

PARTNERS' COMPATIBILITY SYNERGISTIC MODEL: A WAY FORWARD TO ACHIEVE SUCCESS BY WEIGHING ADVANTAGES AND DISADVANTAGES OF OUTSOURCING

Kashif Latif

PhD Scholar, University of Malaya, Kuala Lumpur, Malaysia

E-mail: kashiflatif.cha@gmail.com

Mohd Nazari Ismail (PhD)

Professor, University of Malaya, Kuala Lumpur, Malaysia

E-mail: mdnazari@um.edu.my

Mohammad Nazri (PhD)

Senior Lecturer, University of Malaya, Kuala Lumpur, Malaysia

E-mail: nazrri@um.edu.my

Mohd Roslan Mohd Nor (PhD)

Associate Professor, University of Malaya, Kuala Lumpur, Malaysia

E-mail: m_roslan@um.edu.my

ABSTRACT

This conceptual paper after thorough review of literature developed model for outsourcing success which is creating value for business through synergistic approach. Through partners' compatibility synergistic effect as what role organizational culture, same management and operating philosophies, organizations are asserting for the success of outsourcing engagement. Framework proposed in this paper providing a balanced framework for the success of outsourcing through human capital as organizations have to retain human capital to create efficiency and reduce cost. It is contributing to body of knowledge from new dimension. By harnessing the concepts of human capital, knowledge sharing and partners' compatibility organization can achieve outsourcing success. In this stratum synergistic involvement of focal and vendor organization by having rippling effect, create value for business which is the underlying objective to develop this model of outsourcing success.

Keywords: Synergistic Model, Outsourcing Success, Human Capital, Knowledge Sharing, Partners' Compatibility

1. INTRODUCTION

Organizations operating under the constrictions of global competition, dynamic changes and the regular pressure to optimize and rationalize the cost of operation can no longer afford to have a surplus of labor or equipment. At the same time, they are bound to secure easier access to such resources if the need arises (for instance, if new commissions require increased processing capacity). In the new age of innovation for developing and maintaining competitive advantage, companies should focus on what is achievable in the market and utilize the innovations developed by other companies, both international leaders and small start-up enterprises. The driving forces for companies to outsource are continuously expanding supply chains, higher customer expectations and fierce global competition (Zhu, Ng, Wang, & Zhao, 2017). Today, labor, capital and technology requirements clearly go beyond the natural and legal boundaries of individual companies. Present resources are global. Therefore, the main focus should be on access and influence (Sobinska & Willcocks, 2016).

To remain competitive and create competitive advantage, organizations have to be continuously innovative and improvise their ongoing operations with reinforcement (Ok, 2011). For value creation, organizations have to find new sustainable ways of doing business. For expansion into other markets, organizations have to adopt and adapt where necessary through the philosophy of outsourcing for making inroads, and this phenomenon is welcomed by the world

(Wahrenburg, Hackethal, Friedrich, & Gellrich, 2006). Many activities are now being outsourced because of the mounting trend towards outsourcing activities which used to be performed in-house (Lievens & Corte, 2008). When a vendor has been approached to perform activities by focal organization (any organization which outsource) then outsourcing takes place (Greer, Youngblood, & Gray, 1999). Now different needs of organizations can be satisfied through multiple vendors rather than a single source because the market is growing rapidly for the providers of outsourced services (Lilly, Gray, & Virick, 2005).

Existing resource bases of organizations, if utilized properly and in accordance with best practices, will allow organizations to achieve better performance. All the resources required by organizations could be obtained by themselves, but this is often inappropriate. Acquiring those resources from peripheral resources is one of the prominent ways to solve this problem (Hessels & Terjesen, 2010). Outsourcing, partnerships, mergers and strategic alliances are the main ways in which organizations expand their resource foundation to augment their competitive advantage (Al-Natour & Cavusoglu, 2009). In this stratum the crucial facet is to shape alliances according to the strength of the members' relationship to conformist purchasing. In today's contemporary setting, outsourcing is a business strategy for creating value which is able to attain strategic and operational endeavors for development (Faisal & Raza, 2016; Jain & Khurana, 2016; Mukherjee, Gaur, & Datta, 2013).

In the current globalized era, outsourcing has been broadly accepted as one of the business strategies for organizations to attain efficiency and cost reduction (Willcocks, 2010). For delivering excellent products / services to customers outsourcing has emerged as a critical mechanism from this perspective (Ravi, Jain, & Sharma, 2011). To improve performance and to strengthen their core competencies many organizations considering outsourcing strategy for breakthroughs (Gewald, 2010; Quinn, 2000). To attain sustainable leadership positions, outsourcing has been considered a management technique and innovative strategy that uses the most modern technologies. When the in-house processes and the inside business tasks of doing business are transmitted to an outside party that is called outsourcing (Donada & Nogatchewsky, 2009; Kotabe & Mol, 2009; Kroes & Ghosh, 2010; Lee, 2001; Li & Choi, 2009).

Outsourcing can be thought of as a strategic tool that augments organizational performance (Cusmano, Mancusi, & Morrison, 2009; Domberger, Jensen, & Stonecash, 2002; Espino-Rodríguez & Padrón-Robaina, 2005; Espino-Rodríguez & Padrón-Robaina, 2004; Fixler & Siegel, 1999; Kakabadse & Kakabadse, 2003; Lee, 2001; Li & Choi, 2009; Zhang, Song, & Huang, 2009). Having said that, it is enigma challenging process which requires careful management due to reservations such as confidentiality leaks (Li & Choi, 2009), hidden costs (Belcourt, 2006; Kumar & Eickhoff, 2005), quality issues (Carr, Kaynak, Hartley, & Ross, 2008; Li & Choi, 2009; Young, 2008), loss of reciprocated trust (Cui, Loch, Grossmann, & He, 2009; Han, Lee, & Seo, 2008; Lee, 2001; McIvor, 2003; Young, 2008), and before the completion of period the extinction of contract (Lam & Han, 2005; Matthyssens et al., 2008; Young, 2008).

From this perspective, outsourcing success assessment and evaluation for factors which have an impact on it is the focal point of academic research lately. For example, analysis on critical success factors (A. Banerjee & Williams, 2009; Cusmano et al., 2009; O. Ee, H. A. Halim, & T. Ramayah, 2013; Jillapalli & Jillapalli, 2014; Jyoti & Arora, 2013; Moon, Choe, Chung, Jung, & Swar, 2016; Ogden, 2006; Qi & Chau, 2013, 2015; Rajabzadeh, Asghar Anvary Rostamy, & Hosseini, 2008; Swar, Moon, Oh, & Rhee, 2012; Whipple & Frankel, 2000; Wongsaroj, Krairit, & Khang, 2014), outsourcing dexterity (Kroes & Ghosh, 2010; Liou & Chuang, 2010; Young, 2008), and outsourcing structural scope have been carried out widely (Espino-Rodríguez & Padrón-Robaina, 2004; Gilley & Rasheed, 2000; Marshall, McIvor, & Lamming, 2007; Thouin, Hoffman, & Ford, 2009). In outsourcing, worrying factors which have been detected amongst the functional, behavioral and relational necessities as depicted in the above studies. In addition, other factors to do with general management are recognized in this thesis and will be further discussed below. 'Commitment of senior management' and 'improved communication' is elementary goals of business. Manufacturing outsourcing has been recognized and depicted as a structural change in task performance. The prior literature has still not successfully brought together and dealt with manufacturing outsourcing structural variation or recognized distinctive factors which are required to manage it (E. Ee, H. A. Halim, & T. Ramayah, 2013).

1.1 Governance in Outsourcing Exchange

Failure of reinforcement is cause to end any mutual exchange of reinforcement and relationship depicted by social exchange process. The mutual expectations of all parties must be fulfilled in a successful social exchange process. Relational and contractual governance for favorable outcomes is important to uphold properly in resource exchange of outsourcing (Ferguson, Paulin, & Bergeron, 2005; Lacity, Khan, & Willcocks, 2009). The transactional-relational

continuum had been demonstrated from this perspective (Day, 2000). This exchange has been explained from two governance structure (Ferguson et al., 2005).

Diverse types of benefits can be attained as B2B transactions contain exchange of substance as well as interactions, and the importance of controlling these elements is not trivial. To uphold a sufficient relationship with vendors, it is necessary to overcome the problem of pure contractual governance (Young, 2008). The essential requirement for a successful business however is the deployment of relational resource. Contractual and relational governance in outsourcing is explicated in next section.

1.1.1 Contractual Governance

Formal governance of system of interests has been recognized as a contract. The rationale of a formal contract is to mitigate risk factors linked with the exchange of resources (Williamson, 1996). Clauses such as that specify warranties, benchmarking, penalties for non-performance and specific prices have been explained in detail in the section on the outsourcing contract (Lacity, Solomon, Yan, & Willcocks, 2011; Poppo & Zenger, 1998). An explicit set of transaction responsibilities from the transaction cost economics (TCE) realm has been perceived as contractual governance (Ferguson et al., 2005; Williamson, 1996). In contractual relationships, the focal organization's role and responsibilities have also been shown as the responsibilities for transactions are not solely pertinent to the vendor. In performing specific tasks in this way, contracts chiefly represent and the responsibilities and roles of partners.

In assuring outsourcing success, both supplier and focal organization have obligations in respect of the mutual relationship. The responsibility of the focal organization is to manage vendor activities, as noted in the problem statement. At the negotiated measure of quality then the vendor is responsible for delivering the products and services. Through vendor management capability, outsourcing success will be assured. Because of the prospective and innate variability of manufacturing, that may have mistakes which may be seen by the customer, the vendor's role is critical in manufacturing. The decisive objectives of economic transactions are recognized as accomplishing performance outcomes. Where both parties can attain their performance objectives, this will further highlight a win-win situation (Whipple & Frankel, 2000). Outsourcing entails governance towards achieving business goals, as it is a type of joint business venture which ultimately benefit the vendors as well. One of the main facets of contractual governance in outsourcing is the focal organization's ability to perform supplier management functions and the vendors' ability to come up with the agreed products and services at the level of quality agreed.

1.1.2 Relational Governance

The stronger the emotional attachment both parties show to a given element of social exchange, the more responsibility each party has in the process of exchange. Successful resource exchange can be created through strong positive emotions and bonding from a pleasant working environment. The level of relationship required depends upon the perceived benefits and the perceived risks having been established from outsourcing. The success of relationship management depends on an efficient supply chain which has been established empirically (Croom, Romano, & Giannakis, 2000; Zhang et al., 2009). In international outsourcing, three types of partnerships have been discussed. All three types have been thoroughly debated in terms of transaction cost economics, resource-based views and resource dependency theories, which is the shortcoming of current literature as these three types are tactical, strategic and transformational partnerships. In the exchange process, a relationship which is sustainable may increase over time when each partner receives a reciprocal stimulus, as has been explicated in SET (Ferguson et al., 2005; Zafirovski, 2005). Human capital has been perceived as a relational resource in business (Marin Kawamura, Eisler, & Banerjee, 2013; Subramaniam & Youndt, 2005). Social capital has also been perceived as relational resource in business (Bernardes, 2010). For example, the degree of trust involves commitment (Mazzola & Perrone, 2013; Sambasivan, Siew-Phaik, Mohamed, & Leong, 2013; Schoenherr, Narayanan, & Narasimhan, 2015), information sharing, knowledge sharing (Jain & Khurana, 2016; Qi & Chau, 2013, 2015; Yu, 2014), eminence of communication (Han et al., 2008; Park-Poaps & Rees, 2010), information balance (A. Banerjee & Williams, 2009; Bettis, Bradley, & Hamel, 1992; Donada & Nogatchewsky, 2009), relational investments (Cui et al., 2009; Lee, 2001).

Nissan Inc.'s relational governance mechanism has been depicted by explaining that the business helped a vendor (a seat supplier) to construct a plant near its factory. This has been implemented to reduce delivery time, increase manufacturing flexibility and minimize transportation costs while at the same time increasing the production capacity of vendor. An extended level of relational governance has been explicated in the practical example above (Dyer, 1997). So

as to become competitive market players, inter-organizational relationships create social learning experiences (Lee & Kim, 1999). To bring an acceptable service or product to the final customer is the main objective of business collaborations for the development of a sustainable and profitable relationship (Young, 2008). For building long term sustainable relationships with vendors, organizations have to invest in human capital (Subramaniam & Youndt, 2005). Hence the prominent impact of outsourcing success can be derived from relational governance.

1.2 Advantages of Outsourcing

Following are the advantages of outsourcing.

1.2.1 Financial and Operational Flexibility

By changing fixed costs to variable costs, outsourcing may augment operational and financial flexibility. Setting capacity used as payment basis, this means circumvent ownership of, say, a cargo ship or factory by using someone else's as required. In human resources as well, flexibility can be attained. The employers employ and lay off workers based on demand (or add or reduce shifts, or even make payment on a piecework basis) but they may be unable or hesitant to do this, by depicting that labor costs generated in-house are flexible to this degree. Western parts of Europe or in India do not much discuss scaling down or terminating contracts with vendor organizations as outsourcing this is rather beneficial in these geographic locations where labor laws mean firing internal employees is not easy.

To better fit the outsourcing party's needs dividing asset ownership from convention releases creativity in payment scheme structuring. Financial flexibility has this kind of shape as well. In defense and aerospace industries from the perspective of an example, it is known as "performance based logistics" and also called "power by hour" (a Rolls Royce term) relationship structure. Instead of the more convoluted conformist approach of selling hardware and then billing separately for after sales services, in this type of contract vendor charges per hour of usage including repair and maintenance. By making an organization look more productive to outside parties maintaining an operation that is low in capital assets and full-time workers can truly augment organization value.

1.2.2 Cost Efficiencies

As contrasting to simply moving cost around, moving tasks between people might create greater value for the system. Due to the pooling of risk (balancing highs in some customers' needs with lows in others'), specialization and scale economies vendor seemingly enjoys superior cost structure. It would be inefficient for clients to perform all tasks themselves, so from this perspective vendor may gather tasks from across numerous clients. The benefits which can be evident in areas such as relationships (creating single access points to many partners or customers), receivables (achieving scale in the collections process and pooling of default risk), information (consolidation into a sole repository, thus reducing search costs), procurement, warehousing, transportation, inventory levels and capacity which is called aggregation.

Whether and in what way service providers share these savings is the impetus on which benefit of Outsourcing party depends upon. It is possible that something disadvantageous to an individual part of system, which creates value for the system. As efficiencies arises since service providers hold capacity or inventory that is in spirit used also by customers, which is one of the example of many forms of the aforementioned aggregation. The unfavored customer however may have been better off keeping dedicated resources in-house if the vendor differentiates when distributing capacity or inventory in times of shortage (for example, larger contracts get priority).

1.2.3 Access to New Capabilities or Knowledge

Replacing an existing function is need not to be about outsourcing. The competencies which are simply not available any other way, an outside party may proffer those competencies. Because in definite skills or equipment as specialist can cost-justify large investments. Knowledge brokering occurs when a vendor organization which works with various focal organizations is better positioned to perform it. The idea across different settings as depicted above refers to cross-pollination of ideas. Transformation outsourcing consists of four types of candidates as all are in quest of special type of basic change (1) "startups", which require partners to bring new ideas to market and rapidly balance the business, (2) "crouching tigers", which outsource to repair processes impeding growth, (3) "fallen angels", which outsource to indicate wide alteration and focus on value addition and (4) "born again organizations", which markedly improve core operating capabilities in order to survive (Linder, 2004).

It is less worrying that outsourced services may be costlier than what may be achieved in-house as type one And two organizations seek rapid access to abilities that are outside current capital restraints. It might lead to in-sourcing because of the change in financial situation. Outsourcing should be made permanent as types three and four seek to change strategically and reduce cost by accomplishing these goals.

1.2.4 Create Distance from Undesirable Activities

Organizations sometimes fail to accurately represent their affairs in media or public discourse and this is one way in which outsourcing can create distance. Plausible deniability or a buffer from liability may be projected to create from outsourcing. Focal organization can pretend outrage before publicly firing the vendor. To build suitable compensation into the original fee structure, the vendor supposedly understood the prospect of being a scapegoat as an unspoken part of the deal. This might construe outsourcing party paid as an insurance premium.

1.3 Disadvantages of Outsourcing

Following are the disadvantages of outsourcing.

1.3.1 Difficulty of Communication and Coordination

Outsourcing increases the difficulty of communication and coordination which is perhaps the immediate disadvantages of it. It is a key consideration in the KBV while this would be classed as a transaction cost by TCE (Williamson, 2008). Communication can be made difficult by an array of size when attempting to cross corporate boundaries, with persistent challenge even among internal stakeholders. Systems do not communicate well with each other often with respect to different organizations. Reports, memos, emails are the mediums which organizations have to use rather than data liable to informal exchange among employees.

Since vagueness between organizations may lead to litigation or have monetary consequences so these documents have to be written in a more professional way. Changes should pass a vetting process on each side of any desired contract over time typically needed. Due to literal or metaphorical language differences, culture (corporate or national), or mindset, the problem is compounded further by off-shoring. Investing in human and information technology or redesigning processes can counter broken information flow, and for obscure fragmented decision making information technology can be used to reduce remote transaction and communication costs, which could be taken to propose improvements.

1.3.2 Loss of Ability to Perform Outsourced Task

When the demeanor of the activity based on tacit knowledge critical capacity outsourcing may be put at risk. Through experience, metaphor and analogy, indirect communication this kind of knowledge can be learned rather than explicit knowledge which can usually be confined in procedures and manuals. When the activity resides in-house the chance of keeping tacit knowledge as institutional knowledge (which is sometimes called tribal knowledge) is higher. Even challenges are great such that outsourcing must be linked to great efforts to codify tacit knowledge which is at risk.

Exploited by competitors and an organization's ability to codify knowledge for safeguarding can allow that knowledge to be gained is a double edge sword of success in this endeavor (Grant, 1997). Ability to create new processes and products and processes, which would jeopardize by depicting specifically how organizations which have manufacturing outsourced may not be seen as a core competence (Pisano & Shih, 2009, 2012).

1.3.3 Dependence on Vendor and Own Self Interest of Vendor

Outsourcing enhances dependence on vendor which comprises to the extent for critical capabilities of present and future. Having stated above because of outsourcing vendor going into competition with their clients, use their clients' knowledge of process or product to assist the organizations' competitors, keeping critical assets like custom tooling or rare parts hostage, as this creates susceptibility to vendors' performance problems (Arrunada & Vázquez, 2006; Pisano & Shih, 2009). Any doubts about the vendor financial stability must address from due diligence in outsourcing. As part of the request-for-quote (RFQ) and trying to verify them independently have been included in asking for financial records. These findings into the vendor selection methodology followed by organizations like Hewlett-Packard (HP) by incorporating it formally. Given that the data is at least somewhat self-reported however the risk cannot be completely eradicated.

Independent parties essentially think of themselves no matter how strong the business relationships due to which conflict arises. Given transparency of behavior on both sides, by lessen opportunism this tension can be addressed through using social exchange theory. Vendor management capability is very important factor for the success of outsourcing and to avoid the issue of limitations in capacity of outsourcer to monitor and dictate essential details of vendors' actions allows a vendor to act against the best interests of focal organization. Numerous organizations do not realize that investments in business controls must truly be augmented to account for new risks by associating outsourcing with reductions in resource and staff requirements. Organization might be better to not outsource at all as correct oversight of vendors may require very close involvement.

1.3.4 Discomfort for In-House Staff

Outsourcing organizations may experience resistance from in-house staff besides worrying about vendor risk. The word layoffs often come not long after the word outsourcing is expressed. It has the power to disrupt any outsourcing initiatives as this may destabilize and demoralize in-house workers. Relocation of employees may merely transfer problems to the vendors' payroll as at times, outsourcing just shifts activities without eliminating issues. Outsourcing may reduce the number of jobs available but if vendor can do the work more efficiently. It is substantial disruption to one's professional life to change employers. Day to day duties of remaining employees morphed in uncomfortable ways. Process and technical knowledge, part of which is deployed inwardly chosen for workers staffed typically for in-house tasks. Managing the same services internally requires an entirely different set of skills as compare to manage external resources (Peisch, 1994).

Competencies such as contract management, program and project management, negotiation, relationship building is relatively outward-facing precedence shifts by outsourcing (Parker & Anderson, 2002). The ability to elucidate ambiguous specifications and the power to persuade are critical to getting the work done (Amaral, Anderson, & Parker, 2011). Spending time with service providers is essential especially when quality assurance and due diligence is involved as many of these activities cannot be done effectively from a distance. Incentive misalignment when working with outside parties outsourcing increases this need due to intrinsic potential.

1.4 Synergistic Factors for Outsourcing Success

Result of favorable outcomes does not always come with higher level of outsourcing (Lacity & Willcocks, 1998). Especially in the case of focal organizations human capital and knowledge sharing because this do not need degree of outsourcing as focal organization already have the personnel which are creating appropriate value for organization. If they also have been outsourced then this will decrease to create value for organization which ultimately hurt the efficiency and outsourcing success. This relation needs partners' compatibility as if focal and vendor organization has same operating philosophies, management style by having proficient human capital and knowledge sharing which are the core competencies of organizations as stated by Quinn and Hilmar (1994), then this can lead to positive outsourcing success but if they don't have same operating philosophies and management style then this can lead to negative performance of outsourcing success (Jain & Khurana, 2016; Kroes & Ghosh, 2010; Marin Kawamura et al., 2013; Subramaniam & Youndt, 2005).

Bonds intricately form two organizations cultures in business through outsourcing. Working blueprint of an organization, beliefs, and values represents organizational culture. In ensuring success, partner compatibility plays a large role in outsourcing (Whipple & Frankel, 2000). As conflicts of culture often contribute to lack of success and cessation of business contracts as this assumption has led to mark the significance of homogenous organizational cultures in outsourcing (Jarvenpaa & Mao, 2008; Lam & Han, 2005; Matthyssens et al., 2008). Vendor which satisfies and supplements the organization's long-term needs and corporate culture is the appropriate and correct vendor to achieve desired objectives (Wadhwa & Ravindran, 2007). Based on above explanation following is the detail literature for each of the variable.

1.4.1 Outsourcing Success

Outsourcing success refers to what overall advantages an organization is reaping from outsourcing. Engaging another organization to perform a task that is currently being performed internally refers to outsourcing. Performance of business can be measured by the qualitative impact of strategic and technological improvement and the quantitative improvement in terms of economic returns (Abdul-Halim, Ee, Ramayah, & Ahmad, 2014). It had been depicted that there are two indicators for outsourcing success namely satisfaction and perceived benefits (Kim & Chung, 2003). Evaluation of all

aspects of the interorganizational relationship perceived effectiveness involves satisfaction. While organization's perception of benefits gained from a specific outsourcing relationship are perceived benefits.

To build a competitive advantage and to achieve organizational objectives which organization could not easily attain by itself would be enabled through partners' compatibility by forming outsourcing success. Activities which outside vendors can perform more efficiently with better response time and efficiency deemed not central to the mission of an organization (Jillapalli & Jillapalli, 2014). Outsourcing success enables organization to attain profits by deploying outsourcing in balanced way as they go for outsourcing by not losing their human capital. Knowledge sharing, participative and frequent exchange of information, maintaining open door policy of one organization towards other creates outsourcing success. In this stratum outsourcing success can be depicted that the hallmark of successful alliance is that partners mutually benefits from outsourcing engagement. Thus this study deployed the working definition of outsourcing success depicted as satisfied views of the benefits attained by organizations as a result of using outsourcing and successful outsourcing is a beneficial tool for organization to create value (E. Ee et al., 2013) .

1.4.2 Human Capital

In order to augment outsourcing success at the organization level, the social exchange theory considers that businesses should make investments in improving the human capital of their workforce. As a key factor for sustainable competitive advantage organization's human capital could be seen as a useful resource (Huselid, 1995; Prahalad & Hamel, 2001; Wright, Dunford, & Snell, 2001; Wright, McMahan, & McWilliams, 1994). An organization's ability with regards to its workforce refers to human capital. Businesses cannot create value without it, and thus human capital constitutes the other intangible values lynchpin (Gamerschlag, 2013). It is the highest rated source of maintainable competitive advantage as it is equivalent to the most important component of intellectual capital (Nonaka & Takeuchi, 1995).

To mine the best solutions from individual manpower and individual knowledge stocks that are entrenched in an organization's collaborative capability refers to intellectual capital (Bontis, 1999, 2001). The sum of workers' experiences, skills, tacit knowledge and capacities has been characterized as human capital. From an individual aspect integration of four factors which includes attitudes about life and businesses, experience, education, genetic inheritance can be defined as human capital. Strategic renewals and well of innovation considered as human capital (Bontis, 1998). Human capital should be combined with relational and structural factors of an organization in order to add more value. From this perspective organizational performance and commitment have proportional link. Retention of skilled manpower which eventually creates outsourcing success in an organization is somewhat able to guide the development and creation of knowledge. Motivation, commitment, and employee satisfaction are viewed as a function of general individual sentiment. Towards productivity and innovation via integrating intellectual capital by cooperation, businesses should make every effort to employ and retain capable, skilled personnel, direct those with intellect and develop their knowledge (Chauhan & Bontis, 2004). To attain positive outcomes of teamwork in organizations it had been depicted that here is need for increased innovation, productivity and speed-to-market (Henderson & Cockburn, 1994).

Willingness to perform, motivation and employees' accumulated qualifications and competencies all are included in human capital. Human factor's overall importance have long been recognized in human capital theories (Schultz, 1961). Remuneration through investments in education, efficiency, organizations, economies and individuals can improve their performance which had been proposed in these theories (Blaug, 1976). Continual competitiveness and economic growth depend solely on creating innovations which had been argued in human capital and economic theory. Thus, in the end they depend on human capital (Barro, 2001; Bontis, 1998; Mankiw, Romer, & Weil, 1992; Zingales, 2000). Behind organizations' competitiveness human capital should be seen as central factor and a most valuable resource (Chadwick & Dabu, 2009; Huselid, 1995; Prahalad & Hamel, 2001; Snell, Youndt, & Wright, 1996; Wright et al., 2001; Wright et al., 1994). Superior organization performance equates to heterogeneity in the custody of indicative productive factors which are somewhat difficult to obtain and one of the cornerstones to competitive advantage. Such resource heterogeneity can empower competitive advantage, and human capital is a cogent element of this. The value individuals create is heterogeneous in various environments and as such there could exist heterogeneous expectations of human capital value within a business since workers create varying amounts of value in different environments (Sharda & Chatterjee, 2011). Human assets have found to be a significant factor in these contexts and have been indeed important to the strategic accomplishments of organizations (Leiponen, 2005; Mohnen & Röller, 2005). To escort to greater organization performance research focus on discovering individuals with higher human capital (Colombo & Grilli, 2005, 2010).

Need to manage human capital is the focus of management research. Theory suggests in order to increase outsourcing success businesses should invest in developing the human capital of their personnel (P. M. Banerjee, 2013). Due to variations in contributing elements and the nature of embedded routines that affect actual or perceived value of human capital in the business, individual ability to create value may vary across businesses (Groysberg, Lee, & Nanda, 2008; Huckman & Pisano, 2006), the existing knowledge stocks of organization's interdependencies (Tzabbar, Aharonson, Amburgey, & Al-Laham, 2008), technologies production (Argote & Darr, 2000), resources access (Barney & Wright, 1998), and assets complementary (Teece, 1986).

Through internal development human capital management strategies organizations should go forward to enrich their assets (Lepak & Snell, 1999). Business social climates of, shared codes, cooperation and language had been related positively for human resource practices which relate to commitment or internal development. It needs to investigate further that how much human capital management techniques create greater human capital for outsourcing success to avoid loss of organizational human capital. It materialize through relationship building with people as it is not only via innovation investment nor in employing greater human capital (P. M. Banerjee, 2013). Concepts which triggers entrepreneurial ventures and expansion of outsourcing and operational processes authors claim that human capital can explicate these discoveries however only when seen in the relevant social structure, these attributes help to garner successful results (Augusto Felício, Couto, & Caiado, 2014). Human capital is thought an important element for success of organization in numerous studies (Colombo & Grilli, 2005; Gimeno, Folta, Cooper, & Woo, 1997). Knowledge, experience and education are relevant characteristics of human capital (Wright, Smart, & McMahan, 1995), with opportunities to allow affordances to more resources (Davidsson & Honig, 2003; Gimeno et al., 1997). Influencing efficiency potential and productivity to develop activities human capital theory implies that knowledge affords greater intellectual skills to individuals. All through the business process or in terms of conception of activities, it had been argued that formal education appears inconclusively linked with success.

Entrepreneurial abilities related to knowledge and skills gained through education and previous work experiences as the coordination of knowing scattered amongst varied individuals is a distinctive capability (Davidsson & Honig, 2003). Implicit knowledge gained via experiences in certain fields as well as explicit knowledge garnered through education institutions are seen as opportunities and risks influenced by abilities in the gaining of new knowledge (Cohen & Levinthal, 1990). Significant factor of outsourcing success is human capital which is important to the strategic activities of organizations to create value (Sharda & Chatterjee, 2011). Skills gained in the past become less usable as knowledge of human capital becomes obsolete and workers forget past learning, that is, knowledge depreciation to have negative impact on value creation (Almeida & Carneiro, 2009). This study employed the working definition of human capital, seeing it as a construct which confines an individual's stock of skills, knowledge, abilities and other attributes which are involved in generating value (Marin Kawamura et al., 2013). Based on above explanation and literature, following hypothesis has been developed.

H₁: Human capital has a positive influence on outsourcing success

1.4.3 Knowledge Sharing

Outsourcing knowledge sharing deserves to be studied thoroughly as it is an important factor in explaining how knowledge sharing influences the success of outsourcing. Knowledge transfer and information exchange between partners which bring together good ideas and appropriate technologies to create new opportunities positively contributes to the success of outsourcing. It illustrates the success of outsourcing can be significantly achieved by sharing knowledge (Quinn, 1999). Resources or abilities acquired outside of inter-organizational exchange are not only knowledge-sharing, but also an internal activity that provides a competitive advantage (Lee, 2001). The effective transfer of knowledge from focal organizations and vendors is the most important thing in the success of outsourcing. Support can be found in a variety of studies which used SET. Expertise and continuous knowledge sharing between supplier and supplier organizations is a hallmark of successful outsourcing contracts and this mechanism contributes to the success of outsourcing (Klepper & Jones, 1998). The lack of knowledge transfer is detrimental to the relationship and it has been argued that the pursuit of a successful relationship requires an investment that is knowledge (T Kern & Willcocks, 2001).

One of the key factors of successful relationships and partnerships is the sharing / exchange of information. Projects may suffer from coordination problems which could lead to fruitless collaborations without effective information sharing (Thomas Kern & Willcocks, 2002). To explain how sharing knowledge influences the structure, management and effectiveness of the relationship, it has been suggested that the factor (knowledge sharing) is one of the most important in

outsourcing and should be studied thoroughly. Knowledge transfer and information exchange create successful outsourcing between partners and conjoins good ideas and appropriate technologies for opportunity creation.

Knowledge sharing indicates a positive impact on successful outsourcing (Quinn, 1999). One of the Important determinants of successful outsourcing is knowledge sharing (Mayer, Davis, & Schoorman, 1995). Knowledge sharing is an essential asset for organizations because the specific reason for its launch is that it is an essential asset for organizations (Qi & Chau, 2013). Knowledge sharing is an important predictor of successful outsourcing, as the importance of knowledge sharing between orientation and sales organization in outsourcing projects is therefore noticeable (Blumenberg, Wagner, & Beimborn, 2009). The theory of social exchange as a theoretical basis in their studies can be found from a variety of studies that have used it. Increasing costs and the high risk of ownership of knowledge sharing between the focal and vendor organization can therefore lead to negative results for the success of outsourcing (Brusoni & Prencipe, 2011; Kamuriwo & Baden-Fuller, 2016).

By deploying a working definition for this study, knowledge sharing is defined as activities which lead to the transfer or dissemination of knowledge among the focal organization and the provider (Jain & Khurana, 2016; Qi & Chau, 2013, 2015). Based on above explanation and literature following hypothesis has been developed.

H₂: Knowledge sharing has a positive relationship to outsourcing success

1.4.4 Partners' Compatibility

The concept of compatibility of the partners comes from the theoretical aspects of the theory of social exchanges (SET). Compatible partners depend on one another in a complementary rather than competitive way. Partners share compatible goals, strive for mutual benefits and recognize a high degree of mutual interdependence, as partnership is an intentional strategic relationship (Mohr & Spekman, 1994). It has been argued that preference has been given to forming a compatible organizational culture (Cheng, Yeh, & Tu, 2008; Jarvenpaa & Mao, 2008; Lam & Han, 2005; Whipple & Frankel, 2000). Subcontracting as a compatible (unitary) interest was perceived by the internal staff of the focal organization as a joint sharing with external employees of the supplier's organization. Compared to others, some organizational cultures might adapt to outsourcing processes with more or less difficulty and thus influence the vision of outsourcing of internal employees (Zoghbi-Manrique-de-Lara & Ting-Ding, 2016).

To integrate innovations into existing operations and take advantage of new technologies, adaptation is necessary to meet changing needs. The home and provider organization must manage adaptation as a singularly linked unit in an outsourcing context. Due to changing needs, often due to environmental changes in the market or technology, the organization and the provider may need to adapt their activities together, ensuring that partners share the same operating philosophy. Previous research shows that the level of adaptability of a provider influences the ability of the focal organization to gain a competitive advantage in a changing environment. Suppliers may have to adapt to the changing circumstances of the focal organization during an outsourcing contract and, in this case, may need to adapt their capabilities (Plugge et al., 2016). It forms the compatibility of the partners between the focal organization and the organization of the suppliers.

The ability to plan and work together in a solution-oriented, productive way refers to the compatibility of the partners. Two issues specifically related to partner compatibility are (1) the ability to cooperate and problem-solving, (2) the evaluation of business philosophy and style. There should be a similarity in the operating philosophy between the focal organization and the provider, while recognizing that management styles are the same among partner organizations. The two organizations work together as a team with understanding despite some differences to improve the partnership by showing mutual respect and commitment. The day-to-day performance of the alliance would strengthen the compatibility of the partners because of the strong conviction of the focal organizations that their partners are open to new proposals. It was perceived that the partners are willing to discuss operational and very cooperative issues. Responding to special requests and being flexible enough to deal with unforeseen circumstances, partners are ready to take corrective action to solve a problem (Whipple & Frankel, 2000). In considering the functional management of the organization's manufacturing and supply chain, the role of the company or the competitive strategy has been the target of much previous research (Devaraj, Hollingworth, & Schroeder, 2004; Kathuria, 2000; Miller & Roth, 1994; Skinner, 1966, 1974; Vickery, Dröge, & Markland, 1997). Cost drivers, differentiators or targeted suppliers are the competitive strategies which normally drive an organization to compete.

Competitive business strategy is re-conceptualized as competitive priorities and carried out or implemented through operational action plans in organizations (Hayes & Schmenner, 1978). The objectives and strategic objectives of organizations are competitive priorities (Koufteros, Vonderembse, & Doll, 2002). There are five usually accepted competitive priorities: time, cost, innovation capacity, flexibility and quality in the manufacturing environment (Leong, Snyder, & Ward, 1990; Ward, McCreery, Ritzman, & Sharma, 1998), to successfully outsource between the supplier's organization to form the compatibility of the partners. To facilitate the success of outsourcing, they also work with partners with similar compatibilities (Espino-Rodríguez & Padrón-Robaina, 2005; Espino-Rodríguez & Robaina, 2005; Kroes & Ghosh, 2010; Skinner, 1966; Tallon, 2008; Wu & Park, 2009). The degree to which focal and vendor organizations share similar organizational, competitive and cultural priorities identified as the compatibility of the partners in this study in order to achieve a joint business activity (Kroes & Ghosh, 2010; Whipple & Frankel, 2000). In order to improve their dexterity with the climate and culture of the organization for positive results, some organizations train their provider (Carr et al., 2008).

In an ongoing outsourcing contract, the regulation of cultural compatibility and competing priorities will improve the effectiveness of efforts to ensure the success of outsourcing (Daityari, Saini, & Gupta, 2008; Kannan & Choon Tan, 2004; Matthyssens et al., 2008; Tallon, 2008). The extent to which an organization outsources also depends on their compatibility since the focal organization and the provider have the same operating philosophies and the same management style. This leads to a moderating role partners' compatibility asserting between the relationship of human capital, knowledge sharing and the success of outsourcing. Knowledge sharing relationship with outsourcing success is inconsistent as increasing costs and the high risk of ownership of knowledge sharing between the focal and vendor organization can therefore lead to negative results for the success of outsourcing (Brusoni & Prencipe, 2011; Kamuriwo & Baden-Fuller, 2016), which lure to use partners' compatibility as moderator between their relationships. Human capital relationship with outsourcing success is inconsistent as skills gained in the past become less usable as knowledge of human capital becomes obsolete and workers forget past learning, that is, knowledge depreciation to have negative impact on value creation (Almeida & Carneiro, 2009), which also lure to use partners' compatibility as moderator between their relationship. From this perspective, the compatibility of partners plays a moderating role for the orientation of total value of business. This will uncover interesting phenomenon as if focal and vendor organization have same management style and operating philosophies in the shape of partners' compatibility then it will enhance outsourcing success. Based on above explanation and literature, following hypotheses have been developed.

H₃: The relationship between human capital and outsourcing success is moderated by partners' compatibility

H₄: The relationship between knowledge sharing and outsourcing success is moderated by partners' compatibility

Conceptual Framework

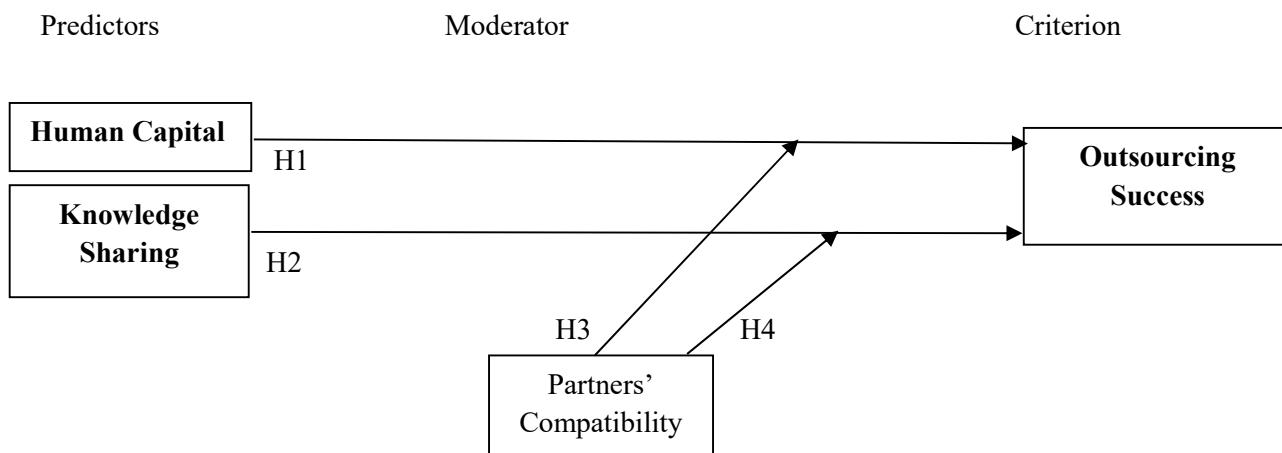


Figure 01: Partners' compatibility synergistic model

CONCLUSION

Through extensive literature review and concepts large discussion took place in this paper to optimize the design of outsourcing in the shape of outsourcing success by developing a framework through synergistic effect of partners' compatibility. This framework depicting the synergistic effect of partners' compatibility by managing the factors illustrated in this study. This is conceptual paper where by digging out certain concepts and thorough literature review predominant factors for outsourcing success have been figured out in a synergistic way. This framework is providing basis to test the framework in future studies. In contemporary outsourcing context, partners' compatibility as explained in detail above which is cultural compatibility and competitive priorities asserting a big role for the success of outsourcing. By fulfilling this missing link that what moderating impact partners' compatibility asserting, this developed framework provided basis to test these relationships.

This framework with concept human capital fulfilling the current system shortcoming as term lay off always associated with outsourcing and at the end organization lose their human capital which is creating efficiency for them. However the framework of this paper provided the guideline to figure out above mentioned system shortcoming. Direct impact of knowledge sharing is desirable as by harnessing it between focal organization and vendor the success of any outsourcing engagement can be achieved

In nutshell, this study providing the framework to get efficient results from outsourcing engagements while at the same time to avoid loss of human capital because human capital create efficiency and synergistically reduce cost for organization which is the main impetus to go for outsourcing. This is the phase to develop the framework and in future studies this framework can be tested through application phase.

REFERENCES

- Abdul-Halim, H., Ee, E., Ramayah, T., & Ahmad, N. H. (2014). Human resource outsourcing success: leveraging on partnership and service quality. *SAGE Open*, 4(3), 2158244014545475.
- Al-Natour, S., & Cavusoglu, H. (2009). The strategic knowledge-based dependency diagrams: a tool for analyzing strategic knowledge dependencies for the purposes of understanding and communicating. *Information Technology and Management*, 10(2-3), 103-121.
- Almeida, R., & Carneiro, P. (2009). The return to firm investments in human capital. *Labour economics*, 16(1), 97-106.
- Amaral, J., Anderson, E., & Parker, G. (2011). Putting it together: How to succeed in distributed product development. *MIT Sloan Management Review*, 52(2), 51.
- Argote, L., & Darr, E. (2000). Repositories of knowledge in franchise organizations: Individual, structural and technological. *The nature and dynamics of organizational capabilities*, 82(1), 51-65.
- Arrunada, B., & Vázquez, X. H. (2006). When your contract manufacturer becomes your competitor. *Harvard business review*, 84(9), 135.
- Augusto Felício, J., Couto, E., & Caiado, J. (2014). Human capital, social capital and organizational performance. *Management Decision*, 52(2), 350-364.
- Banerjee, A., & Williams, S. A. (2009). International Service Outsourcing: Using offshore analytics to identify determinants of value-added outsourcing. *Strategic Outsourcing: An International Journal*, 2(1), 68-79.
- Banerjee, P. M. (2013). Sustainable human capital: product innovation and employee partnerships in technology firms. *Cross Cultural Management: An International Journal*, 20(2), 216-234.
- Barney, J. B., & Wright, P. M. (1998). On becoming a strategic partner: The role of human resources in gaining competitive advantage. *Human Resource Management (1986-1998)*, 37(1), 31.
- Barro, R. J. (2001). Human capital and growth. *The American economic review*, 91(2), 12-17.
- Belcourt, M. (2006). Outsourcing—The benefits and the risks. *Human resource management review*, 16(2), 269-279.
- Bernardes, E. S. (2010). The effect of supply management on aspects of social capital and the impact on performance: A social network perspective. *Journal of supply chain management*, 46(1), 45-55.
- Bettis, R. A., Bradley, S. P., & Hamel, G. (1992). Outsourcing and industrial decline. *The Executive*, 6(1), 7-22.
- Blaug, M. (1976). The empirical status of human capital theory: A slightly jaundiced survey. *Journal of economic literature*, 14(3), 827-855.

- Blumenberg, S., Wagner, H.-T., & Beimborn, D. (2009). Knowledge transfer processes in IT outsourcing relationships and their impact on shared knowledge and outsourcing performance. *International journal of information management*, 29(5), 342-352.
- Bontis, N. (1998). Intellectual capital: an exploratory study that develops measures and models. *Management Decision*, 36(2), 63-76.
- Bontis, N. (1999). Managing organisational knowledge by diagnosing intellectual capital: framing and advancing the state of the field. *International Journal of Technology Management*, 18(5-8), 433-462.
- Bontis, N. (2001). Assessing knowledge assets: a review of the models used to measure intellectual capital. *International journal of management reviews*, 3(1), 41-60.
- Brusoni, S., & Prencipe, A. (2011). Patterns of modularization: The dynamics of product architecture in complex systems. *European Management Review*, 8(2), 67-80.
- Carr, A. S., Kaynak, H., Hartley, J. L., & Ross, A. (2008). Supplier dependence: impact on supplier's participation and performance. *International Journal of Operations & Production Management*, 28(9), 899-916.
- Chadwick, C., & Dabu, A. (2009). Human resources, human resource management, and the competitive advantage of firms: Toward a more comprehensive model of causal linkages. *Organization science*, 20(1), 253-272.
- Chauhan, N., & Bontis, N. (2004). Organisational learning via groupware: a path to discovery or disaster? *International Journal of Technology Management*, 27(6-7), 591-610.
- Cheng, J.-H., Yeh, C.-H., & Tu, C.-W. (2008). Trust and knowledge sharing in green supply chains. *Supply Chain Management: An International Journal*, 13(4), 283-295.
- Cohen, W. M., & Levinthal, D. A. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative science quarterly*, 128-152.
- Colombo, M. G., & Grilli, L. (2005). Founders' human capital and the growth of new technology-based firms: A competence-based view. *Research Policy*, 34(6), 795-816.
- Colombo, M. G., & Grilli, L. (2010). On growth drivers of high-tech start-ups: Exploring the role of founders' human capital and venture capital. *Journal of Business Venturing*, 25(6), 610-626.
- Croom, S., Romano, P., & Giannakis, M. (2000). Supply chain management: an analytical framework for critical literature review. *European Journal of Purchasing & Supply Management*, 6(1), 67-83.
- Cui, Z., Loch, C. H., Grossmann, B., & He, R. (2009). Outsourcing innovation. *Research-technology management*, 52(6), 54-63.
- Cusmano, L., Mancusi, M. L., & Morrison, A. (2009). Innovation and the geographical and organisational dimensions of outsourcing: Evidence from Italian firm-level data. *Structural Change and Economic Dynamics*, 20(3), 183-195.
- Daityari, A., Saini, A., & Gupta, R. (2008). Control of business process outsourcing relationships. *Journal of Management Research*, 8(1), 29.
- Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18(3), 301-331.
- Day, G. S. (2000). Managing market relationships. *Journal of the Academy of Marketing Science*, 28(1), 24-30.
- Devaraj, S., Hollingworth, D. G., & Schroeder, R. G. (2004). Generic manufacturing strategies and plant performance. *Journal of operations management*, 22(3), 313-333.
- Domberger, S., Jensen, P. H., & Stonecash, R. E. (2002). Examining the magnitude and sources of cost savings associated with outsourcing. *Public Performance & Management Review*, 26(2), 148-168.
- Donada, C., & Nogatchewsky, G. (2009). Emotions in outsourcing. An empirical study in the hotel industry. *International Journal of Hospitality Management*, 28(3), 367-373.
- Dyer, J. H. (1997). Effective interfirm collaboration: how firms minimize transaction costs and maximize transaction value. *Strategic management journal*, 18(7), 535-556.
- Ee, E., Halim, H. A., & Ramayah, T. (2013). HR outsourcing success: does partnership quality variables matter? *Journal of Business Economics and Management*, 14(4), 664-676.
- Ee, O., Halim, H. A., & Ramayah, T. (2013). The effects of partnership quality on business process outsourcing success in Malaysia: key users perspective. *Service Business*, 7(2), 227-253.
- Espino-Rodríguez, T. F., & Padrón-Robaina, V. (2005). A resource-based view of outsourcing and its implications for organizational performance in the hotel sector. *Tourism management*, 26(5), 707-721.
- Espino-Rodríguez, T. F., & Padrón-Robaina, V. c. (2004). Outsourcing and its impact on operational objectives and performance: a study of hotels in the Canary Islands. *International Journal of Hospitality Management*, 23(3), 287-306.

- Espino-Rodriguez, T. F., & Robaina, V. P. (2005). The management perception of the strategic outsourcing of services: An empirical examination in the hotel sector. *The Service Industries Journal*, 25(5), 689-708.
- Faisal, M. N., & Raza, S. A. (2016). IT outsourcing intent in academic institutions in GCC countries: An empirical investigation and multi-criteria decision model for vendor selection. *Journal of Enterprise Information Management*, 29(3), 432-453.
- Ferguson, R. J., Paulin, M., & Bergeron, J. (2005). Contractual governance, relational governance, and the performance of interfirm service exchanges: The influence of boundary-spanner closeness. *Journal of the Academy of Marketing Science*, 33(2), 217-234.
- Fixler, D. J., & Siegel, D. (1999). Outsourcing and productivity growth in services. *Structural Change and Economic Dynamics*, 10(2), 177-194.
- Gamerschlag, R. (2013). Value relevance of human capital information. *Journal of Intellectual Capital*, 14(2), 325-345.
- Gewald, H. (2010). The perceived benefits of business process outsourcing: An empirical study of the German banking industry. *Strategic Outsourcing: An International Journal*, 3(2), 89-105.
- Gilley, K. M., & Rasheed, A. (2000). Making more by doing less: an analysis of outsourcing and its effects on firm performance. *Journal of management*, 26(4), 763-790.
- Gimeno, J., Folta, T. B., Cooper, A. C., & Woo, C. Y. (1997). Survival of the fittest? Entrepreneurial human capital and the persistence of underperforming firms. *Administrative science quarterly*, 750-783.
- Grant, R. M. (1997). The knowledge-based view of the firm: implications for management practice. *Long range planning*, 30(3), 450-454.
- Greer, C. R., Youngblood, S. A., & Gray, D. A. (1999). Human resource management outsourcing: The make or buy decision. *The Academy of Management Executive*, 13(3), 85-96.
- Groysberg, B., Lee, L.-E., & Nanda, A. (2008). Can they take it with them? The portability of star knowledge workers' performance. *Management Science*, 54(7), 1213-1230.
- Han, H.-S., Lee, J.-N., & Seo, Y.-W. (2008). Analyzing the impact of a firm's capability on outsourcing success: A process perspective. *Information & management*, 45(1), 31-42.
- Hayes, R. H., & Schmenner, R. W. (1978). How should you organize manufacturing. *Harvard business review*, 56(1), 105-118.
- Henderson, R., & Cockburn, I. (1994). Measuring competence? Exploring firm effects in pharmaceutical research. *Strategic management journal*, 15(S1), 63-84.
- Hessels, J., & Terjesen, S. (2010). Resource dependency and institutional theory perspectives on direct and indirect export choices. *Small Business Economics*, 34(2), 203-220.
- Huckman, R. S., & Pisano, G. P. (2006). The firm specificity of individual performance: Evidence from cardiac surgery. *Management Science*, 52(4), 473-488.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of management journal*, 38(3), 635-672.
- Jain, D. M., & Khurana, R. (2016). A framework to study vendors' contribution in a client vendor relationship in information technology service outsourcing in India. *Benchmarking: An International Journal*, 23(2), 338-358.
- Jarvenpaa, S. L., & Mao, J.-Y. (2008). Operational capabilities development in mediated offshore software services models. *Journal of Information Technology*, 23(1), 3-17.
- Jillapalli, R. K., & Jillapalli, R. (2014). A Prescription for Medical Outsourcing Success in the Affordable Care Act Milieu. *Journal of Global Marketing*, 27(5), 285-297.
- Jyoti, J., & Arora, H. (2013). Impact of client-vendor relationship on firm's financial performance: a study of outsourcing firms. *Global Business Review*, 14(4), 691-709.
- Kakabadse, A., & Kakabadse, N. (2003). Outsourcing best practice: transformational and transactional considerations. *Knowledge and Process Management*, 10(1), 60-71.
- Kamuriwo, D. S., & Baden-Fuller, C. (2016). Knowledge integration using product R&D outsourcing in biotechnology. *Research Policy*, 45(5), 1031-1045.
- Kannan, V. R., & Choon Tan, K. (2004). Supplier alliances: differences in attitudes to supplier and quality management of adopters and non-adopters. *Supply Chain Management: An International Journal*, 9(4), 279-286.
- Kathuria, R. (2000). Competitive priorities and managerial performance: a taxonomy of small manufacturers. *Journal of operations management*, 18(6), 627-641.
- Kern, T., & Willcocks, L. (2001). *The Relationship Advantage*: Oxford University Press.

- Kern, T., & Willcocks, L. (2002). Exploring relationships in information technology outsourcing: the interaction approach. *European Journal of Information Systems*, 11(1), 3-19.
- Kim, S., & Chung, Y.-S. (2003). Critical success factors for IS outsourcing implementation from an interorganizational relationship perspective. *Journal of Computer information systems*, 43(4), 81-90.
- Klepper, R., & Jones, W. O. (1998). *Outsourcing information technology, systems and services*: Prentice-Hall, Inc.
- Kotabe, M., & Mol, M. J. (2009). Outsourcing and financial performance: A negative curvilinear effect. *Journal of Purchasing and Supply Management*, 15(4), 205-213.
- Koufteros, X. A., Vonderembse, M. A., & Doll, W. J. (2002). Examining the competitive capabilities of manufacturing firms. *Structural equation modeling*, 9(2), 256-282.
- Kroes, J. R., & Ghosh, S. (2010). Outsourcing congruence with competitive priorities: Impact on supply chain and firm performance. *Journal of operations management*, 28(2), 124-143.
- Kumar, S., & Eickhoff, J. H. (2005). Outsourcing: When and how should it be done? *Information Knowledge Systems Management*, 5(4), 245-259.
- Lacity, M. C., Khan, S. A., & Willcocks, L. P. (2009). A review of the IT outsourcing literature: Insights for practice. *The Journal of Strategic Information Systems*, 18(3), 130-146.
- Lacity, M. C., Solomon, S., Yan, A., & Willcocks, L. P. (2011). Business process outsourcing studies: a critical review and research directions. *Journal of Information Technology*, 26(4), 221-258.
- Lacity, M. C., & Willcocks, L. P. (1998). An empirical investigation of information technology sourcing practices: lessons from experience. *MIS quarterly*, 363-408.
- Lam, T., & Han, M. X. (2005). A study of outsourcing strategy: a case involving the hotel industry in Shanghai, China. *International Journal of Hospitality Management*, 24(1), 41-56.
- Lee, J.-N. (2001). The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success. *Information & management*, 38(5), 323-335.
- Lee, J.-N., & Kim, Y.-G. (1999). Effect of partnership quality on IS outsourcing success: conceptual framework and empirical validation. *Journal of Management Information Systems*, 15(4), 29-61.
- Leiponen, A. (2005). Skills and innovation. *International Journal of Industrial Organization*, 23(5), 303-323.
- Leong, G. K., Snyder, D. L., & Ward, P. T. (1990). Research in the process and content of manufacturing strategy. *Omega*, 18(2), 109-122.
- Lepak, D. P., & Snell, S. A. (1999). The human resource architecture: Toward a theory of human capital allocation and development. *Academy of management review*, 24(1), 31-48.
- Li, M., & Choi, T. Y. (2009). Triads in services outsourcing: bridge, bridge decay and bridge transfer. *Journal of supply chain management*, 45(3), 27-39.
- Lievens, F., & Corte, W. D. (2008). Development and test of a model of external organizational commitment in human resources outsourcing. *Human Resource Management*, 47(3), 559-579.
- Lilly, J. D., Gray, D. A., & Virick, M. (2005). Outsourcing the human resource function: Environmental and organizational characteristics that affect HR performance. *Journal of Business Strategies*, 22(1), 55.
- Linder, J. C. (2004). Transformational outsourcing. *MIT Sloan Management Review*, 45(2), 52.
- Liou, J. J., & Chuang, Y.-T. (2010). Developing a hybrid multi-criteria model for selection of outsourcing providers. *Expert Systems with Applications*, 37(5), 3755-3761.
- Mankiw, N. G., Romer, D., & Weil, D. N. (1992). A contribution to the empirics of economic growth. *The quarterly journal of Economics*, 107(2), 407-437.
- Marin Kawamura, K., Eisler, R., & Banerjee, P. M. (2013). Sustainable human capital: product innovation and employee partnerships in technology firms. *Cross Cultural Management: An International Journal*, 20(2), 216-234.
- Marshall, D., McIvor, R., & Lamming, R. (2007). Influences and outcomes of outsourcing: insights from the telecommunications industry. *Journal of Purchasing and Supply Management*, 13(4), 245-260.
- Matthyssens, P., Kirca, A. H., Pace, S., "Bryan" Jean, R.-J., Sinkovics, R. R., & Kim, D. (2008). Information technology and organizational performance within international business to business relationships: a review and an integrated conceptual framework. *International Marketing Review*, 25(5), 563-583.
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of management review*, 20(3), 709-734.
- Mazzola, E., & Perrone, G. (2013). A strategic needs perspective on operations outsourcing and other inter-firm relationships. *International Journal of Production Economics*, 144(1), 256-267.

- McIvor, R. (2003). Outsourcing: insights from the telecommunications industry. *Supply Chain Management: An International Journal*, 8(4), 380-394.
- Miller, J. G., & Roth, A. V. (1994). A taxonomy of manufacturing strategies. *Management Science*, 40(3), 285-304.
- Mohnen, P., & Röller, L.-H. (2005). Complementarities in innovation policy. *European Economic Review*, 49(6), 1431-1450.
- Mohr, J., & Spekman, R. (1994). Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques. *Strategic management journal*, 15(2), 135-152.
- Moon, J., Choe, Y. C., Chung, M., Jung, G. H., & Swar, B. (2016). IT outsourcing success in the public sector: Lessons from e-government practices in Korea. *Information Development*, 32(2), 142-160.
- Mukherjee, D., Gaur, A. S., & Datta, A. (2013). Creating value through offshore outsourcing: An integrative framework. *Journal of International Management*, 19(4), 377-389.
- Nonaka, I., & Takeuchi, H. (1995). *The knowledge-creating company: How Japanese companies create the dynamics of innovation*: Oxford university press.
- Ogden, J. A. (2006). Supply base reduction: an empirical study of critical success factors. *Journal of supply chain management*, 42(4), 29-39.
- Ok, S. T. (2011). International outsourcing: empirical evidence from the Netherlands. *Journal of Business Economics and Management*, 12(1), 131-143.
- Park-Poaps, H., & Rees, K. (2010). Stakeholder forces of socially responsible supply chain management orientation. *Journal of business ethics*, 92(2), 305-322.
- Parker, G. G., & Anderson, E. G. (2002). From buyer to integrator: The transformation of the supply-chain manager in the vertically disintegrating firm. *Production and Operations Management*, 11(1), 75-91.
- Peisch, R. (1994). Case study. When outsourcing goes awry... seven experts discuss how the outsourcing crisis could have been avoided. *Harvard business review*, 73(3), 24-26, 30, 32-27.
- Pisano, G. P., & Shih, W. C. (2009). Restoring American Competitiveness. *Harvard business review*, 87(7/8), 114-125.
- Pisano, G. P., & Shih, W. C. (2012). Does America really need manufacturing. *Harvard business review*, 90(3), 94-102.
- Plugge, A., Plugge, A., Borman, M., Borman, M., Janssen, M., & Janssen, M. (2016). Strategic manoeuvres in outsourcing arrangements: The need for adapting capability in delivering long-term results. *Strategic Outsourcing: An International Journal*, 9(2), 139-158.
- Poppo, L., & Zenger, T. (1998). Testing alternative theories of the firm: Transaction cost, knowledge-based, and measurement explanations for make-or-buy decisions in information services. *Strategic management journal*, 853-877.
- Prahalad, C., & Hamel, G. (2001). *The core competence of the corporation*: Harvard Business Review.
- Qi, C., & Chau, P. Y. (2013). Investigating the roles of interpersonal and interorganizational trust in IT outsourcing success. *Information Technology & People*, 26(2), 120-145.
- Qi, C., & Chau, P. Y. (2015). Relationship or contract? Exploring the key factor leading to IT outsourcing success in China. *Information Technology & People*, 28(3), 466-499.
- Quinn, J. B. (1999). Strategic outsourcing: leveraging knowledge capabilities. *MIT Sloan Management Review*, 40(4), 9.
- Quinn, J. B. (2000). Outsourcing innovation: the new engine of growth. *Sloan management review*, 41(4), 13.
- Rajabzadeh, A., Asghar Anvary Rostamy, A., & Hosseini, A. (2008). Designing a generic model for outsourcing process in public sector: evidence of Iran. *Management Decision*, 46(4), 521-538.
- Ravi, S. P., Jain, R. K., & Sharma, H. P. (2011). An analysis of business process outsourcing strategies of public and private sector banks in India. *The International Business & Economics Research Journal*, 10(2), 1.
- Sambasivan, M., Siew-Phaik, L., Mohamed, Z. A., & Leong, Y. C. (2013). Factors influencing strategic alliance outcomes in a manufacturing supply chain: role of alliance motives, interdependence, asset specificity and relational capital. *International Journal of Production Economics*, 141(1), 339-351.
- Schoenherr, T., Narayanan, S., & Narasimhan, R. (2015). Trust formation in outsourcing relationships: A social exchange theoretic perspective. *International Journal of Production Economics*, 169, 401-412.
- Schultz, T. W. (1961). Investment in human capital. *The American economic review*, 51(1), 1-17.
- Sharda, K., & Chatterjee, L. (2011). Configurations of outsourcing firms and organizational performance: A study of outsourcing industry in India. *Strategic Outsourcing: An International Journal*, 4(2), 152-178.
- Skinner, W. (1966). Production under pressure. *Harvard business review*, 44(6), 139-146.
- Skinner, W. (1974). *The focused factory* (Vol. 52): Harvard Business Review Brighton, MA.

- Snell, S. A., Youndt, M. A., & Wright, P. M. (1996). Establishing a framework for research in strategic human resource management: Merging resource theory and organizational learning. *Research in personnel and human resources management, 14*, 61-90.
- Sobinska, M., & Willcocks, L. (2016). IT outsourcing management in Poland—trends and performance. *Strategic Outsourcing: An International Journal, 9*(1), 60-96.
- Subramaniam, M., & Youndt, M. A. (2005). The influence of intellectual capital on the types of innovative capabilities. *Academy of management journal, 48*(3), 450-463.
- Swar, B., Moon, J., Oh, J., & Rhee, C. (2012). Determinants of relationship quality for IS/IT outsourcing success in public sector. *Information Systems Frontiers, 14*(2), 457-475.
- Tallon, P. P. (2008). Inside the adaptive enterprise: an information technology capabilities perspective on business process agility. *Information Technology and Management, 9*(1), 21-36.
- Teece, D. J. (1986). Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. *Research Policy, 15*(6), 285-305.
- Thouin, M. F., Hoffman, J. J., & Ford, E. W. (2009). IT outsourcing and firm-level performance: A transaction cost perspective. *Information & management, 46*(8), 463-469.
- Tzabbar, D., Aharonson, B. S., Amburgey, T. L., & Al-Laham, A. (2008). When is the whole bigger than the sum of its parts? Bundling knowledge stocks for innovative success. *Strategic Organization, 6*(4), 375-406.
- Vickery, S. K., Dröge, C., & Markland, R. E. (1997). Dimensions of manufacturing strength in the furniture industry. *Journal of operations management, 15*(4), 317-330.
- Wadhwa, V., & Ravindran, A. R. (2007). Vendor selection in outsourcing. *Computers & operations research, 34*(12), 3725-3737.
- Wahrenburg, M., Hackethal, A., Friedrich, L., & Gellrich, T. (2006). Strategic decisions regarding the vertical integration of human resource organizations: evidence for an integrated HR model for the financial services and non-financial services industry in Germany, Austria and Switzerland. *The International Journal of Human Resource Management, 17*(10), 1726-1771.
- Ward, P. T., McCreery, J. K., Ritzman, L. P., & Sharma, D. (1998). Competitive priorities in operations management. *Decision Sciences, 29*(4), 1035-1046.
- Whipple, J. M., & Frankel, R. (2000). Strategic alliance success factors. *Journal of supply chain management, 36*(2), 21-28.
- Willcocks, L. (2010). The next step for the CEO: moving IT-enabled services outsourcing to the strategic agenda. *Strategic Outsourcing: An International Journal, 3*(1), 62-66.
- Williamson, O. E. (1996). *The mechanisms of governance*: Oxford University Press.
- Williamson, O. E. (2008). Outsourcing: Transaction cost economics and supply chain management. *Journal of supply chain management, 44*(2), 5-16.
- Wongsaroj, R., Krairit, D., & Khang, D. B. (2014). IT outsourcing and impacts in Thailand's financial institutions. *Information Development, 30*(3), 256-275.
- Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of management, 27*(6), 701-721.
- Wright, P. M., McMahan, G. C., & McWilliams, A. (1994). Human resources and sustained competitive advantage: a resource-based perspective. *International journal of human resource management, 5*(2), 301-326.
- Wright, P. M., Smart, D. L., & McMahan, G. C. (1995). Matches between human resources and strategy among NCAA basketball teams. *Academy of management journal, 38*(4), 1052-1074.
- Wu, L., & Park, D. (2009). Dynamic outsourcing through process modularization. *Business Process Management Journal, 15*(2), 225-244.
- Young, S. (2008). Outsourcing in public health: a case study of contract failure and its aftermath. *Journal of health organization and management, 22*(5), 446-464.
- Yu, T.-Y. (2014). An empirical study of collaborative partnering among enterprises and government organizations for information system outsourcing. *Applied Economics, 46*(3), 312-322.
- Zafirovski, M. (2005). Social exchange theory under scrutiny: A positive critique of its economic-behaviorist formulations. *Electronic Journal of Sociology, 2*(2), 1-40.
- Zhang, X., Song, H., & Huang, G. Q. (2009). Tourism supply chain management: A new research agenda. *Tourism management, 30*(3), 345-358.

- Zhu, W., Ng, S. C., Wang, Z., & Zhao, X. (2017). The role of outsourcing management process in improving the effectiveness of logistics outsourcing. *International Journal of Production Economics*, 188, 29-40.
- Zingales, L. (2000). In search of new foundations. *The journal of Finance*, 55(4), 1623-1653.
- Zoghbi-Manrique-de-Lara, P., & Ting-Ding, J.-M. (2016). The influence of corporate culture and workplace relationship quality on the outsourcing success in hotel firms. *International Journal of Hospitality Management*, 56, 66-77.