

Antecedents of Success in Business Process Outsourcing: An Empirical Study of the Indian BPO Sector

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Abstract - Global sourcing of technology related services is estimated to have grown to reach USD 70-76 billion in 2007 of which IT-BPO services, growing at an above-sector-average rate of nearly 8 per cent, remain the largest category, accounting for an increasing share of the worldwide technology sector revenue aggregate (Nasscom, 2008). This rising ubiquity of IT enabled outsourcing especially business process outsourcing (or BPO) has led to heightened interest in both the practitioner and academic communities on the reasons and practices leading to successful outcomes. Both communities have increasingly referred to business process outsourcing as a form of strategic partnership indicating the predominance of relational governance mechanisms. Reality however is far from that. We establish the importance on control over partnership quality exemplified in the form of a structured contract and its associated monitoring mechanisms through an empirical study of 124 business process outsourcing relationships in some of India's most established BPO vendors.

Index Terms - Business process outsourcing, control, management, partnership quality, outsourcing success

1. INTRODUCTION

The three trends that seem certain to dominate the world, for some time to come, are globalization, technological advances and deregulation. They combine to make geographical dispersion an area of low concern in the planning of business strategy; as enterprises increasingly look for leveraging the cost or differentiation advantages available across the globe - forging partnerships to create a value chain with the aim of accomplishing the most with the least. It is in this scenario that business process outsourcing ('bpo') has emerged as a key component of management strategy as a global supply-chain of information and expertise that stretches from Mumbai to Manhattan is etched.

Today, as outsourcing is enmeshed into most organizational strategic plans; relationship management issues have become central. As Gottfredson et al. state 'the question is no longer whether to outsource a capability or activity but rather how to source every single activity in the value chain' (Gottfredson et

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al., 2005). The management of the relationship includes all conscious activities of the parties to impact the relationship during its life in their desired way, and is constructed around two main elements: (a) the formal contract and the associated governing mechanisms viz. *control mechanisms* and (b) the 'psychological contract' (Sabherwal, 1999) that is based on the parties' mutual beliefs and attitudes and is reflected as *partnership quality*. There is a natural link between how an outsourcing arrangement is structured and managed, and the subsequent outcomes (Dibbern et al., 2004).

In this paper, we have looked at this issue of governance; specifically we study empirically the dynamics of interaction of degree of control and partnership quality of a business process outsourcing relationship and its impact on outsourcing success. Our study site is the business process outsourcing sector of India as this country is considered the 'undisputed leader' (A T Kearney, 2006) of this sector. The overall Indian IT-BPO revenue aggregate is expected to grow by over 33 per cent and reach USD 64 billion by the end of the current fiscal year (Nasscom, 2008).

2. REVIEW OF LITERATURE.

Business process outsourcing has often been treated as an extension of the concept of IT/IS outsourcing to IT intensive business processes (Hyder et al, 2002) or as a subset of IT/IS outsourcing (Sovie & Hansen, 2001; Michell & Fitzgerald, 1997) leading to "a virtual absence of academic publications on the topic" (Rouse and Corbitt, 2004). Other researchers such as Gewald et al (2006) and Whitaker et al. (2006) have also noted this lacuna. Hence for this paper, we have sourced information from the extensive body of work on IT/IS outsourcing research of the past two decades. As Dibbern et al. (2004) note "research on business process outsourcing would benefit from 'standing on the shoulders' of what has already been accomplished in the field of IS outsourcing".

2.1 Business Process Outsourcing

The transaction cost approach to the theory of the firm hypothesizes that firms are organizational innovations born out of the costs involved in market transacting in order to reduce those costs. Coase (1937) has argued that, were the firm and the market alternatives for organizing the same set of transactions; a firm will substitute market transactions as long as management costs are less than transaction costs. Thanks to the convergence in corporate computing platforms and rapid advances made in communications technology it has become easy and inexpensive to seamlessly link together geographically dispersed information systems thus making market transactions for executing several activities previously done within the firm boundaries possible and preferable. This concept of remotely executing tasks was the genesis of

business process outsourcing defined as “the delegation of one or more IT-intensive business processes to an external provider that, in turn, owns, administrates and manages the selected process/processes, based upon defined and measurable performance metrics” (Gartner 2004).

2.2. Business Process Outsourcing In The Indian Context

In 1994 American Express Travel Related Services combined, standardized, and re-engineered its more than 46 transaction processing sites sprawled across North America, Latin America, EMEA (Europe, Middle East, and Africa), and APA (Asia Pacific and Australia) into 3 sites. Besides Phoenix, Arizona and Brighton, United Kingdom, Gurgaon was chosen as the location for the third site dedicated to handling Japan and Asia Pacific and Australia (Kalakota and Robinson, 2004). In the mid 1990s GECIS also opened its captive customer services centre in Gurgaon. The first pure play BPO provider was Spectramind eServices Pvt. Ltd. set up by Mr. Raman Roy in March 2000 and subsequently bought over and renamed Wipro BPO in 2005. Thus, though the sector is more than two decades old, academic research on the Indian BPO sector is dominated by articles analyzing the country’s comparative advantages, especially with respect to China (see for instance (Popkin and Iyengar, 2007) and case studies of successful Indian vendors (Holloway et al, 2006 on EXL; Wendell and Arippol, 2007 on Daksh; Yadav et al, 2006 on Technovate amongst a host of others).

2.3. Control

Control can be defined as the organization’s attempt to increase the probability that people will behave in ways that lead to the attainment of organizational goals (Flamholtz et al., 1985) and thus includes a range of mechanisms to monitor and execute operations. These control practices help implement control modes, which may broadly be divided into formal controls, i.e., modes that rely on practices that influence the controllee’s behavior through performance evaluation and rewards, and informal controls, i.e., modes that utilize social or people strategies to reduce goal differences between controller and controllee (Eisenhardt 1985; Kirsch 1996, 1997). Tannenbaum (1968) further proposed that two different types of control “can operate concurrently and that their effect is additive”. Thus Tannenbaum (1968) presented the approach that control types are not mutually exclusive, that their control ‘levels’ are quantifiable and that they can be summed up to one aggregate level.

2.4. Partnership Quality

Lee and Kim (1999) tested the impact of different attributes of partnership quality on satisfaction with the vendor’s IS services. Partnership quality was defined as the degree of trust, business understanding, benefit and risk sharing, commitment, and conflict. Of these factors – with the exception of conflict – partnership quality was found to significantly influence outsourcing success.

2.5. Outsourcing Success

Grover et al. (1996) proposed that organizations expect to gain some degree of advantage, typically in the form of economic, technological or strategic benefits in an outsourcing relationship. Saunders et al.

(1997) used these three dimensions of benefits (economic, technological and strategic) and added overall satisfaction to determine the outsourcing success for their study. Lee and Kim (1999) explored outsourcing success on two dimensions - business perspective and user perspective. The business perspective focused on the sets of economic, technological and strategic benefits that the organization could achieve through outsourcing whereas the user dimension focused exclusively on user satisfaction with the outsourcing arrangement.

3. RESEARCH METHODOLOGY.

This section presents the methodological elements, the research design and the operationalization of the variables in this study.

3.1. Research Design

Both control (Sabherwal 1999, Marcolin & McLellan 1998, Rustagi 2004) and partnership quality (Grover et al. 1996, Lee & Kim 1999) have been established as antecedents of outsourcing success by earlier researches. As Clark et al. state “...the truly critical success factors associated with successful outsourcing are those associated with vendor governance” (Clark et al., 1998).

The relationship between control and partnership quality has however seen conflicting views in previous research. Some researchers claim that control mechanisms and partnership quality especially its component of trust can be pursued simultaneously, or are complementary (Zaheer and Venkatraman, 1995; Das and Teng, 1998), while others argue that control mechanisms are detrimental to trust (see, for example, Lorange and Roos, 1992). In this study it is proposed that the interaction between degree of control and partnership quality is an antecedent of business process outsourcing success. This view is supported by Marcolin and McLellan (1998) whose research indicated that relationships achieved greater satisfaction through more control and certainty in their relationships, and were better in avoiding conflict, achieving cost reductions, and developing trust.

As presented in Figure 1, a two-by-two matrix is proposed to depict the impact of interaction between degree of control and partnership quality on outsourcing success. A high degree of control along with high partnership quality is proposed to facilitate a high degree of success. A high degree of either control or partnership quality along with low degrees of the other should be associated with moderate degrees of success. On the other hand, the combination of both low control and partnership quality should be associated with a lower degree of success in outsourcing.

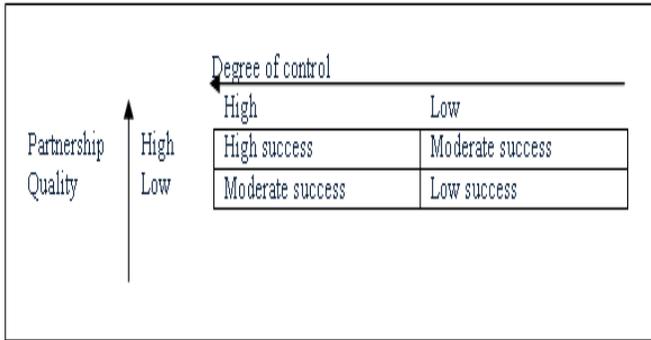


Figure 1: Control, Partnership quality and outsourcing success: The Relationship

Mathematically, the relationship among degree of control, partnership quality and outsourcing success can be depicted as: $S=f(C, PQ, C*PQ)$

Where S= business process outsourcing success

C= control

PQ= partnership quality and

C*PQ= interaction between control and partnership quality

Thus, this study presents an argument that the interaction between the degree of control and partnership quality will have a positive relationship with outsourcing success, hypothesized as:

The degree of control and partnership quality would have a positive interactive association with outsourcing success.

3.2. Research Constraints

A major constraint faced by the researcher was the stringency of data security measures. Possibility of misuse of sensitive and proprietary data coupled with lack of confidence in the Indian regulatory framework for protection of intellectual property are major client concerns, prompting vendors to put in place elaborate security measures which prohibit employees from sharing information without formal permission, restricted access to internet, cell phones, email, instant messaging, removable storage units such as pen drives, laptops etc. Further, fears of backlash and stakeholder concerns in the home country have made clients extremely wary of revealing their outsourcing arrangements. All relationships studied by this researcher had ‘non-disclosure agreements’ as part of the contract prohibiting the vendor from disclosing any information which would publicly identify the client. As a precondition for allowing access to personnel and information, this researcher was asked to refer any material collected, for review by the vendor’s management prior to inclusion in this study. Further, any information identifying either the vendor or the client organization was strictly prohibited.

3.3. Data Collection

As a master list, the “List of 50 best-managed global outsourcing vendors, 2006” from The Black Book of Outsourcing survey, conducted by Brown-Wilson Group, a Clearwater, Fla., based consultancy, was taken. This survey

ranked outsourcing vendors according to responses by executives and others involved in outsourcing decision-making about their experience and satisfaction with current suppliers and appeared in ‘Sourcing Magazine’ July 2006. The survey has wide acceptance and credibility in the global business process outsourcing sector (BusinessWire, June 2007). Of this list permission to interview managerial employees from the tactical and strategic levels from twenty was obtained. The vendor organization management were then requested to solicit the support of their counterpart client teams for this study. The resultant sample had 13 vendor organizations with access to senior managers from both client and vendor sides. Since this process had excluded the captive business process outsourcing centers, access was sought and gained to study 2 captive centers as well. This was based on personal and professional acquaintance, hence a convenience sample.

Thus a final sample of fifteen business process outsourcing vendor organizations was taken. At our request, these organizations identified one or more vendor-client relationships among their ongoing lines of business. The client executives and vendor executives who agreed to participate in the study were sent an email detailing information about the purpose of the study, the level of participation required and potential benefits. It also stressed the anonymity and confidentiality of the respondents. This was followed by interviews over the period August 06- July 07. In sum, we surveyed 124 relationships between 103 service receivers and 15 service providers through 228 interviews.

3.3. Measure Development

Two survey instruments (included in appendices) were developed for this study. The first one was used to collect information from the client executive and the other was used with vendor executives for control practices and partnership quality. The measures were administered through interviews which were semi structured and detailed. Interviews were held individually for one to three hours per session.

Prior to measure development, we conducted a series of personal interviews with seven BPO professionals to confirm the external validity of the developed research framework. The interviews confirmed that our proposed research model was suitable for studying real world outsourcing phenomena. We then developed a five-point Likert-style questionnaire based on the literature and the comments gathered from the interviews for control practices.

3.4. Operationalization Of Variables

1. Degree of control

Items for the construct of degree of control have been developed by creating a list of control mechanisms, which are then individually operationalized. Kirsch (1997) and the findings of an earlier work by the authors of this research work (Daityari et al., 2007) are the sources for this list.

2. Outsourcing success

This construct measures the extent to which the client organization achieved their outsourcing objectives as assessed through economic benefits, technological benefits and strategic benefits. Items for this construct have been adapted from Grover et al. (1996); Lee and Kim (1999) and Rustagi (2004).

3. Partnership quality

This construct measures the factors that make up partnership quality viz. trust, business understanding, benefit/risk share and commitment. This construct was measured with an adapted version of the instrument used by Lee & Kim (1999) which employs mostly perceptual measures for the constituent variables.

4. DATA ANALYSIS

4.1. Sample Characteristics

The target population of this study was the client vendor teams belonging to business process outsourcing relationships. The initial list adopted for this study was the fifty top BPO vendors in India from which access to representatives from both client and vendor sides from 13 were obtained (2 were added later from captive firms). Hence the response rate of this study may be taken as 26%.

Among the fifteen vendors who participated in our study, six were ‘IT Outsourcers’, one was a ‘business process specialist’, another two were ‘pure play BPO providers’. ‘Captives’ were represented by two respondents while there were three ‘former captives’ and one ‘BPO consultant’. In terms of vendor size, with respect to employee headcount, the smallest was 3300 and the biggest 22000. Revenues earned from BPO alone for the vendors studied ranged from \$54mn to \$613mn excluding the captive units.

Majority of the clients (38%) were from the financial services sector, followed by telecom (12%) and IT hardware and software (11%). Contact and front office services (16) comprised the largest chunk of the outsourced processes, followed by financial and accounting (14) and knowledge services (12).

4.2. Reliability And Validity Of The Measurement Instrument

The content validity of the instruments was established through the adoption of the constructs that have been validated by other researchers and a pretest with outsourcing professionals. We calculated the internal consistency (Cronbach's alpha) in order to assess the reliability of the measurement instrument. For convergent validity, we evaluated the item-to-total correlation that is the correlation of each item to the sum of the remaining items. Discriminant validity was checked by means of a factor analysis. Results of these statistical tests are provided here.

Construct	Coding	Item-to-total correlation	Factor loading
Formal control ($\alpha=.870$)	FC		
	FC1	.844	0.98

Construct	Coding	Item-to-total correlation	Factor loading
Informal control ($\alpha=.879$)	FC2	.665	0.75
	FC3	.942	0.94
	FC4	.858	0.982
	FC5	.040	0.948
	FC6	.921	0.952
	IC		
Outsourcing success ($\alpha=.918$)	IC1	.780	0.894
	IC2	.908	0.933
	IC3	.781	0.871
	IC4	.616	0.79
Trust ($\alpha=.881$)	OS		
	OS1	.749	0.834
	OS2	.841	0.907
	OS3	.892	0.938
	OS4	.824	0.892
	OS5	.658	0.773
Business understanding ($\alpha=.991$)	PQT		
	PQT1	.795	.903
	PQT2	.704	.857
	PQT3	.881	.951
Benefit / Risk share ($\alpha=.795$)	PQBU		
	PQBU1	.756	.885
	PQBU2	.864	.941
Commitment ($\alpha=.708$)	PQBU3	.857	.938
	PQBR		
	PQBR1	.712	.925
Formal control ($\alpha=.870$)	PQBR2	.712	.925
	PQC		
	PQC1	.570	.839
	PQC2	.378	.658
	PQC3	.668	.883

Table 1: Reliability and Validity statistics

4.3. Analysis of Empirical Data

This section presents the statistical tools used to test the hypothesis proposed in the study and presents the results thereof. Our hypothesis stated that the degree of control and partnership quality would have a positive interactive association with outsourcing success.

To test this, first, a hierarchical regression analysis was performed. In the first step of hierarchical regression analysis, control and partnership quality were used as the independent variables with outsourcing success as the dependant variable. Here control was found to have a significant positive

relationship with outsourcing success ($\beta=.683, p= .000$) while that of partnership quality was not significant ($p= .954$).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.683 ^a	.466	.457	2.31927		
a. Predictors: (Constant), PQ, CNTRL						
ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	567.688	2	283.844	52.769	.000 ^a
	Residual	650.860	121	5.379		
	Total	1218.548	123			
a. Predictors: (Constant), PQ, CNTRL						
b. Dependent Variable: OS						
COEFFICIENTS ^A						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-24.555	3.942		-6.229	.000
	CNTRL	1.170	.119	.684	9.809	.000
	cntrl_pq	-.002	.035	-.004	-.058	.954
a. Dependent Variable: OS						

Then in the next step of this analysis, the interaction between control and partnership quality was introduced as another independent variable in addition to the two variables entered earlier. The interaction between control and partnership quality also did not indicate any significant relationship with outsourcing success.

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683 ^a	.466	.457	2.31927

a. Predictors: (Constant), cntrl_pq, CNTRL

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
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1	Regression	567.688	2	283.844	52.769	.000 ^a
	Residual	650.860	121	5.379		
	Total	1218.548	123			

a. Predictors: (Constant), cntrl_pq, CNTRL

b. Dependent Variable: OS

COEFFICIENTS^A

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-24.555	3.942		-6.229	.000
	CNTRL	1.170	.119	.684	9.809	.000
	cntrl_pq	-.002	.035	-.004	-.058	.954

a. Dependent Variable: OS

EXCLUDED VARIABLES^B

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	PQ	. ^a	.	.	.000

a. Predictors in the Model: (Constant), cntrl_pq, CNTRL

b. Dependent Variable: OS

The next technique used to examine the influence of interaction between the degree of control and partnership quality on outsourcing success was the Median Split Analysis. Using the median values for degree of total control and partnership quality, the 124 BPO relationships were split into four subgroups (cell 1= low/low; cell 2= high PQ/ low Cntrl; cell3= low PQ/ high Cntrl; cell 4= high/high). The average values of outsourcing success variables (OS 1 to OS 5) in the appropriate cell were then examined.

As presented in the table, the top two rows have lower values for outsourcing success than the bottom two rows indicating that level of outsourcing success was significantly associated with the degree of control in the relationship (high control associated with high success). On the other hand, the almost identical nature of the top two rows indicates that level of partnership quality has no significant association with outsourcing success.

cellValue		OS1	OS2	OS3	OS4	OS5
1	Mmean	3.4815	2.5185	1.5185	2.1882	2.4074
	N	27	27	27	27	27
	Std. Deviation	.64273	.70002	.70002	.73574	.69389
2	Mmean	3.6000	2.6333	1.8000	2.2333	2.7000
	N	30	30	30	30	30
	Std. Deviation	.49827	.49013	.40684	.56832	.65126
3	Mmean	4.5357	3.4643	2.5000	3.3571	3.4643
	N	28	28	28	28	28
	Std. Deviation	.57620	.63725	.57735	.67847	.50787
4	Mmean	4.4389	3.2564	2.3333	3.0513	3.1538
	N	39	39	39	39	39
	Std. Deviation	.58226	.63734	.47757	.68628	.36552
Total	Mmean	4.0484	2.9919	2.0645	2.7339	2.9516
	N	124	124	124	124	124
	Std. Deviation	.73091	.72690	.65942	.82746	.67300

Thus, Median Split Analysis supports the results of Hierarchical Regression Analysis in regard to the significant relationship between the degree of control and outsourcing success.

5. DISCUSSION OF FINDINGS

The hypothesis stated that the degree of control and partnership quality would have a positive interactive association with outsourcing success. This was tested using Hierarchical Regression Analysis and Median Split Analysis. Results of both indicated that while degree of control has a significant positive relationship with outsourcing success neither partnership quality nor its interaction with degree of control enjoyed any relationship of significance with outsourcing success.

Control as a significant predictor of success finds empirical support from research work done on other inter-organizational settings. Henderson and Lee’s (1992) study on control behaviors that can affect the performance of an I/S design teams supported the proposition that increases in the total level of control behavior is positively correlated with performance.

Results on partnership quality are however in contradiction with what is most often suggested by earlier research. Lee and Kim’s (1999) study stated partnership quality was a critical success factor of IS outsourcing. Further, primarily based on social exchange theory, many researchers argue that a partnership is the ideal type of relationship, in that it will result in a higher level of success (Dibbern 2004).

Support for this result however comes from Lacity and Hirschheim (1993) who revealed that the trade literature presented an inaccurate view of outsourcing arrangements. The outsourcing relationship is often portrayed as a strategic partnership or alliance. This is at odds with the actual contractual relationship, which usually does not contain provisions for sharing risks and rewards associated with outsourcing. Lacity and Hirschheim go on to state that viewing a relationship as a partnership can be dangerous because it may lead to a loose or incomplete contract, in part because the client thinks of the outsourcing vendor as a partner when in fact it is not. Consequently, the possibility for "opportunistic behavior" by the vendor exists.

Even in the Indian context explored by this study, while outsourcing clients and vendors interviewed by us, referred to the outsourcing relationship variously as ‘strategic partnership’, ‘thought partnership’ ‘enterprise extensions’ and in fact most

had pricing models based on ‘gain share’ agreements which reflected the benefit –risk sharing component of partnership quality; the governance of the relationship was structured around formal control mechanisms which were explicitly guided by the contract or ‘statement of work’. This reality was well brought out by the Vice President (Operations) of the largest (in terms of revenue) business process outsourcing vendor of our study who referred to the ‘Statement of Work’ (formal contract) as the “bible” guiding the relationship.

For an outsourcing client, the predominance of degree of control over partnership quality as an indicator of outsourcing success indicates the need to pay adequate attention to establishing a rigorous control structure at the very onset of the relationship. It is also equally important to build in the flexibility to accommodate experiential learning at later stages. The contract or ‘Statement of Work’ (SOW) is of paramount importance as it is the single most definitive guide to the governance of the relationship. Thus, it is important to be precise in specifying process, performance and people related requirements, install robust post-contract monitoring mechanisms, and to build in a pricing structure which involves the vendor in sharing the benefits and risks of the relationship.

For the vendor, this study underscores the point that in spite of all the public pronouncements on ‘strategic alliances’ and ‘close partnerships’ the ground reality of the Indian BPO sector is that it is largely transactional in nature with the relationships being that of typical buyer-supplier nature. This is emphasized by the fact that this study is focused on the dominant players of this sector. Earlier research has suggested vendor concerns such as inflexibility and traditional measurement approaches of clients as a barrier to service innovation (Quinn, 1999). This indicates the need for vendors to encourage and educate clients to move towards a model of increasing partnership enabled governance as a remedy to their concerns.

CONCLUSION

The purpose of this study was an examination of the antecedents of success of business process outsourcing relationships. A survey methodology was utilized involving matched pair samples of client and vendor executives in business process outsourcing relationships. Overall, degree of control was established as a significant predictor of outsourcing success while partnership quality was not found relevant to the success of the relationship.

This paper makes some significant contributions of interest to managers who enter outsourcing relationships, and to researchers who endeavor to understand the nature of control systems associated with new organizational forms. The first contribution is support for the proposition that a control theories perspective may be helpful in explaining the relative success of business process outsourcing relationship. Further, in existing outsourcing research, the independent variables selected to explain outsourcing success, display a strong focus on the “soft” elements of an outsourcing relationship – often named as partnership attributes (Dibbern et al., 2004). This paper attempts to rectify that imbalance by adopting a

comprehensive approach inclusive of both formal governance mechanisms alongside relational mechanisms.

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APPENDICES: SURVEY INSTRUMENTS
APPENDIX A: VENDOR QUESTIONNAIRE

In this research study, the responses from the questionnaires will be aggregated at the organizational level for data analysis. In order to perform the aggregation the name of the client / vendor organization is required. After the aggregation this information will be removed from the data set. All data is completely confidential. NO individual, team or company identifier information will be included in the analysis / report.

1. Respondent Information
 - 1.1. Please provide your name _____
 - 1.2. Please provide your designation _____
 - 1.3. Please provide the name of your organization _____
2. Information pertaining to the relationship.
 - 2.1. Please specify the type of process _____
 - 2.2. Please specify the client name _____
 - 2.3. Please specify the client industry _____
 - 2.4. Approximately, how long has this outsourcing arrangement been operational? _____
 - 2.5. Approximately, how long have you been part of this outsourcing arrangement? _____

DEGREE OF CONTROL

In context of this outsourcing relationship ('queue'), please indicate the extent to which the client team uses the following means or mechanisms to influence the tasks, activities and day to day operations of the vendor team. **Please indicate your response on a scale of 1 to 5 where 1 indicates "rarely" and 5 indicates "quite a lot"**

FORMAL CONTROL					
Adherence to process documents	1	2	3	4	5
Incentives / Penalties	1	2	3	4	5
Performance metrics	1	2	3	4	5
Quarterly business reviews	1	2	3	4	5
Regular meetings or conference calls	1	2	3	4	5
Reports on transaction monitoring	1	2	3	4	5
INFORMAL CONTROL					
Client site visits	1	2	3	4	5
Giving free client merchandise	1	2	3	4	5
Providing recruitment guidelines	1	2	3	4	5
Providing training course material	1	2	3	4	5

PARTNERSHIP QUALITY

In context of this outsourcing relationship ('queue') please indicate the extent to which you agree or disagree with the following statements on a scale of 1 to 5, where 1 indicates "strongly disagree" and 5 indicates "strongly agree"

Trust: In our relationship, we					
1. ... make beneficial decisions to our client under any circumstances	1	2	3	4	5
2. ... are willing to provide assistance to our client without exception	1	2	3	4	5
3. ... are sincere at all times	1	2	3	4	5
Business understanding: In our relationship, we					
1. ... understand the business process of our client well	1	2	3	4	5
2. ... and our client perfectly understand our business objectives	1	2	3	4	5
3. ... clearly comprehend our roles and our client's roles	1	2	3	4	5
Benefit and risk share: In our relationship, we and our client					
1. ... share the risks that can be occurred in the process of business	1	2	3	4	5
2. ... have collective responsibility of benefits and risks	1	2	3	4	5
Commitment: In our relationship					
1. ... we perform pre-specified agreements very well	1	2	3	4	5
2. ... our client faithfully provides pre-specified support in a contract	1	2	3	4	5
3. ... we and our client always try to keep each other's promises	1	2	3	4	5

Thank you for your participation in this survey. In the space below, please provide any additional comments or feedback on this survey or any other aspect of this study that you may consider relevant.

APPENDIX B: CLIENT QUESTIONNAIRE

In this research study, the responses from the questionnaires will be aggregated at the organizational level for data analysis. In order to perform the aggregation the name of the client / vendor organization is required. After the aggregation this information will be removed from the data set. All data is completely confidential. NO individual, team or company identifier information will be included in the analysis / report.

1. Respondent Information
 - 1.1. Please provide your name _____
 - 1.2. Please provide your designation _____
 - 1.3. Please provide the name of your organization _____
 - 1.4. Please specify the industry your firm belongs to _____
2. Information pertaining to the relationship.
 - 2.1. Please specify the type of process outsourced _____
 - 2.2. Please specify the name of the outsource vendor _____
 - 2.3. Approximately, how long has this outsourcing arrangement been operational? _____
 - 2.4. Approximately, how long have you been part of this outsourcing arrangement? _____

Outsourcing Success:

In context of this outsourcing relationship ('queue') please indicate the extent to which you agree or disagree with the following statements on a scale of 1 to 5, where 1 indicates "strongly disagree" and 5 indicates "strongly agree."

This outsourcing relationship has produced beneficial economical results for the client (for instance reducing costs or capital expenditure)	1	2	3	4	5
This outsourcing relationship has produced beneficial process-related results for the client (for instance process clean-up, access to key technologies or skilled personnel)	1	2	3	4	5
This outsourcing relationship has produced beneficial business related results for the client (for instance enhanced focus on core competencies or new lines of business)	1	2	3	4	5
Overall, this outsourcing relationship has been valuable for the client	1	2	3	4	5
Overall, the client is satisfied with the results of this outsourcing relationship	1	2	3	4	5

Partnership Quality:

In context of this outsourcing relationship ('queue') please indicate the extent to which you agree or disagree with the following statements on a scale of 1 to 5, where 1 indicates "strongly disagree" and 5 indicates "strongly agree."

Trust: In our relationship,					
1. our service provider makes beneficial decisions to us under any circumstances	1	2	3	4	5
2. our service provider is willing to provide assistance to us without exception	1	2	3	4	5
3. our service provider is sincere at all times	1	2	3	4	5
Business understanding: In our relationship,					
1. we understand the business process of our service provider well	1	2	3	4	5
2. we and our service provider perfectly understand our business objectives	1	2	3	4	5
3. we clearly comprehend our roles and service provider's roles	1	2	3	4	5
Benefit and risk share: In our relationship,					
1. we and our service provider share the risks that can be occurred in the process of business	1	2	3	4	5
2. we and our service provider have collective responsibility of benefits and risks	1	2	3	4	5
Commitment: In our relationship					
1. our service provider performs pre-specified agreements very well	1	2	3	4	5
2. we faithfully provide pre-specified support in a contract	1	2	3	4	5
3. we and our service provider always try to keep each other's	1	2	3	4	5

promises					
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Degree of Control:

In context of this BPO queue, please indicate the extent to which the following means or mechanisms is used to influence the tasks, activities and day to day operations of the vendor team. **Please indicate your response on a scale of 1 to 5 where 1 indicates "rarely" and 5 indicates "quite a lot"**

FORMAL CONTROL					
Adherence to process documents	1	2	3	4	5
Incentives / Penalties	1	2	3	4	5
Performance metrics	1	2	3	4	5
Quarterly business reviews	1	2	3	4	5
Regular meetings or conference calls	1	2	3	4	5
Reports on transaction monitoring	1	2	3	4	5
INFORMAL CONTROL					
Client site visits	1	2	3	4	5
Giving free client merchandise	1	2	3	4	5
Providing recruitment guidelines	1	2	3	4	5
Providing training course material	1	2	3	4	5

Thank you for your participation in this survey. In the space below, please provide any additional comments or feedback on this survey or any other aspect of this study that you may consider relevant.

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