

The Role of the Outsourcing Contract From a Partnership-based Perspective

Paolo Popoli

Parthenope University of Naples, Napoli, Italy

The definition of relational contents which outsourcer and outsourcee arrange and formalize inside a contract is one of the critical success factors of the outsourcing choice. The contract criticality is greater if the outsourcing aim is made of highly strategic activities, functions, or processes and if the real aim is not the cost saving but the sharing of added value resources, skills, and knowledge. That is, this paper aims to provide some conceptual insights about the role of the contract with a specific reference to the strategic outsourcing, which is the kind of outsourcing where the relationship between the outsourcer and outsourcee is set inside the “partnership-based” logic. In particular the remarks proposed concern the role of the contract as a tool to face the risk and manage the relationship.

Keywords: outsourcing contract, contract management, partnership-based perspective, outsourcing risks

Introduction

Even though it is not new for a company to outsource the task to produce or perform activities, functions, or management processes there is no doubt that the outsourcing phenomenon has become very important in strategic management field in Post-Fordism era and in the birth of the flexible company (Barthélemy, 2003; McIvor, 2005; Leimeister, 2010). In particular, the reasons of outsourcing spread must be found in the main features characterizing the contemporary history: the centrality of intangible assets (knowledge, trust, and relational abilities) in the field of competitive advantage sources, the fragmentation of value chain and the consequent participation of a third party to the company business system, the transit from the transactional logics to the relational ones in the management of relationships both with the unlocking markets and the supply ones, the stakeholders entrance in the strategic formulation, the modularity, and the flexibility of the productive processes.

There are linked factors determining, referring specifically to the make or buy choices, the transit from the “property” to the “availability” of resources and skills needed to achieve the competitive advantages and the increasing importance of the intercompany cooperation as the main method of development of the company ability to create value (Quinn & Hilmer, 1994; Accabi & Lopez, 1995; Popoli, 2011). So the outsourcing choices about activities, functions, or company processes are seen as the main development guiding principle of development of the company activities coming from not just the research of cost economies but to the growth opportunities linked to the integration of resources and complementary skills the third party has through the team work and partnership processes (Bensaou, 1999; Gobble, 2013; Lacity & Willcocks, 2014).

Paolo Popoli, associate professor, Parthenope University of Naples, Napoli, Italy.

Correspondence concerning this article should be addressed to Paolo Popoli, Via Generale Parisi 13, 80133 Naples, Napoli, Italy.

This is in short the paradigm transit the outsourcing occurred during the last decades: as vector of greater economic efficiency thought the cost reduction goals achieving—and as this limited to not strategic activities and far from the company core-business—to development vector of company innovative ability through the incorporation of resources and expertises the third party has into the business system—and as this inevitably “open” to highly strategic activities, functions, or processes near and part of the company core-business.

It is clear that the change of paradigm causes demands of strategic and organizational integration which are completely new if compared to the past in terms of organization and management of exchange relationship created between the outsourcer and the outsourcee (Greaver, 1999).

In particular, the methods of strategic and organizational integration depend on the set of goals the client company fixes to achieve using the outsourcing. The first advice comes from the kind of outsourcing and is related to the correlation between the relationship strategic content and the need to control and manage it on partnership basis.

Therefore, if the outsourcing subject is an activity or “not critical” process from the strategic point of view, the relationship between client and provider can be characterized by a lower collaboration and partnership level and the content of the expected performances could be more easily pre-arranged, parameterized, and measured; as a result in this situation the “relationship management” has a main “control” content of congruence of performances really made by the provider compared to the ones defined in the contract.

If the strategic importance of activity, function, or process of the company business is improved, the need for collaboration, partnership, and mutual trust increases. However it could not be different, since the client company expectation to gain a contribution by the provider related to the increase of innovation ability and value creation can be satisfied just in the field of a partnership-based, approach where knowledge development creation processes could be fixed.

It can be said that at the root of the new outsourcing paradigm there is the transit from the transaction-based outsourcing logic to the relationship-based or partnership-based outsourcing one (Lee, 2001; Dyer & Singh, 1998; Sambamurthy & Zmud, 2000; McIvor, 2005).

The approach to partnership asks for the detection of interfacing organizational solutions between the related parties which make the cooperative goal practical and concrete, aiming it to the search for new knowledge and innovation.

According to these conditions this paper aims to provide some conceptual insights on the role the formal contract has in the outsourcing relationship, from a partnership-based perspective. In particular, in this essay the question is if the contract is a tool fit to face the outsourcing risks and to support the partnership between the outsourcee and the outsourcer in strategic outsourcing situation. Up until now, scholars have been considering the contract as a tool to face outsourcing risk (Stuckey & White, 1993; Gellings, 2007), while no attention has been paid to the contract as a risk factor itself able to block the full achievement of fixed goals.

This paper is structured as follows: after considering some theoretical rudiments concerning the outsourcing contract, the paper proposes some remarks in order to discuss the role of the contract from a partnership-based perspective considering three aspects: (1) the degree of flexibility characterizing contents and conditions arranged between the parties; (2) the chance of the contract to become a factor of risk in the outsourcing relationship instead of being a tool to face economic, strategic, and organizational risks which always exist in the outsourcing choices; (3) the need of the outsourcing relationship is based on a wide set or

organizational mechanisms, formal and informal ones, and not only on contractual clauses pre-arranged by the parties in the relationship definition; (4) finally, conclusion and future research are presented.

Theoretical Framework

The contract is the set of elements organizing the relationship structure between the outsourcer and the outsourcee and so it is the basic tool the company uses to control and manage the outsourcing relationship (Griffith & Yanhui, 2015; Fitzgerald & Willcocks, 1994; A. W. Khan & S. U. Khan, 2012). The contract contents definition is undoubtedly one of the most critical phases of the outsourcing process, since many conditions for the outsourcing choice success are involved in it (Poppo & Zenger, 2002; Qi & Chau, 2012).

The contract regulates the formal and legal aspects of the relationship between the client company and the provider company and it is related in particular to the nature and the content of the respective performances, the relationship duration, the exchange economic conditions, the possible fees in case of breach of contract, the hypothesis of recession or early termination and other conditions completing the frame work of respective rights and obligations of the relating parties. From the structural point of view the contract structure varies according to the nature of its subject (activity, function, or process) and of the goals pursued through the outsourcing relationship (Gellings, 2007).

A specific subject of contents negotiation of the contract is the set of the descriptive elements of the performances the agreement is signed on. First of all client and provider define the “service requirements” expressing clearly the need to be satisfied, the goals necessary to its satisfaction, so as the operating methods (time and procedures) the contract can be done through (Lee, Miranda, & Kim, 2004).

Afterwards, the parties define the appropriate “indicators” a quantitative measure of the service requirements which can be expressed through in order to identify the “parameters” the Service Level Agreement will be based on.

In Service Level Agreement (SLA) the performance indicators measurement parameters which come from the detection of requirements or service elements requested to the provider’s performances are defined (Goo, Kishore, Rao, & Nam, 2009; Griffith & Yanhui, 2015).

Requirements, indicators, and service levels are the three activity elements or the outsourcing process that have to be defined precisely; they are also the elements of the subsequent control of the right completion of the contract, so as the qualitative and quantitative references the penal clauses are linked to, if there is a missed or partial fulfilment of contract, and also the possible promotion systems and premium in the opposite hypothesis of regularity or excellence of performances done by the provider as regard the obligations met.

From this point of view, it is necessary that the outsourcer and the outsourcee have a clear vision of the contracting significant data and the service levels so that the SLAs can be an effective tool of relationship control. Differently, the hypothesis that the SLAs are based on unrealistic, unimportant, or imprecise performance indicators regarding the business demands, increases the risk of inconsistency of provider’s performances and, together with it, the contract unfulfilment and related fees; for the outsourcee, the risk of dissatisfaction and the no achievement of the expected results increase.

The identification of the conditions governing the outsourcing relationship can swing between two opposite features of rigidity and flexibility. Concerning this Grover and Teng (1993) speak about “tight” or “loose” contracts, stating as “tight” a contract defined in detail, rich in terms with a consequent low margin of manoeuvre by the relating parties; as “loose” a more open contract, less formalized and rigid, aimed to shape

more flexible and adaptable conditions considering the possible changes of inner and outer factors which influence the subject of contract.

According to a different perspective this distinction can be done referring to the level of specification of services contents and the level of performances subject of the contract, distinguishing “service based” contracts and “resource based” contracts. In the first ones, the content and the typology of services so as the performance levels are defined in details and also the control criteria and parameters; in the second ones, instead, the less specification of services and performances, so as the control criteria and parameters, direct the contract to identify as provider’s duty using particular resources in order to achieve the contract goals, considering as less determined and more dynamic the particular goals to be achieved.

It is obvious that an excessively rigid contract shows a high risk of resulting inadequacy concerning the changing conditions which characterise the activity subject of the contract with the subsequent need to create frequent redeterminations of its constituent elements. There is no doubt that these redeterminations show an inner management difficulty so as a determination of unexpected costs linked to the revision of terms.

Nevertheless, it is true that, in particular conditions, most of all in the ones where there is strong information asymmetry between the two relating parties and the linked risk of opportunistic behaviours, the tendency of many legal elements, and the clear definition of contract contents (about the performance subject, the considerations, the variation of circumstances, and so on), are a “defensive” and “control” method, by the buyer company compared to its provider’s deeds. The degree of contract rigidity is strictly linked to the risk of opportunistic behaviours by the party in a privileged position concerning the possession of specialist skills and this can have a great value either if the party is the client company or the provider company. The latest is the one which usually has greater skills concerning the activity to do and, as possessing the resources necessary for the client company and so it has a privileged and strong position in the relationship. The provider’s control need by the client company comes from this situation; vice versa, if you could trust on the counterpart, not being afraid about opportunistic behaviour, contracts could be open and the parties will find adjustments to solve problems which could arise little by little and not be expected by the signed contract according to the equity criteria (Quinn & Hilmer, 1994; Joshi & Stump, 1999).

On the other side, a more open and flexible contract shows the undoubted characteristic of variability and adaptation regarding the conditions not perfectly expected and so it minimizes the risk of precocious obsolescence regarding the natural contract expiration. Moreover an opener and more flexible contract is a change for the client company to benefit from the innovative abilities of its provider who is freer to express its skills and its specializations through the proposal of performance solutions unknown to its client and not identified at the moment of the drawing up of a contract.

The Apparent Trade-off Between Flexibility and Control

At first glance the previous remarks lead to stating where there is a trade-off link between flexibility and control about the contract that is between two legitimate and equal management demands of the outsourcing relationship.

From one side, the characteristics of rigidity and analytical nature maximize the dimension of control but they make the contract little adaptable to the variability of the elements affecting the achievement of the goals; from the other side the characteristic of flexibility reduces the risk of the occurring unsuitability of the contract, but at the same time it exposes it at the risk of opportunistic behaviours by the provider or deviation of the

performance contents from the ones requested or expected by the client and determines a more general condition of ambiguity and vagueness of contract terms and contents.

A first remark considers the supposed trade-off as more apparent than real, if the characteristic of flexibility does not mean omitting the contract clauses or having vague ones (Barthélemy, 2001), but it means thinking and using in a flexible way the set of rules and conditions arranged mutually by the relating parties.

In other words, the need of flexibility of contract has to be faced through the flexible use of regulation tools between the parties. This does not imply to renounce the definition of certainty elements which allow controlling the performances made by the provider, but it underlines the need for the regulation tools which are adaptable and changeable considering the occurring demands (Goo et al., 2009; Yanhong, 2011).

This is the perspective considering the trade-off between the flexibility of the contract on one side and the controllability of relationship and performances on the other just apparently evolving instead in a double dimension of the outsourcing relationship the contract can control reflecting both in the contents defined inside and in the mechanisms of self-regulation or following regulation realized by the parties.

To this end the contract must have a high level of modifiability making it adaptable to the business evolution of the client company, without being considered as indetermination or vagueness of its contents, in particular about its subject, its expected performance levels and its parameters and indicators the provider can use to control on the contract completion.

A second remark, closely linked to the double demand of flexibility and control of contract, concerns the issue related to the definition of the relationship duration.

A long-lasting contract is surely more exposed to the risk of occurring inadequacy of its contents if compared to the short-duration one but at the same time it shows greater opportunities of developing a partnership between the related subjects and planning considerable investments having realistic prospects of long duration restoration and profitability.

Vice versa, a short-duration contract satisfies the demands of control of development methods of arranged activities more and so it reduces the risk of opportunistic behaviour by the provider or the deviation of performances from the fixed levels and contents.

Having said that, a suitable solution to balance these two opposite demands is creating long-lasting relationships with short-duration contracts renewed yearly, based on the distinction between “agreement length” and “contract duration” which is referred.

The Contract as a Factor of Risk

Passing the opposing vision between flexibility and control of the contract allows advancing the idea that, in certain hypothesis, the contract can be a “factor of risk”.

In details, the contract is usually seen as a “tool of risk control” of outsourcing that is as a set of regulations and conditions sheltering the client company from the risk of opportunistic behaviours or deviation of performances made by the provider or by what arranged on its drawing up (Logan, 2000).

Usually the ability of tutoring the success of the relationship is confident and its importance as “tool of risk control” is often emphasized and promoted through a high level of codification and formalization of its content (Huai, 2008).

The different opinion of this essay is that the contract can turn from a tool of risk control to a “factor of risk”, to the extent that it restricts the behaviour of subjects to respect conditions, practices, goals that could be

then no more suitable considering the changed conditions; in other words the contract can show, if there is a rapid and not always predictable mutability of environmental factors, an inherent risk of obsolescence.

It is clear that the risk of “occurring unsuitability” (obsolescence) of the contract is directly linked to the rigidity level characterising its initial setting and its content, this is the reason why, in outer environments changing rapidly, the contract should consider, at first, changing management procedures that are the mechanisms and the methods to be used afterwards for its revision in order to make it more adequate and coherent compared to the changing conditions either internal or external and the resulting new demands of company business.

The vision of the contract as factor of risk includes further aspects concerning the planning stage about the role of the contract and detection of its constituent elements, often underestimated by the company management (Bhagwatwar, Hackney, & Desouza, 2011).

The first aspect concerns the exclusive focus on the discipline of the “operating” conditions of the relationship between subjects. In particular, the structure of the contract concerns generally the methods of the running of outsourcing relationship in its operation dynamics while little or no attention is paid to the regulation of moments “before and after running situation”, that is the start-up and closing phases of the relationship, so as the possibilities of an early way out of the relationship.

Beyond included in the contract relevant clauses concerning the early rescission or the fixing of the natural expiration of a contract, the problem of regulating the phases above and under the running operativeness of the relationship consists of the careful planning of all the activities and the linked economic and organizational conditions related to the transition phase and the relationship closing one.

Concerning the transition phase, it is necessary to schedule the stages, the organizational and procedural methods to let the provider take over the activity, function, or process previously done inside the company in full knowledge and understanding about the demands by the client company business, and also in full integration of its activity with the one still done by the company. Concerning this, Barthélemy (2003) underlined that the transition phase towards the provider can make important hidden costs emerge in the absence of planning what is necessary for its efficient achievement.

Concerning the relationship closing phase, beyond the hypothesis of the expiration of the contract, it is necessary to estimate before the implications which could occur subsequent to the choices of the outsourcing reversion, that is hypothesis of renegotiation of terms and conditions of the contract, change of provider or re-introduction of back sourcing activity, function or process (Beardsell, 2010; Kotlarsky & Bognar, 2012).

A second critical aspect of the contract could appear as a factor of risk concerns the intensity, the methods, and the contents which the client company uses to control on the provider and that are essential subject of the contract regulation.

About this, a pressing control, mostly a bureaucratic one (concerning the respect of the contract pre-arranged codified norms and procedures) can become counterproductive and create effects like “escape from controls” or also “subjection to control”; as a consequence, the provider could be more worried about the satisfying of control levels and elements than about the client’s demands through the achievement of the set goals.

Differently, the role which should characterise the control system is useful to achieve the set goals and so goes for the control of the obtained results (Garner, 1998) in the double analysis level of the relationships results/goals and results/resources. Instead of structuring a system of control about the provider’s behaviour,

within a relationship considered hierarchically, it is necessary that the client company consider the provider as mover of a partnership, based not only on the sharing of goals to be achieved but also on the equal management of the relationship itself, including the moment of control of the results and the possible arrangement of the corrective interventions necessary to realign the relationship on the desired direction. This demand is higher if the outsourcing concerns more highly intellectual activities, functions, or processes and so aims to have, to its business service, the innovative ability and the knowledge the provider company has got.

The Management of Relationship Beyond the Contract

From a partnership-based perspective, the most relevant implication about the structuring of the outsourcing relationship is the need to go beyond the contractual ground in order to research regulation forms between the subjects turning around the search for the mutual perspective advantage and the development of respective businesses. In other words, the transit from the transactional logic to the relational one makes the contract engineering be an inadequate field—sometimes also unsatisfactory and self-defeating—to achieve long term goals from points of view of innovation and new knowledge creation. About this, McIvor (2005) underlines the way that the “relational contracting” approach is more demanding than the formal contract and includes the starting up of “social mechanisms” to be used to make exchange of information, flexible interaction, and combined solution of problems which occur each time during the relationship. Similarly, Han, Lee, and Seo (2007) state that “the interactions between the clients and their service providers often go beyond rules, agreements, and exceptions; they also depend on intangible factors that cannot be easily incorporated into a contract”.

The “contract” as legal tool can not so be considered as the only field where searching for the satisfying demands of coordination and integration between the involved parts is possible. The regulation of exchanges inside it is just the first, even if necessary, level of relationship structure that shall then find in other mechanisms of integration and coordination the chance to evolve itself into a long lasting partnership perspective (Poppo & Zenger, 2002).

It is so essential to reach a new logic about the setting of relationships between the interactive subjects also through a different concept of the same main tool of relationship regulation that is the contract (Dyer & Singh, 1998). This has to be considered as an interaction tool from the partnership’s perspective and not a tool of regulation of a commercial transaction.

Therefore the contract shall present such a structure to be a tool of flexibility of the outsourcing relationship more than a rigidity one.

To achieve that ambitious goal there shall be three essential elements:

- *mutual trust*, determined by the positive estimate of elements such as transparency, meeting the undertaken obligations, the absence of opportunistic behaviours;
- *mutual esteem*, determined by the positive estimate of expertise and professional competences the partner has got which can be put into ability to reach the prearranged goals;
- *relational network*, determined by the typology and the quality of relationships so that the two parties can emerge into the field of organizational methods identified to realize the contents of the contract relationship.

In order to avoid making mistakes considering the contract as an element of the relationship guaranteeing itself the achievement of goals, it is fundamental the company could catch all the complexity and the importance of the phase of outsourcing process that is the “contract management”.

The contract is a vital element of the relationship but apart from what it regulates and provides for, it is fundamentally managing the relationship from a strategic point of view that is keeping the relationship, through opportunistic adjustments, constant in line with company strategic and operational goals. So a steady monitoring of the strategic validity of the contract is necessary and, more in general, of the outsourcing choice, that is of its suitability compared to the evolution of the inner and outer conditions. Doz and Hamel (1999) are completely aware of supporting the idea that the real problem about reaching a co-makership agreement is not “making” the deal but “managing” it.

Playing on provider’s accessibility towards setting a relationship on cooperative and partnership basis, the company shall get ready, also from an organizational point of view, to interact constantly with the provider, supported by suitable control mechanism of activities and results as well as by information and management interface systems.

The relational approach at the root of a strategic outsourcing implies the need to identify structure organizational solutions allowing controlling the development and the evolution of the relationship between the client and the provider companies (Itami, 1987); in order to realise a real relational collaboration a not short period of time is necessary and often quite significant costs for the coordination and the interaction have to be necessarily incurred.

In order to meet these requirements, the recognition of an organizational responsibility on the entire outsourcing process involving the strategic and operational aspects is necessary. In other words, the “outsourcing” of particular activities, functions, or processes where outsourcing is realised shall not become the simple “wait for final results” by the client company, but shall be properly considered as a “change” of control methods of one or more parts of the company business with consequent modifications of responsibilities executive and organizing tasks involving the interacting subjects.

From this perspective, in particular the assignation of a “global responsibility” involving the complete outsourcing process to a subject becoming supervisor or process owner is an essential condition to make the outsourcing relationship evolve correspondingly to the expectations and would be controlled under way towards the achieving of both parties’ goals.

This means concretely the recognition of a clear reference, in the field of organizing structure, of the strategic and operational control of outsourcing relationship; this organizational reference shall protect the maintenance or the possible correction of the line of march, of the constant verification of contract terms suitability and of the subject itself, compared to the changing emerging of company’s inner and outer conditions.

The process of owner’s task has a lot of criticalities concerning the construction of the partnership with the provider, since many preconditions to achieve the synergies which potentially can come from the interaction of the two companies are in the methods the relationship is managed through (Itami, 1987).

A process of owner’s task is having a continuative relationship with the outsourcer so that the latter has the right motivation and the suitable conditions to act actively and proactively, desirably beyond what is specifically prearranged and formalized in the contract.

In other words, the client company shall create, through the role acted by the relationship manager, the favourable conditions in order that the outsourcer company could be completely integrated into its client business management, through the removal of all the cultural, informational, and motivational obstacles which could interfere with an effective and durable integration. Very often in order to achieve this goal special

inter-organizational teams, made up of staff coming from both companies, are created. They are Crossfunctional, Interdepartmental, Interorganizational Teams characterised by the coexistence of cultures and specialist skills regarding different functional areas and companies, and this is the concrete expression of a completed partnership (Figure 1). Beyond the specific organizational solutions chosen, the ultimate aim of the management of relationship with the provider is creating the favourable conditions so that the oursourcer company could be totally integrated into its client's business management, through the removal of all the cultural, informational, and motivational obstacles which could interfere with an effective and durable integration.

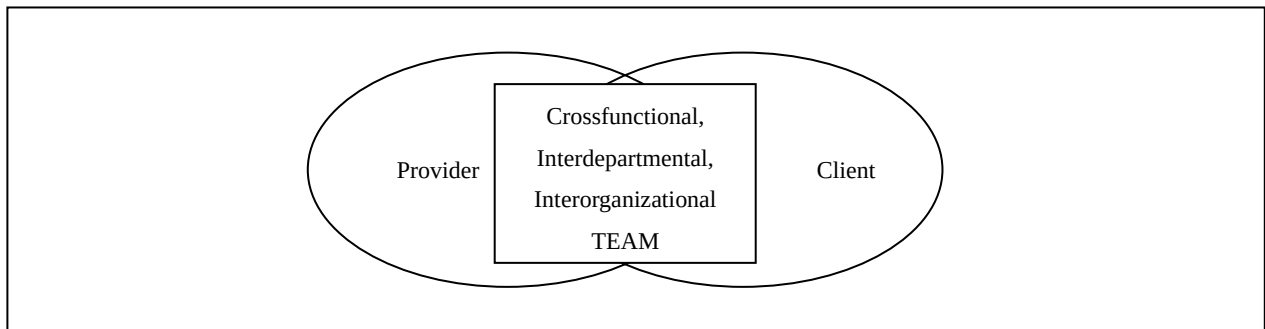


Figure 1. Client-provider inter-organizational team.

The final comment concerns the demand between the partners in order to gain an even sharing of potential advantages so as failure risks (Bensaou, 1999). In other words, the success of a strategic partnership is based on a balanced relationship between the partners, in terms of attainable advantages but also related risks; using a widespread terminology, partnership shall be based on “win-win” logic where every partner could find the favourable conditions to achieve its goals and the other partner considers reasonable doing likewise.

Conclusion and Future Research

This paper aims to provide some conceptual insights about the role of the contract in strategic outsourcing relationships, where the outsourcing subject is activities, functions, or processes having great strategic importance for the creation of value. In particular, when the outsourcing goals are beyond the pure achievement of cost saving, and are focused on exchanging and sharing resources and skills between the outsourcer and the outsourcee, the relationship between the partners shall be managed from a partnership's point of view and not as a pure commercial transaction.

Therefore, in this paper it has been underlined the way that the contract, usually considered as a tool to face the risk, can be in certain conditions a factor of risks itself, to the extent that it puts some rigidity level and difficulty of adaptability into the outsourcing relationship. Moreover it has been highlighted, in very changeable and complex economic situations, the need the contract has, since the beginning, to provide for change management procedures and so be able then to adapt itself to the altered inner and outer conditions and to the new company business demands.

Beyond the structuring of the content and the conditions of the contract, what is important is from the partnership-based perspective, the contract is not a sufficient tool to guarantee the achievement of goals of the outsourcing choice and it is necessary to organize other organizational tools of relationship management not based only on contract norms anymore. From the partnership's perspective it is necessary to set many formal

and informal organizational tools which ease the shared coordination and development of partners' planning and operational activities.

However it is clear that at the root of a real partnership there are concrete preconditions, such as:

- the real interaction wills;
- the chance for both parties to develop, through the relationship, their respective business;
- strategic conditions and organizational ones for integration and coordination of respective business.

Those conditions are necessary if the outsourcing subject is activities or processes of core-business or strictly related to it with a focus on skills underlining those activities or processes; the interaction and collaboration demands between the partners, in that hypothesis, are determined by the "intellectual" content which the relationship is based on.

The paper contains consideration on the mere conceptual field and so future research could provide elements coming from the practical procedure supporting the ideas here shown. It is to be hoped that the issue analysed here could be investigated through more limited analysis or through particular activities sectors or particular outsourcing forms.

References

- Accabi, C. L., & Lopez, L. (1995). Outsourcing estremo per situazioni complesse. *L'Impresa*, 10.
- Bensaou, M. (1999). Portfolios of buyer-supplier relationships. *Sloan Management Review*, 40(4), 35-44.
- Barthélemy, J. (2001). The hidden costs of IT outsourcing. *Sloan Management Review*, 42(3), 60-69.
- Barthélemy, J. (2003). The seven deadly sins of outsourcing. *Academy of Management Executive*, 17(2).
- Beardsell, D. J. (2010). IT bck sourcing: Is it the solution to innovation? *Ssrn Electronic Journal*.
- Bhagwatwar, A., Hackney, R., & Desouza, K. C. (2011). Considerations for information systems "backsourcing": A framework for knowledge re-integration. *Information Systems Management*, 28(2), 165-173.
- Dyer, J. K., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, 23(4).
- Doz, Y. L., & Hamel, G. (1999). *Strategic alliances*. Boston: Harvard Business School Press.
- Fitzgerald, G., & Willcocks, L. (1994). *Contracts and partnerships in the outsourcing of IS*. Proceedings of 15th International Conference on Information Systems.
- Garner, R. (1998). Strategic outsourcing: It's your move. *Datamation*, 44, February.
- Gellings, C. (2007). *Outsourcing relationship: The contract as IT governance tool*. Proceedings of the 40th Hawaii International Conference on System Sciences.
- Gobble, M. A. M. (2013). Resources: Outsourcing innovation. *Research Technology Management*, 56(4), 64-67.
- Goo, J., Kishore, R., Rao, H. R., & Nam, K. (2009). The role of service level agreements in relational management of information technology outsourcing: An empirical study. *Mis Quarterly*, 33(1), 119-145.
- Greaver, M. F. (1999). *Strategic outsourcing: A structured approach to outsourcing decisions and initiatives*. New York: Amacom.
- Griffith, D. A., & Yanhui, Z. (2015). Contract specificity, contract violation, and relationship performance in international buyer-supplier relationships. *Journal of International Marketing*, 23(3), 22-40.
- Grover, V., & Teng, J. T. C. (1993). The decision to outsource information systems function. *Journal of Systems Management*, 44(11), 34-38.
- Han, H. S., Lee, J. N., & Seo, Y. W. (2007). Analyzing the impact of a firm's capability on outsourcing success: A process perspective. *Information & Management*, 45, 31-42.
- Huai, J. (2008). Mitigating outsourcing risk through relational contract. Proceedings of Fourth International Conference "Wireless Communications, Networking and Mobile Computing", School of Economics & Management, East China Jiaotong University, Nanchang.
- Itami, H. (1987). *Mobilizing invisible assets*. Harvard University Press.

- Joshi, A. W., & Stump, R. L. (1999). Determinants of commitment and opportunism: Integrating and extending insights from transaction cost analysis and relational exchange theory. *Canadian Journal of Administrative Sciences*, 16(4), 334-352.
- Khan, A. W., & Khan, S. U. (2012). Offshore software development outsourcing contract from vendors' perspective: A systematic literature review protocol. *IOSR Journal of Computer Engineering (IOSRJCE)*, 2(4), 26-37.
- Kotlarsky, J., & Bognar, L. (2012). Understanding the process of backsourcing: Two cases of process and product backsourcing in Europe. *Journal of Information Technology Teaching Cases*, 2(2), 79-86.
- Lacity, M., & Willcocks, L. (2014). Business process outsourcing and dynamic innovation. *Strategic Outsourcing: An International Journal*, 7(1), 66-92.
- Lee, J. N. (2001). The impact of knowledge sharing, organizational capability and partnership quality in IS outsourcing success. *Information & Management*, 38, 323-335.
- Lee, J. N., Miranda, S. M., & Kim, Y. M. (2004). IT outsourcing strategies: Universalistic, contingency, and configurational explanations of success. *Information Systems Research*, 15(2), 110-131.
- Leimeister, S. (2010). *IT outsourcing governance: Client types and their management strategies*. Gabler Verlag.
- Logan, M. S. (2000). Using agency theory to design successful outsourcing relationships. *International Journal of Logistics Management*, 11(2), 21-32.
- McIvor, R. T. (2005). *The outsourcing process: Strategies for evaluation and management*. Cambridge: Cambridge University Press.
- Popoli, P. (2011). IT services offshoring: Opportunities and critical factors from a strategic perspective. In *Information systems and new applications in the service sector: Models and methods*, 1(3), 240-258. Pennsylvania, USA: IGI Global, Hershey.
- Poppo, L., & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? *Strategic Management Journal*, 23, 707-725.
- Qi, C., & Chau, P. Y. K. (2012). Relationship, contract and IT outsourcing success: Evidence from two descriptive case studies. *Decision Support Systems*, 53, 859-869.
- Quinn, J. B., & Hilmer, F. (1994). Strategic outsourcing. *Sloan Management Review*, Summer.
- Sambamurthy, V., & Zmud, R. (2000). Research commentary: The organizing logic for an enterprise's IT activities in the digital era: A prognosis of practice and a call for research. *Information Systems Research*, 11, 2.
- Stuckey, J., & White, D. (1993). When and where not to vertically integrate. *Sloan Management Review*, Spring.
- Yanhong, W. (2011). A framework of business process outsourcing relationship evolution model. *Management Science and Industrial Engineering, 2011 International Conference on*, 995-999.