to wait until the factory returned from the holiday shutdown. The situation improved in September.</i>
<i>Serbia</i>	<i>We had a difficult period for a very, very short time, it was in the midst of the pandemic at the beginning when our clients were not working because most of their production was infected. Since the factories we work in were completely closed, we didn't have a job either. That lasted for 2-3 months and after that until today, the volume of work is higher than before the Covid</i>
<i>Hungary</i>	<i>Pandemic status caused a lot of problems in Hungary: unemployment increases, a lot of companies will be closed, tourism collapsed.</i>
<i>Czech Republic</i>	<i>Where we had agreed the long-term cooperation the example of QW worked without humiliation, except for April - June, but the same situation is also this year. This is due to a decrease in production in these months.</i>
<i>Italy</i>	<i>In Italy we are present with a single permanent customer, our situation has not substantially changed since before the covid. Outsourcing support is possible just in case of non-compliance with the customer plant or his supplier. We work mainly in the household appliances sector, less in the automotive field as there have been competitors on the market for more</i>

	<i>years.</i>
<i>Bulgaria</i>	<i>Last year 2020 March rules and regulations were very tight in Bulgaria. The government imposed travel restrictions and Bulgarians were not able to move freely between towns and cities. Now the restrictions are minor, we can travel freely; all businesses are back to normal, and the COVID-19 is almost history. There is a speculation going around that after the holiday season (June – August 2021) measures will be tightened again.</i>

Source: Own study based on the interviews conducted in the surveyed companies.

As indicated by the entrepreneurs (Table 4), the positive effect of the first wave of the pandemic for service outsourcing was the risk related to the costs of staff employment under employment contracts noticed by customers. The companies in which this form of employment predominated noticed high labor costs versus the lack of turnover and gradually began to return and increase an interest in the offer of the analyzed company as a part of the outsourcing service, i.e., the forms of employment which were more flexible to them, and therefore less risky in terms of potential production downtime. The result was a gradual return of customers in June and July 2020. The first industry that came back with large orders was the household appliances industry. The automotive industry which is the leading customer for the analyzed companies was slowly waking up from the Covid dream, but the orders were at a low level during this period. The main reason for a low number of orders in the period of March – August 2020 was constant people’s uncertainty about the further stages of the pandemic, but an even greater problem was the uncertainty of companies and the freezing of investments in car fleet replacement. An additional factor intensifying the decline in the production of new cars was practically the closure of air traffic and the freezing of fleet replacement in car rental companies.

In September 2020 in the automotive industry, an attempt to make up for the lost months of the first wave of the pandemic was begun. Customers started to increase production and employment, but in a safe way of employment, which is outsourcing. It was visible in Poland, but also across Europe. An additional factor which brought about an increase in employment within the framework of outsourcing was high staff absenteeism caused by the second wave of the Covid 19.

Due to the business confidentiality, the companies agreed only to give the number of employees hired for service outsourcing. Table 4 presents the number of people employed in individual companies annually. The data indicate that the largest interest in the companies’ services is in Poland, Romania, Czech Republic, Slovakia and Serbia.

The data included in Table 4 indicate that, in Romania, Slovakia, Macedonia, Czech Republic, as a result of the new economic situation, the demand for this type of services has increased significantly. In the first quarter the companies exceeded the average annual employment rate in relation to the previous year of 2020.

Table 4. The number of employees directly hired for service outsourcing.

Company - country	2018	2019	2020	2021 (I quarter)
POLAND	31 134	30 777	22 422	6 261
BULGARY	-	-	763	654
CZECH_REPUBLIC	127	346	1341	1 902
HUNGARY	31	42	47	120
ITALY	57	86	310	453
MACEDONIA	116	100	154	370
ROMANIA	454	501	2137	3 092
SERBIA	254	131	407	792
SLOVAKIA	141	231	703	1 075
SLOVENIA	120	124	250	86
UK	18	17	55	90

Source: Own study based on the company's source materials.

As stated by the managers, the desire to make up for the lost months did not let the customers of the company for any downtime related to staff absenteeism. The head of the Polish company points out that the turnover of companies increased on average by 29% versus the average of January and February 2020 and by 111% vs the average from March to August (no specific data).

Due to the confidentiality of financial data, no information on the financial results of the companies was provided. However, the financial result is influenced by the number of hours worked by employees directly hired in the outsourcing of services. Table 5 shows the number of hours worked in individual countries in global terms.

Table 5. Number of hours worked

Company - country	2018	2019	2020	2021 (I quarter)
POLAND	3 774 206	3 415 306	2 562 130	730 110
BULGARY	-	-	86 345	23 929
CZECH_REPUBLIC	42 450	45 689	32 159	10 688
HUNGARY	3 688	4 112	3 187	3 129
ITALY	11 825	27 946	22 153	6 590

MACEDONIA	85 961	36 198	7 751	3 084
ROMANIA	310 446	296 108	181 138	115 821
SERBIA	121 934	61 875	33 442	13 185
SLOVAKIA	54 250	57 852	58 418	35 760
SLOVENIA	2 897	2 338	1 841	378
UK	7 754	7 421	4 169	2 385

Source: Own study based on the company's source materials.

Summing up, the situation associated with the Covid 19, despite the problems during the first wave of the virus, will generate more opportunities than threats for the analyzed group of companies. Production companies will remember the crisis caused by the Covid over the next years and will be more interested in outsourcing as a form of employment.

The managers of the companies were also asked about their opinion on the changes caused by the economic crisis. They could indicate both positive and negative changes. They most often indicated the changes in areas related to customer relations, employees' approach to the crisis, finance and working conditions. The most frequently listed changes are summarized in Table 6.

Table 6. Summary of positive and negative changes caused by the economic crisis

<i>Scope of changes</i>	<i>Positive changes</i>	<i>Negative changes</i>
<i>Customer relations</i>	<ul style="list-style-type: none"> – <i>Strengthening cooperation with existing customers</i> – <i>Strengthening the role of service outsourcing with customers</i> – <i>Increasing brand reputation</i> – <i>Increasing the demand for services since September 2020</i> 	<ul style="list-style-type: none"> – <i>Decrease in orders for services in the period of March-August 2020</i> – <i>No possibility of personal meetings with customers</i> – <i>The need to reduce rates for services</i>
<i>Employees' approach to the crisis</i>	<ul style="list-style-type: none"> – <i>Staff understanding of the need to reduce costs</i> – <i>Loyalty and trust of employees on a crisis situation</i> 	<ul style="list-style-type: none"> – <i>Fear of infection and reluctance to contact people</i> – <i>No labor force to work</i> – <i>Frequent sick leave of employees</i> – <i>High staff turnover related to sick leave and home quarantine</i>

<i>Working conditions</i>	<ul style="list-style-type: none"> – <i>Understanding the need for teamwork, overcoming problems jointly</i> – <i>Transition to a remote mode among management staff</i> – <i>Providing hygienic and sanitary conditions to employees</i> 	<ul style="list-style-type: none"> – <i>No indications</i>
<i>Financial conditions</i>	<ul style="list-style-type: none"> – <i>Optimizing expenditure</i> 	<ul style="list-style-type: none"> – <i>No government support except for Great Britain and Germany</i> – <i>No financial liquidity</i>

Source: Own study based on the interviews conducted in the surveyed companies.

Study Results discussion

The research indicated that the economic crisis related to the global pandemic affected enterprises of the service outsourcing industry. This impact was directly correlated with the difficult situation of automotive companies which are the main recipient of services. During the first wave of the pandemic (March-August 2020) the number of contracted hours dropped drastically, which consequently resulted in a lower number of employees and a decrease in turnover. The companies struggled with financial problems manifested by a temporary loss of financial liquidity. The crisis brought positive changes in customers' attitude; the flexibility of the services provided is now the bargaining power of the analyzed companies. Among the positive changes indicated, the loyalty of employees and their understanding of the temporary reduction in salaries and benefits deserves attention.

Making managerial decisions under the conditions of uncertainty is a great challenge to people managing companies. While the role of managerial attitudes, leadership, and management styles is set aside in the period of economic development, in the conditions of economic downturn, management models are sought that will allow the company to maintain its current position in the market. The main challenge for managers is to deal with problems, such as reduction in employment, reduction in remuneration, employee stress, no direct meetings with customers. Due to the strong dependence on the automotive industry, it is necessary to diversify customers and expand them to representatives of other industries.

Summary

The pandemic caused by the COVID-19 virus has had an immense impact on the political, economic, and social situation, both in national and global

dimensions. Companies all around the world are also facing its consequences. The objective of the article has been to conduct the analysis of the impact of the economic crisis on the companies of the service outsourcing sector operating in selected European countries. As a result of interviews conducted with the managers of service outsourcing companies in 11 European countries, it is concluded that this sector is very heavily dependent on the industry (the main customer), and particularly on the automotive industry. The cooperation has developed in the companies the need to flexibly adjust to customer needs, which in turn allowed them to survive the economic crisis. The managers of the surveyed companies confirm that, despite the problems during the first wave of the virus, more opportunities than threats are generated for the analyzed group of enterprises. Production companies will remember the crisis caused by the Covid and will be more interested in outsourcing as a safe form of employment. An important research constraint was the fact that the research concerned only selected European companies, operating within one capital group. It seems reasonable to continue the research, including a representative group of enterprises of the service outsourcing industry to indicate the determinants of operation in the European dimension and attempt to determine the similarities and differences of the operation of this type of enterprises in individual European countries.

References

- Antipova, T., (2021). *Coronavirus Pandemic as Black Swan Event*. In: T. Antipova (eds), *Integrated Science in Digital Age 2020. ICIS 2020. Lecture Notes in Networks and Systems*, vol 136. Springer, Cham.
- Baryshnikova N., Kiriliuk O. and Klimecka-Tatar D., (2021). Enterprises' strategies transformation in the real sector of the economy in the context of the COVID-19 pandemic. *Production Engineering Archives*, 27(1) 8-15.
- Carden, F., (2009). *Knowledge to policy: Making the most of development research*. London: SAGE Publications
- Cselényi J., Smid L. and Kovács G., (2002). Evaluation Methods of Storage Capacity Between Manufacturing Levels of Eees at Changing Product Structure, MicroCad International Scientific Conference. March 7-8, Miskolc, Hungary.
- Eisenhardt, K. M., (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Holmes, A., (2011). *Managing Through Turbulent Times: The 7 rules of crisis management*, Harriman House Ltd.
- Jones, M. T., (2019). *Poważnie podchodź do przyszłości: przygotowania do światowych gigatrendów*. In: G. Lenssen, N. Smith (ed.), *Zarządzanie zrównoważonym biznesem*, Springer Dordrecht.
- Jandrić, P., (2020). Postdigital research in the time of Covid-19. *Postdigital Science and Education*, 2, 233–238.
- Kaddour, N. B., Rajaa, M. and Medouri, A., (2020). The practices of logistics service providers in Morocco: the paradox of collaboration/coordination. *Acta Logistica*, 7(3), 167-174.

- Kovács, G., Cselényi, J. and Somogyvári, Z., (2007). *Method and Conception for Formation of Microregional Virtual Logistics Networks*, OGÉT International Engineering Conference. April 26-29, Cluj-Napoca, Romania.
- Malkus, T., Tyranska, M., (2019). Reaction to risk in logistics cooperation-Results of empirical research. *Acta logistica*, 6(3), 77-84.
- Muangmee, C., Kot, S., Meekaewkunchorn, N., Kassakorn, N. and Khalid, B., (2021). Factors determining the behavioral intention of using food delivery apps during covid-19 pandemics. *Journal of Theoretical and Applied Electronic Commerce Research*, 16(5), 1297-1310.
- Niciejewska M., Kiriliuk O., (2020). Occupational health and safety management in "small size" enterprises, with particular emphasis on hazards identification *Production Engineering Archives*, 26(4), 195-201,
- Peters, M. A., Jandrić, P. and McLaren, P., (2020). Viral modernity? Epidemics, infodemics, and the 'bioinformational' paradigm. *Educational Philosophy and Theory*.
- Rodrigues, M.; Franco, M.; Sousa, N. and Silva, R., (2021). Reviewing COVID-19 Literature on Business Management: What It Portends for Future Research? *Sustainability*, 13, 5995.
- Taleb, N N., (2009). *The Black Swan: The Impact of the Highly Improbable*, 2nd edn. Penguin Book, London.
- Taleb, N. N., (2008), *The Black Swan. The Impact of the Highly Improbable*, Penguin Books, New York.
- World Economic Forum (2020). The Global Risks Report 2020. <https://www.weforum.org/reports/the-global-risks-report-2020> (accessed on: 11.04.2021),
- World Economic Forum (2021). The Global Risks Report 2021. <https://www.weforum.org/reports/the-global-risks-report-2021> (accessed on: 29.05.2021)
- Wind, T. R.; Rijkeboer, M.; Andersson, G. and Riper, H., (2020). The COVID-19 pandemic: The 'black swan' for mental health care and a turning point for e-health. *Internet Interventions*, 20.
- World Health Organization. (April, 2020). Rolling updates on coronavirus disease (COVID-19). Retrieved from www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen
- Yin, R., (2015). Case Study Research: Design and Methods – Applied Social Research *Methods Series*, 6th ed.; Sage Publications, Inc.: Thousand Oaks, CA, USA.

WPLYW KRYZYSU GOSPODARCZEGO NA SYTUACJĘ FINANSOWĄ PRZEDSIĘBIORSTW SEKTORA OUTSOURCINGU JAKOŚCI

Streszczenie: W artykule opisano wpływ kryzysu gospodarczego wywołanego globalną pandemią COVID-19 na przedsiębiorstwa z branży outsourcingu usług działające w 11 krajach Europy. Wskazano na następujące cele badawcze: 1) poznanie opinii menedżerów na temat kryzysu i jego wpływu na firmę, 2) wskazanie pozytywnych i negatywnych cech sytuacji gospodarczej związanej z pandemią światową, 3) analiza sytuacji finansowej podczas pandemii. Metodologia przyjęta w badaniu opiera się na podejściu opisowym, wykorzystując analizę studium przypadku. Na potrzeby badań wykorzystano ustrukturyzowany kwestionariusz wywiadu. Zadawane pytania dotyczyły opisu specyfiki

działalności, lokalizacji firmy, wpływu kryzysu gospodarczego na sytuację przedsiębiorstw, opisu pozytywnego i negatywnego wpływu kryzysu na działalność przedsiębiorstw. W obszarze zainteresowania znalazły się subiektywne opinie menedżerów na temat istniejącej sytuacji gospodarczej, którą w artykule porównano metaforycznie do czarnego łabędzia. Badania przeprowadzone w firmach z 11 krajów europejskich wskazały, że w okresie marzec-sierpień 2020 r., ze względu na silne uzależnienie sektora od branży motoryzacyjnej, firmy zostały dotknięte kryzysem. Obroty i liczba pracowników drastycznie spadły. Powolne wychodzenie kontrahentów z kryzysu, a także zmiana podejścia klientów do zatrudniania pracowników zmieniły warunki działania firm z sektora outsourcingu wysokiej jakości. . Elastyczne dostosowywanie się do wymagań klientów sprawiło, że wszystkie analizowane firmy odnotowały wzrost sprzedaży swoich usług, licząc na dalszą dobrą koniunkturę branży.

Słowa kluczowe: outsourcing usług, motoryzacja, kontrola jakości, pozytywne i negatywne skutki kryzysu

经济危机的影响 企业财务状况 质量外包部门

摘要: 文章描述了全球COVID-

19大流行造成的经济危机对在11个欧洲国家运营的服务外包行业企业的影响。指出了以下研究目标:1)了解管理者对危机及其对公司影响的看法,2)指出与全球大流行相关的经济形势的正面和负面特征,3)财务状况分析疫情期间。研究中采用的方法是基于描述性方法,使用案例研究分析。出于研究目的,使用了结构化访谈问卷。询问的问题涉及业务特殊性的描述、公司所在地、经济危机对企业状况的影响、危机对企业经营的正面和负面影响的描述。关注领域涵盖了管理者对当前经济形势的主观看法,比喻为文章中的黑天鹅。对来自11个欧洲国家的公司进行的研究表明,在2020年3月至2020年8月期间,由于该行业对汽车行业的依赖性很强,这些公司受到了危机的影响。营业额和员工人数急剧下降。承包商从危机中缓慢复苏,以及客户雇佣员工的方式发生了变化,这些都改变了质量外包行业公司的经营状况。对客户需求的灵活适应使得所有被分析的公司的服务销售额均有所增长,寄希望于行业的进一步繁荣。

关键词: 服务外包, 汽车行业, 质量控制, 危机正负效应