

OUTSOURCING AND INNOVATION IN THE PUBLIC SECTOR IN BRAZIL: A case study in UFMG

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ABSTRACT

Outsourcing is a reality in organizations. In Brazil, it was strengthened from the 70s and it increased its coverage in the public sector in the 80s, due to the Managerial Reform of the State Apparatus. The Superintendence of Infrastructure and Maintenance of the Federal University of Minas Gerais (UFMG) has a substantial number of outsourced services. Considering the actions of outsourcing personnel in this department, the present study aims to verify whether the outsourcing of services contributes to the organizational innovation at the University. Besides documental research, data collected from four types of semi-structured questionnaires were used as assessment tools. The research findings points out the creation of new innovative ideas by outsourcing personnel and the implementation of these ideas by the Superintendence, as well as the participation of the outsourcing personnel in the innovative actions demonstrating that they have contributed to the organizational innovation of UFMG.

Keywords: *Outsourcing; Organizational Innovation; Public service.*

1. INTRODUCTION

Outsourcing has been strengthened in Brazil since the last quarter of the XXth century. Similarly to private companies, Brazil Public Administration has undergone reforms and adjustments, and as in Sirelli's (2009) understanding, it has the downsizing of state apparatus as one of its main goals, which is supported by privatizations and outsourcing to reduce the number of public servants, adding to this the banner of the State's modernization, quality and reduction. Outsourcing has had legal support since publication of the Decree-Law n. 200/67 and subsequent legislation that amended it.

Parallel to outsourcing that has become an undeniable reality in the public and private organizations, in the 80's a notion, announced as the companies' motor, gained power: innovation. An enthusiastic idea has been associated to innovation, the new techniques as drivers of economic dynamism. In a period marked by the increasing incorporation of knowledge in the productive activities, innovation comes to be understood as a variable even more strategic for the organizations and countries competitiveness. According to Giosa (1993), competitiveness requires modernization, which is a process involving the use of technology, knowledge, creativeness, valuation of human talents and the use of innovative administrative techniques and outsourcing is viewed as playing a remarkable role in this process.

It has been observed that outsourcing services with hand labor allocation has grown steadily within the field of the Federal Institutions of Higher Education; however no studies were found to confirm whether this outsourcing contributes to these Institutions organizational innovation. To check this possibility, the current study tried to answer the following question: "what is the contribution from outsourcing services to the Federal University of Minas Gerais organizational innovation?"

This paper is divided into five topics, this introduction followed by a literature review and the state of art about Outsourcing and Innovation, particularly in the Public Service. Next it is presented the methodology used to achieve the research goals, followed by the analysis of the research results and by the study final considerations, limitations and recommendations.

2. THEORETICAL REFERENCE

The idea of outsourcing, in Giosa's view (1993), appeared during the Second World War, when the military weapons production companies were overburdened due to the excess of demand and found that they could transfer and assign some services to third parties, which would be hired to support the increase in the production of military uniforms, light and heavy weapons, ammunition, ships, planes, war tanks, etc.

As understood by Barreto Moraes, Tratt, Alpersted and Santos (2006), due to market globalization there is a growing trend in competitiveness towards dominating the entrepreneurial activities in the new millennium and, as consequences of the changes in the Brazilian economy, Cardoso and Goulart (2009) argue that the organizations have adopted outsourcing, which, having an ancillary and complementarily role in the productive process, has become a fundamental element for the companies flexibility and competitiveness. Based on Araújo (2001) these authors argue that the 1990's were marked by increasing outsourcing scope and speed.

In Cardoso and Goulart views (2009), outsourcing has spread in a disorderly way in the private and public activities, favoring the short term and turning the production more flexible. Thus, outsourcing becomes object of study for researchers, which gave it diverse definitions.

According to Santos (2002) and Giosa (1993), outsourcing is a process whereby a company transfers some activities to third parties, keeping a partnership relation with them, getting the contractor focused on the tasks essentially linked to the main activity. These authors emphasize that outsourcing should be seen as a process linked to the organization strategic planning and prepared in the light of the reality of each institution's environment and culture.

2.1 Forms and reasons for outsourcing

There are different reasons for outsourcing, as understood by Barreto Moraes *et al.* (2006, p.5), who, based on Aubert, Rivard and Patry (2003), argue that it can represent costs reduction, e search for the increasing need of additional know-how to that already existing in the contracting company, pursue for more operational agility, besides reducing the activities that do not participate in the organization *core business*.

Barreto Moraes *et al.* (2006) studies bring a classification proposed by Silveira (2002) related to the outsourcing's form and object. Regarding the form, there are three categories: *external*, in which the services providers are located outside and far from the company's perimeter; *internal*, in which the services providers are located in the services receiver own premises, working in the same environment and sharing responsibilities, this outsourcing modality being the most frequent currently; and with *work cooperatives*, action form that appeared in Brazil in the 90's and focus just into the relationship from the entity with the work cooperative.

Regarding the object, outsourcing can be classified as follows: *outsourcing of services*, when the provider responsibility is restricted to the execution of the contracted activities, not involving inputs or equipment, characterized by pure services provision; *outsourcing of services and materials*, modality that includes the supply of inputs, making the change in the outsourcing profile from simple activities "maker" to "manager", with greater demand regarding the Quality; *outsourcing of services and equipment*, when the outsourcing provides all the material and all the equipment indispensable for the more correct and effective contract accomplishment; and *full outsourcing*, characterized by the activities and technology transfer, defined as the outsourcing that makes the activities performer responsible for the execution, the applied technology and the integral management of the contracted activities.

Traditionally, outsourcing has been applied to noncore activities, and not to the core activities. However, actually growing outsourcing is observed in so diverse activities in the companies and governments, that it is becoming increasingly improbable to distinguish such activities from those that contribute "directly with the organization's *raison d'être*" (Dias, 2008, p.131).

2.2 Outsourcing in the Brazilian public service

With the Decree-Law n. 200 (Brazil, 1967) publication, an outsourcing evolutionary innovative mark was inaugurated in the Brazilian public service. The mentioned legislation, in its article 10, recommended that outsourcing should be "widely decentralized", adding in the paragraph § 7º that "the Administration will seek release from the physical implementation of executive tasks using, where possible, the indirect execution by contract".

According to Bresser Pereira (1996, p.17), in the Fernando Henrique government appears “the opportunity to reform the State in general, and, in particular, the state apparatus and its staff”. Then the Minister Bresser Pereira (1996) indicated a Human Resources managerial system compatible with the managerial type of administration. With the Reform, a new human resources policy was established, which would be predominant in the redefinition of the State scope of action, according to the proposal of the Master Plan of the State Apparatus Reform (Plano Diretor da Reforma do Aparelho do Estado - PDRAE), providing substantial changes in the public servers linking.

With the Managerial Reform, studies were developed for the “rationalization of the structural functions, aiming at their reunion and concomitant competences assemblage” (Brasil, 1998, p.45), as well as at extinguishing several functions, no longer seen as necessary in a permanent way. The Reform restricted “the vacancy filling for lower qualification activities and for administrative support areas” (Brasil, 1998, p.94). According to Minister Bresser Pereira (1997), such activities should be assigned to the private sector, mainly by means of outsourcing.

In the 1990’s, outsourcing extended to the public organs and entities competence areas, culminating, in accordance with Martins (2009), in a growth that reached, in many cases, the State’s exclusive activities.

This approach is supported by Amorim (2009), when he states that there is an oversaturation of services outsourcing as long as the obligations that are the core activities of the state entities become to be implemented by third parties.

In face of the indisputable fact of outsourcing in every economic sector, it is necessary to find out whether this practice is aligned with the innovation proposed by Schumpeter and other experts.

2.3 Innovation – Concepts

According to Soares (2009), innovation involves the generation, acceptance and implementation of new ideas, processes, products or services in the organizational environment. But the Oslo Manual (OCDE, 2005, p.46) defines innovation as the implementation of a new or significantly improved product (goods or service), or a process, or a new marketing method, or a new organizational method of business practices, in the organization of the work place or in the external relationships, while Alencar (1996) conceives it as a deliberate adoption of ideas, processes, products or new procedures, imported implementation that aims to generate benefits for the individual, group, organization or a larger society. As for Drucker (1987), innovation is the capacity of transforming something already existing in a resource that generates wealth.

Hansen and Birkinshaw (2007) argue that innovation development goes through a value chain that involves the stages of idea generation (inter-departmental, intra-departmental and inter-institutional); of conversion (ideas selection, including the screening, financing and development) and of diffusion (i.e., the dissemination in the organization and in the market).

With regards to the organizational innovation, Lam (2004) considers it as an organizational evolution due to the structural change or adjustment on the organization capacity of learning, creating knowledge and generating technological innovation, while Birkinshaw, Hamel and Mol (2008) see it as an invention and implementation of new management practices, processes, structures or techniques to a highest level of development, designed to the new organizational targets.

In Tidd, Bessant and Pavit (2008) view, innovation contributes with changes in the implicit or hidden mental models, as well as with the patterns that guide what the organization already does. As for Koulopoulos (2011) it is considered as a kind of change in a business and its processes, besides those that occur in a product or service, transforming behaviors and cultures and having measurable value.

In Peregrino’s view (2009); organizational innovation is the implementation of organizational methods not previously used by the company in order to reduce administrative and supply costs. The organizational innovation has an administrative character, of people management and organization management. It means the implementation of new routines and procedures, slim production systems; quality management; activities centralization/decentralization, etc.

The Innovation Research (Pesquisa de Inovação (PINTEC, 2011)), carried out by the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística - IBGE), with the support of the Studies and Projects Financing Organization (Financiadora de Estudos e Projetos – FINEP) and of Ministry of Science Technology and Innovation (Ministério da Ciência, Tecnologia e Inovação), investigates innovation by means of “adoption of management advanced techniques [of production, of information or environmental]”, “changes in the organizational structure” and “new methods of control and management, in order to meet certification standards” (IBGE, 2013, p.26).

Lopes and Barbosa (2010) point out that Tigre studies (2006) are in line with the Oslo Manual and PINTEC (2011) for the meaning of organizational innovation, when this author defines it as “changes that occur in the company managerial structure, in its articulation between its different areas, in the workers specialization, in the relationship with suppliers and customers and in the business processes multiple organization techniques”. According to Tigre (2006), it is this kind of innovation that allows an organization to adjust to the context, taking advantage of the technological innovations.

2.3.1 Innovation in public services and outsourcing

To Kiering and Andrade (2006), the public sector, due to its policies complex nature, needs to promote concrete innovations that lead to effective changes. According to them, the most adequate assumption for public management should be that the innovation concept in the public sector is associated to the perspective of radical transformation.

In Motta’s understanding (2001), innovation in the organizations can be seen from six perspectives: strategic, structural, technological, human, cultural and political.

In the strategic perspective, innovation means to give priority to how the organization interacts with the society, its product and its service and to work effectively together with efficacy and efficiency.

In the structural view, innovation is to re-divide, delete and /or create sectors, departments or business units, reformulating lines of authority, eliminating hierarchy conflicts and redefining responsibilities.

In the technological dimension, innovation means reviewing the technology in use and the use of material and intellectual resources.

In the human perspective, innovation implies changing attitudes, behaviors and the employees’ ways of participation (motivation, leadership and power distribution, reconstruction of the reward, career and staff improvement systems). Modernizing the organization is to intervene in the career and training systems, innovating in the career, compensation, training and evaluations of competences and results subsystems.

Regarding the cultural view, innovation is the search for a new sense of identity in the collectivity and it is done through changes in the values, beliefs, myths, symbols, language and common interests.

Finally, in the political perspective, innovation is the challenge for redistribution of power, satisfying new ways of action.

Klering and Andrade (2006) add a seventh conceptual view to the six ones already presented by Motta (2001), while they understand the innovation in the public sector as a radical change that brings an expressive transformation in the definition and implementation of public policies, where the decision-making process is exercised by means of different social subjects.

Farah (2006) considers that the innovation cycle in the public administration in the country has begun during Getulio Vargas government, in the 1930’s, with the institution of basis for the consolidation of the State new role, that of development and articulation of the formation of a national identity. To the author, another period considered as stage for innovations in the Brazilian public area was the 1980’, when priority was given to the construction of new and practical institutions. These two periods of innovation in the country guided not only the creation of new things, but also the overcoming of serious characteristics inherited from former times, related to the public administration itself, as well as its policies (Farah, 2006).

Queiroz and Ckagnazaroff (2010), based on Farah (2006) studies, argue that due to the serious scenery of fiscal crisis in the country during the 80’s, the reformation agenda proposed by the Federal Government in the following years added to its priorities the management theme, emphasizing the factors entrepreneurship and efficiency. Based on this, according to Farah (2006), innovation in the Brazilian public administration took an effective and complementary direction: one, turned to efficiency, represented by the reforms management process; the other, directed to the democracy, which comprised the search for widening the social participation and the decentralization of the public policies processes.

Despite the public managers efforts to promote innovation in the government machine, the existence of several inhibitor factors is noticed, which, according to Soares (2009) understanding, can be from the structural order, so considered the Power and Authority concentration, as well as the rules and procedures to which the administration is subordinated, as the principle of legality, which are not favorable to the generation of new proposals and the

search for new sources of information when reinforce the behavior of the organization members following the formalization set by the law. The Author identifies obstacles to the social and political order innovation, derived from an organizational culture that fosters the corporatism and the unconcern towards performance, which she defines as the “existence of norms and behaviors that reinforce the conformism, the reluctance to communicate ideas, hostility towards the divergent person and the widespread cultivation of indifference and fear of criticism” (Soares 2009, p. 16).

Soares (2009) still points out the process hardships due to rules and procedures that inhibit innovation while maintaining the *status quo* and non-stimulating the execution of tasks in ways different from the usual ones. In his view, “the barriers of resources that include the lack of professionals, available time, financial resources and information” are also obstacles to the innovation. Similarly, there are hardships due to the individual barriers, the attitudes identified in the organization staff or in the environment such as “the fear of risks, intolerance to ambiguities, dogmatism, inflexibility, and others ” (Soares, 2009, p.16).

Innovation in public administration is “the result of a collective process that involves beliefs, values and behaviors” (Soares, 2009, p.12), therefore the innovation initiative is not always held, as the organizations tends to repeat rooted processes and patterns and to adopt conservative behaviors.

2.4 Innovation by means of services outsourcing

Leocádio *et al.* (2007), grounded on teachings of Porter (1985), Prahalad and Hamel (1990) and Valença and Rodrigues da Silva (1999), argue that outsourcing evolution includes the set of activities performed by the organizations, from the relationships with the suppliers and production and sales cycles up to the stage of final distribution, as if in the beginning it has been indicated only as an alternative to give the companies the conditions to focus their attention in the essential activities or to reduce costs and improve the quality in complementary activities. Currently its use is seen as a general rule, with the possibility for the contractor to capture the knowledge from third parties and use it as basis for the innovation improvement, to develop new products and create new valuable streams.

This understanding is confirmed by Bergamaschi (2004), Hendry (1997) and Oliveira (1994), which argue that outsourcing, which initially included only secondary functions and support service, soon reached all the other areas of the company activity, including the strategically ones, leading the organizations to contract companies better qualified to develop their activities, as the specialized suppliers can offer lower costs, besides innovation, modernization, creativity and competence in the search for better results.

The recognition of innovation through outsourcing is found in the studies by Barreto Moraes *et al* (2006, p.9) where they argue that the use of “outsourcing as an innovation management tool has contributed for several structural, systematic and behavioral changes in the first world countries, resulting in considerable administrative efficiency.”

Moraes *et al.* (1999) argue that, for the companies’ survival and, mainly, to meet their customers’ real needs, managers need to set updated and efficient management strategies with competitive dynamics, when, then, outsourcing arises as a great strategic alternative to productiveness, quality and innovation.

The radical innovations in the organizational environment, as understood by Giosa (1993), consists in changes in: -the physical space occupied by the company, which can be significantly changed; -the functional structure, that can undergo changes in the hierarchical levels, extinction and creation of new positions in the outsourced areas and in the areas that implement the company main activities; - the frequent variations in the functional activity it will undergo frequent variations in the delegation of authority; -the ruptures of the administrative processes of centralization and decentralization, depending on the area and the company and - the light of the contingent approach specific for each company. Besides all that, the norms, systems and operational methods should undergo constant changes and reviews, to support the changes due to outsourcing; the staff invariably will undergo changes and the internal control and the management information systems should be adapted to the new process, bringing more support and quality for the decision making.

In this section the paper sought to identify in the literature the concepts and approaches about services outsourcing and innovation, particularly in the Public Administration, so as to provide a theoretical foundation for the answers to the research objectives. The next section objective, in turn, is to describe the methodology used in the research.

3. METHODOLOGY

Regarding the purposes, the research in this paper is presented as descriptive, as, according to Collis and Hüssel (2005), it describes the phenomena behavior and is used to identify and getting information about the characteristics of a given problem or issue.

Regarding the means, this research is a case study that, as understood by Yin (2005), is the preferable strategy to the “how” issue kind, which is consistent with the investigative form of this research general objective.

Regarding the approach, this research is qualitative. In this kind of approach the interpretation of the analyzed object more emphasized, underlying the importance of the context where the phenomenon occurs and the researcher proximity related to the phenomenon under study (Fonseca, 2002).

The analyzed unit was the Superintendence of Infrastructure and Maintenance of Minas Gerais Federal University (Superintendência de Infraestrutura e Manutenção da Universidade Federal de Minas Gerais - SIM), chosen due to the substantial number of outsourced staff members in its departments, compared with the small number of its permanent staff.

The interviewees were the directors of the Department of Maintenance and Infrastructure (Departamento de Manutenção e Operação da Infraestrutura – Demai), of the Department of Works (Departamento de Obras – DO) and of the Department of Projects (Departamento de Projetos – DP). Questionnaires were also sent by *e-mail* to eighteen servers of the permanent staff, and to twenty three workers from the outsourcing company, which was contracted to provide building, equipment and maintenance services in the external areas of the units of the University *campi*, with the use of architecture and engineering techniques, which comprises the existing set of professionals in this areas and in other specialized ones, such as purchase and contracts, considered strategic for the search of information to the research.

The sources of information chosen for obtaining the data to this investigation were document research, three structured questionnaires and semi structured interviews.

The questionnaire used as interview route and the questionnaires for marking direct answers were prepared with contributions from authors whose ideas were discussed in the theoretical reference, besides the observations from one of the researchers, who works regularly within the departments of the unit under study, living with the permanent staff servers and the outsourced staff workers.

The data treatment was predominantly descriptive-qualitative analysis. For the primary data analysis, the research uses techniques of communication content analysis, which for Richardson (1989) is a set of communication analysis techniques, starting from the systematic and objective procedures of description of messages contents, the quantity indicators or not, that allow inferring knowledge related to these messages production / reception.

4. RESULTS PRESENTATION AND ANALYSIS

Initially, it must be stated that the Superintendence of Infrastructure and Maintenance of Minas Gerais Federal University (Superintendência de Infraestrutura e Manutenção – SIM), unit that was chosen for this research, was created in 2011 (Ziviani, 2013) and its mission is to take care of all the infrastructure of the Pampulha, Saude and Montes Claros *campi* of UFMG, as well as of UFMG isolated units. It has under its responsibility the Department of Maintenance and Infrastructure (Departamento de Manutenção e Infraestrutura (Demai)), the Department of Works (Departamento de Obras – DO) and the Department of Projects (Departamento de Projetos – DP), which are responsible for its mission implementation. As for one of the research objectives, i.e., to identify the kind of outsourcing services in the research unit, the documentary research identified the significant contingent of 592 outsourced job positions, of which 4.2% represent administrative services (25 positions), 10.3% technical services (61 positions), 7.9% architecture and engineering specialized services (47 positions) and 77.5% operational services (459 positions), while in the Superintendence permanent staff there are 61 servers that represent 10.3% of the outsourced number, of which 24.6% (15 positions) are administrative, 27.9% (17 positions) technician, 24.6% (15 positions) in the architecture and engineering functions and 23,0% (14 positions) in operational functions.

For a better understanding of the data analysis, the research findings will be presented by the kind of questionnaires submitted to the several research subjects.

4.1 Directors' reflections/considerations about the theme outsourcing and innovation

The first questions in the interview script and the complementary questionnaire with the directors of the Superintendence of Infrastructure and Maintenance are related to “outsourcing” and seek to understand its extension and significance for each department.

The interview actors will be named, respectively, D-Demai for the Department of Maintenance and Infrastructure; D-DP for the Department of Projects and D-DO for the Department of Works.

The directors unanimously pointed out that outsourcing reaches in their departments the three kinds of their specified activities: operational, middle and specialized. This information coincides with the findings by Dias (2008, p.131) that point out the increasing use of outsourcing in the companies and in government diverse activities.

Asked about the outsourcing increase, all answered that it is increasing along the years, which confirms Dias (2008) understanding about the outsourcing increase in the companies and in the government.

Asked about the reasons for outsourcing increase, mainly in specialized activities, the directors pointed diverse reasons: D-Demai argues as reasons for the expansion the extinction of operational positions in the public administration: the exemptions by the Voluntary Retirement Program (Programa de Desligamento Voluntário – PDV) encouraged by the Federal Government in the second half of the 90's, which caused the loss of several engineers, architects and other specialized servers; the accelerated retirement after the edition of the Constitutional Amendments n. 20/1998 and n. 41/2003 that introduced deep changes in the public servants security; the problems related to the delay in opening public competition for filling vacancies and the public servants wages gap.

The first reason exposed by D-Demai confirms Alves' understanding (2006) that the outsourcing after the 70's aims at the reduction or suppression of the State participation in the activities deemed non-essential, as well as Bresser Pereira's (1997) that understood that auxiliary activities should be assumed by the private sector, mainly by means of outsourcing.

D-DP links the outsourcing expansion to the work load increase in the Department of Projects, due to the Program of Support to Federal Universities Re-structuration Plans and Expansion (Programa de Apoio a Planos de Reestruturação e Expansão das Universidades Federais – REUNI), created by the Federal Government through the Decree n. 6.096, of April 24, 2007, which injected significant financial resources in the University for changes, expansions, re-fitting and reformulations in the physical space, in teaching, research and extension, not to count with new buildings, which led to significant increase in the required labor, mainly architecture and design professionals. In a second step, it was necessary the team diversification for other specialization areas such as engineering, turning the Department of Projects team into a multidisciplinary one.

Similarly to D-Demai, the D-DP also points the staff loss during the past decade as another reason for outsourcing increase.

D-DO argues that the outsourcing expansion was due to the difficulties in opening public post competition for filling vacancies. According to D-DO, the University quantitative and qualitative growth is not met by its corresponding staff growth.

Asked about what would be the impact of replacing architecture and engineering outsourcing by newly contracted public servers, the directors provided the information as follows.

The D-Demai mentioned that the newly-contracted servers are almost always newly-graduated and have no previous experience, as the opening of public post competition for filling vacancies do not require proof of practice in the activity, while many outsourcing employees have much experience and an "identity" with the University, acquired by the long stay in the Institution, through employment with the service providers previously contracted.

Also the D-DP considers that the newly-contracted servers are too inexperienced and do not have the desired level of expertise, and, in his view, the immediate replacement of outsourcing by these newly-contracted servers would lead to a considerable decrease in the Department productive capacity and, consequently, to the failure to meet the schedules and, therefore, to the "sector technical failure".

The D-DO opinion is that such replacement would lead to a loss in Department of Works expertise and productive, as well as to inefficiency in the works supervision as the newly hired servers come with little or even no experience at all.

Regarding the questions prepared according to Oliveira's classification (1994) for outsourcing, each director has a different vision of "outsourcing" that involves the allocation of service stations. The D-Demai considers this outsourcing as "partnership"; in the D-DP's view, the outsourcing is "risky", while in the D-DO's perspective, the outsourcing is classified as "traditional".

Urged to point out the outsourcing advantages, based on Leiria's studies (1992), the directors unanimously pointed out that the "increase of productivity" and the possibility of rely on a "more specialized labor" are advantageous for the institution.

With regard to innovation, asked if they stimulate innovative ideas from the outsourcing, the directors unanimously stated that their departments encourage the outsourced to present innovative ideas; that there is freedom for the outsourced to try innovations and fail; and that the innovative contributions from the outsourced staff are incorporated into the department's work practice.

Asked about the innovation actions implemented by the departments in the last four years or that are still being implemented with the participation of outsourced workers, the directors selected and exemplified those consistent with their departments' reality, as follows.

The D-Demai pointed out the implementation of "new or significantly improved services", exemplifying with the improvement of the Control System of Service Orders, that from the previous simple management information records of the requested and met service orders number, has now the identification of the maintenance teams productivity levels, detection of labor and logistic, such as transportation and materials, which provides a better planning of the activities .

The D-Demai indicated also the introduction of "new decision-making processes", with the improvement of the Demai schedules that, according to him, put an end to the issues of definition of competence that formerly existed between the Department sectors.

The D-DP elected the implementation of "new or significantly enhanced services", shown by the diversification and improvement of the provided services through new techniques introduced by the multidisciplinary team and the use of last generation *software*. He also informed that manuals and reference terms are being prepared for the standardization and technical quality improvement of the services provided by the Department.

The D-DP also defended the introduction of "new decision-making processes", proposing rethink some work teams, so as there is a sufficient team of engineers for the preparation of executive projects to meet the architecture team, within the shortest possible time. This director also pointed out the implementation of "new management forms", through the creation of the General Coordination (Coordenação Geral) and three Sub-coordinations for Architecture and Engineering Projects Teams.

The D-DO signaled as an effective action the introduction of the "new or significantly improved services", justified by the implementation of complete outsourcing of some kinds of maintenance services, as, for instance, fire extinguishers, hydrants and other firefighting equipment maintenance, replacing the mere labor outsourcing. Actions related to the "new decision-making processes" were also mentioned by this manager, which was accomplished by replacing the process of work execution by companies contracted through public bidding. The D-DO also exemplifies, as a result of this type of action, the creation of a Board of Directors (Colegiado de Diretores) from the several Departments, with periodical meetings for the discussion, interaction and solution of problems inherent to the Superintendence activities.

The implementation of the Follow-up System for approximately 325 projects (constructions and reforms), aiming to the measurement of productivity and to the establishment of goals to better meet the University Community needs, was pointed by the D-DO as an action related to "new management forms".

Questioned about the theme or motivation that led to the adoption of the mentioned innovative actions, the D-Demai identified the "process of change in the way of thinking the action" as reason for the innovation,

The D-DP signaled "a set of solutions for the current issues" to overcome the legacy of a massive and growing portfolio of projects that could only be resolved with the innovation actions above mentioned.

This director also indicated as motivation the "process of more integration between the actors, creating articulating mechanisms and new institutional arrangements like these" and states that this is something that is being done with the team's way of action and work, in the Department of Projects, extensible, however, to the other actors from other Superintendence and University areas.

The D-DO recognizes as theme or motivation of the appointed innovations "a set of solutions for current problems", "the process of change in the way of thinking the action" and "the process of more integration between the actors, creating articulating mechanisms and new institutional arrangements like these", without giving details.

Questioned also about the reasons for the absence of a greater innovation policy from the University, the Directors pointed out the aspects as: Power and Authority Concentration; organizational culture that propitiates the corporatism and lack of interest for the performance; professionals' shortage; lack of financial resources.

Based on the definitions by Lam (2004), Binkinslaw, Hamel and Mol (2008), Tidd, Bessant and Pavit (2008), Koulopoulos (2011), Damanpour (1991), Van de Ven (2003) and Hall (2004), the Demai and DP Directors guaranteed that the services outsourcing contributes in a general way for the organizational innovation, while the DO Director disagrees that the contribution to innovation is given in a general way, arguing that the contribution is only effective through the outsourcing contractors that occupy specialized and technical positions. In the directors' view, the research general objective was met, as it consisted in verifying how the services outsourcing contributes to the organizational innovation within the area of the UFMG Departments of Superintendence and Infrastructure and Maintenance . This objective is complemented, in the following sections, with the answers from the servers and outsourcing contractors

4.2. Outsourcing and innovation from the permanent staff perspective

One of the research Questionnaires had the first questions aimed at checking the importance of services outsourcing in the view of the *permanent staff* - servers. The sixteen respondents confirmed the existence of outsourced employees in their work sectors, while eleven of them agreed that the services outsourcing with jobs allocation is necessary and fourteen stated that this outsourcing has been efficient in providing services.

According to the research, proportionally to the number of respondent servers, in Demai there is more incentive for the outsourced contractors to present innovative ideas, as well as there is freedom for the contracted personnel to try innovations and fail, and it is in this department that the outsourcing contributions are more incorporated to the work practices.

The DO servers are the only ones that showed pessimism related to the possibility of having incentives from that sector to outsourcing innovation. However, to the last questionnaire item, the DP and DO servers answered unanimously that “in a general way, the outsourced staff brings innovation to the work practices”, while in the Demai the servers who agree with this are 73% of the respondents. Thirteen (81.3%) of the sixteen respondent servers considered that outsourcing contributes to the work/innovation practices, while only three (18.7%) disagreed about this collaboration.

4.3 Outsourcing staff' evaluation about innovation

Similarly to the answers from the Demai servers, the outsourced employees in Demai agree that in this department there is more incentive for the outsourced employees to present innovative ideas, and there is freedom to try innovations and fail, and the outsourced employees' contributions are incorporated to the work practices.

Similarly to the answers from the servers in the Department of Projects and Works (Departamento de Projeto e de Obras), it was found that the outsourced employees in these departments agree that “in general, the outsourced employees bring innovation to the department work practices /innovation”, while in the Demai, 90% of this department respondents agree with this statement. Table 1 shows a comparison between the permanent staff's answers and the outsourced employees' regarding the theme innovation:

Table 1:
Percentage comparison between permanent staff's and outsourced employees' answers related to “innovation”

| QUESTIONS | Permanent Staff Servers | | Outsourced employees | |
|---|-------------------------|-------|----------------------|-------|
| | YES | NO | YES | NO |
| Does the department incentivize outsources employees to present innovative ideas? | 56,2% | 43,8% | 66,7% | 33,3% |
| Is there freedom for the outsourced employees to try innovations and fail? | 62,5% | 37,5% | 72,2% | 27,8% |
| Are the outsourced employees' innovative contributions incorporated in the department work practices? | 62,5% | 37,5% | 83,3% | 16,7% |
| In your opinion, in general, do the outsourced employees bring innovation to the work practices? | 75,0% | 25,0% | 83,3% | 16,7% |

Source: Research Data.

Comparing Table 1 data, it is found that the outsourced employees have a more optimistic vision than the permanent staff servers' regarding the questions related to the theme innovation, as it is seen in Table 1 that the outsourced employees' affirmative answers percentages are higher than those from the permanent staff servers.

This chapter presented the contribution from the directors, from the permanent staff servers and from the outsourced employees based on the answers to the questionnaires given to them, and in face of the obtained data, in the next chapter, the final considerations, approaching results, limitations, recommendations and contributions from this study will be presented.

5. FINAL CONSIDERATIONS, LIMITATIONS AND RECOMMENDATIONS

Through document research, it was proved that, with regards to the form, outsourcing is performed "in loco", by means of service stations allocated in the diverse sectors of the Superintendence, with outsourcing personnel working in the same environment and sharing responsibilities with the permanent staff servers.

Regarding the classification, it was found that, through document research, outsourcing in the Researched Unit is related just to services providers, that is, the one in which the provider responsibility is restricted to performing the contracted activities, not involving supplies or equipment, but characterized purely by providing services.

The research has not found consensus concerning the outsourcing modality as each manager presented a different opinion, therefore it was found in the Superintendence area the three types mentioned in the literature, that is: traditional outsourcing, risk outsourcing and outsourcing with partnership.

The research showed that outsourcing has expanded along the years in the unit under study, reaching specialized activities such as architecture and engineering, and it might be considered that outsourcing hit the core activities of the Superintendence of Infrastructure and Maintenance, becoming, therefore, an over-outsourcing.

The study found that the motivation for outsourcing growth in operational activities was the extinction of job positions in administrative activities during the 90's; through the reduction of public post competition for filling vacancies, while in the specialized functions it was achieved through the lack of public post competition for filling vacancies allied to retirements and exonerations, and the exemptions by the Voluntary Retirement Program.

Regarding the outsourcing performance and importance, the research found that the outsourced positions operated in the Superintendence three departments, perform diverse activities, operational, administrative and specialized, and its importance is recognized by almost all participants in the research, belonging to the University permanent staff (directors and servers), who argue that outsourcing is necessary and efficient as a service provider. Besides that in the directors' exclusive and unanimous vision, outsourcing is important because it makes possible to the departments to count with a "more specialized labor", which provides a "productivity increase" in their Departments' activities.

The research detected the absence of an innovation policy from the University own initiative, motivated by an organizational culture that fosters corporatism and the lack of interest in the performance, the lack of professionals and financial resources shortage. Despite this absence, in the three Superintendence departments outsourcing actions were identified related to "new or significantly improved services" and "new decision-making processes", and in the Department of Works it was also seen an action related to "new Management forms", activities typical of the innovation process.

The directors and permanent staff servers recognized that outsourced labor brings resources for the improvement and innovation in the work practices, and that the innovative contributions from outsourced employees are incorporated in the departments work practices (what is highlighted by the outsourced employees themselves), as a proof that outsourcing brings possibility for the contractor to capture the knowledge from the third parties and use it as basis for the innovation work..

The research findings that show the generation of innovative ideas by the outsourced employees, the incorporation of these ideas in the work practice in the Superintendence departments, and the outsourcing participation in the innovative actions pointed out by the managers and implemented within the unit under study, answer the research general objective, which consisted in verifying how services outsourcing contributes to the organizational innovation, specifically within the Departments of the UFMG Superintendence of Infrastructure and Maintenance (Superintendência de Infraestrutura e Manutenção da UFMG).

Due to the complexity of the theme innovation, this study limited the research subjects to the Superintendence three department managers and professionals working in the areas of architecture and engineering and in the

administrative services, considered strategic by the Superintendence, such as contracts and tenders. Thus, the permanent staff servers and outsourced employees in the operational level did not participate in the survey.

As for future researches, the suggestion is to carry out a study to investigate the services outsourcing contribution for the organizational innovation in other UFMG areas with significant number of outsourced employees, such as hospitals, for instance. This study could be extended to other IFES and governmental and joint stocks companies, in which the outsourcing services are provided *in loco*. Future studies can also be carried out inside the Superintendence, deepening the study on the innovation process and the management in its three departments.

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