CHAPTER 4

LITERATURE REVIEW
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Review of various articles was undertaken on outsourcing for the period 2003 to 2010 as the area of research was outsourcing. It is an off shoot of various thought processes which has resulted in it being evolved over a period of time. The present day study has been initiated observing and also identifying a possible venue for further improvement in the study field and an effort initiated in the direction.

Going through various views and works, as described briefly below, the idea for the current study has been generated and the same proceeded with. As can be seen, in the pages to follow, the work undertaken is an effort to pursue the study from the point of previous termination in study to a point further with a view to bring about a change in the way the concept has been visualized and pursued.

The view points and findings of a few previous works are stated in this section for an approximate idea of the thought process which has been employed in the field of business process outsourcing.

Benoit A. Aubert, Suzanne Rivard & Michel Patry (2003)\textsuperscript{70} in their work, “A transaction cost model of IT outsourcing”, have proposed and tested an explanatory model of information technology (IT) outsourcing behaviour. Relying on transaction costs and incomplete contracts theories, the model hypothesizes those characteristics of IT operation activities—asset specificity, uncertainty, business skills, and technical skills required to perform the activities—will influence the level of their outsourcing. The model was tested using data from a survey of 335 firms. Results indicate that uncertainty is the major deterrent to outsourcing, while the level of technical skills is the most important reason to outsource. Business skills do not seem to play a significant role. Finally, asset specificity, which is always presented as a constraint to outsourcing, showed inconsistent effects.

Abdulwahed Khalfan (2003)\textsuperscript{71}, from the Computer and Information Systems Department, College of Business Studies, Kuwait, in the work undertaken titled, “A case analysis of business process outsourcing project failure profile and implementation problems in a large organisation of a developing nation”, has observed that as is the case for many developing economies, internationally published research on information systems (IS) practice in Kuwait is in short supply. The few reports of Kuwaiti IS/information technology (IT) practice highlighted in studies of Middle Eastern or Arab computing, have also largely discussed them in terms of these broader regional identities rather than their specific national context. Business process outsourcing (BPO) is becoming a widely-accepted management practice throughout the world. In recent years, outsourcing of information services has become a pervasive phenomenon. Increasingly, organisations rely on external service providers for IS/IT services. Kuwait has been used as an example of a developing country where the data collection for this study was done there.

This study employed case study methodology because the author was interested in answers for “how” and “why” questions and because the study was partly exploratory. The primary data on IS/IT outsourcing practices, obtained for the first time in Kuwait, were collected by means of semi-structured interviews supported by organisational documentation. The case study discussed in this paper brought to the surface critical elements missing in the contract that led to the demise of the BPO project. Studying failure is preventive because it helps organisations reduce the probability of failure in the future. A central argument of this paper concerns the need to understand the complex cultural and political implications of outsourcing within a global context (perspectives), a policy that is becoming increasingly important. The case study findings are crucial as they provide a careful diagnosis of failed IT outsourcing project.

F. Franceschini and M. Galetto and A. Pignatelli (2003)\textsuperscript{72}, in their contribution, “Outsourcing: guidelines for a structured approach”, stated that outsourcing is a management approach by which an organization delegates some non-core functions to specialized and efficient service providers. In the era of “global market” and “e-economy”, outsourcing is one of the main pillars of the new way to conceive the relationships among companies. Despite outsourcing large diffusion, huge business cases and big deals of documentation available on network or press, there is no structured procedure able to support the govern of the evolution of a generic outsourcing process. In accordance with the principles of total quality management, this paper describes a proposal of a new approach for managing outsourcing processes. The model, which can be easily adapted to different application fields, has been conceived with the main aim of managing strategic decisions, economic factors and human resources. The approach is supported by different decision and analysis tools, such as benchmarking techniques, multiple criteria decision aiding (MCDA) methods, cost analysis, and other process-planning methodologies. An application of the method to a real case is also provided.

Vishanth Weerakkody, Wendy L. Currie and Yamaya Ekanayake (2003)\textsuperscript{73}, in “Re-engineering business processes through application service providers - Challenges, issues and complexities”, have stated that the quest for service excellence and competitive edge by firms result in the constant search for effective process and information systems management methods. The recent emergence of the application service provision (ASP) business model has promised firms remote-access to industry robust business processes and “best of breed” enterprise applications on a rental basis. This paper examines how the ASP business model facilitates business process and information systems improvements in firms through effective process management. This is pursued through a review of relevant literature and empirical evidence.


\textsuperscript{73} Vishanth Weerakkody, Wendy L. Currie and Yamaya Ekanayake (Department of Information Systems and Computing, Centre for Strategic Information systems, Brunel University, Uxbridge, Middlesex, UK), 2003. “Re-engineering business processes through application service providers, Challenges, issues and complexities”, Business Process Management Journal, Vol. 9 No. 6, pp. 776-794, DOI 10.1108/14637150310506693
gathered from a case study-based investigation in six firms in the UK. By examining the features of remote application and business process outsourcing in the context of business process management, this paper outlines how firms can improve their business and IT performance. Findings from empirical evidence are used to substantiate the arguments and suggest areas for future research.

Eleanna (Anna-Eleni) Galanaki and Nancy Papalexandris (2004) have in their work, “Outsourcing of human resource management services in Greece” stated that outsourcing is gaining considerable popularity in the field of business services and management. An attempt is made to illustrate the practice of outsourcing human resource management (HRM) functions, such as training, staffing, rewards and restructuring, in Greece. The analysis suggests that the Greek market of HRM services is still at an initial stage of development, with limited credibility, while the customers lack the experience of managing outsourcing relations and are reluctant to establish a partnership-type HRM outsourcing agreement. Considerable differences are identified between the Greek market for HRM services and those of more developed markets.

Nicholas Beaumont and Amrik Sohal (2004) in their paper, “Outsourcing in Australia”, reported on data pertaining to outsourcing collected from a survey administered in 2002 in Australia. The underlying assumption was that outsourcing is becoming popular for sound business reasons such as economies of scale and enabling executives to concentrate on core business activities. The paper explores the outsourcing decision (to outsource, not to outsource, or to discontinue outsourcing), especially reasons for (not) outsourcing. Most of the reasons have been anticipated in the literature. The strongest group of reasons (termed “Operational”) pertained to cost savings and improving performance, but outsourcing is also used to access skills and resources not available in-house. The most important impediment to outsourcing was ascertaining relevant costs, and formulating and quantifying

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requirements. We describe the methodology, report findings and allude to future research. Outsourcing is a fashionable way of solving some business problems and there are numerous reports of its increasing use. Initially used primarily for information technology (IT), a wide variety of business process is now outsourced. The use of outsourcing is becoming more sophisticated; more organizations are outsourcing responsibility for business processes.

Robert K. Perrons, Ken Platts (2004)⁷⁶, in the work titled, “Outsourcing strategies for radical innovations: does industry clockspeed make a difference?”, have tried to determine whether or not clockspeed is an important variable in outsourcing strategies throughout the development of radical innovations. They concluded that an industry’s clockspeed does not play a significant role in the success or failure of a particular outsourcing strategy for a radical innovation.

Maqsood A. Sandhu and Gunasekaran (2004)⁷⁷, in their case study, “Business process development in project based industry”, have stated that the strategic focus of organisations today is on the customer and internal and external processes. The paper presents a systematic approach to project process development and identifies key aspects of long-term process evaluation. A framework for process development is presented with special emphasis on value-adding activities in engineering, procurement, and construction (EPC) projects. The framework provides a better understanding of the dynamic processes and critical interfaces in inter-organisational networks. The choice of concepts and final construction of the framework is informed by an empirical research of EPC projects, and a case study of the power division of Wärtsilä Corporation is analysed. Empirical findings are gathered through the Delphi method and the use of personal group interviews with the key actors involved. A model for process development is developed, linking interest groups to the development of their targets, information, and knowledge sharing. The emphasis is on the right place, the right actors, the right resources, and the right time.


⁷⁷ Maqsood A. Sandhu (Department of Management and Organization, Swedish School of Economics and Business Administration, Vaasa, Finland), and A. Gunasekaran (Department of Management, University of Massachusetts, North Dartmouth, Massachusetts, USA), 2004. “Business process development in project-based industry a case study”, Business Process Management Journal, Vol. 10 No. 6, pp. 673-690, DOI 10.1108/14637150410687875
Patrick Carr, Mark Rainbird and David Walters (2004)\textsuperscript{78}, in a process led approach titled, “Measuring the implications of virtual integration in the new Economy”, have attempted addressing the appropriate structuring of the firm’s business model in the context of new economy holonic networks. They state that this requires some framework for analysing the firm’s business model relative to the opportunities offered by those networks and alliances. Proposes that some performance measurement criteria are required that provide a basis for comparing the various options open to the company. They approach the problem by considering the assessment of the risk that accompanies a decision to outsource a process compared with the alternative option of developing the expertise “in-house”. Concludes that concepts borrowed from financial management are helpful in this respect and the capital asset pricing model offers a means by which the risk can be assessed.

J.A.S.K. Jayakody & W.M.A. Sanjeewani (2004)\textsuperscript{79}, in the work, “The best business practices of Sri Lankan firms” conducted a study to identify what practices are considered best business practices by business firms in Sri Lanka and to explore whether there exist different practices in different sectors. Data were collected from managers attending postgraduate and mid-career development programs in a large Sri Lankan university. A total of 71 managers responded to the questionnaire representing 71 firms. The data were analyzed with principal component factor (Varimax rotation) technique to identify the best practices and Tukey’s post hoc test was employed to compare them across different sectors. The findings indicate that the following are considered to be best business practices in Sri Lanka: a bias for action, quality focus, customer orientation, relationships with customers, and relationships with employees and outsourcing. These best practices belong to four key performance areas, namely external market orientation, internal organizational process, current business performance, and internal customer orientation. It was also found that medium-sized firms are different from large,


and service firms are different from firms in the trade sector in terms of a bias for action. Further, firms operating in the overseas markets and manufacturing firms are significantly higher in “quality focus” than their counterparts. 

Bin Jiang & Amer Qureshi (2005) in, “Research on outsourcing results: current literature and future opportunities”, state that outsourcing emerged as a popular operational strategy in the 1990s and most of current literature was established in the same time. However, the result of outsourcing is still vague. The purpose of this article is to point out gaps in the current literature and examine the link between outsourcing implementation and firms’ performance metrics by analysing hard data. In this research, current outsourcing research (from 1990 to 2003) methodologies are grouped by five categories: case study, survey, conceptual framework, mathematical modeling, and financial data analyses; research scope is identified by three areas: outsourcing determinant, outsourcing process, and outsourcing result. The article figures out three main gaps in the current literature: lack of objective metrics for outsourcing results evaluation, lack of research on the relationship between outsourcing implementation and firms’ value, and lack of research on the outsourcing contract itself.

Anette Brannemo (2005), in the paper titled, “How does the industry work with sourcing decisions? Case study at two Swedish companies”, has presented how two Swedish companies work, or plan to work, with sourcing decisions. The aim is furthermore to analyze if their decision process, or parts of it, can be used as a base for building a right sourcing decision model. In this paper right sourcing is defined as; “the process to actively apply in-and outsourcing strategically to be competitive now and in the future”. Since the business environment is dynamic and the global aspects are increasing, companies tend to focus on what they do best-their core competence. The concept of outsourcing has, therefore, been growing rapidly during the last decade. Many companies seem to have a vague understanding about the risks and benefits of outsourcing, except from a general idea that it will reduce

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cost. Many companies hence experience that sourcing decisions are complex and the need for a model supporting sourcing decision exist within many corporations. This is accomplished through a literature overview and a multiple case study. The results indicate that a model for sourcing decisions ought to include, or be based on, following aspects, e.g. the company’s overall strategy, the company’s core competence, both qualitative and quantitative data and risk analysis. The sourcing process also ought to be made with a process approach, avoiding functional sub-optimization. The results also indicated that financial evaluation and documentation of the decision is important.

Mohammad A. Hassanain and Saleh Al-Saadi (2005)\textsuperscript{82} in the paper titled, “A framework model for outsourcing asset management services” have aimed it to present a framework model for outsourcing asset management services in municipalities. The authors have analysed the outsourcing of asset management services in the municipal sector. A survey document containing a series of questions were developed and issued to administrative (policy-making) staff members at senior management level. These staff members are concerned with the strategic planning of facilities beyond the five-year horizon. The survey indicated that outsourcing is being utilized in almost all functions relating to the management of municipal infrastructure, and that the criterion for selecting a specific contractor for a service is lowest price. The findings section in the paper also presents a list of the advantages of outsourcing along with the rated priority of each, the disadvantages of outsourcing along with the rated severity of each, and the strategies that could be followed to achieve a successful outcome from the outsourcing process, along with the rated importance of each.

Christine Harland and Louise Knight, Richard Lamming and Helen Walker (2005)\textsuperscript{83} in the research titled, “Outsourcing: assessing the risks and benefits for organisations, sectors and nations”, aimed to assess the risks and benefits of outsourcing for organisations, sectors and nations. The literature

\textsuperscript{82} Mohammad A. Hassanain and Saleh Al-Saadi (Architectural Engineering Department, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia), 2005. “A framework model for outsourcing asset management services” Facilities, Vol. 23 No. 1/2, pp. 73-81, DOI 10.1108/02632770510575910

on outsourcing contains little evidence of research on holistic issues of its impact at systems levels beyond the firm, notably sectors and nations. A Delphi study with senior strategists from private and public sectors captured perspectives and specific observations on benefits and risks of outsourcing. Emergent issues on outsourcing policy, strategy and decision-making processes were synthesised into a framework for analysing factors associated with outsourcing. The findings suggest that a more holistic view of outsourcing is needed, linking local, organisational issues with sector and national level actions and outcomes. In this way, aggregate risks and benefits can be assessed at different systems levels.

S. Balasubramanian and Mayank Gupta (2005) in the paper, “Structural metrics for goal based business process design and evaluation”, aims to provide business process designers a formal yet user friendly technique to evaluate the implications of a process design on process performance even before its implementation. Based on practical experience, the paper has built on past research to hypothesize structural metrics for business processes that help assess the influence of process design on organizational goals. The paper suggests a list of structural metrics that can be used to approximate common performance goals (i.e. soft goals) at the stage of process design. Distinct views for process depiction are discussed to explain how each metric can be calculated and what kind of performance goals it can approximate.

Yasser Saleh and Mustafa Alshawi (2005) in, “An alternative model for measuring the success of IS projects: the GPIS model”, aim to present an alternative holistic measurement model, the general practitioner IS (GPIS) measurement model, which assists managers in determining the organisation’s state of readiness prior to IS investment. The model is based on assessing four organisational key elements: IT infrastructure, processes, people and work environment. It presents a classification of the current IS success measurement approaches. The existing approaches were classified into three categories: product-based, process-based, and general maturity-

based. The paper highlighted their shortcomings and explained the need for an alternative holistic model to measure IS success in contributing to the business objectives. This has led to the development of a quick reference model “GPIS” to enable organisations to determine their current and required state of readiness for a particular IS project.

Niranjan Pati and Mayur S. Desai (2005) in, “Conceptualizing strategic issues in information technology outsourcing”, have posited that information technology (IT) outsourcing unfolds a complex relationship that has the propensity to start with a bang and end in a whimper unless the strategic parameters are identified at the outset. The paper is intended to beacon flash areas open to scholarly research in this relatively nascent area. The key to long-term success is the mutually beneficial partnership of the client and the provider. This paper identifies such relationships based on a framework that can lead to strategic success of the outsourcing engagements. The paper develops a set of propositions to build a deeper understanding of the processes that underlie IT outsourcing as a strategic and sustainable enterprise-wide initiative to further an organization’s performance in the competitive market place. They found that outsourcing of IT is emerging as a potent business strategy. The statistics compiled by the IT industry watchdogs point only to one direction – outsourcing will grow unabated in the foreseeable future. However, their data also reveal a staggering failure rate of outsourcing engagements. The failure may be partly attributed to a lack of formal research available to decision makers contemplating the possibility of outsourcing. The literature review corroborates that there is very little scholarly research available to guide decisions in the pre-outsourcing phase. This paper suggests a research framework that would fill a void in understanding the relationships among the firm’s internal capabilities, the type of engagement, and strategic business values. Understanding of these strategic relationships is vital before an organization decides to outsource, as the decision domain has shifted primarily from cost cutting to engagement of a strategic nature. The outsourcing decision of IT should be considered

strategic as the relationship and the knowledge gained during the engagement can be translated into tangible and intangible business values for the organization. An interesting extension of the proposed research would be to investigate the conditions that underlie acceptance of an engagement by the vendor. The proposed research also has the potential to extend to the post-engagement phase of the outsourcing in terms of identifying the conditions for strategically focused relationship management.

Siriyama Kanthi Herath (2005) in their work, “Lakdinu Electronics Company: a teaching case on relevant costs in an outsourcing decision”, have tried to increase students’ knowledge of differential analysis and its application in an outsourcing decision. A teaching case with practical implications was designed. Teaching notes are also included. It is important to emphasize the importance of reporting for internal management purposes and the limitations of rule-based financial reporting in managerial decision making. Understanding of the need for different information for different purposes is essential for business decision making. Any outsourcing decision should encompass both quantitative and qualitative factors.

Bjørge Timenes Laugen, Nuran Acur and Harry Boer (2005) in the research titled, “Best manufacturing practices - What do the best-performing companies do?” have stated that research on best practices suffers from some fundamental problems. The problem addressed in the article is that authors tend to postulate, rather than show, the practices they address to be best – whether these practices do indeed produce best performance is often not investigated. The article assumes that the best performing companies must be the ones deploying the best practices. In order to find out what are those practices, the highest performing companies in the 2002 International Manufacturing Strategy Survey database were identified, and the role 14 practices play in these companies was investigated. It has been found that process focus, pull production, equipment productivity and environmental

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88 Bjørge Timenes Laugen (Stavanger University College, Department of Business Administration, Stavanger, Norway), Nuran Acur and Harry Boer (Aalborg University, Centre for Industrial Production, Aalborg, Denmark), and Jan Frick (Stavanger University College, Department of Business Administration, Stavanger, Norway), 2005. “Best manufacturing practices What do the best-performing companies do?”. International Journal of Operations &Production Management, Vol. 25 No. 2, pp. 131-150, DOI 10.1108/01443570510577001
compatibility appear to qualify as best practices. Quality management and ICT may have been best practice previously, but lost that status. E-business, new product development (NPD), supplier strategy and outsourcing are relatively new, cannot yet be qualified as, but may develop into, best practice. Four other practices do not produce any significant performance effects.

**Bin Jiang & Amer Qureshi (2005)** in, “Research on outsourcing results: Current literature and future opportunities”, have stated that outsourcing emerged as a popular operational strategy in the 1990s and most of current literature was established in the same time. However, the result of outsourcing is still vague. The purpose of this article is to point out gaps in the current literature and examine the link between outsourcing implementation and firms’ performance metrics by analysing hard data. In this research, current outsourcing research (from 1990 to 2003) methodologies are grouped by five categories: case study, survey, conceptual framework, mathematical modelling, and financial data analyses; research scope is identified by three areas: outsourcing determinant, outsourcing process, and outsourcing result. The article figures out three main gaps in the current literature: lack of objective metrics for outsourcing results evaluation, lack of research on the relationship between outsourcing implementation and firms' value, and lack of research on the outsourcing contract itself.

**Tom Kosnik, Diana J. Wong-MingJi & Kristine Hoover (2006)** in, “Outsourcing v/s insourcing in the human resource supply chain: a comparison of five generic models”, have attempted to develop a typology of human resource supply chain (HRSC) models that enable comparison of different models for making more informed strategic HR outsourcing decisions. In the paper interviews and company documents were used to construct multiple comparative case studies. The paper finds that five generic HRSC models were identified in two broad categories – two in-sourcing models (local contracting and HR centralizing) and three outsourcing models (purchasing HR, non-staffing HR, and staffing HR). Additional findings relate
to the redistribution of power and competencies for managing HR within and between organizations.

Luitzen de Boer and Juan Gaytan and Pilar Arroyo (2006)⁹¹, in, “A satisficing model of outsourcing”, have developed a prescriptive model that provides effective guidance in the early stages of outsourcing processes, while taking into the decision-makers' bounded rationality. It provides an overview of existing prescriptive decision models for outsourcing based on literature review. It contrasts these models with empirical accounts of outsourcing including two case-studies of outsourcing of logistics activities. Discusses and explains discrepancies from the point of view of literature on bounded rationality and satisficing. Developed a conceptual decision model based on the principles of satisficing. They concluded that there appear to be discrepancies between many of the prescriptive outsourcing models in the literature and the processes observed in practice. That satisficing concept provides a useful explanation of these discrepancies and useful design principles for developing more realistic prescriptive outsourcing decision models.

Tibor Kremic, Oya Icmeli Tukel and Walter O. Rom (2006)⁹² have in, Outsourcing decision support: a survey of benefits, risks, and decision factors”, brought out a two-fold study. The first is to provide a structured review of the vast amount of outsourcing literature that has accumulated in the past two decades using a decision support framework. The second purpose is to statistically analyse the contents of the studies to identify commonalities as well as gaps, in order to suggest directions for future research. The contents of more than 200 publications are analysed using a variety of approaches. A decision support framework is used to first classify whether the studies address outsourcing benefits, risks, motivations or factors. Next, each classification is further described by the type of benefits, risks, etc. Additional relevant contents such as type of organization, and

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⁹¹ Luitzen de Boer (Department of Industrial Economics and Technology Management, Norwegian University of Science and Technology), Juan Gaytan and Pilar Arroyo (Departamento de Organizacio´ n y Ciencias Sociales, Instituto Tecnol´ o gico y de Estudios Superiores de Monterrey, Toluca, Me´ xico), 2006. "A satisficing model of outsourcing", Supply Chain Management: An International Journal, 11/5, 444–455, [ISSN 1359-8546], DOI 10.1108/13598540610682462

⁹² Tibor Kremic (NASA Glenn Research Center, Cleveland, Ohio, USA), and Oya Icmeli Tukel and Walter O. Rom (Operations Management Department, College of Business Administration, Cleveland State University, Cleveland, Ohio, USA), 2006. "Outsourcing decision support: a survey of benefits, risks, and decision factors”, Supply Chain Management: An International Journal, 11/6, 467–482 [ISSN 1359-8546], DOI 10.1108/13598540610703864
location of the outsourcing practice are also considered. Multivariate analyses consisting of cross tabulations, chi-square testing and cluster analysis are used for categorizing the studies with the aim of identifying relationships among the studies which are not apparent when they are considered individually. A number of trends and relationships are identified. For example, most studies focus on US for-profit organizations and are typically theoretical, discussing benefits, risks and motivators. On the other hand, the research on outsourcing practices of non-profit organizations, where objectives for outsourcing are typically politically driven, is found to be scarce. Furthermore, the results of the cluster analysis indicate that the studies can be grouped into six clusters where the five small clusters are characterized by strong relationships with a few variables while the large cluster is characterized by variables that are not addressed in the studies.

**Maria Karyda and Evangelia Mitrou and Gerald Quirchmayr (2006)** in their paper, “A framework for outsourcing IS/IT security services”, seek to provide an overview of the major technical, organizational and legal issues pertaining to the outsourcing of IS/IT security services. The paper uses a combined socio-technical approach to explore the different aspects of IS/IT security outsourcing and suggests a framework for accommodating security and privacy requirements that arise in outsourcing arrangements. Data protection requirements are a decisive factor for IS/IT security outsourcing, not only because they pose restrictions to management, but also because security and privacy concerns are commonly cited among the most important concerns prohibiting organizations from IS/IT outsourcing. New emerging trends such as outsourcing in third countries, pose significant new issues, with regard to meeting data protection requirements.

**Bin Jiang** along with **Gregory V. Frazier and Edmund L. Prater (2006)** in the research, “Outsourcing effects on firms’ operational performance - An empirical study”, aimed to empirically investigate the effect of outsourcing on
firm level performance metrics, providing evidence about outsourcing influences on a firm's cost-efficiency, productivity and profitability. The study is concerned with empirically examining the impact of outsourcing on a firm’s performance. The results are based on a sample of 51 publicly traded firms that outsourced parts of their operations between 1990 and 2002. Publicly available accounting data are used to test for changes in operating performances that result from outsourcing decisions. Operating performances are examined over a four-quarter period after the outsourcing announcement. The research provides evidence that outsourcing can improve a firm’s cost-efficiency. While existing literature on outsourcing has also sought to draw anecdotal and conceptual evidence that highly visible companies have improved their productivity and profitability as well through outsourcing, the research reveals no evidence that outsourcing will improve a firm's productivity and profitability.

Andreas P. Kakouris, George Polychronopoulos and Spyros Binioris (2006) in, “Outsourcing decisions and the purchasing process: a systems-oriented approach”, propose a framework for purchasing and outsourcing decisions together with a process model for evaluating and assessing possible suppliers. The paper focuses in particular on the “planning” and “qualifying” phases of the process which, respectively, set the criteria and prepares a shortlist for invitations, before the final selection. By reference to the literature, past experience and a priori reasoning, a conceptual framework and quantitative model are combined in a checklist to guide responsible managers through a formal, systematic decision-making procedure. The model is fully described, its strengths and weaknesses are discussed, and the modus operandi of the derived decision-making framework is explained. The system and process are strongly advocated as the most appropriate instrument for the selection of suppliers of outsourced products and services in the contemporary business environment.

Ioannis Minis, Marion Paraschi Elan et, Athens, Greece, and Apostolos Tzimourtas (2006)\textsuperscript{96} have in their paper, “The design of logistics operations for the Olympic Games”, aimed to focus on the design of the organization, processes, and systems of Olympic logistics. A systematic methodology has been developed to design the strategy and tactics of logistics operations for the Athens 2004 Olympic Games. This methodology considers Olympic-specific characteristics, host country characteristics, as well as lessons learned from previous games. It comprises the generation, analysis and evaluation of strategic alternatives, the development of core business processes and the prediction of resource requirements. Furthermore, the proposed method provides guidelines to complement the experiential knowledge that has been used exclusively in the past to plan the logistics operations of the games and similar large-scale events. Successful design principles, such as model venue planning, standardization of materials, the establishment of the Logistics Command Center (LCC), as well as establishment of an independent administration function, can be applied regardless of the specific characteristics of the host country. However, there are principles such as outsourcing, warehousing, or just-in-time (JIT) deliveries, that are based on certain specific characteristics (constraints/advantages) of the host country, such as a mature 3PL market, the existence and availability of large warehouses, and the completion of the venues in sufficient time prior to the beginning of the games.

Tim Duck (2006)\textsuperscript{97}, in, “Why outsource the compliance function?” has attempted to highlight some of the issues that small firms must address when deciding to avail themselves of the services of independent compliance consultants. Explains why investment firms use independent compliance consultants, discusses practices the FSA has published to ensure a firm meets with its regulatory requirements when using an external consultant, reviews the risks a firm faces when delegating part of its compliance function to a consultant, and suggests factors a firm should consider when selecting

\textsuperscript{96} Ioannis Minis (Department of Financial and Management Engineering, Aegean University, Chios, Greece), Marion Paraschi (Elanet, Athens, Greece), and Apostolos Tzimourtas (Hellenic Railways, Athens, Greece), 2006. “The design of logistics operations for the Olympic Games”. International Journal of Physical, Distribution & Logistics Management, Vol. 36 No. 8, pp. 621-642, DOI 10.1108/09600030610702899
and employing a consultant. Among the risks a firm must manage when using an independent compliance consultant are that the consultant will turn a blind eye to improper practices, fail to raise issues with aspects of the firm’s business the consultant does not understand, become lazy as a result of familiarity with the firm, or not be subject to the same regulatory regime as the firm is. A firm should analyze how proposed outsourced arrangements fit with its reporting structure, strategy, and overall risk profile. As part of a formal process of consideration, the firm should conduct due diligence on the outsourcing consultancy to ensure that appropriate expertise, financial stability, and adequate resources are available.

Glenn Parry, Mike James-Moore and Andrew Graves (2006) in the titled paper, “Outsourcing engineering commodity procurement”, have targeted the purpose of this paper to introduce and provide an insight into the benefits of outsourcing the procurement function for engineering commodity items. Research into the literature presents the development of outsourcing procurement functions and this manuscript adds to the body of knowledge through introducing the outsourcing of engineering commodity procurement, illustrated with the case study example. Findings – A US Aerospace Fortune 50 company has made savings by outsourcing the procurement of commodity engineering parts. This has occurred in two stages. Firstly the commodity procurement was locally outsourced and staff migrated to the service provider to whom commodity procurement was a core competence enabling them to offer cost savings. Secondly the back office and telephone service was moved to India, further reducing cost whilst enhancing the service through an increased headcount.

Dimitrios Lekkas & Costas Lambrinoudakis (2006) in, “Outsourcing digital signatures: a solution to key management burden”, have observed that digital signatures are only enjoying a gradual and reluctant acceptance, despite the long existence of the relevant legal and technical frameworks. One of the major drawbacks of client-generated digital signatures is the

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98 Glenn Parry (School of Management, University of Bath, Bath, UK), Mike James-Moore Warwick (Manufacturing Group, University of Warwick, Coventry, UK), and Andrew Graves (School of Management, University of Bath, Bath, UK), 2006. “Outsourcing engineering commodity procurement”, Supply Chain Management: An International Journal, 11/5, 436–443, DOI 10.1108/13598540610682453
requirement for effective and secure management of the signing keys and the complexity of the cryptographic operations that must be performed by the signer. Outsourcing digital signatures to a trusted third party would be an elegant solution to the key management burden. It aims to investigate whether this is legally and technically feasible. In this paper's approach a relying party trusts a Signature Authority (SA) for the tokens it issues, rather than a Certification Authority for the certificates it creates in a traditional public key infrastructure scheme. The paper argues that passing the control of signature creation to a SA rather than the signer herself, is not a stronger concession than the dependence on an identity certificate issued by a Certification Authority.

Paul D. Cousins, Benn Lawson & Brian Squire (2006)100, “An empirical taxonomy of purchasing functions”, the purpose of this paper is to investigate the different patterns of purchasing function configuration, and the relationship between such patterns and organisational performance. Despite considerable attention, there is little evidence showing the current situation toward the development of purchasing functions within organisations. Through quantitative data collected from 151 UK purchasing executives, cluster analysis is used to uncover and characterize four purchasing function configurations. Four configurations, termed strategic, capable, celebrity, and undeveloped, were identified according to the characteristics they possess. Significant differences in supplier- and organisational-related performance outcomes were found across these four purchasing function configurations. Purchasing skills were also shown to be a precondition for purchasing to exert influence within the organisation.

Miroslav Rebernik and Barbara Bradac (2006)101 in, “Cooperation and opportunistic behaviour in transformational outsourcing”, investigates possible opportunistic behaviour in transformational outsourcing relationship and to indicate possibilities how to avoid it. On the basis of literature survey authors

100 Paul D. Cousins (Manchester Business School, The University of Manchester, Manchester, UK), Benn Lawson (School of Management and Economics, The Queen's University Belfast, Belfast, UK), and Brian Squire (Manchester Business School, the University of Manchester, Manchester, UK), 2006. “An empirical taxonomy of purchasing functions”, International Journal of Operations & Production Management, Vol. 26 No. 7, pp. 775-794, DOI 10.1108/01443570610672239
discuss several important aspects of managing successful outsourcing relationship. Holistic perception of business processes and expertise on critical success factors in transformational outsourcing become increasingly important. For a collaboration in which the process of transformational outsourcing will prosper participants must be interdependent (and be aware of their interdependence) and have a long-termed strategic interest to cooperate.

Kwok Hung Lau & Jianmei Zhang (2006) in, “Drivers and obstacles of outsourcing practices in China”, have tried to explore the key factors that motivate organizations in China to outsource and the obstacles these companies are facing in comparison with the situation in Western developed countries. A case study approach was adopted with primary data collected through in-depth interviews with six companies in China and secondary data aggregated from company reports and documents. Research findings were analyzed within and across all case studies to identify key drivers and obstacles of outsourcing. Economic factor is a strong motivation for outsourcing in China, of which cost reduction, cost saving, and capital investment reduction are the main concerns. Strategic considerations, such as the use of outsourcing to accelerate re-engineering benefits, to focus on core competence, to increase flexibility, and to facilitate market penetration, are identified. Environmental factors like information technology (IT) development and capability of supplier can influence organizations’ decisions to outsource. Meanwhile, companies in China have encountered obstacles and problems in the outsourcing process. They include the lack of capable service providers, loss of control, poor transportation and IT infrastructure, presence of local protection regulations, and lack of overall post-outsourcing measurement.

Andreas P. Kakouris, George Polychronopoulos and Spyros Binioris (2006) in, “Outsourcing decisions and the purchasing process: a systems-oriented approach”, has proposed a framework for purchasing and outsourcing decisions together with a process model for evaluating and
assessing possible suppliers. The paper focuses in particular on the “planning” and “qualifying” phases of the processes which, respectively, set the criteria and prepare a shortlist for invitations, before the final selection. By reference to the literature, past experience and a prior reasoning, a conceptual framework and quantitative model are combined in a checklist to guide responsible managers through a formal, systematic decision-making procedure. The model is fully described, its strengths and weaknesses are discussed, and the modus operandi of the derived decision-making framework is explained. The system and process are strongly advocated as the most appropriate instrument for the selection of suppliers of outsourced products and services in the contemporary business environment.

Tomi Ventovuori & Tero Lehtonen (2006) in an empirical investigation titled, “Alternative models for the management of FM services”, aimed to create a deeper understanding of the make or buy decision process, the criteria for the selection of a certain relationship type, and the differences between alternative relationship types in FM services. The paper is based on literature review and qualitative research. Empirical data were collected from both clients and service providers using semi-structured interviews, practical observations, informal discussions and focus group interviews. It was found that when FM service activities entail strategically important skills and knowledge and when outsourcing may have a profound effect on the clients’ ability to satisfy the end-users needs, vertical integration is chosen. Respectively, a collaborative approach is recommended in cases where the service is of high importance for the client’s or end-user’s business, there is a need to share sensitive or strategic information, the purchasing volume is high or the management of the purchasing situation is difficult because of the complexity of the purchased service package or market conditions. From the relationship management point of view, three different types of relationships (i.e. arm’s length relation, operational partnering and strategic partnering) can be recognized in the FM services context.

Andrew Greenyer (2006)\textsuperscript{105} in the paper titled, “Measurable marketing: a review of developments in marketing's measurability”, has reviewed recent changes in the nature and capabilities of responsive marketing, particularly the balance shift from cold prospecting to customer development, in order to challenge preconceptions about today’s marketing metrics. A variety of recent research outputs are reviewed, covering the topics of data availability, marketing communications channels, campaign outsourcing, and customer re-recruitment. The paper concludes that marketing return on investment (ROI) is increasingly measurable, but the balance of expectation has recently changed. Information on the customer or prospect, along with the ability to speak to them through certain channels, has become more restricted. And customers increasingly expect personalised, relevant communications from companies they already do business with. So marketers have to invest in data gathering and campaign targeting. New developments have improved some areas: response modelling has increased in sophistication, and existing communications with customers are now being harnessed for marketing purposes.

Ioannis Minis, Marion Paraschi Elanet and Apostolos Tzimourtas (2006)\textsuperscript{106} in the paper titled, “The design of logistics operations for the Olympic Games”, aimed to focus on the design of the organization, processes, and systems of Olympic logistics. A systematic methodology has been developed to design the strategy and tactics of logistics operations for the Athens 2004 Olympic Games. This methodology considers Olympic-specific characteristics, host country characteristics, as well as lessons learned from previous games. It comprises the generation, analysis and evaluation of strategic alternatives, the development of core business processes and the prediction of resource requirements. Furthermore, the proposed method provides guidelines to complement the experiential knowledge that has been used exclusively in the past to plan the logistics operations of the games and similar large-scale events. Successful design


\textsuperscript{106} Ioannis Minis (Department of Financial and Management Engineering, Aegean University, Chios, Greece), Marion Paraschi (Elanet, Athens, Greece), and Apostolos Tzimourtas (Hellenic Railways, Athens, Greece), 2006. "The design of logistics operations for the Olympic Games", International Journal of Physical Distribution & Logistics Management Vol. 36 No. 8, pp. 621-642, DOI 10.1108/09600030610702899
principles, such as model venue planning, standardization of materials, the establishment of the Logistics Command Center (LCC), as well as establishment of an independent administration function, can be applied regardless of the specific characteristics of the host country. However, there are principles such as outsourcing, warehousing, or just-in-time (JIT) deliveries, that are based on certain specific characteristics (constraints/advantages) of the host country, such as a mature 3PL market, the existence and availability of large warehouses, and the completion of the venues in sufficient time prior to the beginning of the games.

Tibor Kremic, Oya Icmeli Tukel and Walter O. Rom (2006)\textsuperscript{107} in the study titled, “Outsourcing decision support: a survey of benefits, risks, and decision factors”, have brought out a two – fold purpose. The first is to provide a structured review of the vast amount of outsourcing literature that has accumulated in the past two decades using a decision support framework. The second purpose is to statistically analyze the contents of the studies to identify commonalities as well as gaps, in order to suggest directions for future research. The contents of more than 200 publications are analyzed using a variety of approaches. A decision support framework is used to first classify whether the studies address outsourcing benefits, risks, motivations or factors. Next, each classification is further described by the type of benefits, risks, etc. Additional relevant contents such as type of organization, and the location of the outsourcing practice are also considered. Multivariate analyses consisting of cross tabulations, chi-square testing and cluster analysis are used for categorizing the studies with the aim of identifying relationships among the studies which are not apparent when they are considered individually. A number of trends and relationships are identified. For example, most studies focus on US for-profit organizations and are typically theoretical, discussing benefits, risks and motivators. On the other hand, the research on outsourcing practices of non-profit organizations, where objectives for outsourcing are typically politically driven, is found to be scarce. Furthermore, the results of the cluster analysis indicate that the studies can be grouped into

\textsuperscript{107} Tibor Kremic (NASA Glenn Research Center, Cleveland, Ohio, USA), and Oya Icmeli Tukel and Walter O. Rom (Operations Management Department, College of Business Administration, Cleveland State University, Cleveland, Ohio, USA), \textit{2006, "Outsourcing decision support: a survey of benefits, risks, and decision factors"} Supply Chain Management: An International Journal, 11(6), 467–482, DOI 10.1108/13598540610703864
six clusters where the five small clusters are characterized by strong relationships with a few variables while the large cluster is characterized by variables that are not addressed in the studies.

Bin Jiang, Gregory V. Frazier and Edmund L. Prater (2006)\textsuperscript{108} in their empirical study called, “Outsourcing effects on firms’ operational performance”, have investigated the effect of outsourcing on firm level performance metrics, providing evidence about outsourcing influences on a firm’s cost-efficiency, productivity and profitability. This study is concerned with empirically examining the impact of outsourcing on a firm’s performance. The results are based on a sample of 51 publicly traded firms that outsourced parts of their operations between 1990 and 2002. Publicly available accounting data are used to test for changes in operating performances that result from outsourcing decisions. Operating performances are examined over a four-quarter period after the outsourcing announcement. The research provides evidence that outsourcing can improve a firm’s cost-efficiency. While existing literature on outsourcing has also sought to draw anecdotal and conceptual evidence that highly visible companies have improved their productivity and profitability as well through outsourcing, the research reveals no evidence that outsourcing will improve a firm’s productivity and profitability.

Petter Gottschalk and Hans Solli-Sæther (2006)\textsuperscript{109}, “Maturity model for IT outsourcing relationships” have presented a maturity model for IT outsourcing relationships. Based on organizational theories and outsourcing practices, this research identified cost stage, resource stage and partnership stage as maturity stages in outsourcing relationships. First, relationships focus on economic benefits, then there are concerns about access to competence, and finally the development of norms and alliance management are the main focus. Benchmark variables for each stage are suggested. Future research might apply this framework to empirically test the evolution of IT outsourcing relationships.


Jeroen Delmotte and Luc Sels (2007)\textsuperscript{110} in, “HR outsourcing: threat or opportunity?”, have stated that the debate on human resource (HR) outsourcing is polarised. HR outsourcing is seen as an opportunity for the HR function by some and as a threat by others. The first view suggests that HR outsourcing is an instrument creating time for HR to become a strategic partner. The second view considers HR outsourcing as a cost-cutting instrument gradually reducing HR staff. The purpose of this study is to examine whether HR outsourcing is a manifestation of a strategic HR focus, a cost-cutting HR focus or both. The sample is obtained from an economy-wide, cross-sectional survey. The data cover 1,264 organisations with ten employees or more. Results indicate that organisations with a strong focus on HR cost-cutting do not outsource more than organisations with a weaker focus on HR cost-cutting. The analyses show a positive relationship between a strong focus on strategic human resource management (HRM) and the level of HR outsourcing.

S. Raghu Raman, Pawan Budhwar & G. Balasubramanian (2007)\textsuperscript{111} in their effort, “People management issues in Indian KPO’s”, have stated that the business process outsourcing (BPO) industry in India is evolving rapidly, and one of the key characteristics of this industry is the emergence of high-end services offered by knowledge processing outsourcing (KPO) organizations. These organizations are set to grow at a tremendous pace. Given the people-intensive nature of this industry, efficient employee management is bound to play a critical role. The literature lacks studies offering insights into the HR challenges involved and the ways in which they are addressed by KPOs. The purpose of this paper is to attempt to fill this gap by presenting findings from an in-depth case study of a KPO organization. To achieve the research objective we adopted an in-depth case study approach. The research setting was that of a KPO organization in India, which specialises in offering complex analytics, accounting and support services to the real estate and financial


\textsuperscript{111} S. Raghu Raman (Institute for Financial Management and Research, Chennai, India), Pawan Budhwar (Aston Business School, Aston University, Birmingham, UK), and G. Balasubramanian (Institute for Financial Management and Research, Chennai, India), 2007. “People management issues in Indian KPO’s”, Employee Relations, Vol. 29 No. 6, pp. 696-710, DOI 10.1108/01425450710826159
services industries. The results of this study highlight the differences in the nature of work characteristics in such organizations as compared to call centres. The study also highlights some of the key people management challenges that these organizations face like attracting and retaining talent. The case company adopts formal, structured, transparent and innovative human resource practices. The study also highlights that such enlightened human resource practices stand on the foundations laid by an open work environment and facilitative leadership.

Mostafa Jafari and Peyman Akhavan, Mehdi N. Fesharaki and Mohammad Fathian (2007)\textsuperscript{112} in their work, “Iran aerospace industries’ KM approach based on a comparative study: a benchmarking on successful practices”, based their paper on the main objective of developing a knowledge management (KM) approach in Iran aerospace industries based on the findings through the analysis of successful practices in KM area. A qualitative case study technique has been used in this paper for data collection and analysis. For that, “grounded theory” research approach has been selected by which the collected data from successful organizations in KM adoption are categorized and analyzed. The extracted concepts were deployed in Iran aerospace industries to present a KM approach through benchmarking. The overall results from the case studies analysis were positive, thus reflecting the appropriateness for benchmarking. The extracted concepts clarify how to develop KM approach in an organization. This approach has been applied in a large case study in Iran and is supported by practical implementation in Aerospace Industries Organization (AIO), one of the most important high-tech industries in Iran.

Chad Lin, Graham Pervan & Donald McDermid (2007)\textsuperscript{113} have in, “Issues and recommendations in evaluating and managing the benefits of public sector IS/IT outsourcing”, put forth the main purpose of this paper in threefold:

\textsuperscript{112} Mostafa Jafari and Peyman Akhavan (Department of Industrial Engineering, Iran University of Science and Technology, Tehran, Iran), Mehdi N. Fesharaki (Computer Department, Malek Ashtar University of Technology, Tehran, Iran), and Mohammad Fathian (Department of Industrial Engineering, Iran University of Science and Technology, Tehran, Iran), 2007. “Iran aerospace industries’ KM approach based on a comparative study: a benchmarking on successful practices”, Aircraft Engineering and Aerospace Technology: An International Journal, 79/1, 69–78, DOI 10.1108/00022660710720511

\textsuperscript{113} Chad Lin (Edith Cowan University, Joondalup, Australia), Graham Pervan (Curtin University of Technology, Perth, Australia), and Donald McDermid (Edith Cowan University, Joondalup, Australia) “Issues and recommendations in evaluating and managing the benefits of public sector IS/IT outsourcing”, Information Technology & People, Vol. 20 No. 2, pp. 161-183, DOI 10.1108/09593840710758068
to understand public-sector outsourcing in Australia; to examine the linkage between IS/IT outsourcing and the use of evaluation methodologies; and to identify issues that are critical in evaluating and managing IS/IT outsourcing contracts in public-sector organizations. A survey of the top 500 Australian organizations and two in-depth case studies of two Australian public-sector organizations were conducted. Several key issues for IS/IT outsourcing were identified – problems in evaluating outsourcing contracts, embedded contract mentality, ability to manage contracts, and staff transition management.

Kai S. Koong, Lai C. Liu and Yong Jian Wang (2007) in their paper, “Taxonomy development and assessment of global information technology outsourcing decisions”, seek to provide taxonomy and assessment methodologies for executives of global conglomerates with a selection of variables which can help them evaluate outsourcing decisions. A range of established theories, which addressed outsourcing decisions, are identified. The major determinants of global outsourcing were then formulated into an integrated model. Each of the variables identified was validated using multiple theories. Finally, a weighted score index was used to demonstrate how the variables can be used to evaluate outsourcing decisions. It provides an overview of outsourcing theories about the variety of major reasons and their associated determinants as well as attributes that are relevant to decision-makers. It showed that the individual theories can be integrated into a global taxonomy. This taxonomy can be assessed using a weighted-index because the inputs and computation processes contain realistic qualitative and quantitative information.

Gero Weimer & Stefan Seuring (2007) in “Information needs in the outsourcing lifecycle”, have identified information needs in the outsourcing lifecycle, and to prioritize them according to their importance for governing and controlling the external provider. A three-round Delphi study was conducted, where 17 and 16 outsourcing experts answered, respectively. The
evaluation ranked “service reporting”, as the number one information need for governing the external provider.

**F. Espino-Rodriguez and Manuel Rodriguez-Dr´az Toma (2007)**\(^{116}\) in, “Effects of internal and relational capabilities on outsourcing: an integrated model”, have analysed the impact of relational capability compared to that of internal capability on outsourcing, and the influence of relational capability as a moderating variable between outsourcing and internal capabilities. The paper aims to integrate the internal and relational perspectives in a single model of strategic evaluation. The work analyses the outsourcing process in a representative sample of firms operating in a region of Spain. To accomplish the research objectives, a personal survey was conducted using a questionnaire to evaluate 13 activities of the order distribution process in the supply chain. The results indicate that internal capabilities have a negative effect on outsourcing while relational capabilities have a positive effect. They also show that, the greater the relational capabilities of an operation are, the less significant the relationship between internal capabilities and outsourcing will be.

**Gyeung-Min Kim and Hyun Jung Won (2007)**\(^{117}\) in their research, “HR BPO service models for small and medium enterprises”, have investigated the outsourcing needs of small and medium enterprises (SMEs) in each of the following HR sub-processes: recruiting, training, HR administration, payroll, and benefit processes. Then, the outsourcing needs are analyzed against the characteristics of the companies such as company size, operating environment, culture and information technology maturity. Lastly, integrated business process outsourcing (BPO) service models are developed according to the characteristics of the company. To fulfil the objective of this research, the questionnaire is used to assess the outsourcing needs of the companies. The data collected by questionnaire are analyzed against the characteristics of the companies. Then integrated BPO service models are developed based

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on the analysis of the questionnaire data and the interviews with HR managers. This study used both quantitative and qualitative methodologies. This study suggests BPO service industry with two different service models: partially integrated model where e-recruiting and e-learning are integrated and fully integrated model where all of the HR-sub-processes are integrated.

**Breena E. Coates (2007)** in the work, “Could CAFTA be the latest conduit for outsourcing pollution?”, brought out the experience of pollution in the Imperial and Baja California Valleys under NAFTA, as a cautionary model to provide recommendations for deterrence of similar ecological degradation effects that could emerge under the newly-approved CAFTA. Analysis of the region using existing statistical data and content analysis of qualitative data from the Imperial and Baja California Valleys, and Costa Rica. Economics and ecology have thus far not proved to have a complementary relationship, based on the NAFTA experience in the Imperial and Baja California Valleys. Early data on environmental law suits in the CAFTA region against environmental regulations also point to a negative attitude by business to environmental protections of nation-states. CAFTA’s investment rules puts corporate rights over ecosystems by limiting public regulation and granting legal avenues to corporations to sue governments for “barriers to trade”, where national environmental laws are seen as these so-called “barriers to trade”.

**Ranjan B. Kini (2007)** in, “Vendor availability: a key factor for outsourcing in Chilean ICT sector” report, Chile has been receiving better rankings than other Latin American countries, identifying it as a nation for offshoring many of the business process outsourcing (BPO) and information and communication technology (ICT)-related services. So, it has become important to analyze the Chilean ICT sector and the maturity of the outsourcing industry internally, to consider Chile as an ICT outsourcing destination. This paper seeks to address this matter. A survey questionnaire is developed based on the ICT

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outsourcing literature, prior empirical research and outsourcing case studies. This questionnaire is translated into Spanish and distributed to CIOs of the 200 largest companies in Chile. The responses from the CIOs are used as the proxy measures and are analyzed for evaluation. This study is conducted to understand and analyze the strategy adopted by Chilean companies to evaluate the need for ICT outsourcing. Also, the outsourcing capabilities and productively leveraging the built-up local ICT capability are analyzed. The results of the study show that the vendor availability and contractibility are considered very important relative to a clear understanding of internal ICT cost structures in Chilean industry.

Arjun K. Pai & Subhajit Basu (2007) in, “Offshore technology outsourcing: overview of management and legal issues”, state offshore outsourcing of non-core business process has rapidly evolved as a ubiquitous organisational phenomenon. However, failure to follow a clear, systematic and effective outsourcing strategy to evaluate threats, uncertainties and numerous imponderables can cause global enterprise businesses major setbacks. The reasons for such setback could be largely due to lack of core competency, careful legal planning and due diligence to operating models associated with an outsourcing initiative. This paper attempts to collate and exemplify the distinct qualifying processes accommodating contractual and intellectual property rights and provide a worthwhile debate on intricate legal considerations when structuring multi-jurisdictional outsourcing deals. The paper presents a comparative analysis of strategic legal and management framework by weighing the risks and evaluating the threats which would assist the decision making process of firms when selecting an appropriate offshore partner to carry out their IT-development work. Importance of legal intervention and due diligence to service agreements is further elevated as, at every phase of an outsourcing arrangement, compliance issues and contractual obligations can affect the success of an enterprise customer and its relationship with their outsourcing service provider.

120 Arjun K. Pai (School of Computer Science, Queen’s University Belfast, Belfast, UK), and (Subhajit Basu School of Law, Queen’s University Belfast, Belfast, UK), 2007, “Offshore technology outsourcing: overview of management and legal issues”. Business Process Management Journal, Vol. 13 No. 1, pp. 21-46, DOI 10.1108/14637150710721113
David Knights and Beverley Jones (2007)\textsuperscript{121} work titled, “Outsourcing (the) economy to India: utopian and dystopian discourses of offshoring”, examined critically both utopian and dystopian discourses of offshoring so that a more considered, nonetheless theoretically informed, view of the global offshore phenomenon can be formed. Drawing upon some preliminary research on offshoring ventures from the UK to India, and the extant literature, the practice of business process outsourcing (BPO) via offshoring is explored and critiqued. It is argued that neither dream nor nightmare is the adequate discursive metaphor to capture what we have discerned through our research on offshore outsourcing.

Sameer Kumar and A. Samad Arbi (2007)\textsuperscript{122}, have in their case study, “Outsourcing strategies for apparel manufacture”, stated that the redesign of a product supply chain, in terms of production, cost and delivery capabilities can be effectively accomplished by mapping, analyzing and simulating the changes in the supply chain prior to implementation. The case being discussed pertains to the apparel industry in the USA. The beginning of 2005 marked the end of a 30-year old quota on the apparel market in the USA. This has led many western apparel manufacturers to outsource their production to low-labor cost countries. This in-turn has led to increased customer lead-times. This paper aims to discuss how the implementation of proper IT systems and supply chain measures can reduce lead-times and also reduce total cost. An integrated approach is utilized to model the impact of apparel outsourcing added to a US apparel producer supply chain by studying the process map, data analysis, and simulation of the supply chain using Visio, Excel and at Risk simulation software. Using Monte Carlo simulation, the hypotheses on responsiveness and relative costs were tested with and without the outsourcing feature in the US apparel producer supply chain. The cost savings through outsourcing in the low-cost labor countries in Asia for the US apparel producer supply chain can be huge and the lead-time is quite substantial. Thus, outsourcing is not a viable solution for meeting short-term

\textsuperscript{121} David Knights and Beverley Jones (University of Keele, Stafford, UK), 2007. "Outsourcing (the) economy to India: utopian and dystopian discourses of offshoring", International Journal of Sociology and Social Policy Vol. 27 No. 11/12, pp. 433-446, DOI 10.1108/01443330710835792

\textsuperscript{122} Sameer Kumar and A. Samad Arbi (Opus College of Business, University of St Thomas, Minneapolis, Minnesota, USA), 2008. "Outsourcing strategies for apparel manufacture: a case study", Journal of Manufacturing Technology Management, Vol. 19 No. 1, pp. 73-91, DOI 10.1108/17410380810843462
market demands. However, for large seasonal orders, outsourcing could be an enormous cost-saver. The lead-time of the US apparel producer supply chain could be improved if certain controllable factors such as order processing could be made more efficient.

Alberto Felice De Toni, Andrea Fornasier, Mattia Montagner and Fabio Nonino (2007)\textsuperscript{123}, in the study, “A performance measurement system for facility management - The case study of a medical service authority”, set out to introduce an innovative performance measurement system (PMS) for business process outsourcing in facility management (FM) industry and analyse, comprehend and explain the main criticalities in the relationship among the actors involved in an outsourcing non-core services contract, which is typical of the FM business sector. The aim of the tool is to improve performances and enhance their integration towards a partnership. A case study research has been carried out on a medical service authority and on its FM service provider in order to investigate, understand and explain the main criticalities in their relationships. Starting from a literature analysis on empirical applications of PMS, an adaptation of a balanced scorecard (BSC) has been realized to exceed the criticalities of the case study and to propose a PMS for facility management. As highlighted in the case study, the need for an improved actors’ partnership has been fulfilled through an innovative approach, i.e. a performance measurement system which shares some indicators among FM service provider and customer.

William S. Lightfoot & James Almeida (2007)\textsuperscript{124}, in the work titled, “Leveraging knowledge in China: the experience of a foreign entrepreneur”, presents the observations of an Italian expatriate who has made China his home. It provides insights into the reasons he has been successful, which will help western firms learn how to better do business with the Chinese. The paper is based off an intensive interview with a Western entrepreneur. The paper reviews the case of JESA industrial limited featuring comments and the


\textsuperscript{124} William S. Lightfoot (International University of Monaco, Monaco) and James Almeida (Fairleigh Dickinson University, Madison, New Jersey, USA), 2007. "Leveraging knowledge in China: the experience of a foreign entrepreneur", Journal of Technology Management in China, Vol. 2 No. 2, pp. 177-188, DOI 10.1108/17468770710756112
perspective of its expatriate founder as he leads the further evolution of JESA from roots as an industrial market research and outsourcing consultancy focusing primarily on small and medium sized enterprises in Italy, to one that combines western and Chinese knowledge and experience with technical expertise and competency to serve a growing base of western businesses and Chinese expatriates.

Stewart H.C. Wan & Yuk-Hee Chan (2007)\textsuperscript{125}, in, “Improving service management in outsourced IT operations”, evaluates the effect of IT service management (ITSM) tools in a practical environment followed by sharing experience in developing management process modules in a service outsourcing model. In order to improve the fault correlation from business and user perspectives, the aim is to propose a framework to automate network and system alerts with respect to its business service impact and user impact for proactive notification to IT operations management. Three years of quantitative analysis using real operational data were used to present the effect on ITSM tools adoption. For the proposed framework, it consists of a hybrid case- and rule-based reasoning module and a new approach for fault mapping with business criticality and user activities. Over the past decade there has been significant focus in the context of ITSM in the IT services operations industry. In the market of ITSM software tools, customer and operational processes are not sufficiently developed nor integrated with other management applications following IT services daily processes which make it difficult to correlate faults to business service impacts and user impacts. For any fault of the same severity level, traditional fault discovery and notification tools provide equal weighting from business and user points of view.

T.T. Niranjan, K.B.C. Saxena and Sangeeta S. Bharadwaj (2007)\textsuperscript{126}, “Process-oriented taxonomy of BPOs: an exploratory study”, sets out to classify business process outsourcing (BPO), linking it to service level agreement (SLA) design needs. The paper develops a framework based on
prior literature to classify BPOs and illustrates it with field research of Indian vendors. The paper identifies criticality and complexity as the dimensions of classification and explicates the role of SLAs along these dimensions.

David McKenna & Derek H.T. Walker (2007)\textsuperscript{127}, “A study of out-sourcing versus in-sourcing tasks within a project value chain”, investigates a case of in-sourcing a key resource verses using the standard mode of operation of utilizing an established out-sourcing firm. The studied organisation is a large telecommunication firm in North America. The aim of the paper is to illustrate how a new approach to the organisational procurement decision making process to facilitate competitive advantage was influenced by simplicity rather than simple cost reduction. Single illustrative case study testing the usefulness of the composite out-sourcing decision framework decision making framework together with a clear focus on total value adding elements of service delivery. The analysis that, in-sourcing critical tasks or processes are advantageous to the case study organization as well as to the smaller internal department that it directly impacts.

Jean Woodall, William Scott-Jackson, Timothy Newham & Melanie Gurney (2008)\textsuperscript{128} in their paper titled, “Making the decision to outsource human resources”, tried to explore and describe how the decision to outsource human resources was made by 12 large and five small organisations. Desk research and key informant interviews with senior HR staff who lead the decision to outsource human resources in a purposive sample of organisations identified through an initial search of the professional literature and nomination by an expert panel. The research identifies a number of drivers that lead organisations to consider outsourcing their HR. In large organisations cost considerations are dominant, but other factors arise out of the organisational history and context, and very often, senior managers from outside the HR function are very influential. For most organisations, paradoxically, the decision to outsource appears not to be made on the basis

\textsuperscript{127} David McKenna (School of Property, Construction and Project Management, RMIT University, Melbourne, Australia), and (Bell Canada, Toronto, Canada), and Derek H.T. Walker (RMIT University, Melbourne, Australia), 2008. "A study of outsourcing versus in-sourcing tasks within a project value chain", International Journal of Managing Projects in Business Vol. 1 No. 2, pp. 216-232, DOI 10.1108/17538370810866346

of a thorough analysis of costs, with consequences for the quality of HR service offered to line managers, and also for the career paths and skill sets required from HR staff.

Peter Broedner, Steffen Kinkel and Gunter Lay Fraunhof (2008)\textsuperscript{129}, in their contribution, “Productivity effects of outsourcing new evidence on the strategic importance of vertical integration decision”, have presented an empirical investigation of firm level productivity effects of outsourcing against the background of a review of recent theoretical considerations about the topic. The empirical research is based on a large representative data set from the German manufacturing industries containing detailed data about almost 500 establishments. It investigates productivity effects of outsourcing under control of other relevant factors influencing firm level productivity by means of a multivariate regression analysis. In sharp contrast to common belief and prevailing management practices, outsourcing, i.e. the extent to which the vertical range of manufacturing is reduced, has a strong negative impact on a firm’s labour productivity. Against the background of the theoretical considerations reviewed from the literature, this result can be explained such that mere cost-efficiency comparisons are insufficient for appropriate decisions on vertical manufacturing range as the effects of opportunism, of disturbed competence formation, and of limited innovative value creation processes may be overcompensating cost benefits.

Tamer Bolat and Ozgu (2008)\textsuperscript{130}, in the study, “The relationship between outsourcing and organizational performance”, tried to investigate empirically the impacts of outsourcing, and to examine the relationship between the outsourcing process and organizational performance in hotels. Data for the study were obtained from 80 hotels in the city of Antalya in Turkey through questionnaires. A paired-sample t test, and correlation and regression analysis were used to analyse the data. The analysis provide strong support for the impacts of outsourcing on organizational performance. Cooperation


\textsuperscript{130} Tamer Bolat and O’zgu Yilmaz (Department of Business, Balikesir Vocational High School, Balikesir University,Cagis Kampusu, Balikesir, Turkey), 2009. “The relationship between outsourcing and organizational performance is it myth or reality for the hotel sector?”. International Journal of Contemporary Hospitality Management, Vol. 21 No. 1, pp. 7-23, DOI 10.1108/09596110910930151
with a vendor has led to significant improvement in organizational effectiveness, productivity, profitability, quality, continuous improvement, quality of work life, and social responsibility levels. Hotel managers think that organizational performance has increased after outsourcing.

**Marco Busi and Ronan McIvor (2008)**\(^{131}\) in their research, “Setting the outsourcing research agenda: the top-10 most urgent outsourcing areas”, have brought out a volume where the objective is to suggest a research agenda for outsourcing related studies, aiming to identify a limited number of key and most urgent research areas in need of scientifically valid research. The authors draw on their personal experience and knowledge as well as the content of the first volume of SOIJ, to identify key seminal studies in the field, observe gaps in current knowledge, and provide suggestions for future research. The major outcome of the paper is our suggestion for the top-10 most urgent outsourcing research areas. Also interesting are the other three top-10s we propose: the top-10 theories underpinning current outsourcing research; the top-10 research areas investigated by past research on outsourcing; and the top-10 research questions that have emerged this year.

**Sandhya Shekhar (2008)**\(^{132}\), in, “Benchmarking knowledge gaps through role simulations for assessing outsourcing viability”, have stated that with an increase in global outsourcing, there is a need for risk mitigation strategies for outsourcing partner selection. Most outsourced services are getting commoditized, making it difficult to clearly differentiate capabilities of service providers. Also, the move towards knowledge process outsourcing (KPO) services is an area where the risks of failure are perceived to be higher. Since the knowledge dimension is a critical one for any outsourced activity, an objective assessment of knowledge gaps is important in the overall process of evaluation of the external provider. This paper aims to address the issues involved. The paper builds the linkage between the measurability of the knowledge dimension and outsourcing project success through a set of

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\(^{131}\) Marco Busi (Carisma RCT Ltd, Dingwall, UK), and Ronan McIvor (University of Ulster, Londonderry, UK), 2008. “Setting the outsourcing research agenda: the top-10 most urgent outsourcing areas”. Strategic Outsourcing: An International Journal, Vol. 1 No. 3, pp. 185-197, DOI 10.1108/17538290810915263

propositions. It proposes a formal process of “knowledge gap assessment” as an input to assessing partner viability. It also identifies two important dimensions that are specific to an outsourcing relationship. Finally, the paper outlines a conceptual framework that takes these dimensions into account through a process of benchmarking using role simulations that could be used as a generic tool for performing such an assessment. Such an assessment can help to classify prospective service providers as exhibiting low-, moderate- or high-knowledge gaps in different knowledge categories. Depending on the cost of bridging these gaps the associated risks can be classified as low, medium or high, facilitating appropriate managerial decisions.

Selcuk Perc (2008)\footnote{Selcuk Perc, (in Department of Business Administration, Karadeniz Technical University, Trabzon, Turkey). 2008. “Fuzzy multi-criteria risk-benefit analysis of business process outsourcing (BPO)”, Information Management & Computer Security, Vol. 16 No. 3, pp. 213-234, DOI 10.1108/09685220810893180}, in the paper, “Fuzzy multi-criteria risk-benefit analysis of business process outsourcing (BPO)”, presented the employment of the new hierarchical fuzzy technique for order preference by similarity to ideal solution (TOPSIS) approach to evaluate the most suitable business process outsourcing (BPO) decision. The paper explains the importance of selection criteria for evaluation of BPO. It then describes briefly the fuzzy hierarchical TOPSIS methodology. There then follows a discussion of the application of the fuzzy hierarchical TOPSIS with some sensitivity analysis to the BPO evaluation problem. Finally, some concluding remarks and perspectives are offered. Use of the hierarchical fuzzy TOPSIS methodology offers a number of benefits. It is a more systematic method than the other fuzzy multi-criteria decision-making (FMCDM) methods and it is more capable of capturing a human’s appraisal of ambiguity when complex multi-criteria decision-making problems are considered. The hierarchical fuzzy TOPSIS is superior to the other FMCDM methods, such as fuzzy analytic hierarchy process (FAHP) and classical fuzzy TOPSIS methods, since the hierarchical structure without making pairwise comparisons among criteria, sub-criteria, and alternatives is considered. Hierarchical fuzzy TOPSIS is an excellent tool to handle qualitative assessments about BPO evaluation problems, and its calculations are faster than FAHP. Also, hierarchical fuzzy TOPSIS makes it possible to
take into account the hierarchical structure in the evaluation model. However, there are drawbacks. The classical fuzzy TOPSIS is a highly complex methodology and requires more numerical calculations in assessing the ranking order of the alternatives than the hierarchical fuzzy TOPSIS methodology and hence it increases the effort, thus limiting its applicability to real world problems.

Ali Rajabzadeh, Ali Asghar and Ali Hosseini (2008)\textsuperscript{134}, made an attempt in, “Designing a generic model for outsourcing process in public sector: evidence of Iran”, have described the outsourcing process in the public sector and determined the effective factors involved in this process and their priorities. Their aim is to develop a generic conceptual model for the outsourcing process in public sectors. The paper is based on the results of literature review and conducting binominal and Friedman tests. The model consists of the following steps and components: considering the organization’s basic activities, evaluation of organizations’ existing potentials and analysing organizational processes, studying general outsourcing patterns, implementing and monitoring outsourcing process in terms of some critical success factors; and evaluation of outsourcing process of the organization and identifying feedbacks. The paper determines the main components and influence factors involving in the process of outsourcing in public sectors. The generic model developed in this paper as a framework can be used to increase the efficiency and the effectiveness of the outsourcing process of organizations in public sector.

Bhimrao Ghodeswar and Janardan Vaidyanathan (2008)\textsuperscript{135} in, “Business process outsourcing: an approach to gain access to world-class capabilities”, have set out to review the different types of outsourcing, its drivers and process, and to identify world-class capabilities that host organisations can leverage. The paper is primarily based on a review of literature. It was found that outsourcing helps the organisation to achieve higher levels of value


creation for the final customer. Drivers of outsourcing emanate from organisational initiatives, improvement focus, financial and cost objectives, or growth objectives. A wide range of core and non-core critical business processes are increasingly being outsourced covering a large spectrum of sectors and operations, enabling host organisations to gain access to world-class capabilities.

Penelope Sue Greenberg, Ralph H. Greenberg and Yvonne Lederer Antonucci (2008) have in, “The role of trust in the governance of business process outsourcing relationships”, stated that business process outsourcing (BPO) has become so prevalent that a new term, the extended enterprise, has arisen to describe this approach to structuring an organization. The purpose of this paper is to integrate the information systems and the inter-firm governance literatures to develop a framework for the role of trust in the governance of extended enterprises. This paper uses transaction cost economics (TCE) to identify the elements and stages of BPO relationships. This paper then integrates those elements with the types of trust identified in the information systems (IS) literature to develop a framework. TCE identifies three elements that influence the design and function of interfirm relationships: the transaction, the transaction environment and the parties (the client and the vendors). TCE also recognizes three stages in the transaction: contact, contract, and control. The IS literature identifies three types of trust: trusted systems, trusted institutions, and trusted partners. The paper links the two literatures into a framework identifying the type of trust related to each of the TCE elements; it then uses these linkages to identify the types of trust appropriate for each stage of the BPO relationship.

of geographic and sectoral markets. The global sourcing trends 2008 report is co-authored by Morrison & Foerster partners based in Europe, the USA and Asia and edited by the Chair of Morrison & Foerster’s Global Sourcing Group. Initially, colleagues in the Global Sourcing Group were surveyed and this team of more than 60 lawyers in the firm’s offices around the globe were asked for their observations over the last 12 months, and predictions for the coming months, based on advising on a wide range of sourcing projects in a number of geographic and sectoral markets. Soundings were taken from more than 50 clients from a client base which includes Fortune 100 companies, some of the world’s largest financial institutions; public sector organizations; outsourcing service providers; and a range of corporates from diverse industry sectors including media, travel and logistics, insurance, healthcare and pharmaceuticals, and IT. Other advisors in the sector were spoken to also, including many of the leading outsourcing consultancies. Results of this informal survey were then compared with the annual sourcing reports the firm had produced at the start of 2006 and 2007. The report finds: an economic slowdown will see a move back towards cost-driven outsourcing – despite the fact that, over the long term, service-driven or value-driven deals tend to deliver more stable, successful relationships. Greater emphasis is seen on post-signature support, governance, supplier management, and the role of the retained function. As the pharma industry sharpens its focus on the core competencies needed to sustain its pipeline of new drug candidates, increased pharmaceutical outsourcing in 2008 and thereafter is expected to be seen. As all companies seek to reduce their corporate carbon footprint, a greater take up of outsourced services that deliver “Green IT” is expected.

**Amitava Ray, Bijan Sarkar and Subir Sanyal (2008)** have in, “A holistic approach for production outsourcing”, developed and demonstrated an outsourcing model in which constraint resource prevents the throughput of the organization. The paper proposes an integrated model by combining the Hurwicz criterion, the theory-of-constraints (TOC) and linear programming

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138 Amitava Ray (Department of Mechanical Engineering, Sikkim Manipal Institute of Technology, Majitar, East- Sikkim, India), and Bijan Sarkar and Subir Sanyal (Department of Production Engineering, Jadavpur University, Kolkata, West Bengal, India), 2008. “A holistic approach for production outsourcing”, Strategic Outsourcing: An International Journal, Vol. 1 No. 2, pp. 142-153, DOI 10.1108/17538290810897156
into a single evaluation model in a multi-product constraint resource environment. A case study is presented to demonstrate the effectiveness of this model. The decision model compares four alternatives: standard cost accounting, standard TOC, LP analysis, and our own solution, which is an approach that combines TOC, LP, and the Hurwicz criterion. The numerical results show that this model is superior and more realistically optimizes resource allocation and measures the performance of the model.

Amitava Ray, Bijan Sarkar and Subir Sanyal (2008) in the paper, “Outsourcing decision under Utopian environment”, developed and demonstrated an outsourcing decision model in which constraint resource prevents the throughput of the organization. An integrated model is proposed by incorporating the weighted product model (WPM) of AHP in estimating the priority of each product in a multi-product constraint resource environment. A numerical example is presented to demonstrate the effectiveness of this model. The outsourcing decision model compares four alternatives: Standard cost accounting, standard theory-of-constraints (TOC), LP analysis and an original solution. The numerical results show that the proposed model is superior and more realistically optimizes resource allocation and measures the performance of the model.

Vathsala Wickramasinghe (2008) in the study, “Predictors of job satisfaction among IT graduates in offshore outsourced IT firms”, aimed to investigate the level of job satisfaction experienced by IT graduates employed full time in offshore outsourced IT firms (OOITF) in Sri Lanka, the demographic characteristics that predict job satisfaction, perceptions towards IT jobs in OOITF, and turnover and job search intentions. The sample consisted of 122 randomly selected individuals who graduated in the information technology field and were employed full-time in OOITF in Sri Lanka. A survey questionnaire was chosen as the mode for data collection. The results indicate that gender and tenure are significant in job satisfaction.

139 Amitava Ray (Department of Mechanical Engineering, Sikkim Manipal Institute of Technology, Majitar, India), and Bijan Sarkar and Subir Sanyal (Department of Production Engineering, Jadavpur University, Kolkata, India), 2008. “Outsourcing decision under Utopian environment”, Journal of Applied Accounting Research, Vol. 9 No. 3, pp. 181-191, DOI 10.1108/09675420810919739

140 Vathsala Wickramasinghe (Department of Management of Technology, Faculty of Engineering, University of Moratuwa, Moratuwa, Sri Lanka), 2009. “Predictors of job satisfaction among IT graduates in offshore outsourced IT firms”, Personnel Review, Vol. 38 No. 4, pp. 413-431, DOI 10.1108/00483480910956395
measurement. Females are less satisfied with their jobs and feel a loss of interest in IT jobs in OOITF but wish to remain in their present workplace. IT graduates with a longer tenure in their present workplace are less satisfied with their jobs, feel a loss of interest in IT jobs in OOITF and intend to leave their present workplace.

**Sandhya Shekhar (2008)** in “Benchmarking knowledge gaps through role simulations for assessing outsourcing viability”, stated that with an increase in global outsourcing, there is a need for risk mitigation strategies for outsourcing partner selection. Most outsourced services are getting commoditized, making it difficult to clearly differentiate capabilities of service providers. Also, the move towards knowledge process outsourcing (KPO) services is an area where the risks of failure are perceived to be higher. Since the knowledge dimension is a critical one for any outsourced activity, an objective assessment of knowledge gaps is important in the overall process of evaluation of the external provider. This paper aims to address the issues involved. The paper builds the linkage between the measurability of the knowledge dimension and outsourcing project success through a set of propositions. It proposes a formal process of “knowledge gap assessment” as an input to assessing partner viability. It also identifies two important dimensions that are specific to an outsourcing relationship. Finally, the paper outlines a conceptual framework that takes these dimensions into account through a process of benchmarking using role simulations that could be used as a generic tool for performing such an assessment. Such an assessment can help to classify prospective service providers as exhibiting low-, moderate- or high-knowledge gaps in different knowledge categories. Depending on the cost of bridging these gaps the associated risks can be classified as low, medium or high, facilitating appropriate managerial decisions.

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Ming-Chih Tsai, Chun-Hua Liao and Chia-shing Han (2008)\textsuperscript{142} in the work named, “Risk perception on logistics outsourcing of retail chains: model development and empirical verification in Taiwan”, aimed to develop a qualitative risk model to empirically identify the important outsourcing risks of logistical functions using the data of Taiwanese retail chains. Transaction cost theory (TCT) and resourced based view (RBV) were combined to develop risk events. Analytical hierarchy process was used for risk calibration. Valid data from 75 outsourcer chains and 41 in-house chains were collected through a three-stage survey. Outsourcers were further clustered by risk perception using Wards’ and K-mean clustering and examined by an ANOVA. Results of outsourcers and in-house chains were compared using nonparametric Spearman rank correlation test. The risk perception increases as the number of functions outsourced increases. Risks related to transaction costs and strategic resources were both significant. Of the three main risks identified, asset risk and competence risk are more serious concerns than relationship risk. The values of information risk and loss of control account for the bulk of asset risk, while those of poor competence leverage and poor competence in supporting customer service comprise competence risk. Finally, in terms of risk priority, in-house chains showed no significant difference from outsourcers.

Rakesh Agarwal and Nonika Bajaj (2008)\textsuperscript{143} in, “Managing outsourcing process: applying six sigma”, have stated that the decision to manage an outsourced project is easy but to provide client satisfaction is a difficult process. Outsourcing has been broadly accepted due to the extensive and useful business need they provide, even in those situations where the planning/decision support paradigm provided by the system poorly fits the business. The purpose of this paper is to propose an effective modelling methodology for managing the process of outsourced projects for the clients. The paper proposes a cimosa, O3ML and business outsourcing process using

\textsuperscript{142} Ming-Chih Tsai, Chun-Hua Liao and Chia-shing Han (Department of Marketing, National Chung-Hsing University, Taichung City, Taiwan), 2008. “Risk perception on logistics outsourcing of retail chains: model development and empirical verification in Taiwan”, Supply Chain Management: An International Journal, 13/6, 415–424 DOI 10.1108/13598540810905679


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DMADV methodology – an effective modelling methodology for managing the process of outsourced projects for clients. The hybrid governance structure consists of inter-organizational coordination mechanisms, inter-organizational systems and social control. Companies that wish to offshore their business process should select the service providers that can facilitate setting up such hybrid governance structure.

**Wendell O. Jones (2009)**\(^{144}\) in the work, “Outsourcing in China: opportunities, challenges and lessons learned - Industry Insight”, has attempted to identify the opportunities, challenges and lessons of information technology outsourcing (ITO) in China. The challenges, opportunities and trends in offshore ITO in China are examined based on two trips to software centers in China, interviews and conversations with Chinese executives and government officials, research programs of outsourcing researchers and information from advisors and practitioners. The paper extracts lessons learned about practices, processes and cultural factors that contribute to outsourcing success in China; why China attract ITO customers; how cultural dimensions and differences in accepted business practices complicate outsourcing in China; what strengths and weaknesses to expect from Chinese IT workers and outsourcing companies; and how to evaluate, select and manage Chinese suppliers.

**Henrik Agndal, Fredrik Nordin and Linko (2009)**\(^{145}\) in the research, “Consequences of outsourcing for organizational capabilities - Some experiences from best practice” have tried finding the effects of outsourcing tends to focus on financial effects and effects at a country level. These are not the only consequences of outsourcing, though. When firms outsource functions previously performed in-house, they risk losing important competencies, knowledge, skills, relationships, and possibilities for creative renewal. Such non-financial consequences are poorly addressed in the literature, even though they may explain financial effects of outsourcing.

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Therefore, the purpose of this paper is to develop a model that enables the study of non-financial consequences of outsourcing. Based on a review of the literature on interdependencies between organizational functions, a main proposition is developed: given that savings gained from outsourcing are not reinvested in the organization, outsourcing of any function will negatively impact the capabilities of that and other functions in the organization. This proposition is broken down into sub-propositions, which are tested through a focus group study. Respondents include purchasing professionals with experience from best practice outsourcing. The initial proposition is developed through identification of variables mediating the proposed negative consequences of outsourcing. Mediating variables are broken down into four categories: variables relating to the outsourcer, the outsourcee, the relationship between the parties, and the context.

Wing Lam and Alton Y.K. Chua (2009) in, “Knowledge outsourcing: an alternative strategy for knowledge management”, has stated that in knowledge outsourcing, external knowledge providers, rather than in-house experts, are contracted to provide services which result in the production of knowledge-intensive assets for the organisation. The purpose of this paper is to present the notion of knowledge outsourcing as an alternative strategy for knowledge management. A case study research method is adopted to examine the knowledge outsourcing processes and activities at a for-profit higher education enterprise that has been successful in using a knowledge outsourcing approach in the development of its online courseware. A general process model of knowledge outsourcing is developed from the case data. The paper also draws attention to three conditions under which knowledge outsourcing may be a suitable strategy for knowledge management. Additionally, two main areas of knowledge outsourcing risk, which are related to the quality of knowledge services and the effort required to manage the outsourcing relationship, have been identified.

146 Wing Lam and Alton Y.K. Chua (Wing Lam is Dean, based at U21 Global, Singapore), Alton Y.K. Chua (is Assistant Professor, based at Nanyang Technological University, Singapore), 2009, "Knowledge outsourcing: an alternative strategy for knowledge management", JOURNAL OF KNOWLEDGE MANAGEMENT VOL. 13 NO. 3, pp. 28-43, DOI 10.1108/13673270910962851
Ajay Sharma and Patricia Loh (2009) in the paper, “Emerging trends in sourcing of business services”, have examined the key emerging trends in sourcing of business services. The paper is primarily theoretical and observational. It is based on the author’s review of major academic and managerial publications, extensive interactions with industry leaders and prior experience in the industry. It was found that the scale and scope of sourcing of business services from across firm and national boundaries is increasing. Offshore is increasingly being leveraged for higher value activities. As business services get more industrialized, activities are being split into smaller units for servicing, and a services supply chain is beginning to emerge. With sourcing becoming more strategic, risk management has become more complex and critical.

Arindam Banerjee and Scott A. Williams (2009) have in, “International service outsourcing - Using offshore analytics to identify determinants of value-added outsourcing” stated that international outsourcing has been traditionally looked upon as a low end cost effective servicing option to take advantage of the cost arbitrage that exists across countries. Of late, many outsourcing vendors have realized that the advantages of cost differentials that spurred a lot of the global outsourcing business in the past 20 years will disappear in the medium term. The purpose of this paper is to provide a perspective about how much value addition, besides cost, traditional outsourcing vendors can provide and what may be the facilitator/inhibitors of such activities. A case describing the setting up of an offshore analytics operation is presented, which gives a backdrop to the challenges faced in relatively high end value creation processes in a remote outsourced (offshore) environment. This provides some empirical support to a proposed model for facilitating the outsourcing of value-added services. A model is proposed for determining the degree to which value-added services can be outsourced. The key dimensions that influence the degree of outsourcing are: the
expertise of the vendor; the environmental stability of the offshore domain; the physical barriers to outsourcing complex business processes such as, communication problems and proximity issues; the possibility of knowledge leakage from the outsourcing domain; and the cost benefits of outsourcing.

**Kevan Penter, Graham Pervan and John Wreford (2009)** in, “Offshore BPO at large captive operations in India”, have contributed towards development of a management framework for offshore business process outsourcing (BPO). This paper utilises longitudinal case studies to identify success factors in managing offshore BPO via the captive model (i.e. wholly-owned subsidiary). Success in offshore BPO is based on a combination of cost savings, technical service quality and strategic issues, is specific to business context and will change over time. Choice of engagement model (e.g. captive operation or arms-length contracting) is an important success factor. Advantages of captive centers arise from higher levels of relationship quality, trust and collaboration effectiveness.

**Ilan Oshri, Julia Kotlarsky, Joseph W. Rottman and Leslie L. Willcocks (2009)** have jointly worked on, “Global sourcing: recent trends and issues”, reviewed recent trends and issues in global IT sourcing and to introduce papers in the special issue: “Social, managerial and knowledge aspects in global IT sourcing”. The paper examines trends by regions including Brazil, Russia, India and China and also trends in Captive Centres and their strategies. It was found that there will be a continuing rise in outsourcing revenues for global outsourcing, with BPO overtaking ITO within five years. Multi-sourcing will continue to be the dominant trend. India will continue to dominate but its role will change. China heralds promise but will still struggle to achieve scale in Western European and North American markets. Emerging country competition will intensify. Software as a service will be a “slow burner” but will gain momentum in the second half of the next decade. Near-shoring will be a strong trend. Outsourcing, by offering a potential
alternative, will help discipline in-house capabilities and service. Knowledge process outsourcing will increase as the BRIC and emerging countries move up the value chain. Captive activity – both buying and selling – will increase (see below). Outsourcing successes and disappointments will continue as both clients and suppliers struggle to deal with a highly dynamic set of possibilities.

Ronan McIvor, Paul Humphreys, Alan McKittrick and Tony Wall (2009) have in, “Performance management and the outsourcing process -Lessons from a financial services organisation”, assessed the applicability of a number of performance management techniques in the outsourcing process, in a business services context. Using management techniques are applied in a financial services organisation over a three-year period. A case study approach is employed to undertake the research, which involved the research team engaging directly with the organisation throughout the outsourcing process. Applying performance management techniques in the outsourcing process is challenging in a number of areas including comparison difficulties, incomplete information and inadequate performance management systems. However, benchmarking and cost analysis are useful mechanisms for improving performance, and reducing costs via internal process redesign or outsourcing. Performance management techniques can be employed to remove inefficiencies from processes both prior to outsourcing and during the outsourcing relationship.

Wing Lam & Alton Y.K. Chua (2009) have brought out in their paper titled, “An analysis of knowledge outsourcing at Edware”, an introduction to the notion of knowledge outsourcing (KO) where external knowledge providers (KP), rather than internal experts, are contracted to provide knowledge services. The purpose of this paper is to examine the role of KO in knowledge management (KM) and the circumstances under which KO is most likely to be successful. Using the case study approach, the fieldwork is done at Edware,

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an organization that develops and markets e-learning courseware. Apart from conducting semi-structured interviews with diverse stakeholders in the organization, archival data from Eduware are collected for triangulation purposes. On the basis of the case data, two distinct types of KO relationships have been identified in Eduware. Furthermore, the risks of KO included both product-related and process-related ones. Three conditions under which KO are most likely to be successful were: first, a lack of in-house expertise; second, the availability of suitable external KP; and finally, a favourable business case.

Mingu Kang, Xiaobo Wu & Paul Hong (2009) have in, “Strategic outsourcing practices of multi-national corporations (MNCs) in China”, presented a research model and case illustrations that explore strategic outsourcing practices for sustainable competitive advantages in the Chinese context. This study is based on in-depth interviews of executives of three multi-national firms (MNCs) from Switzerland, Korea and the USA that have been successfully operating in China for more than seven years. This paper discusses how three MNC firms in China maintain clear and disciplined strategic outsourcing and achieve desired business outcomes. They race to the top by managing strategic insourcing for high risk and high profit items while outsourcing low risk and high profit leveraging items.

Lifang Wu and Daewoo Park (2009) have in, “Dynamic outsourcing through process modularization”, introduced a dynamic outsourcing framework for making and implementing process outsourcing decisions in a rapidly changing environment. The theoretical framework incorporates three major concepts/techniques: the order winner concept to identify strategic level competitive priorities, the modularization concept to reconfigure enterprise organizational structure, and the analytical hierarchy process technique for linking critical demand attributes with process modules at the operational level. The study presents a dynamic outsourcing approach through

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153 Mingu Kang and Xiaobo Wu (School of Management, Zhejiang University, Hangzhou, People’s Republic of China), and Paul Hong (Information Operations and Technology Management, College of Business Administration, University of Toledo, Toledo, Ohio, USA), 2009. “Strategic outsourcing practices of multi-national corporations (MNCs) in China”, Strategic Outsourcing: An International Journal, Vol. 2 No. 3, pp. 240-256, DOI 10.1108/17538290911005153
organizational modularization and shows when and how core and non-core activities can be outsourced in a fast changing market.

Bahman Bahrami (2009)\textsuperscript{155} in, “A look at outsourcing offshore”, stated that most debates concerning outsourcing offshore in recent years have been politically oriented and based on casual observations. The purpose of this paper is to provide a clear economic understanding of the subject and to present offshoring in the context of globalization and in a more integrated world economy. This paper is designed in a coherent way to provide the reader with an overview, scope, benefits, and costs of outsourcing offshore and suggest some appropriate policies to navigate in a globally interdependent and competitive environment. Outsourcing offshore is largely irreversible and the USA or other countries must invest heavily in ways to boost domestic workers’ productivity and to manage workers’ transitions to more competitive employment. This paper also provides evidence that, in the long run, outsourcing offshore is beneficial for the economy as a whole.

Mehmet N. Aydin, Jeroen de Groot and Jos van Hillegersberg (2009)\textsuperscript{156} in, “Action readiness and mindset for IT offshoring”, have tried to examine the degree of changes in action readiness and mindset for the IT offshore outsourcing (offshoring) practice of a number of leading finance and insurance organisations. In particular, the article investigates the action readiness (the state, condition or quality of being ready) and mindset (habits, opinions or perceptions which affect a person’s attitudes) of organisations for IT offshoring. The research method applied has explorative research characteristics and consisted of two phases. The first phase included conducting interviews with project managers of 12 organisations in home and offshore countries and the second phase was concerned with an in-depth analysis of projects in three organisations. By adopting a process research approach, the research takes into account the dynamics of IT offshoring projects in terms of five essential aspects, i.e. the way of working culture,


\textsuperscript{156} Mehmet N. Aydin (Department of Information Technologies, Isık University, Istanbul, Turkey), and Jeroen de Groot and Jos van Hillegersberg (Department of Information Systems and Change Management, University of Twente, Enschede, The Netherlands), 2010. “Action readiness and mindset for IT offshoring”, Journal of Enterprise Information Management, Vol. 23 No. 3, pp. 326-349, DOI 10.1108/17410391011036094
method use, IT activities, IT governance, and knowledge sharing. The findings indicate that to a greater extent organisations have realised readiness for method use and the mindset for IT activities, and that the overall improvements regarding these aspects have been modest in the last two years. On the other hand, the mindset for dealing with cultural difference has increased while readiness for flexible working, tracking of requirements change, efficient division of work, and systematic communication is still inadequate.

Mohamed Alsudairi & Yogesh K. Dwivedi (2009)\textsuperscript{157} have in, “A multi-disciplinary profile of IS/IT outsourcing research”, stated that in recent years a large number of studies have appeared on information systems (IS)/information technology (IT) outsourcing related issues but scattered in a number of distantly related publishing outlets which may hamper the use of such published resources and repetition of research conducted by various researchers. The purpose of this paper is to conduct a systematic survey of the literature pertaining to research on IS/IT outsourcing. The research aim was accomplished by extracting information on a number of relevant variables by conducting a review of 315 articles on IS/IT outsourcing published between 1992 and 2008. The analysis is presented by listing and illustrating subject category, journals, year of publications and country, frequently published authors, productive institutions, the trend of collaborative nature (co-author analysis) of research, the impact/influence of published research; topics/research issues and utilised methods, and the challenges and limitations of existing research.

Ying Liao, Kun Liao & Robert Hutchinson (2009)\textsuperscript{158} in “A conceptual framework for prototyping outsourcing in new product development - A knowledge-based view”, have proposed a conceptual framework for prototyping outsourcing. This study provides an up-to-date literature review

\textsuperscript{157} Mohamed Alsudairi (King Saud University, Riyadh, Kingdom of Saudi Arabia), and Yogesh K. Dwivedi (School of Business and Economics, Swansea University, Swansea, UK), 2010. “A multi-disciplinary profile of IS/IT outsourcing research”. Journal of Enterprise Information Management, Vol. 23 No. 2, pp. 215-258 DOI 10.1108/17410391011019787

and an in-depth case study. This study identifies three factors (i.e. the degree of the prototyping to core competence, prototyping complexity, and supplier’s capability of providing knowledge and speed for prototyping) and three types of risks (i.e. losing control over suppliers, dependency on suppliers, and supplier’s lack of capabilities) for prototyping outsourcing decisions.

Jason K. Deane, Christopher W. Craighead & Cliff T. Ragsdale (2009)\textsuperscript{159} in, “Mitigating environmental and density risk in global sourcing”, have tried to provide a conceptual foundation to enhance the body of knowledge related to supplier selection in light of global supply chain disruptions and risk. The proposed tool is based on a multi-criteria optimization framework, which will enable the user to gain a better understanding of how the consideration of each of these risk measures will affect the recommended solution/supply base. The model serves as a complement to existing supplier selection models by incorporating regional risks associated with potential suppliers’ locations and density risks based on great circle distance measures. The paper demonstrated the proposed model by using the great circle distance measure to calculate the density risk and two secondary data sources to capture environmental risk. One measure captures a variety of environmental issues such as political, legal, security, fiscal, labor, and regulatory issues. The other measure captures the historical effects of weather on dollar and human losses in each country of the world, which represents the potential for severe weather events and the country’s ability to react to these events.

Frank Ulbrich (2009)\textsuperscript{160} in the work, “How interpersonal conflicts influence IS-sourcing decisions”, has worked towards ascertaining that frameworks on information systems-sourcing (IS-sourcing) decisions are frequently based on rational-choice theory, neglecting such non-quantifiable aspects as interpersonal conflicts. The purpose of this paper is to find out whether such interpersonal conflicts have a determining influence on an organization’s IS-


sourcing decision. An illustrative case-study strategy is applied. The following interpersonal conflicts had a determining influence on an organization’s IS-sourcing decision: tensions between personnel in the IS department and those in the users’ departments; lack of capabilities on a personal level; power in and between departments; and face-saving in the corporate group. Based on these empirical findings, a generic model is developed to illustrate how interpersonal conflicts enmesh with economic, business, and technical factors, and influence IS-sourcing decisions.

Albert Plugge and Marijn Janssen (2009)\textsuperscript{161} have drawn though their work, “Managing change in IT outsourcing arrangements - An offshore service provider perspective on adaptability”, that clients and IT outsourcing service providers are regularly confronted with changes in their business and IT environment. This paper aims at understanding the need for adaptability and the capabilities of service providers in outsourcing arrangements. The paper uses a combination of literature research and case study research. A retrospective view on the case study was investigated using interviews, and analyses of reports and observations. Clients are dependent on their service providers to adapt to changes and their service providers can help to better deal with their ever-changing environment. This case study shows that the level of adaptability of service providers affects their sourcing capabilities, which results in improved customer retention by service providers and in their clients gaining competitive advantage. Service providers can create adaptability by developing their organizational capabilities, specifically by managing relationships and developing procedures for dealing with change.

Reyes Gonzalez, Jose Gasco and Juan Llopis (2009)\textsuperscript{162} through their work, “Information systems outsourcing reasons and risks: a new assessment”, have observed that outsourcing is currently going through a stage of unstoppable growth. The purpose of this paper is to make a proposal about the main reasons, which may lead firms to adopt outsourcing in information

\textsuperscript{161} Albert Plugge and Marijn Janssen (Faculty of Technology, Policy and Management, Delft University of Technology, Delft, the Netherlands), 2009. “Managing change in IT outsourcing arrangements an offshore service provider perspective on adaptability”, Strategic Outsourcing: An International Journal, Vol. 2 No. 3, pp. 257-274, DOI 10.1108/17538290911005162

systems (IS) services. It will equally analyse the potential risks that IS clients are likely to face. An additional objective is to assess these reasons and risks in the case of large Spanish firms, while simultaneously examining their evolution over time. This study of outsourcing reasons and risks has been carried out from the client’s perspective. In order to achieve these aims, a questionnaire was administered to the IS managers of the largest Spanish firms. Outsourcing gives the organisations the opportunity to have better IS services and the possibility to achieve technological improvements and, although cost savings in staff and technology are generally seen as very important, they do not emerge as priority reasons for outsourcing in the present study. Regarding risks, they are mainly associated with providers, with great concern being expressed about the lack of qualification among their providers’ staff, the potential lack of compliance with contracts, and the inability to adapt to the new technologies.

Reyes Gonzalez, Jose Gasco and Juan Llopis (2009)\textsuperscript{163} in their work, “Outsourcing and information systems managers: An empirical study”, have drawn that information systems (IS) outsourcing has grown dramatically in recent years, however few studies have dealt with the influence of outsourcing on the role of IS managers. In attempting to fill the gap, this study presents and analyzes the results of a survey among large Spanish firms. Also the paper analyses these results along time. So, the main aim of the paper is to focus on the implications of outsourcing over IS managers and the evolution of these implications in recent years. Moreover, the paper presents a typology of firms according to how outsourcing has influence IS managers. A questionnaire was administered to the IS managers of the largest Spanish firms, so outsourcing influence is analysed from the point of view of the own managers affected by outsourcing. The paper concludes that outsourcing has benefited IS managers in the largest Spanish firms, enhancing their jobs and working as a valuable alternative to internal IS activity.

\textsuperscript{163}Reyes Gonzalez, Jose Gasco and Juan Llopis (Department of Business Organisation, University of Alicante, Alicante, Spain), \textit{2010, "Outsourcing and information systems managers: an empirical study"}, Industrial Management & Data Systems, Vol. 110 No. 3, pp. 325-350, DOI 10.1108/02635571011030015
Sharon M. Ordoobadi (2009)\textsuperscript{164} in “Outsourcing reverse logistics and remanufacturing functions: A conceptual strategic model”, have worked towards providing a tool for decision makers to make more informed decisions regarding their outsourcing policies. In this study it is assumed that recycling or remanufacturing of these returns will soon be a must for original equipment manufacturers. The paper presents a multi-phased decision model for strategic analysis of outsourcing such activities. The proposed decision model provides a comprehensive tool for effective decision making by considering economic as well as strategic factors.

Robert Gregory, Michael Prifling and Roman Beck (2009)\textsuperscript{165} in “The role of cultural intelligence for the emergence of negotiated culture in IT offshore outsourcing projects”, have tried to analyze how individual project members in IT offshore outsourcing projects cope with culture-specific behavior, and how the project members’ cultural intelligence enables the emergence of negotiated culture. The employed research approach is an interpretive, in-depth single-case study based on 31 qualitative interviews. The cultural intelligence framework serves as a “sensitizing device” to develop a model of cross-cultural interaction in IT offshore outsourcing projects. The paper presents a model explaining cross-cultural interaction at the individual level in IT offshore outsourcing. The analysis shows that effective cross-cultural interaction manifests itself in active cross-cultural adaptation behavior, which is driven by motivational and cognitive factors. Cultural intelligence, including cognitive, motivational, and behavioral elements, is found to be an important driver for the development of a negotiated culture, characterized by trust-based interpersonal relationships, shared understanding, and the effective resolution of conflicts in IT offshore outsourcing projects.


Matthew Walker, Melanie Sartore and Robin Taylor (2009) in “Outsourced marketing: it’s the communication that matters” have drawn that outsourcing has been promoted as one of the most powerful trends in the modernization of marketing operations. The rationale for such an undertaking includes a variety of factors but is generally predicated on fiduciary considerations. The purpose of this article is to examine the issues with, and the empirical consequences of, outsourcing within the intercollegiate marketing context. This is an exploratory mixed-methods study incorporating qualitative and quantitative data to investigate outsourcing specifically related to the communication-employee commitment relationship. Results from study reveal that marketing directors perceive outsourcing as critical but also experience dissatisfaction with the level, frequency, and direction of communication. Results from study indicate that an explicit and positive relationship exists between employee satisfaction with communication and their resultant commitment to the organization.

Adegoke Oke, Arnold Maltz and Poul Erik Christiansen (2009) have in “Criteria for sourcing from developing countries”, state that increasingly, sourcing decisions routinely include contract manufacturers and suppliers in developing countries. While many studies have researched and identified the criteria for selecting suppliers in general terms, there has been a dearth of studies on the criteria for choosing amongst suppliers in developing countries including suppliers in Eastern Europe, Asia and Africa. The purpose of this paper is to investigate the criteria for choosing amongst suppliers in different developing countries. The methodology consists of a series of case studies involving six firms some of which are sourcing from developing countries and some that are based in developing countries and supply lead firms in developed countries. Cost, physical and cultural proximity, political factors and reliability are found to be the primary criteria for sourcing decisions that include suppliers in Eastern Europe, Asia and Africa. Further, the paper
identifies why these criteria are used and the drawbacks in using them. **Wendell O. Jones (2009)** in “Outsourcing in China: opportunities, challenges and lessons learned”, has set to identify the opportunities, challenges and lessons of information technology outsourcing (ITO) in China. The challenges, opportunities and trends in offshore ITO in China are examined based on two trips to software centers in China, interviews and conversations with Chinese executives and government officials, research programs of outsourcing researchers and information from advisors and practitioners. The paper extracts lessons learned about practices, processes and cultural factors that contribute to outsourcing success in China; why China attract ITO customers; how cultural dimensions and differences in accepted business practices complicate outsourcing in China; what strengths and weaknesses to expect from Chinese IT workers and outsourcing companies; and how to evaluate, select and manage Chinese suppliers.

**E. Mahmoodzadeh, Sh. Jalalinia & F. Nekui Yazdi (2009)** in “A business process outsourcing framework based on business process management and knowledge management”, have stated that nowadays, outsourcing has proved to be an enterprise management strategy in the face of globalization and growing competition. The decision to outsource a business process for any organization has far-reaching consequences and risks. The purpose of this paper is to analyse the impact of business process management (BPM) and knowledge management (KM) on reduction of outsourcing risks and pitfalls. Outsourcing models and frameworks are reviewed to find the main risks in outsourcing. One of the most important groups of risks is emergent KM issues arising from widespread outsourcing. A strategic KM approach can reduce this risk. Communication and coordination difficulties between outsourcing partners is another group of risks that could be decreased by using the BPM approach in organizations. Then the contribution of a business process outsourcing (BPO) framework based on BPM and KM lifecycles is


tested. The paper finds that BPM and KM could reduce risks of outsourcing and enable a BPO lifecycle.

Gero Weimer (2009)\textsuperscript{170} in “Performance measurement in business process outsourcing decisions”, has drawn that it is essential to permanently govern and control outsourcing provider for a successful outsourcing engagement and has prioritized performance measurement systems as the most important tool to support governance and control. The purpose of this paper is to present four outsourcing contracts and conducts a detailed analysis of their performance measurement systems. The paper is based on case study analysis of four outsourcing projects. The performance measurement systems of these projects are analysed and interpreted against the balanced scorecard concept. Major findings of the cross-case analysis are that almost only performance measurement systems based on the business process perspective were found. This structure is primarily determined by the underlying contract and compensation model. Links to the strategic objectives of the outsourcing project are missing.

Mary C. Lacity and Joseph W. Rottman (2009)\textsuperscript{171} observed in “Effects of offshore outsourcing of information technology work on client project management”, that while strategic outsourcing decisions are crafted by senior executives, they are executed by middle managers and staff who may not share the vision or enthusiasm of their senior leadership team. The purpose of this paper is to provide a deep understanding of the effects of outsourcing on one of those stakeholder groups – the client project managers – responsible for the implementation of outsourcing strategies, and to identify practices to better empower and enable them. Interviews were conducted with 67 client project managers, in 25 organizations responsible for integrating suppliers into project teams. Client project managers report 27 effects of outsourcing on their roles, including six positive effects and 21 negative effects.


\textsuperscript{171} Mary C. Lacity and Joseph W. Rottman (University of Missouri-St Louis, St Louis, Missouri, USA), 2009. “Effects of offshore outsourcing of information technology work on client project management”, Strategic Outsourcing: An International Journal, Vol. 2 No. 1, pp. 4-26, DOI 10.1108/17538290910939864
K.B.C. Saxena and Sangeeta S. Bharadwaj (2009) in their work “Managing business processes through outsourcing: a strategic partnering perspective”, aimed to discuss business processes as building-blocks of organisational capabilities and outsourcing of business processes as a viable management approach to building strategic organisational capabilities. The paper develops a conceptual framework based on “strategic partnering” to successfully implement “global sourcing” of organisational capabilities and validates this framework using multiple case studies research. The paper identifies business process management, relationship management and the outsourcing value propositions as the key dimensions for business process outsourcing (BPO) success.

Ali Yakhlef (2009) in “Outsourcing as a mode of organizational learning”, has explored the extent to which outsourcing can be regarded as a mode of increasing organization learning through the internalization of new routines. The paper features six case studies of firms that have outsourced parts, or all of their information technology (IT) activities. When a firm outsources an IT activity (that has been performed in-house), it needs to develop an ability to specify to its supplier(s), and articulate its IT requirements in explicit terms. Firm’s effort to externalize knowledge that was internal to an external supplier implies that a great deal of relatively tacit knowledge has to be converted into explicit knowledge, so that suppliers are able to understand the firm’s business specificity. In this very process of externalizing knowledge and interacting with suppliers and other market players, the firm develops new rules, routines and procedures relating to how to manage the outsourced IT activity, which over time will be internalized.

Ronan McIvor, Paul Humphreys, Alan McKittrick and Tony Wall (2009) in “Performance management and the outsourcing process”, have assessed the applicability of a number of performance management techniques in the
outsourcing process, in a business services context. Using management techniques are applied in a financial services organisation over a three-year period. A case study approach is employed to undertake the research, which involved the research team engaging directly with the organisation throughout the outsourcing process. Applying performance management techniques in the outsourcing process is challenging in a number of areas including comparison difficulties, incomplete information and inadequate performance management systems. However, benchmarking and cost analysis are useful mechanisms for improving performance, and reducing costs via internal process redesign or outsourcing. Performance management techniques can be employed to remove inefficiencies from processes both prior to outsourcing and during the outsourcing relationship.

Sangeeta Shah Bharadwaj and K.B.C. Saxena (2009) have in “Building winning relationships in business process outsourcing services”, discussed business processes as building blocks of organizational capabilities and outsourcing of business processes as a viable management approach in building winning relationships. The paper develops a conceptual model to successfully implement “global sourcing” of organizational capabilities for the service provider and validates this framework using questionnaire survey methodology. The paper identifies business process management and relationship management value propositions as the key dimensions for business process outsourcing (BPO) success. However, these value propositions fall short of building winning relationships.

Reyes Gonzalez, Jose Gasco and Juan Llopis (2010) have in “Information systems outsourcing: a Delphi study from Spain”, pointed out the widespread growth of information systems (IS) outsourcing on an international scale contrasts sharply with the somewhat limited development of this practice in Spain. The purpose of this paper is to deal with the situation of IS outsourcing in this country. For this purpose, the paper has used the opinions

and comments of those in charge of IS departments at the largest Spanish
firms through a normative Delphi study. It was found that outsourcing makes it
possible to achieve strategic as well as economic advantages and managers
propose a number of ways to reduce the risks associated with this practice.
Provider specialisation and permanent client-provider contact are key aspects
in order to ensure outsourcing success and development.

Jonas Rundquist and Fawzi Halila (2010)\textsuperscript{177} have in “Outsourcing of NPD
activities: a best practice approach”, provided information that improves the
understanding of outsourcing new product development (NPD), and
specifically of factors affecting the outsourcing decisions, by exploring the
practices of the most innovative firms. The paper draws on an internet-based
survey sent in winter 2008 to 494 medium-sized firms in four industries which
achieved a 77.3% response rate. The sample is split into the best firms and
the rest, and a best practice analysis is performed with correlation analysis.
The best firms focus on knowledge issues to a higher extent, while cost and
geographical proximity are more important for the rest firms. The best firms
prioritize knowledge integration and development of knowledge about the
outsourcing process higher.

Per Hilletofth (2010)\textsuperscript{178} has in “Role of logistics outsourcing on supply chain
strategy and management”, attempted to investigate the effects of logistics
outsourcing in Northern Europe through survey research. Research work
intends to shed more light on logistics outsourcing with other than case-based
company examples. Survey was completed during late 2007 and early 2008
in Finland and Sweden for the largest companies in industrial and service
sectors. Altogether 34 answers were received, and they were gained mostly
from industrial and trading companies. The research results show that
warehousing, IT, and customs brokerage outsourcing could have impact on
some managerial and strategic aspects of supply chains (SC). Thus, none of
the identified difference areas was found to be statistically significant.

\textsuperscript{178} Per Hilletofth (School of Technology and Society, University of Skövde, Skövde, Sweden), and Olli- Pekka Hilmola (Lappeenranta University of Technology, Kouvola Research Unit, Kouvola, Finland), 2010. “Role of logistics outsourcing on supply chain strategy and management: Survey findings from Northern Europe”, Strategic Outsourcing: An International Journal, Vol. 3 No. 1, pp. 46-61, DOI 10.1108/17538291011023070
Potential impact areas of SC strategy and management are integrated IT systems of manufacturing and logistics, reverse logistics procedures, and re-engineering of logistics processes. However, research shows that in-house produced IT function, and potentially outsourced warehousing, have important roles in more international purchasing.

**Porter’s Five Forces Analysis** Michael Porter identified five forces that influence an industry. These forces are: (1) degree of rivalry; (2) threat of substitutes; (3) barriers to entry; (4) buyer power; and (5) supplier power. For more on this framework proposed by Porter, please see Appendix C. Like other industries operating under free market, capitalistic systems, viewing the automotive industry through the lens of Porter’s Five Forces can be helpful in understanding the forces at play. Degree of Rivalry Despite the high concentration ratios seen in the U.S. market (see Appendix D), which typically signify that a lesser degree of competition is seen in the industry, rivalry in the U.S. and the global automotive industry is intense. Clearly, the concentration ratios do not tell the whole story. The automotive industry in the U.S. is no longer the playground of the Big 3 (GM, Ford, and Daimler Chrysler); global companies compete in the U.S. market, while U.S. companies have globalized themselves. In the 1980s, the Japanese car makers Honda and Toyota entered a fairly disciplined U.S. market and have been very focused in growing their shares of the market. The great diversity of rivals in terms of cultures and associated philosophies has intensified rivalry in the industry. Market growth is slow in the established markets of the U.S. and Western Europe, and companies must fight fiercely to eke out gains or prevent losses in market share. However, growth is potentially huge in the rapidly industrializing nations of China and India; in these booming markets, companies could take advantage of the opportunities to reap handsome rewards. The degree of rivalry in the automotive industry is further heightened by high fixed costs associated with manufacturing cars and trucks and the low switching costs for consumers when buying different makes and models. Threat of Substitutes the threat of substitutes to the automotive

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179 Donald Bradley, Morgan Bruns, Adam Fleming, Jay Ling, Lauren Margolin, Felipe Roman, 2005. “AUTOMOTIVE INDUSTRY ANALYSIS”
industry is fairly mild. Numerous other forms of transportation are available, but none offer the utility, convenience, independence, and value afforded by automobiles. The switching costs associated with using a different mode of transportation, such as train, may be high in terms of personal time (i.e., independence), convenience, and utility (e.g., luggage capacity), but not necessarily monetarily (e.g., round trip train fare on MARTA would most likely be less expensive than the cost of fuel consumed on a similar round trip, daily parking, car insurance, and maintenance). The exception to this statement occurs in the global urban areas with high population densities. In these areas, the substitutes available (e.g., walking, mass transit, bicycles, etc.) can be less costly than automobiles and thus alternative modes of transportation are often preferred. Also, there are inherent underlying social and cultural attitudes that keep people from owning automobiles in some parts of the world. Many nations are not as spread out or as mobile as the U.S.; they are constrained either by geography, race, class, or religion and the need for personal transportation is not as great, yet. The American dream of “a car [or two] in every garage” is not what the rest of the world currently wants or needs. However, the marketing arms of the global automotive manufacturers are certainly working very hard to change this paradigm, and with unprecedented production volumes worldwide, all signs indicate that they are succeeding. Most with the ability and means to own a vehicle, who live in a society with the necessary infrastructure (e.g., roads and fueling stations), will do so. Barriers to Entry the barriers to enter the automotive industry are substantial. For a new company, the startup capital required to establish manufacturing capacity to achieve minimum efficient scale is prohibitive. An automotive manufacturing facility is quite specialized and in the event of failure could not be easily retooled. Although the barriers to new companies are substantial, established companies are entering new markets through strategic partnerships or through buying out or merging with other companies. In fact, the barriers to entry for new (or different) markets may be quite low; in the 1980s, U.S. companies practically invited Japanese makers into the U.S. by failing to offer quality vehicles in the lower price markets. All of the large automotive companies have globalized and entered foreign markets with
varying degrees of success. In the newer, undeveloped markets of Asia, Africa, and South America, the barriers to entry similarly exist. However, a domestic start up, with local knowledge and expertise, has the potential to compete in its home market against the global firms who are not yet well established there. Such an operation, if successful, would surely be snatched up by one of the global giants and incorporated into its fold.