Chapter 3

Literature Review

3.1 Introduction

Outsourcing is not a new management phenomenon. Even the Romans outsourced tax collection and highway maintenance, long time back (Kakabadse & Kakabadse, 2006). What has changed over the period of time is the focus, nature and its implications for competitive success. Referring to the history, most outsourcing took place in manufacturing industries, now it has spread rapidly within service industries. It is also becoming increasingly global. Today, outsourcing involves delivery of various capabilities from various locations i.e. on-site delivery, onshore delivery within the same country, near shore delivery from nearby countries, or far shore delivery from various continents & regions.

In fact, it is often a mix of these alternatives and is ultimately customized according to specific business goals & requirements (Kelly & Poole, 2006). The nature of outsourcing has also become more diverse. Most firms outsource a range of secondary value-chain activities such as information technology, finance & accounting, human resource, and research & development (Johnson & Schneider, 1995). Firms like Nike & IBM outsource core production activities so extensively that they no longer engage in production (Barrar & Gervais, 2006).

While in the initial days, outsourcing was seen as a cost reduction tool with a clearly defined and limited scope, today it is increasingly regarded as a business strategy to improve organizational performance, agility and customer service (Barrar & Gervais, 2006); With increased acceptance of outsourcing, almost 82 per cent of large firms in Europe, Asia and North America have
outsourcing agreements of some kind, and 51 per cent use offshore service providers (Gottfredson, Puryear & Phillips, 2005).

With the changing economic scenario & global business environment, a paradigm shift has been taken place in the outsourcing industry similar to the Westernization of kieretsu model. Service providers are increasingly becoming part of the client's overall business plan so that both the business and the outsourcing company can move forward together building a long-term relationship. Such developments create new organizational forms. Based on an extended enterprise model, organizations aim to gain a competitive edge by integrating internal information systems and business processes with those of customers, business partners and suppliers (Kakabadse & Kakabadse, 2005).

Various companies have used the phenomenon ‘outsourcing’ & ‘offshoring’ interchangeably in different context as per their strategies or objectives. Various outsourcing researchers have also given various meanings and names as an outcome of their studies. A definition is a statement of the meaning of a term, where the term may have many different senses and multiple meanings. In a similar way, the definition of outsourcing / offshoring varies in aspects like precision or popularity. There are also different types of definitions with different purposes and focuses. To understand the phenomenon of outsourcing better, we have delved deep to read & compile various definitions mentioned by various outsourcing & BPO researchers.

### 3.2 Outsourcing and Offshoring: Definitions

‘Outsourcing’ refers to the practice of transferring activities which were traditionally done within a firm to the third party providers within the country or outside. Offshore outsourcing is an old phenomenon and many of the multinational companies’ strategize to bring the operating cost down. Outsourcing is handing over one or various business processes to an outside service provider to carry out business activities (Kakabadse & Kakabadse, 2005). There is a difference between outsourcing and offshoring such as outsourcing refers to benefit from the services
provided by another firm and offshore outsourcing means to benefit from an outside vendor in the different location of the world (Ang & Inkpen 2008 and Manning et al. 2008)

As a recent trend, most organizations heavily rely on an outside vendor to maximize operational efficiency by focusing on the core competencies. Many of the firms today are deciding to outsource setting aside the cost factor to focus on core competencies (Kremic et al. 2006). On contrary, in recent outsourcing scenarios, the companies have even outsourced their core business activities to various third party service providers (Mehta et al. 2006). Outsourcing decision is variable to the type of the business entity and the structure of the corporation but the cost factor has been dominating (Kakumanu & Portanova, 2006). According to Narayanan (2009) there are four strategic reasons to outsource i.e. improving cash flow, scalable staffing, better control of payment, and to improve overall business performance. According to Jiang and Qureshi (2006) companies going for an outsourcing decision also evaluate the cost factor and if the reduction of the present operating cost is achievable through outsourcing then the available resources can be reinvested to gain and maintain the competitive advantage. However, the fundamental objective of outsourcing is to gain and maintain the competitive edge & not solely to bring the cost down.

Outsourcing has never been the same as offshoring, yet it seems the two concepts have become increasingly interchangeable over the past decade. With continued globalization, consolidation, and diversification of various industries, the outsourcing sector is becoming more complex than ever before. Outsourcing industry has evolved over a period of time and different companies have come up with various forms & models in the process of evolution & progression. Hence various outsourcing trends have been observed in the global platform. A theoretical perspective is a set of assumptions about reality that underlies the questions we ask and the kinds of answers we arrive at as a result. In the next section, we will discuss the theoretical perspective of outsourcing trends to check how various models have evolved keeping pace with dynamic market trends. Various literature reviews have helped us in understanding the various trends.
3.3 Theoretical Perspective on Outsourcing Trends

The next wave of outsourcing will be largely affected by low labour cost and global talent hunt in order to focus on the core business competencies (Manning et al. 2008). Thus, companies can focus on core competencies by outsourcing non-core, non-strategic operations to an outside third party provider. The three popular outsourcing trends are discussed below:

3.3.1 Transaction-Cost View

This view supports the cost factors of outsourcing strategies in the organization. The services can only be outsourced if the strategy brings about cost benefits for the organization. (Sahgal & Malhotra, 2005; Kremic et al., 2006; Wang et al., 2008; Sharma & Loh, 2009; Herath & Kishore, 2009, Sparrow, 2005). Differences in wage level in different countries can leverage the overhead cost of the company and the company can also benefit from the expertise available across the globe. Many of the US based companies have outsourced their IT operations to India to cut costs.

3.3.2 Competence-Based View

At the introductory stage, companies outsourced their non-core business activities in order to focus on their core business competencies. Outsourcing enables companies to concentrate on their core competencies by outsourcing their non-core activities to the third party service providers (Leavy 2004). The general tendency was to outsource only non-core business processes to an outside vendor, but this phenomenon has been changed and now companies are also outsourcing their core business processes to gain and maintain competitive advantage (Mehta et al. 2006).
3.3.3 Relational View

The terms of a contract should be mutually understood and accepted by both client and service provider (Webb & Laborde, 2005). Both, client and service provider need to identify the areas of disagreement before a project and the contract can be documented. The relationship should be an enabler to achieve mutual benefits by creating synergy & equal opportunity that can last longer (Friedman & Giber, 2007). Regardless of the number of success stories of outsourcing, there many contracts have failed over the past few years. About 78 per cent of the Client-Vendor (C-V) relationship reaches the point of failure in the long term leaving client to bear the cost (Mehta & Mehta 2006). The relational concept of outsourcing is significant for the competitive advantage because both, client and service provider share knowledge and expertise and make investments needed to robust the process for long term relationship. In this approach, both must be benefited equally otherwise project will be a failure (Saxena & Bharadwaj (2009).

Various theoretical framework described above allows organizations to focus on their core business and create a competitive advantage by reducing operational costs. However, outsourcing can expose an organization to potential risks and legal exposures. The potential risks & pitfalls are discussed in the next section.

3.4 Outsourcing: Potential Risks and Pitfalls

Along with the benefits of outsourcing, BPO researchers have also mentioned the potential risks which should be considered during outsourcing (Aron et al., 2005; Leavy, 2004; Mehta et al., 2006). There are endless risks involved with any outsourcing activity which are clubbed under major risk categories. There are three major risks involved in outsourcing as discussed below:
3.4.1 Operational Risks

Operational risks are declining quality and increasing cost. Hence, selection of right vendor and efficiently defined Information Technology are the major pre-requisites for any successful agreement (Beasley et al. 2004 & Aron et al. 2005).

3.4.2 Strategic Risks

Aron et al. (2005) describes strategic risks as vendor’s deliberate actions towards clients. The threat of intellectual property theft in vendor’s hands is the biggest risk because in future vendor may become the competitor in the same industry (Herath & Kishore 2009). Also there are some long term risks for the companies for example, outsourcing might create a shortage of expertise required to perform the function in house in future (Aron et al., 2005).

3.4.3 Other Risks

Some other potential risks are the difference between client-service provider (vendor) culture, loss of privacy and control (Sparrow 2005). Security and protection of the intellectual assets become harder when they are outsourced to another vendor (Kakumanu & Portanova, 2006). Cost of the contract can go higher if the terms and conditions of the contract are not very well defined and performance measurement is not established against some set standards. Whereas, it is believed that as a result of outsourcing, there exists a risk of losing internal know how of the business process (Willcocks et al. 2004). A poor contract & lack of strategic plan are also a part of risks in outsourcing (Mahmoodzadeh et al. 2009). Also the cultural differences are potential risks in outsourcing (Ramingwong & Sajeev 2007).

Business Process Outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions or processes to a third-party
service provider. Our study is mainly focused on business process outsourcing. Hence, it is vital to study various work done previously on classification of outsourcing activities & model development.

3.5 Business Process Outsourcing: Literature Review

BPO can be defined in terms of various ‘back office’ functions, which includes human resources, finance and accounting, banking financial services & insurance, procurement, and IT services (Grant 2005, Davies 2004, Lacity & Willcocks, 2003; Lacity & Feeny 2003). Some writers view ITO as a subset of BPO (Robinson & Kalakota, 2004). Business process outsourcing is a vast subject hence the classifications of various BPO activities are important to understand the subject thoroughly.

3.5.1 Classification of Business Process Outsourcing Activities

There are various classifications for the types of BPO activities. For example, by the extent to which task is performed / requires domain knowledge (Raman 2007, Bhargava, 2005):

- Expert Knowledge Services (equities research, business market intelligence)
- Direct Customer Interaction (credit collections)
- Customer Problem Solving (insurance claims, altering credit card limits)
- Rule Set Processing (outbound telemarketing, frequent flier schemes)
- Data entry and conversion (email Help Desks, medical transcriptions)

Another form of BPO classification considers the extent to which business processes are core, non-core, critical and non-critical (Ramachandran & Voleti, 2004). Well-defined, measurable and self-contained processes which can be considered as ‘non-core competencies’ might appear to be most suited to offshore BPO (Tas & Sunder, 2004). However, there appears to be
considerable evidence that the most significant business benefits are obtained by utilizing highly skilled resources in processes which might be considered core or critical competencies (Robinson & Kalakota, 2004, Tas & Sunder 2004, Penter, Pervan & Wreford 2007).

Business process outsourcing has been a growing phenomenon during the last decade. The current trend continuing, and there is a shift towards more complex and high-end processes. With its evolving complex nature, many prominent theories have also evolved and researchers have contributed in developing BPO theoretical framework.

3.5.2 BPO Theoretical Framework

A review of some of the prominent theories of BPO is presented as follows: First, is the Transaction-Cost Theory (TCT). According to this theory, the transaction and production cost associated with a service determines outsourcing decision (Khan et al., 2010). Similarly, some have suggested avoiding opportunism, a detailed and formal contract between clients and vendors is accentuated by this theory (Poppo & Zenger 2002). A firm will outsource its business processes when transaction dimensions are low (Mahnke et al. 2005).

Another classic theory that has influenced BPO is the Resource Based Theory (RBT). Resource-based theorists (Prahalad & Hamel, 1990; Barney & Hesterly, 2010) view firms as a unique bundle of assets and resources which can create competitive advantage if exploited to the maximum. Thus, a firm may outsource processes other than its core competencies or processes (Fine, 2002; Wu et al. 2005; McIvor, 2010). In recent times, outsourcing critical resources and processes is essential for firms’ performance. Thus, in order to be competitive, firms have started outsourcing their core processes and activities (Mehta et al., 2006). For this reason, the RBT on BPO is unsatisfactory.

Relational View Theory (RVT) is another theory that has influenced BPO. Partnership is the main focus of this theory. Thus, ‘relational rents’ are created when both the parties share &invest
their assets, knowledge, or capabilities (Dyer & Singh, 1998). Interestingly, there exist the relevancy & practicality where the BPO firms and vendors are mutually interdependent (Mahnke et al. 2005). Correspondingly, there is evidence to suggest that, a firm will only outsource if the vendor-client relationship offers relational rents generated through inter-firm exchange or sharing of knowledge, capabilities, and assets (Mehta et al. (2006). Figure 3.1 below demonstrates the three theories reviewed above.

![Figure 3.1: Review of Theoretical Perspectives on BPO](image)

Source: Adapted from Mehta et al. 2006

Various country selection models are developed as an effective theoretical framework for comparative analysis of BPOs (Zatolyuk & Allgood 2004). Despite several theories on BPO, Terdiman & Berg’s (2001) country selection model considered as a relevant theoretical framework for selection of destination. Figure 3.2 below makes clear this theoretical framework in the following
Figure 3.2: Country Selection Model

**Country Infrastructure** (adapted from Terdiman & Berg, 2001)

- Government support
- Political and economic stability of the country
- Regulatory environment of the country and its impact on business activities
- Communication, Infrastructure and other business facilities

**Human Expertise and Resources** (adapted from Terdiman & Berg, 2001)

- Quality certification
- Availability of skilled workforce
- Competency level of graduates
- Foreign language proficiency

Source: Adapted from Terdiman and Berg 2001
• Knowledge of global business practices

**Cultural Issues** (adapted from Terdiman & Berg, 2001)

• Cultural differences & difficulties
• Work life balance (shift pattern)
• Various communication techniques

One of the emerging outsourcing markets is India, which is attracting offshoring decisions. Various reports have indicated that India is the leading country for offshore outsourcing. Hence, India’s BPO sector has become one of the notable growth catalysts for the Indian economy. Moreover Indian BPO sector has made direct and indirect contributions to varying socio-economic parameters like employment and standard of living. Furthermore, it has been suggested that, North America is the largest customers for the Indian BPO industry.

Various literature reviews have mentioned about various BPO engagement options where they have talked about various stages of business process outsourcing and risks involved with it. We will discuss the same in the next section.

### 3.6 Business Process Outsourcing in India

#### 3.6.1 Available Engagement Options

Companies seeking to engage in BPO with service providers located in India, a variety of ownership and relationship structures are possible (Ramachand & Voleti 2004)

• Establish captive operation (i.e. wholly owned subsidiary) at a carefully chosen location in India
• Engage with an Indian company that is a global BPO service provider and which has a global presence (e.g. Infosys)
• Engage with a multinational company that has significant BPO workforce located in India (e.g. Accenture, IBM Global Services etc.)
• Engage directly with third party service providers in India by contracting activity

Different maturation stages are described as available engagement options (Carmel & Agarwal 2002). Although concerned only with offshore outsourcing of IT, the proposed maturation stages appear to be highly relevant to engagement options for offshore BPO. However, the research was highly US-centric, based on interviews with executives in 13 large US-headquartered companies. Maturation stages identified through the research are described in the following Table 3.1:

Table 3.1: Maturation Stages of Offshore Outsourcing

<table>
<thead>
<tr>
<th>Stage No.</th>
<th>Description</th>
<th>Summary of key management practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Offshore bystander</td>
<td>Domestic outsourcing only</td>
</tr>
<tr>
<td>2</td>
<td>Offshore experimenter</td>
<td>Experimentation and pilot projects offshore</td>
</tr>
<tr>
<td>3</td>
<td>Proactive cost focus</td>
<td>Focus on cost reduction from offshore BPO of non-core activities. Organizational structures to manage offshore ITO emerging</td>
</tr>
<tr>
<td>4</td>
<td>Proactive strategic</td>
<td>Focus on multiple sources of business advantage such as access to talent and skills, reduced cycle time on major projects. Mature organizational arrangements and executive leadership</td>
</tr>
</tbody>
</table>

Source: Adapted from Carmel & Agarwal 2002

While describing a successful offshore IT outsourcing relationship between a US financial services company and a leading India services provider, Kaiser & Hawk (2004) describe how the relationship has evolved over eight years through a similar series of maturation stages, described as a ‘Co-Sourcing’ model.
Utilizing a captive model may eliminate some of the inherent tensions and management overheads associated with arm’s length contracting. Internal contracting is simpler and less risky in a captive model as security and confidentiality concerns can be mitigated. Also, capturing and leveraging knowledge gained in the offshore operation is much easier (Carmel & Agarwal 2002).

3.6.2 Risks Associated

The specific risks associated with offshore BPO to India have been addressed by Aron, Clemons & Reddi (2005) who have developed taxonomy of risks for this activity. Application of the taxonomy suggests that risks associated with BPO to service providers located in India appear to be predominantly the same as those identified for IT outsourcing in general (Aubert et al 2002, Rouse & Corbitt 2003, Perrin 2007). Risks identified in earlier papers suggest that offshore BPO risks can be summarized as follows:

- Financial Risk
- Transition and Co-ordination costs
- Loss of critical & confidential organizational knowledge
- Security of information
- Service debasement
- Reduced business flexibility
- Non performance of vendor or supplier
- Damage to firm’s reputation
- Exchange rate risk
- Environmental risk

The risk analysis conducted by researchers above (e.g. Aubert et al 2002, Aron, Clemons & Reddi 2005) appears to assume that the engagement model adopted is arm’s length contracting. Hence, significant focus is placed on the risks associated with principal-agent issues and
incomplete contracts (Aubert et al 2002, Aron, Clemons & Reddi 2005). It is possible that risks associated with these two categories are reduced significantly if a captive model is selected as the BPO engagement model. But it is also likely that the captive model will introduce alternative sources of risk (Ramachand & Voleti 2004, Bhagarva & Bhatia 2005).

Business process outsourcing (BPO) is not a new management strategy, but has received heightened interest in the past several years because of its potential economic and strategic impact. Companies look to outsourcers to provide process efficiencies and economies of scale, as well as continued investment in the latest technology, which can be more effectively cost-justified when spread across multiple organizations. The changes are all encompassing, driven by key participants like service providers, clients, employees, external stakeholders and the Government. The overviews of our major findings are as follows

### 3.6.3 Indian BPO: Trends & Challenges

India has emerged as one of the most preferred outsourcing destinations across the globe. One major threat to India’s growth story has emerged in the form of increasing competition from other low-cost outsourcing destinations. Countries like China, Philippines, Brazil, and Mexico etc pose a serious risk to India’s low-cost competitive advantage. While China traditionally supplied back-office support, primarily to neighbouring Asian countries, its global reach is now extending (Einhorn & Kriplani, 2003). BPO researchers & industry experts believe that China will eventually reach parity with India in terms of provision of call centre and back-office activities (Kelly & Poole, 2006). Poland’s services market is also on the increase and it is well positioned to become the BPO centre for Europe (Barrar & Gervais, 2006).

Another serious factor that contributes to Indian BPO firms’ competitive disadvantage vis-a-vis its global peers is the withdrawal of tax exemptions by the Indian government. The previous policy exempted export revenues of software companies from tax. The 100 per cent tax deduction was available only up till March 2010. In the absence of such deductions beyond
2010-2011, companies are paying tax at a marginal rate of 33.99 per cent. As per Nascom, withdrawal of these exemptions not only proved to be a substantial cost to the outsourcing industry and rendered it uncompetitive with regard to global competitors, but it threatened the very survival of smaller players.

The industry also faces a lot of resistance from Western countries like US and UK since outsourcing appears to have an impact on local employment. Intense lobbying and public pressure have forced many state governments in US to introduce legislation that bans both private & state contractors from outsourcing jobs to other countries (Kakabadse & Kakabadse, 2006). In fact, lobbyists have even made the US state governments return certain jobs that were outsourced to India back to US (Gruenberg, 2003). All these steps could have a direct impact on the growth of the Indian outsourcing industry. Above all, data theft and security concerns plaguing the Indian call centres. Isolated cases of security breach by Indian BPO firms receive a disproportionate amount of media attention worldwide.

However, BPO firms face an internal problem that is more immediate and critical i.e. very high attrition rates. Employee turnover is very high in many call centres which has a heavy impact on call center’s financial bottom line. While on an average it costs a call centre only $10 for each call. However, the cost to bring a new agent in the system is more than $6000 (Bordoloi, 2004). Annual attrition figures stand at almost 50-60 per cent. Even mutual non-poaching agreements between companies have not been able to buck this trend. Workers remain with their employer on an average for eight months, and dissonances related to work pressures are manifold amongst BPO employees (Datta, 2004).

Despite the growing importance of outsourcing, BPO firms have not received enough recognition. Majority of the research on outsourcing takes into account the client perspective, while the needs of outsourcing service providers and their goals are virtually ignored in outsourcing arrangements (Logan, 2000).
The next aim of this chapter is to identify gaps in knowledge and emerging trends to study. The previous sections suggested broad categories and specific independent variables as determinants of BPO decisions or BPO outcomes based on the comparison of BPO review findings. In this section, we identify future BPO research opportunities based on gaps that exist in the BPO literatures. After a thorough review of literatures, we indentified the gaps and suggested eight new opportunities or areas for further research.

### 3.7 Identifying Gaps

Much of the past research on outsourcing has focused primarily on cost & quality. The following areas have been identified as needing better understanding which requires more focused research.

**BPO innovation effects**

Innovation was the number one thing clients wanted from providers (Lacity & Rottman, 2011). For example, outsourcing may improve performance & innovation up to a certain level (Grimpe & Kaiser 2010). However, extensive outsourcing actually hurt innovation performance (u-shaped relationship). Researchers could help by studying how clients can get innovation from outsourcing.

**Environment**

Very little research has been done on environmental variables. Only three environmental variables were found in the BPO review – Supplier Competition, Public Awareness, and Public Perceptions of Outsourcing. Anti-offshoring views in countries like the United States and the United Kingdom (Hirschheim & Newman, 2010; Lacity & Rudramuniyaiah, 2009; Hirschheim et al., 2007).
Alternative destinations besides India

Next most frequently studied country after India was Chinese-based BPO suppliers. Practices that may be recommended in the Western client-Indian supplier context may not work well in other countries (Lacity et al., 2010). Comparative studies of practices across countries and cultures are a gap in knowledge in both BPO and ITO research (Lacity et al., 2010; Dibbern et al., 2004).

Supplier capabilities

Top reason for not outsourcing is lack of conviction about supplier capabilities, recorded by 39 per cent of clients (Fersht et al., 2011). But there is a clear gap in the study of supplier firm capabilities. 12-capabilities supplier model, which offers a basis for further research was provided by various researchers (Feeny et al. 2005).

Pricing models

Full Time Equivalent (FTE)-based pricing is still the primary method used to calculate the price of a BPO deal, with 60 per cent of the deals in 2010 using this method (Fersht et al., 2011). However, in the last 3 years the trend has moved towards more transaction-based (pay-per-use) and outcome-based pricing, and blended solutions with more ‘gainsharing’ components.

Emerging models and trends

The global ITO and BPO markets in 2010 look substantially different from 20 years ago when a few large US-based suppliers like IBM, CSC & EDS dominated the market. In addition to the sudden increase of suppliers located around the world, many different sourcing models have emerged. BPO companies & practitioners seek academic contributions on emerging sourcing
models which may help them understanding the extent to which emerging models can assist them to move the value chain upwards.

**Business analytics**

Very few papers dealt with knowledge process outsourcing, i.e. the outsourcing of knowledge intensive activities like business analytics (Currie *et al*., 2008; Raman *et al*., 2007; Sen & Shiel, 2006). Recent surveys suggest that business analytics and knowledge processes are the top increasing areas of client interest (Fersht *et al*., 2011). Business analytics through BPO would seem to emerge as a major potential research area which is not yet discovered by academic researchers. Shared services and captive centres are also important, yet under studied areas of research.

**Bridging the offshoring gaps**

Countries like Brazil, Chile or Mexico improving infrastructures and know-how, which means other offshore countries may arise in the near future. Some studies bring up another perspective to the view: to not only investigate the client’s needs, expectations and behaviours regarding offshore relationships, but also to take a closer look at how vendors think about and act within a BPO offshoring relationship (Palvia *et al*., 2011). As recommended in many research papers, there needs to be more research on BPO destination countries (Lacity *et al*., 2010, 2011). The identified research gap in this topic is twofold:

a) The offshoring gap is still present and new ways of bridging are needed

b) In the light of upcoming offshoring destinations, frameworks are needed to ensure a learning curve from previous destinations towards new destinations

Identifying the gaps, as discussed above, the objectives of the research has been formulated.
3.8 Summing Up

In this chapter, our review of the BPO literatures was aimed to answer three major questions: What has the academic literature found about outsourcing decisions, models and outcomes? How does BPO industry evolved specially in India and what are the market trends & challenges? What are the gaps in knowledge to consider in future BPO research? On the determinants of BPO decisions, we established consistent evidence as to what motivates BPO decisions. Clients outsource business processes to reduce costs, to focus on core capabilities other than the business processes chosen for outsourcing, and to inject client firms with supplier resources such as skills and expertise to improve client’s business process performance, scalability, and delivery speed. On the determinants of BPO outcomes, overall we can establish that both contractual and relational governance are important, that both clients and suppliers need strong complementary capabilities to make relationships successful, and cultural distance between clients and suppliers hurt performance.

In this chapter, we summarized gaps identified by other authors and emerging trends in practice that may warrant further study. We also discussed how BPO researchers can develop theories endogenous to the BPO context. In all, we highlighted eight new major areas for further BPO research. Keeping in mind the literature gaps, the research objectives & methodologies have been formulated and described in the next Chapter.
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