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CONCEPTUAL PROPENSITY OF OUTSOURCING SUCCESS THROUGH ROBUST MODEL DEVELOPMENT

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ABSTRACT
This conceptual paper after thorough review of literature developed model for outsourcing success which is creating value for business. Through propelling effect as how much and which activity / function to outsource, degree of outsourcing identified one of the predominant factors for developing a robust vendor management system. Framework proposed in this paper providing a balanced robust system for the success of outsourcing from the realm of strategic management. It is contributing to body of knowledge from new dimension. By harnessing the concepts of vendor management capability, partnership quality, trust, degree of outsourcing organization can achieve outsourcing success. In this stratum efficient propensity involvement of focal and vendor organization create value for business which is the underlying objective to develop this model of outsourcing success.
KEYWORDS: Propelling Effect, Outsourcing Success, Vendor Management Capability, Partnership Quality, Degree of Outsourcing

1. INTRODUCTION

An organizational performance directly influences the supply chain which is why it is gaining growing recognition (Ketchen & Giunipero, 2004; Lejeune & Yakova, 2005; Miles & Snow, 2007). So as to deliver competitive products(s) or service(s) by assimilating organization's value chain with stakeholders' is the focus of supply chain management. Collaboration is generally known as the value chain integration with external stakeholders. Instituting links between focal and vendor organization is outsourcing in the form of business collaboration. Business partnerships developed and evolve from outsourcing. Improving overall performances partnership augments the strength of the business. Expansion of outsourcing even with offshore vendors has significantly been accelerated by globalization and information technology (IT). To become competitive and to overcome deficiencies in the required resources outsourcing came into place regardless of geographical dispersion (domestic / international). Having stated above, positive outcomes all time not been reported from outsourcing. Due to aforementioned reason coping strategies as well as the latent causes of negative outcomes has been attempted to examine in numerous recent years researches.

Such as the vendor's adverse reactions risk associated with the outsourcing task are the negative outcomes reported in some studies (Lam & Han, 2005; Le Bon & Hughes, 2009), along with high cost of switching (Donada & Nogatchewsky, 2009), market insecurity (Gilley & Rasheed, 2000; Kotabe & Mol, 2009; Lahiri, Kedia, Raghunath, & Agrawal, 2009), and advantage-taking behavior of vendor (Lam & Han, 2005; Le Bon & Hughes, 2009). Because of negative experiences received by either / both parties, outsourcing can accrue negative consequences (Donada & Nogatchewsky, 2009).

Outsourcing cut activity / function and workforce transversely which is one of the negative aspects of outsourcing. A hybrid multi-criteria model for selecting outsourcing partners which assumes that performance differences are vendor-related had been developed (Liou & Chuang, 2010). While manage strategies studies are few in contrast. Due to above

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stated reasons this study developing a balanced robust structured system to recognize factors that have to be managed while dealing with aforementioned negative consequences. Consequently, the main factors that have to be managed identifies in this study are vendor management capability, partnership quality, trust and degree of outsourcing. To oversee these factors social exchange theory provides the guideline. In this stratum by mapping the flow of literature has been depicted in below figure.

2. LITERATURE CONCEPTUAL FRAMEWORK
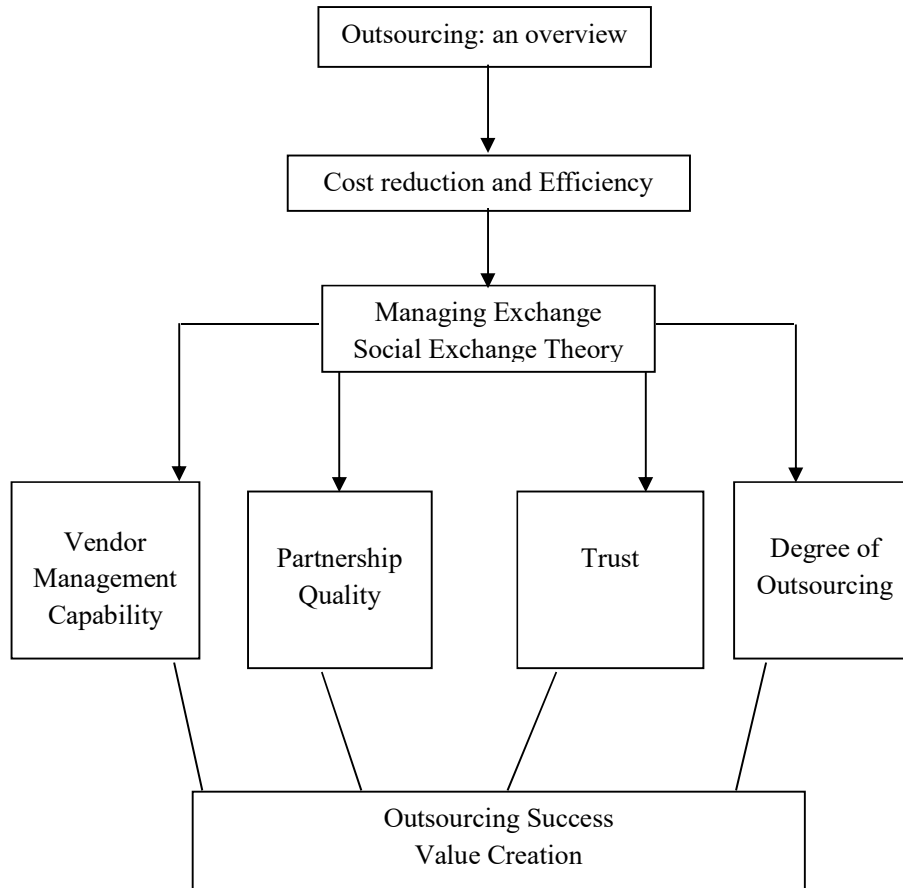
Following is the conceptual framework of literature.

Figure 01: Conceptual Framework of Literature

2.1 Outsourcing: An Overview

The transformation of business environment has evolved the concept of outsourcing. Outsourcing was professed as a 'make or buy' decision which depicted in most of the studies conducted before 2000 (Fixler & Siegel, 1999; Mary Cecelia Lacity & Hirschheim, 1995; Rothery & Robertson, 1995). While some other studies after 2000 recognize outsourcing as value creation strategy (E. Ee, Halim, & Ramayah, 2013; Faisal & Raza, 2016; Jain & Khurana, 2016; Mukherjee, Gaur, & Datta, 2013). Outsourcing is established as a choice between making and buying when the contract is seen as purchasing. When a contract is more like a collaborative partnership for shared benefits, then in contrast it is viewed as a value creation strategy.

2.1.1 Outsourcing Definitions

To develop their activities, organizations need to consider various strategic options such as outsourcing in an environment where competition is ever fiercer. Activities that have normally been done internally, in outsourcing organizations use outside companies to perform these activities (Espino-Rodríguez, Chun-Lai, & Gil-Padilla, 2017). Managing operations and realizing their strategic goals outsourcing has become a transformational and prevalent business practice (Handley & Benton, 2009; Mani, Barua, & Whinston, 2012; Narayanan, Jayaraman, Luo, & Swaminathan,

2011). To manage and to deliver one or more business functions or processes by an external organization though contract with another organization refers to outsourcing (Liu, Wang, & Huang, 2017). To accomplish a particular organizational objective the sourcing decision must establish whether to use internal or external resources (Holcomb & Hitt, 2007). Involvement of external party is the common attribute in all definitions of outsourcing (Aubert, Rivard, & Patry, 2004; Kakabadse & Kakabadse, 2003; King & Malhotra, 2000; Mary C Lacity & Hirschheim, 1993). The value which organization not creating by their own resources given to external resources which indicates performing the tasks to create value (Arnold, 2000).

Main ownership is not with the organization of resources in this context. So buy and share of resources Can be executed by an organization. It can be establish that perception on resources diverse in these definitions. Anything that is used as a production input is commonly known as resource. Intangible or tangible as resource can be in both shape (J. B. Barney, 1999). Resources can be more or less strategic as all resources are not evenly important (Cheon, Grover, & Teng, 1995). Non substitutable, inimitable, rare, valuable are the distinctive characteristics of strategic resources (J. Barney, 1991). Discernment on value of resources is different explained by different theories. Outsourcing as a method of cost cutting has commonly been perceived by transaction cost economic theory (Donada & Nogatchewsky, 2009). Outsourcing by defining could accomplish tasks relatively more cheaply as it has been taken as a value added strategy in the domain of some studies. In outsourcing, cost and value benefits can be materialized through vertical integration (leading to lower transaction costs) as well as economic gains that accumulate from market transactions by hybrid structures that let organizations to reap benefits (De Vita, Tekaya, & Wang, 2010).

By covering strategic significance of external resources, the resource based view (RBV) defines outsourcing as a strategic method. For networked business this value creation strategy has been recognized the value of outsourcing beyond cost reduction (Leiblein, 2003). Explicit categories of resources that the organization does not itself possess and which are provided more efficiently by others has been specifically defined as outsourcing by obtaining desired resources in result (Espino-Rodriguez & Robaina, 2005). Resource utilization for sustainable competitive advantage and the competitive relative importance of resources has been elaborated in definition. Lack of capital or expertise which caused the rejection of internalization is not however merely claimed as outsourcing (Gilley & Rasheed, 2000). Substitution can be seen as due to absence of capital to acquire physical and non-physical resources or the absence of certain resources which is making however aforementioned arguments not clear. In resource based supply chains, outsourcing is seen as an approach of providing potentialities for business process (Miles & Snow, 2007).

Learning is associated with outsourcing, and the importance of this knowledge has been recognized by organizations. Contribution of knowledge and learning is difficult to quantify had been depicted that organizations are reluctant to consider this fact (Bounfour, 1999). Shared knowledge however has been perceived by the members in the network as an expandable rather than diminishing resource (Miles & Snow, 2007). Decisions to discontinue or continue upholding a competitive knowledge position has become the outsourcing activity to claim from this perspective. Outsourcing provides a way to bring expert knowledge to the organization from the perspective of organizational learning and innovation (Arnold, 2000; Capron & Mitchell, 2004; Cusmano, Mancusi, & Morrison, 2009). While responding flexibly to the stresses and strains of competition, it had been perceived that outsourcing implies extensive leverage of technology and knowledge from external sources (Cusmano et al., 2009). Along with the purpose of outsourcing however the research focus has been evolved. Great benefits of other tangible resources can be attained through relational resources in modern businesses. The value of relational and behavioral aspects in outsourcing has been recognized through the vehicle of transaction cost economics (TCE) to the relational specific theory (SET) approach, in other words (TCE to RBV to KBV to SET). Business collaboration with external parties for mutual benefit has been defined as outsourcing from the perspective of studies based on relational or behavioral approaches.

The way to get the best supplies is the focal and vendor organization relationship. The increased level of social expectation of stakeholders and due to increasing globalization the need has been identified from stakeholder perspective in the supply chain management (Park-Poaps & Rees, 2010). In a business-to-business context, hence collaborative business success has become a driver of successful relationships. Definitions of outsourcing, contract type and factors such as drives in short have various approaches. Applied by the particular study, these methods are pursued by the domain of research. With regards to outsourcing however managers have mixed and multiple interests in practice. In setting the outsourcing structures, accordingly there are different approaches. However social exchange theory is the most applicable for addressing modern business issues which can make a balanced robust structured system which is the contribution of this study.

2.1.2   *Manufacturing Vs Services Outsourcing*

Service is an experience to the receiving customer and is concept method or idea developed by service providers. To transform ideas into experiences the organization assigns an outside party whenever a task is outsourced. Specify in the contract service outsourcing making it quite difficult to utter as delivery customer requirements are heterogeneous (Li & Choi, 2009; Young, 2008). Therefore, it makes service contract careful articulation of necessities. In the delivery of a single service encounter there are only two parties involved (that is, service provider and customer) which is depicting that the service delivery is bidirectional (Sampson, 2000). The focal organization or the vendor in this case can be the provider. By making it not possible to be kept for future trade services are perishable unlike manufacturing. Resource idle times consequently which make outsourcing more challenging have to bear by service organizations. Task-based outsourcing therefore is better than time-based outsourcing in services. It there is not a satisfactory recovery system then services sector is at risk of losing customers. During the tender assessment process companies need to assess vendors' plans for service recovery. Strategies such as outsourcing, alliances and franchising alternatively with the standardization of service processes enables service organizations to be more malleable in applying. For better facilitation of coordination, communication, and monitoring the standardization of service process has a positive impact on outsourcing success.

Outsourcing in manufacturing is less complex than it is for services because of the assessment of outsourcing in services. Services have greater uncertainties in outputs than manufacturers (Sengupta, Heiser, & Cook, 2006). Vendor's performance uncertainty is quite strong in this perspective (Han, Lee, & Seo, 2008; Lee, 2001). Based on three decades of data in the manufacturing / services sector in the US a comparative analysis has been conducted (Fixler & Siegel, 1999). It had been revealed that the productivity is clearer with respect to impact of outsourcing in manufacturing than it may be for the services sector. Outsourcing outcomes are hard to quantify in services which is the fact prescribed for it (Kannan & Choon Tan, 2004). Further to add, demand of services outsourcing has higher uncertainties (Zhang, Song, & Huang, 2009). Between manufacturing and services supply chain the difference is quite prominent as shown in Figure 2.2 other than above mentioned factors (Li & Choi, 2009). Since focal organizations act as intermediaries between vendor and customer due to which manufacturing supply chain is linear. Between vendor and customer in manufacturing sectors outsourcing there is not direct contact as depicted clearly in Figure 2.
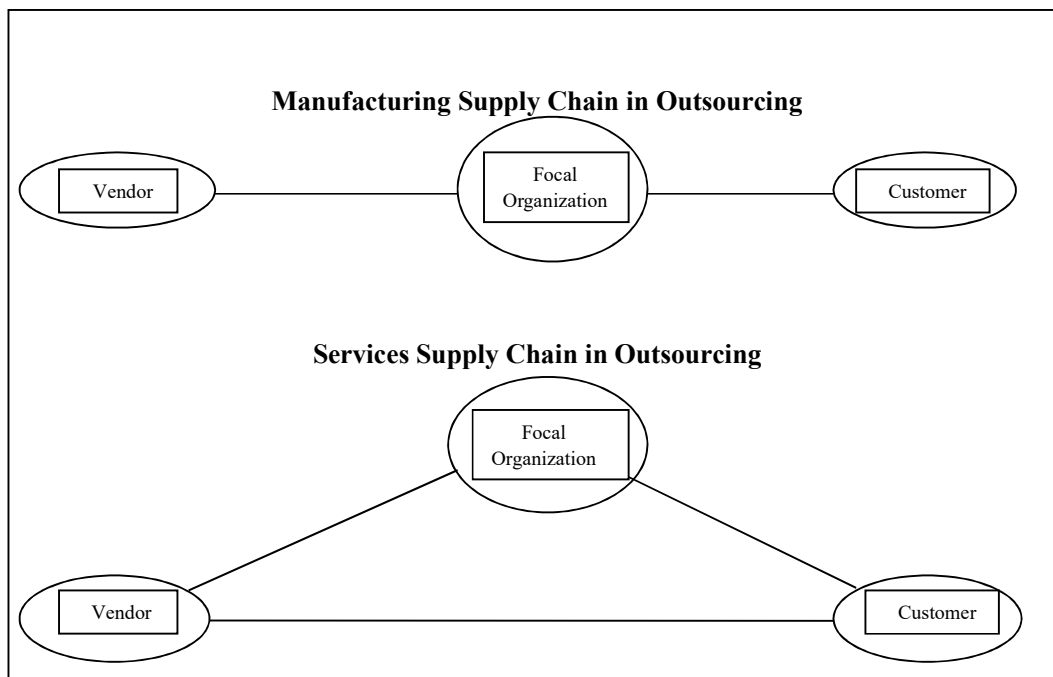

Figure 02: Comparison of supply chain triadic relationship structures in manufacturing Vs services (Li & Choi, 2009)

2.2 Factors Affecting Outsourcing Success

Aptly named critical success factors several studies emphasize elements which guarantee the sustainability and success of the supply chain (Chan & Chin, 2007; Rajabzadeh, Asghar Anvary Rostamy, & Hosseini, 2008; Whipple & Frankel, 2000). Critical success factors in strategic alliances have been highlighted by Whipple and Frankel (2000) which are clear goals and partners' compatibility, the ability to meet performance goals, senior management support and trust. Managing relationship with vendors in terms of level (Donada & Nogatchewsky, 2009), and a suitable communication system (Chan & Chin, 2007; Ogden, 2006; Rajabzadeh et al., 2008) are also key success factors in outsourcing. In business to business context value of long term relationship also been explained by (Qu, Oh, & Pinsonneault, 2010). Facilitation for understanding of long-term and short-term goals is due to long term close relationship with vendor. Clear continuous process evaluation and vendor selection criteria , having a strategic view, having a full structured contract, the ascertaining of core activities of the organization depends on a collaborative business success (Rajabzadeh et al., 2008). Outsourcing success also depends on bi-directionality (Cui, Loch, Grossmann, & He, 2009).

Clear problem definition and inducement alignment, strong in-house competence, strong partner competence, trust and communication have been defined as bi-directionality in this context. Broader meaning however carries by critical success factors (CSFs). Factors that should be given great attention to achieve high performance, as few things that are essential to ensure managerial and organizational success and as such represent managerial or enterprise area has been defined as critical success factors (Boynton & Zmud, 1984). Issues of operating activities which are imperative to an organization's future success included in factors critical to success.

By taking the stance that impact is contextual and enterprise factors are unique, this study concerns with critical managerial factors from organizational perspective. Currently it is not helping manufacturing sector managers to implement and plan outsourcing tasks because of the scattered nature of these factors. In general management some of these factors are considered prerequisites. Better communication and clear problem definition and top management support are some examples of the functional rations in management.

Other factors are importantly affecting outsourcing success and it is also possible to consider them. Those factors are outlined and discussed under preceding heads of literature review. The factors have been discussed briefly in the following section.

2.2.1 Manageable Factors

In influencing a relationship with a vendor first "resource capability of organization" means the relevant organization's abilities as they affect outsourcing (Han et al., 2008). Due to the diversity of tasks consensus on required capabilities could not be shaped. Exploitation, assimilation, acquisition and the ability to scan had been depicted as among the organizations capabilities in IS outsourcing (Lee, 2001). Organization's abilities as far as relationship, technical and vendor management issues have been measured (Han et al., 2008). Structural dimensions of outsourcing contract have been outlined by these capabilities. Evaluation process, top management commitment and degree of outsourcing includes in information technology (IT) outsourcing decision. Evaluation is a vendor management activity while the commitment of upper management is considered as elemental in general management. In this category degree of outsourcing is imperative only. Contract size, contract duration, contract type has been depicted as factors require precise articulation (Mary C Lacity, Khan, & Willcocks, 2009).

Influenced by both internal and external environment factors, these are characteristics of contract that are vibrant and situational. As the length of agreement is allied to other elements such as seasonal demand variation or the organization's future strategic movements, the period of contract tends to be less reliable. The contract is recognized as a formal document that specifies each party's responsibilities and degree of outsourcing based on above facts. Consequently, level of trust a focal organization have on its vendor, partnership quality level, level of vendor management capability which causes outsourcing success are the structural decisions involved in the outsourcing decisions. This needs to be evaluated as how much degree to outsourcing needed for these critical success factors (CSFs). The degree of outsourcing explains the level of external resource or propensity involvement deployed by a focal organization on its vendor in outsourcing context (Gorla & Somers, 2014). By influencing outsourcing success vendor management capability has been viewed in the context of social exchange process (Han et al., 2008). Direct impact of vendor management capability on outsourcing success however pointed out by numerous studies (Chan & Chin, 2007; Han et al., 2008; Mary C Lacity & Willcocks, 1998; Lee, 2001).

Threats in outsourcing like vendors' opportunistic behavior can be curbed by focal organization through proper management system (Lam & Han, 2005; Matthyssens et al., 2008). Outsourcing drives of the organization can also be aligns with vendor selection criteria (Kroes & Ghosh, 2010; Wadhwa & Ravindran, 2007). Asset specificity has been

identified as a factor which influences outsourcing success explained by transaction cost economics (De Vita et al., 2010; Wang, 2002; Zhang et al., 2009). Transferability of assets as seen in specific transactions refers to asset specificity. Most outsourcing has been proposed with high asset specificity rather than in-sourcing (Watjatrakul, 2005). Transaction frequency and uncertainty are the root causes of transaction difficulties with respect to depiction about asset specificity (Williamson, 1979).

Deleterious impact on the relationship satisfaction in outsourcing has been discovered due to vendors' low level asset specificity (De Vita et al., 2010). Asset specificity has indirectly affects success as it had been depicted that assets specificity establishes the level of outsourcing (González-Díaz, Arruñada, & Fernández, 2000; Leiblein, 2003; Saussier, 2000). 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 facts following is the detail literature for each of the variable.

2.2.2   *Outsourcing Success*

Since the origin of IT outsourcing in the early 1960s and the growth of business-centric outsourcing in the mid-1980s, outsourcing has become an omnipresent phenomenon and the subject of significant research (Schwarz, 2014; Weick, 2007). Changing certain organizational functions relates to an outside-organization practice depicting growing trend of outsourcing market (Grover, Cheon, & Teng, 1996). Diversity of option like offshore, domestic, rural and local might be involved in it. Benefits which majority of focal organizations are expecting from outsourcing process not been achieved by them. When this occurs, we usually expect that organizations will consider the practice a failure, discontinue it, and search for alternative arrangements. However, in the case of outsourcing, most corporations mentioned that they will continue with this practice. While this decision may come out paradoxical, it actually indicates a value proposition. Although focal organizations have experienced the cost of not achieving the preferred benefits, when the cost is compared to the benefits they hope to receive in the future, they see value in the outsourcing proposition (Schwarz, 2014).

Without possessing the knowledge regarding how to develop a successful outsourcing arrangement, corporations engaged in outsourcing will experience negative consequences that appear when a successful outsourcing arrangement cannot be achieved. Outsourcing success as seen by reaching economic, strategic and technological benefits, as well as satisfaction, needs to be countered by flexibility, variations in transaction costs, and non-matching outsourcer objectives has been defined in an oft-cited paper (Grover et al., 1996). A basic framework to judge success had been suggested by them. Factors as the relationship with the in-sourcer may play an imperative role also been acknowledged by them. Impact on performance of business and satisfaction of customers in terms of outsourcing can be measured as outsourcing success (Lee & Kim, 1999). Through assessing level of achievement of the economic, strategic and technological benefits of outsourcing, business performance can be measured. Degree of fit between customer requirements and outsourcing outcomes can be viewed as customer satisfaction. Beneficial outcomes of outsourcing resulting from deployment of outsourcing strategy have been identified as outsourcing success in contrast. Risk reduction in technological obsolescence, management of information systems expenses, greater access to key informational technologies, economies of scale in technological and human resources, access to skilled personnel and enhancement of IT competence are among the factors indicated for measuring outsourcing success (Grover et al., 1996).

Implementation management, efficient third party outsourcing, slick physical facilities, process improvement, technology enablement, people development, service excellence are the seven generic competencies have been identified to transform back offices (Mary C Lacity et al., 2009). Increase in the effectiveness of the processes of the system form successful outsourcing. Organization's motivation, advantages and risks are the factors measured to be the key drivers of outsourcing success in this case. Strategic goals, human resource considerations, strategic considerations, cost savings and technological considerations are the motives which turn organizations for outsourcing. Goals of focal and vendor organization should match for the success of outsourcing engagements. Dynamic processes through specific sequential interaction whereby entities engage in mutual activities is the relationship between focal and vendor organization (Lee & Kim, 1999). Both parties however cannot get always desired results because of good relationship.

Factors which determine success of outsourcing projects are therefore vital to understand. Close links with their vendor lead to outsourcing success which has been believed by many organizations (O. Ee, Abdul Halim, & Ramayah, 2013). Greater cooperation and energetic striving of outsourcing members plays an important part in enhancing and developing strategic alliances over time (Willcocks & Choi, 1995). There is in fact positive correlation between cooperative partnerships and outsourcing which succeeds (Lee, 2001; Lee & Kim, 1999). Focal organization's lack of ability to describe in detail what they need from vendors is the most frequently reported problem in outsourcing relationships. In the outsourced activity this situation will lead to inefficiency and conflict. With the surrounding

environment an organization's activities may not uphold in the absence of relationships (Raman, Chadee, Roxas, & Michailova, 2013).

Fundamentals for organizations to deploy resources, gain knowledge and pursue continuous competitive advantage are analyzing, recognizing and promoting inter-organizational relationships according to inter-organizational research. From a business and user perspective it had been suggested that is possible to recognize outsourcing success (Lee & Kim, 1999). Through technological and strategic improvement and quantitative improvement as seen in economic returns business performance can be measured. Perceived benefits and satisfaction namely has been depicted as twin indicators for success in outsourcing. Inter-organizational relationship effectiveness entails evaluation of satisfaction from all aspects. While appreciation of benefits gained from a particular outsourcing relationship are the perceived benefits of focal organization (Kim & Chung, 2003).

Beneficial contributions of outsourcing commotion to the organizational performance can be defined as outsourcing success. To build a competitive advantage and to achieve organizational objectives successful partnership is needed which every organization may not garner by itself (Lee & Kim, 1999). Overall, operational and financial stipulations have been measured for outsourcing success (Zhang et al., 2009). Strategic, economic and technological indicators been employed to measure the success of outsourcing (Grover et al., 1996; Han et al., 2008; Lee, 2001).

Intangible and tangible nevertheless are both ways of outcome. In order to measure the success of outsourcing therefore behavioral dimensions included (Benamati & Rajkumar, 2008; De Vita et al., 2010; Espino-Rodríguez & Padrón-Robaina, 2005; Han et al., 2008; Lee, 2001). To see how outsourcing relationships should be run, it is believed they have the most holistic view on functions and activities of outsourcing (E. Ee et al., 2013). Thus this study deployed the working definition of outsourcing success depicted as satisfied views of the boons 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).

2.2.3 *Vendor Management Capability*

Growing and commonly accepted practice is outsourcing. Many organizations reported that desired objective and success not been achieved in spite of the increasing outsourcing trend. For attaining impact, risks and efficiency of outsourcing focal and vendor businesses are under pressure to demonstrate the value of their outsourcing and to what degree they have to outsource. The vendor's team needs to be managed well by focal organization. Right technical skills as well as management needs to be provide in return by vendors' (Jain & Khurana, 2016). It had been suggested that the most advantageous manner of meeting this challenge is focal organization's ability to manage their vendor (Han et al., 2008). Focal and vendor organization interactions are also influenced by intangible factors which are difficult to incorporate in a contract as they often go beyond rules, agreements and expectations. In current literature there are some unaddressed weaknesses, like to consider the effect of focal organization ability to manage its vendor which is vendor management capability.

To evaluate resources, utilize them, assimilate them and employ them in final goods for each organization has a primarily different predisposition. Organization's capability has been termed for that (J. Barney, 1991). Their operation can be rather different depending on their abilities although each organization could have the same external and internal resources. The recognition of necessary assets as well as their unmediated impact on business performance explored by many previous studies in particular those which took a resource based view (Wade & Hulland, 2004). Inadequate literature however rather exists for this. Ability should improve business functions to derive performance gains as depicted in study that most RBV studies asserted (Rivard, Raymond, & Verreault, 2006). By improving support for core competencies, it had been posited that interrelatedness of organization abilities and suggested abilities has an impact on organization's performance. As reducing good way to reduce costs and complement the organization's capability most organizations adopt outsourcing for effectiveness. Exploring long-term relations with vendor could create win-win situations from the perspective of looking beyond and existing contractual arrangement.

Vendor's participation in outsourcing should be facilitated by it. Vendor's cooperation results in improved outcomes as the management's direction of the vendor's work have been persuaded in right way (Shi, Kunnathur, & Ragu-Nathan, 2005). Ensuring the success of outsourcing focal organization is held responsible for it (Han et al., 2008; Mary C Lacity & Willcocks, 1995; Lee, 2001; Rajabzadeh et al., 2008). For selecting, monitoring, evaluating and developing vendors basically focal organization is responsible for it (Chan & Chin, 2007; Han et al., 2008). An important aspect of managing vendors is the focal organization's tendency to reward vendors at agreed levels. Vendor management capability is the main factor which contributes to outsourcing success as highlighted by several scholars; that is, a strong vendor management system is an important part of strategic outsourcing (Chan & Chin, 2007; Han et al., 2008; Mary C Lacity et al., 2009; Lam & Han, 2005; Lee, 2001; Petersen, Handfield, & Ragatz, 2005; Rajabzadeh et al., 2008). Therefore

deploying working definition for this study, the focal organization's capacity to monitor, select, develop, evaluate and compensate vendors suitably refers to vendor management capability (Chua, Lim, Soh, & Sia, 2012; Han et al., 2008). Based on above concepts and literature below hypothesis has been developed.

H₁: Vendor management capability has a positive relationship to outsourcing success

2.2.4 Partnership Quality

To improve in a quickly changing business environment the decision to outsource is now often made since businesses need high quality, diverse information services (Wei Khong & Richardson, 2003). It is becoming a problem however for organizations to build successful partnerships in outsourcing. There are also apprehensions about how they should manage the outsourcing relationships as they lack ability to choose outsourcing vendors (Parker & Russell, 2004). To achieve stated goals of participants as an inter-organization refers to partnership (Lee & Kim, 1999). Transactional and partnership-style relationships refer to the twin approaches that have appeared from previous research. Partnership is created through a relationship exchange which engrosses benefit and risk sharing whereas a transactional relationship is created through a formal contract. To form and managing successful outsourcing relationships many organizations had trouble in the 1990s.

In the outsourcing industry this issue originated a move from contractual relationships partnership relationships (Lee, 2001). To attain important organizational objectives and create competitive advantage in their industries a partnership permits two organizations (Grover et al., 1996). Focal organizations should equip themselves with essential relationship management capabilities and knowledge to build satisfied relationship with vendor/s. Values held in common among parties involved refers to partnership in general (Ren, Ngai, & Cho, 2010). For determining outsourcing success partnership quality is vital. To improve the suitability of their partnership it had been depicted that the enthusiastic participation of the partnership members plays a main part (Chakrabarty, Whitten, & Green, 2008; Henderson, 1990). In partnership quality length of relationship also plays an imperative part. The business must be ready to sustain this relationship over time when it commits to an outsourcing relationship and selects a vendor. Based on trust this involves a long-term relationship. In order to make choices which will result in positive outcomes for the businesses both parties have to believe one another (Lee & Kim, 1999). In evaluating outsourcing success, partnership quality is very crucial. To establish a partnership by an outsourcing agreement has been suggested to be the most effective method to achieve competitive outcomes while some organizations in developing market are hesitant to establish it.

Degree of understanding and at agreement a deep level comprises of business understanding as this is one of the most important things in partnership quality. Effect on outsourcing success is demonstrated by partnership quality (Lee, Huynh, & Hirschheim, 2008). It is becoming dilemma to build a successful partnership in outsourcing as part of the knowledge. With the surrounding environment a business's operations would not uphold in absence of relationships (Raman et al., 2013). Prerequisites and main elements for organizations to expand knowledge, deploy resources and seek competitive advantage according to inter-organizational research are identifying, analyzing and promoting the inter-organizational relationships. Persistent social connections in business, continuous interaction and a sharing process between businesses and other businesses are seen to be entrenched by definition as inter-organizational relationships (Raman et al., 2013; Ren et al., 2010).

Partnership quality is distinguished from outsourcing success by substantiating the notion that each has its own proper characteristics. For outsourcing success good partnership quality may be an essential element in this stratum (O. Ee et al., 2013). How to implement successful relationships, there have been diverse views on it. Transactional style relationship and partnership style relationship are the ways of thinking that have come out from prior research. Partnership is shaped through commingling which involves benefit and risk sharing while the relationship is formally defined by contract (Srinivasan, Mukherjee, & Gaur, 2011). So, whether partnership quality have an effect on outsourcing success, it would be interesting to study. When relationship successfully meets goals of both parties and serves its projected function then partnership quality exists.

Organizations should prepare to persist in relationship over time when they embark on outsourcing relationships and select particular vendors. Long term perspectives are needed to sustain such business relationships. Results in good outcomes for the organizations will occur when both parties require believing one another to perform actions (Swar, Moon, Oh, & Rhee, 2012). Promise of continuing the relationship or pledges and a certain degree of sincerity must be require holding these relationships. Businesses cannot easily establish competitive advantage alone, and successful partnerships are required which enable the organization to achieve organizational objectives (Lee & Kim, 1999).

The effectiveness of the overall process is improved as this might lead to outsourcing success. Between outsourcing success and partnership quality studies have establishes a significant relationship (Grover et al., 1996; Ren et al., 2010). A positive partnership with vendor is important in outsourcing strategy, as indeed such a partnership will allow parties to reach key organizational objectives and build competitive advantage.

Namely product providers and product receivers are the two or more parties involved in partnership. The products provided by the outsourcer directly and indirectly used by entities refer to product receivers. To whom the process is outsourced are the entities called product providers (Lee & Kim, 1999). Reciprocal interactive, inter-organizational relationship to achieve shared goals has been defined as partnership quality (Byramjee, Bhagat, & Klein, 2010). Relational norms in an exchange process and reciprocal behavior have been explained by partnership quality. Power based hierarchical relationship in modern business has stirred away to communal development based partnership (Chen & Paulraj, 2004). From this perspective a key determiner of outsourcing success has been recognized as partnership quality (Chi, 1994; De Vita et al., 2010; Kedia & Lahiri, 2007).

In influencing the success or failure of outsourcing initiatives, quality of relationship element have been indicated between a focal and vendor organization (Chakrabarty et al., 2008). When developing and maintaining outsourcing relationships, for many organizations managing the relationships between organizations become more complex as both parties might have different agendas and desires (Ates, 2013; Lievens & Corte, 2008). Organizations should attempt to expand their quality of partnership to reflect the degree of closeness in the shape of degree of outsourcing between their partners in order to benefits from partnership (O. Ee et al., 2013). The quality and success of outsourcing relationship can also be impede by inadequate choice of outsourcing partners (Elmuti & Kathawala, 2000). Up to what extent focal organization outsource denoted as degree of outsourcing which explains the connection between partnership quality and outsourcing success. To figure out the direct and indirect effects of partnership quality on outsourcing success, it is interesting to see as how much focal organization outsources to achieve success. By deploying working definition partnership quality in organization are seen as a series of long-term social connections in business to create value by having continued exchange and interaction processes between organization and other organizations (E. Ee et al., 2013). Based on above concepts and literature following hypothesis has been developed.

H₂: Partnership quality has a positive relationship with outsourcing success

2.2.5 *Trust*

Suitable management is important for the success of outsourcing which has been asserted in strategic relationships literature (Dyer & Singh, 1998; Mazzola & Perrone, 2013; Sambasivan, Siew-Phaik, Mohamed, & Leong, 2013). Trust has been deemed a significant factor and result of social exchange in strategic management research (Blau, 1964; Cropanzano & Mitchell, 2005). Flows downward through each organization always start from the upper levels since trust is treated as any social exchange activity (Ring & Van de Ven, 1994). Developing a scenario for the benefit of both and for value addition closer social ties (rapport and trust) between managers are critical for realizing benefits (Kotlarsky & Oshri, 2005). For efficiency, business continuity and long term relationships trust is the underpinning for it (Kumar, Scheer, & Steenkamp, 1995). It can be analytic of the degree of integration between two organizations and further component of an organization's relational capital (Sambasivan & Nget Yen, 2010; Sambasivan, Siew-Phaik, Abidin Mohamed, & Choy Leong, 2011).

Trust is more and more viewed as a key of competitive advantage and an organization's ability to develop relationships. By translating into cooperative relationships with external partners, organizations that possess an inner atmosphere of trust have unprecedented advantages in their dealings (Dyer & Singh, 1998; Zaheer, McEvily, & Perrone, 1998). Organizational life pivotal concept is trust (Rousseau, Sitkin, Burt, & Camerer, 1998). As integrated into a majority of relationship models trust regarded as a basic building block. When a partner in a relationship wants to perform an action that is thought to be in the interest of their respective partners, almost all definition indicates this notion of trust. In both inter and intra-organizational affairs trust is a crucial factor. When an organization orients their trust towards a partner organization, it is regarded as the level of trust one have on other organization. Corporate associations in various contexts, among others, between focal and vendor organization can be improved through trust (Moorman, Deshpande, & Zaltman, 1993). Coordinating economic activities, fostering information exchange and inter-organizational learning (Hamel, 1991), alleviating conflict and the costs of negotiation between partners (Zaheer et al., 1998), collective strategies formulation would be promoted by trust (Astley & Fombrun, 1983), and augments system stability, facilitate organizational changes. Atmosphere of trust is regarded through organization's climate. More success can be experienced by organization that enjoy trust to a greater extent, be adaptive and innovative compared to those organizations suffering from pervasive distrust which possess lower levels of trust.

It has been argued that trust is closely allied to relationship and is in fact important to sustaining relationships when it comes to trust with respect to most prior organizational behavior studies. In successful relationship management from outsourcing context, prior studies have considered the importance of trust. The degree and nature of sharing for creating success not only influenced by trust but more importantly influence the character of professional relationships (relationships at work) as well (Panteli & Sockalingam, 2005). In this stratum mediating effect of degree of outsourcing will be considered between the relation between trust and outsourcing success in this study. An element or part of an outsourcing relationship had been depicted as trust (Lee & Kim, 1999). Trust has a positive and direct influence on outsourcing success as it had been proposed that trust is key attribute of relationship intensity (Han et al., 2008). Non including a few studies with a specific interest in trust, it is generally listed in the framework of outsourcing relationship (Lee et al., 2008). Trust exists in many forms and at different degrees of outsourcing as not a lot of empirical research has been done to study trust independently and to look into the contribution of trust at different degree of outsourcing to outsourcing success (Qi & Chau, 2013).

From many disciplines by owing this, trust has begun to receive more attention. For instance, in virtual communications (Panteli & Sockalingam, 2005), trust in the e-commerce environment, particularly shopping online from the perspective of information systems literature, research has been done on trust in different contexts (McKnight, Choudhury, & Kacmar, 2002). To an organization's relationship marketing strategy, trust has been perceived to be critical in marketing literature (Doney & Cannon, 1997). To study uncertainty reduction mechanism and transaction cost (Mayer, Davis, & Schoorman, 1995), trust is thought important as it is a reliable predictor of satisfaction in management (Driscoll, 1978). It is an important factor in delimiting the effectiveness of many relationships (Paul & McDaniel Jr, 2004), engagement success (Gefen, 2002), and also has an important role as a basis for effective collaboration (Rousseau et al., 1998). At the organizational level researchers mainly focus on trust in outsourcing context. It had been claimed that trust can help mitigate the level of uncertainty that exists in inter-organizational relationships by diminishing opportunistic behavior depicting importance of trust in client/ vendor relationships.

Trust can yield favorable returns on investment and decrease transaction costs by lessen opportunism (Luo, 2002). For the successful management of outsourcing, trust has been asserted as one key factor (Gottfredson, Puryear, & Phillips, 2005). Trust has a major effect on outsourcing success by arguing that it is an element of an inter-organizational relationship (Grover et al., 1996). Zaheer et al. (1998) claim that trust has been incorporated into the organizational level of analysis by depicting that it is fundamentally an individual-level phenomenon. There is theoretical confusion about who trusts whom as not clearly demonstrating how trust carries across from the individual to the organizational level, since it is individual members of organizations, not organizations themselves, who trust. As trust operates at different degrees with respect to outsourcing analysis context, there is some uncertainty in the literature about the exact role of trust (Qi & Chau, 2013). In this study an indirect relationship also proposed to clarify above the depicted ambiguity and also to examine the effect of degree of outsourcing of trust on overall outsourcing success as illustrated by social exchange theory (SET). Exchange relationship facet of process integration and contract flexibility has been considered because of trust formation in supplier-buyer relationships particularly drawing on social exchange theory (Schoenherr, Narayanan, & Narasimhan, 2015).

Trust can be viewed as a social dimension of success that can add benefits of outsourcing relationships by deploying working definition within framework of this study, since traits such as cooperative norms and communication play a significant role (Mazzola & Perrone, 2013; Palvia, King, Xia, & Palvia, 2010; Sambasivan et al., 2013). Based on above concepts and literature following hypothesis has been developed.

H₃: Trust has a positive effect on outsourcing success

2.2.6   Degree of Outsourcing

The degree of salience of the resource to organizational performance, resource scarcity and contest between businesses for control of resources are three factors proposed to persuade the level of dependency (Pfeffer & Salancik, 1978). Proportion of activities / functions has been characterized as degree of outsourcing (Gonzalez, Gasco, & Llopis, 2015). Fundamentally by its costs and benefits degree of outsourcing has been determined (Banerjee & Williams, 2009). Different optimal levels of outsourcing persisted by diverse organizations. Managers can take help to define core and non-core activities for their organizations, as taken together these factors influence the comparative salience of a particular task to the organization. Non-core activity / functions should be outsourced only by organizations. It must be carefully examined for any attempt to outsource the core activity / function (Alexander & Young, 1996; Cusmano et al., 2009; Espino-Rodríguez & Padrón-Robaina, 2005; Jiang, Belohlav, & Young, 2007; Kotabe & Murray, 2004; Marshall, McIvor, & Lamming, 2007; McCarthy & Anagnostou, 2004; Quinn & Hilmer, 1994; Wu & Park, 2009). Core and none-

core logic are neutral in respect of debates on it. It had been argued that different organizations have different explanations about core and non-core by challenging the value of using core versus non-core logic (Marshall et al., 2007).

Due to its ever-changing nature it had been argued that there is a lack of clear boundaries separating core and non-core. Rather than core and none core logic dynamic outsourcing models have been introduced as a solution (Wu & Park, 2009). Rather than organizational perspective core competencies had been defined in terms of customer perspective (Leavy, 2004). Defining what is core and non-core is best left to each organization as nevertheless organizations are unique systems. Superior performance could be achieved by organizations because of their usage of complementary resources from the outsourcing vendors for outsourcing success (McIvor, 2009). Complete infrastructure being responsible for delivering products / services if organization owns total in-sourcing. External providers harmonize internal capabilities in the case of selective outsourcing. Organization may outsource several activities to external providers for explicit areas even through the organization has practically total control over products / services (Gulla & Gupta, 2011).

Rather than total in-sourcing or total outsourcing in outsourcing decisions, selective outsourcing has been proposed as a better option as in other words it is linked strongly with outsourcing success (Mary C Lacity, Willcocks, & Feeny, 1996; Lee, Miranda, & Kim, 2004; Shi, 2010; Väyrynen & Kinnula, 2012). With the success level accomplished, degree of outsourcing has been correlates positively with it (Grover et al., 1996). Both focal organization's satisfaction and greater benefits perceived with it determinedly influenced by higher degree of outsourcing. It cannot be refuted that a high degree of outsourcing is desirable and even beneficial for the focal organization without actually proposing total outsourcing. Previously this practice was regarded as risky but possibly the maturity of contracts taken with the experience accrued by focal organization with vendors made it increasingly favored and led to an increase in its support base (Gonzalez, Gasco, & Llopis, 2010). The alleged benefits of degree of outsourcing assert a mediating role in the satisfaction derived between vendor management capability, quality of partnership, trust and outsourcing success (Gonzalez et al., 2015). Deploying working definition for this study, external resource level and propensity involvement of an organization is considered as "degree of outsourcing" as regards the context of outsourcing (Gorla & Somers, 2014; McIvor, 2009). Based on above concepts and depicted literature following hypotheses has been developed.

H1a: Vendor management capability has a positive relationship with the degree of outsourcing

H1b: The relationship between vendor management capability and the outsourcing success is mediated by the degree of outsourcing

H1c: Degree of outsourcing has a positive effect on outsourcing success

H2a: Partnership quality has a positive relationship with the degree of outsourcing

H2b: The relationship between partnership quality and outsourcing success is mediated by degree of outsourcing

H3a: Trust has a positive effect on the degree of outsourcing

H3b: The relationship between trust and outsourcing success is mediated by degree of outsourcing

Based on above literature, concepts and hypotheses, following is the conceptual framework of outsourcing success which is value creation model.
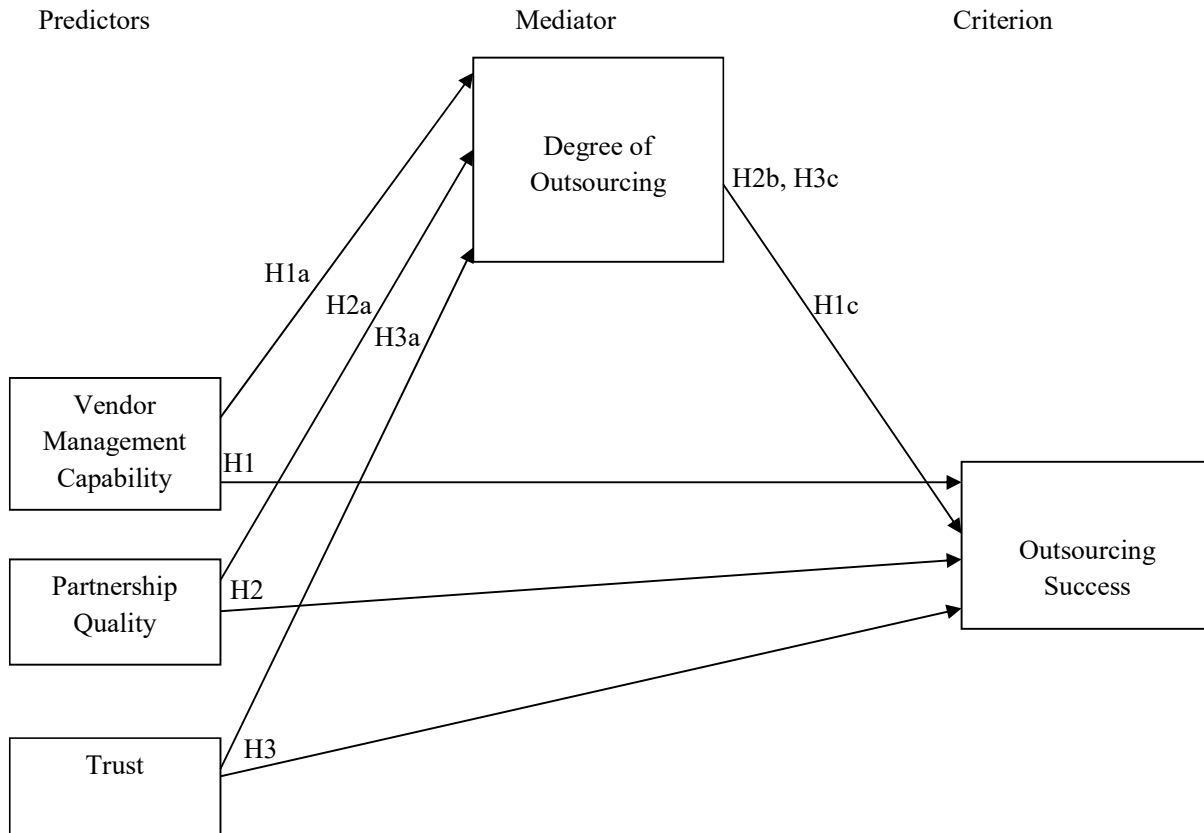
2.3 Conceptual Framework

Figure 03: Outsourcing success roubust model

3. 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 robust framework. This framework depicting the propelling effect of different levels of outsourcing 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 balanced way. This framework is providing basis to test the framework in future studies. In contemporary outsourcing context, it is big question and current system shortcoming that how much and which activity / function to outsource for getting optimal benefits from outsourcing.

This framework with concept degree of outsourcing fulfilling this current system shortcoming which will figure out which and how much activity / function organization need to outsource. However the framework of this paper provided the guideline to figure out above mentioned system shortcoming. Direct impact of trust is desirable as trust of focal organization on vendor and vice versa plays a very vital role for the success of any outsourcing engagement.

Outsourcing is partnership between two or more organizations and quality of that partnership bring fruitful results for outsourcing engagement together with figuring out which and how much activity one has to outsource. Currently it is desirable in outsourcing the preparation and understanding to develop a robust vendor management system by focal organization for creating value of business which is ultimately outsourcing success. This study figured out predominant factor vendor management capability from this perspective for creating total value of business. In nutshell, this study providing the framework to get efficient results from outsourcing engagements and to address the current shortcoming for attaining outsourcing success. This is the phase to develop the framework and in future studies this framework can be tested through application phase.

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