

School of Information Systems

**Critical Success Factors in the Offshore Business Process
Outsourcing of Debt Collection to India**

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**This thesis is presented for the Degree of
Doctor of Philosophy
of
Curtin University**

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DECLARATION

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

The research presented and reported in this thesis was conducted in accordance with the National Health and Medical Research Council National Statement on Ethical Conduct in Human Research (2007) – updated March 2014. The proposed research study received human research ethics approval from the Curtin University Human Research Ethics Committee (EC00262), Approval Number #IS_14_16

Signature:

A handwritten signature in black ink, appearing to be 'J. M. L.', written over a dotted line.

Date:11 December 2017.....

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ABSTRACT

Efficient and effective debt collection increases the availability of credit and lowers the cost of borrowing worldwide by reducing the losses to lenders from bad loans. Lenders otherwise make up their losses with higher interest charges on new and existing loans, and by restricting lending to borrowers at minimal risk of default. Recovering losses in this way excludes many otherwise good borrowers from credit markets. The most efficient and effective debt collectors are collecting debts from offshore service centres. India is a leading location for offshore debt collection services. The Critical Success Factors (CSFs) influencing the efficiency and effectiveness of the Offshore Business Process Outsourcing (OBPO) of debt collection from India are therefore, important in the global pricing and availability of credit. Despite the importance of OBPO of debt collection from India, a review of the literature reveals a gap in the knowledge of the Indian OBPO debt collection industry, and the factors affecting its performance. This research addresses this knowledge gap by:

- Identifying the Critical Success Factors affecting Indian-based English-language Offshore Business Process Outsourcing in the global debt collection industry; and
- Developing an appropriate Critical Success Factor model for Offshore Business Process Outsourcing for the debt collection industry?

This research also contributes to the existing literature on OBPO as applied to the novel setting of the OBPO debt collection industry by:

- Reviewing the applicability of Information Systems outsourcing theory to OBPO debt collection;
- Identifying how Critical Success Factors for OBPO debt collection industry change over time; and
- Determining whether the Critical Success Factors identified in this research are dependent upon onshore country characteristics.

The theoretical framework for this research is based on two economic theories (Transaction Cost Economics and Agency Theory), one strategic theory (Core Competency Theory) and two organisational theories (Social Exchange Theory and Institutional Theory) to provide a perspective on the dynamic that binds and shapes behaviours inside and outside of

organisations in the OBPO debt collection industry. This research combined both survey and case studies within a five-phase structure.

The five phases were: (1) initial literature review, survey and identification of potential exploratory case studies; (2) conduct exploratory case study; (3) initial CSF development; (4) conduct three case studies, code and analyse; and (5) CSF model evaluation and development.

Based on the results from the first three phases, an initial OBPO CSF success model was developed with seven CSFs: (1) keep and win customers; (2) avoid damaging customer relationships; (3) improve service management skill; (4) improve domain skills; (5) technical services quality; (6) cost savings; and (7) strategic goals.

The results from phases four and five lead to the development an additional CSF of “Opaque Indifference” which describes the factors which influence a debtor to accept, or become indifferent to, the provision of a debt collection service from offshore. These factors are described as one, or more, states:

1. Location unknown state - the location and ultimate provider of the debt collector is not known to the debtor;
2. Indistinguishable state - it is difficult or impossible for a debtor to distinguish any characteristic that would identify the location of, or by whom, the debt collection service was supplied; and
3. Indifferent state - the debtor is indifferent to the location and ultimate provider of the debt collection service because the service meets their expectations in terms of efficiency (ease of use), effectiveness (usefulness of service/transaction), perception of risk, perception of risk and trust.

The Opaque Indifference CSF model makes a theoretical and practical contribution to outsourced offshore industries where consumer acceptance of OBPO is required for success.

PREFACE

“What really interests me in outsourcing from a research perspective is that why do others succeed and others fail in the outsourcing endeavours” (Hätönen & Eriksson, 2009)

This thesis incorporates four main elements:

1. a literature review;
2. research questions and a research model;
3. case study analysis; and
4. model evaluation and conclusions.

Data collection and field interviews took place in the Indian cities of Bengaluru, Chennai, Hyderabad and Mumbai from 2006 to 2014. Field interview participants were senior executives of organisations involved in offshore debt collection from India.

This research builds upon research conducted under the Australian Research Council Linkage Grant LP 0564581 for an “Analysis of Effective Offshoring Processes for Australian Organisations”, as applied to India.

The Curtin University Information Systems Outsourcing Research Group, led by Emeritus Professor Graham Pervan, has published 11 papers to date using data and concepts from this research; see page xix for the list of publications.

The personal motivations which lead to this research are in *Appendix 1 Personal Motivations for this Research*.

This thesis contributes to the research literature by proposing a model which links the response of an offshore outsourcing customer/client to the determinants of overall OBPO success. This model is called the “Opaque Indifference” CSF model.

DISCLOSURE

The Researcher was a senior executive, and then Chief Executive Officer of one of the offshore debt collection companies which were the subject of some the initial case studies research in this thesis in the period before 2007.

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LIST OF ABBREVIATIONS

ACA	American Collectors Association
ACCC	Australian Competition and Consumer Commission
ASX	Australian Securities Exchange
AT	Agency Theory
AUD	Australian Dollars
BPO	Business Process Outsourcing
CCT	Core Competency Theory
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operating Officer
CRM	Customer Relationship Management
CSF	Critical Success Factors
FDCPA	Fair Debt Collection Practices Act
GFC	Global Financial Crisis
GIC	Global In-house Centre (previously known as a Captive)
IS	Information Systems
IT	Information Technology
ITES	Information Technology Enabled Services
ITO	Information Technology Outsourcing
OBPO	Offshore Business Process Outsourcing
OCS	OBPO CSF Success
OI	Opaque Indifference

OIM	Opaque Indifference Model
QDAS	Qualitative Data Analysis Software
SET	Social Exchange Theory
SLA	Service Level Agreement
SMS	Short Message Service
TCE	Transaction Cost Economics
UN	United Nations
USD	United States of America Dollars
Y2K	The year 2000 Computer Code Error

LIST OF PUBLICATIONS ARISING FROM THIS RESEARCH*

- Davidson, F., Wreford, J., Penter, K., & Perrin, B. (2017). Capturing Stakeholder Engagement: CSR and Gender Equality in Global in-House Centres. In I. Oshri, J. Kotlarsky, & L. P. Willcocks (Eds.), *Global Sourcing of Digital Services: Micro and Macro Perspectives: 11th Global Sourcing Workshop 2017*, La Thuile, Italy, February 22-25, 2017, Revised Selected Papers (Vol. 306). Switzerland: Springer.
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Wreford, J., Penter, K., Pervan, G., & Davidson, F. (2011). Opaque indifference, trust and service provider success in offshore business process outsourcing. Paper presented at the Proceedings of the 22nd Australasian Conference on Information Systems (ACIS), Sydney, Australia.

Wreford, J., Pervan, G., & Penter, K. (2008). Critical success factors in the offshore business process outsourcing of debt collection to India. Paper presented at the Proceedings of 7th annual international smart-sourcing conference, University of Hyderabad, India.

* These publications are cited where relevant in this thesis.

1 INTRODUCTION

1.1 Background

Outsourcing, or business process outsourcing (BPO), is defined as the “concept of looking for expertise to handle certain business processes outside the existing firm” (Embleton & Wright, 1998). Business processes are insourced because the cost of external coordination of outsourced services (such as price discovery, contract formation and contract monitoring) exceeds any other economic or productivity gain arising from economic specialisation (Coase, 1937). Market size itself limits the degree of economic specialisation, i.e. smaller markets support less economic specialisation (Warsh, 2006). The use of Information Technology Enabled Services (ITES) has reduced the cost of external coordination of outsourced services and expanded the size of the market. Cost reductions have made it possible for service providers in remote locations, including distant countries like India, to provide price competitive business processes as well as expanding the size of the available market leading to increasing economic specialisation (Apte & Mason, 1995). BPO in a foreign country is known as offshore BPO (OBPO) with an emphasis on reducing the costs of a firm’s inputs rather than increasing sales in that country (Schmeisser, 2013).

The debt collection industry was an early mover in OBPO by using both nearshore and farshore locations to source services (Teunissen, Taggart, & Arora, 2006). The locations were low-wage countries with plentiful supplies of skilled labour. Growth in global consumer debt has increased demand for OBPO debt collection (Goldberg, 2005). India is the largest and fastest growing provider of OBPO debt collection for English speaking countries (Goldberg, 2005). The Critical Success Factors (CSF) influencing the efficiency and effectiveness of OBPO debt collection of delinquent consumer debt have a direct link to the price and provision of credit in multi-billion dollar global markets; the more successful debt collection is then, the lower the cost of credit (Griffiths, 2007). CSF are those key things that must be done correctly to ensure success (Bullen & Rockart, 1981; Feuerlicht & Vorišek, 2003).

1.2 Research Problem and Research Questions

Debt collection is a globally significant industry because the price of credit ultimately affects the performance of all markets in which credit is provided. In July 2007, the Global Financial Crisis (GFC) began as lenders lost confidence in the ability of borrowers to repay debt

(Friedman, 2015). This loss of confidence drained liquidity from global financial markets leading to the collapse of banks, a rapid decline in global economic activity and governments worldwide injecting trillions of dollars of capital directly into financial markets. The GFC elevated the importance of debt collection and the pricing of debt in secondary markets where debt collectors operate. India is uniquely placed as the setting for this research because it is the largest provider of OBPO debt collection for English-speaking countries. The findings from this research on OBPO debt collection, although focused on India and debt collection, are potentially applicable to OBPO debt collection in other countries as well as industries which share characteristics with debt collection. This research aims to make a practical contribution to the effectiveness and efficiency of this industry and a theoretical contribution to OBPO where consumer acceptance of an OBPO service is required. The research aims to do this by determining the CSFs for OBPO debt collection in India supporting the reduction in the cost of credit in global markets.

The primary research question focuses on the practical elements of a CSF model for Indian based OBPO debt collection. The findings from the primary research question may directly contribute to improvements in the efficiency and effectiveness of global debt collection. The secondary research questions are focused on theoretical considerations of models, adoption of Information Systems outsourcing theories by OBPO, temporal dependencies in the OBPO CSFs and any attributes of the Indian economy which may inhibit the application of the findings to other countries.

Primary Research Question:

- What are the Critical Success Factors affecting Indian-based English-language Offshore Business Process Outsourcing in the global debt collection industry?

Secondary Research Questions:

- What is an appropriate Critical Success Factor model for Offshore Business Process Outsourcing for the debt collection industry?
- How applicable is theory from Information Systems outsourcing to the Critical Success Factor model?
- Are the Critical Success Factors identified in this study likely to change over time?
- Are the Critical Success Factors identified in this study dependent upon the country outsourcing to India?

1.3 Overview of Research Methodology

The research was conducted on a part-time basis between 2005 and 2015. Multi-paradigmatic perspectives (interpretivist and positivist) and multi-method strategies (survey, a priori conceptual model and case studies) were used to provide a richer understanding and to address some of the issues of the OBPO debt collection industry. These issues include the low public profile of the industry, negative public and political perceptions of debt collectors, difficulties with gaining corporate access and demands for anonymity. Case studies and surveys using interpretivist and positivist approaches combine to provide a better understanding of the social context and patterns in which OBPO debt collection is taking place and to facilitate theory development (Eisenhardt, 1989b; Gregor, 2006; Yin, 2009). The use of multiple methods in this research compensates for the bias and weaknesses any one individual method may have (Creswell, 2013).

The research was conducted in five phases in India and Australia over a ten-year period; see Table 1-1 Research Phases.

Table 1-1 Research Phases

Phase	Research Design	Purpose	Paradigm
Phase 1	Initial literature review, identification of potential case studies and prepare survey	Exploratory	Interpretivist & positivist
Phase 2	Conduct exploratory case studies	Exploratory	Interpretivist
Phase 3	Initial CSF model development	Explanatory	Interpretivist
Phase 4	Conduct three case studies, code and analyse	Exploratory and explanatory	Interpretivist
Phase 5	CSF model evaluation and development	Explanatory	Interpretivist

The purpose of the first two phases of the research design is exploratory. These phases explore the views of participants and identify instruments suitable for use in subsequent research phases. An initial survey was chosen as an exploratory exercise to identify the issues, business models and expectations of OBPO industry participants. The interpretivist paradigm supports the exploration of extant literature, identifies knowledge gaps, frames the purpose of the study and the forms the basis of the research questions. The purpose of phases 3, 4 and 5 is to explain the initial quantitative survey data from the initial phases by using more detailed qualitative

data from the case studies. The positivist paradigm is used in phases 4 and 5 to collect data that either supports or refutes the CSF model theory developed in phase 3.

1.4 Overview of Theories

The purpose of theory in this research is twofold. The first purpose is to understand why observable behaviours take place and the second is to support the accuracy and testing of predictive models developed from understanding “the why” (Cheon, Grover, & Teng, 1995). Three reference theory categories were applied to the theoretical framework in this research to simplify the approach to the diverse theories in the outsourcing literature (Dibbern, Goles, Hirschheim, & Jayatilaka, 2004; Strasser & Westner, 2015):

Economic Theories: Transaction Cost Economics (TCE); Agency Theory (AGT)

Theories which provide a transactional perspective of the interactions between economic agents and how these transactions are governed and organised.

Strategic Theories: Core Competency Theory (CCT)

Theories which provide a planning perspective on the formulation and execution of strategy by an organisation in seeking to achieve its goals.

Organisational Theories: Social Exchange Theory (SET); Institutional Theory (INT)

Theories which provide a relationship perspective on the dynamic that binds and shapes behaviours inside and outside of organisations.

The use of multiple theories from different theory reference categories provides competing, but complementary explanations for the model developed in this research. These explanations provide a more complete and comprehensive appreciation of the research outcomes than a single theoretical perspective might otherwise have provided (Ang & Cummings, 1997; Yin, 2009).

1.5 Justification and Research Objectives

1.5.1 Efficiency in Global Consumer Debt Collection

The efficient and effective operation of credit markets requires debt collection to enforce credit contracts and recover monies lent by credit providers. Delinquent debt increases the overall cost of credit increases as well as decreasing the availability of credit (Australian Competition and Consumer Commission, 2015). This increase in cost becomes increasingly important as global consumer credit markets and levels of household indebtedness have grown dramatically since 1980 (Federal Reserve, 2016). In 2003, Americans owed approximately USD\$8.2 trillion in household debt (Laing, 2003). The American household debt subsequently grew to peak at USD\$14.331 trillion during the 2007-2008 Global Financial Crisis (GFC) representing 99% of Gross Domestic Product for the USA (Federal Reserve, 2016). By 2009, seven percent (7%) of all credit cards in the USA were delinquent and subject to debt recovery by debt collectors. Since 2005 personal insolvencies began to rise steeply (tripling) in most English speaking countries (Bank of England, 2007). In 2016, Barclays Bank research found that Australian households were the most indebted in the world with household debt at 130% of GDP (Mulligan, 2016).

The loss of capital arising from delinquency adds to the cost of borrowing. This cost makes the provision of credit to non-delinquent debtors more expensive by increasing interest rates or requiring a lower loan to valuation lending or requiring increased security. These remediation measures by credit providers lead to a reduction in economic activity as well as potentially denying credit to otherwise credit-worthy borrowers (Montgomerie, 2006). The recovery of delinquent debts contributes to the original credit provider's total investment return. The effectiveness of debt recovery in secondary markets also affects investment returns as it establishes the price of secondary debt which a credit provider will receive when selling to that market. The higher the return to the original credit provider, by way of collections or sale of the delinquent debt, the less premium (interest) required to be paid by non-delinquent borrowers to cover delinquent debt losses (Griffiths, 2007). Research into the capacity of OBPO debt collection to improve the efficiency and effectiveness of debt collection addresses directly, and indirectly, the debt collection industry, credit providers, financial regulators and ultimately borrowers.

1.5.2 Extending Outsourcing Theory

The OBPO literature for service industries deals principally with information technology services and represents a mature pool of academic research (Lacity, Solomon, Yan, & Willcocks, 2011a). This finding of maturity is consistent with the information technology industry being an early adopter of OBPO, in onshore, nearshore, and farshore environments (Apte et al., 1995). The rapid growth in the use of OBPO beyond information systems, as other industries begin to adopt the same or similar strategies adapted to complex industry-specific processes, has led to gaps in theory (Busi & McIvor, 2008; Lacity et al., 2011a). In this research, the debt collection industry serves as an exemplar of a new industry setting for OBPO.

The conceptual significance of the research at hand is the opportunity to extend offshore outsourcing of information systems theory to OBPO in a service industry setting; in this particular case the debt collection industry (Dibbern et al., 2004). The objective of theory extension aligns with calls for the development of endogenous theory development for ITO and BPO to address inconsistencies of outcomes with the predictions of existing outsourcing theories (Lacity, Willcocks, & Khan, 2011b).

Debt collection literature shows little research conducted on the use of OBPO for the debt collection industry which suggests a gap in the literature for a globally significant industry. A distinguishing characteristic of the OBPO debt collection industry, when compared to other industries, is the direct service relationship with debtors. Debtors may be inclined or disinclined to respond to the services offered; especially when there is a desire to avoid the debt as no one wants to hear from a debt collector if he or she can avoid it. This debtor relationship contrasts with OBPO corporate back-office functions where the service units of the onshore entity have been directed by management to use the contracted offshore services, so the capacity to avoid the services offered is limited or impossible.

The literature also reveals that there are examples where the dominant outsourcing theories, such as TCE, fail to accurately predict the results found in field research (Karimi-Alagheband, Rivard, Wu, & Goyette, 2011). The failure of TCE theory asset specificity predictions has led to calls for endogenous ITO/BPO theory to better predict outsourcing governance behaviour (Lacity et al., 2011b). This research responds to the call for endogenous ITO/BPO theory which may be peculiar to the OBPO debt collection but have application to beyond OBPO.

1.5.3 Research Objectives

The main aims of this research are to:

1. identify the CSF for OBPO debt collection in India; and
2. develop a conceptual CSF model to improve the efficiency and effectiveness of OBPO debt collection in India

The secondary objective of this research is to extend the theories of outsourcing by applying them to the debt collection industry and to identify possible endogenous theories applicable to OBPO.

1.6 Research Outcomes

This research will add to the body of knowledge on OBPO in different industry settings and will be significant to the global debt collection industry. The development of an OBPO CSF debt collection model will influence the managerial strategies of global debt collection companies, improve the cost, quality and service outcomes for consumers of offshore debt collection services and contribute to reducing the cost of credit. The research will contribute to the development of a universal BPO performance model.

1.7 The Organisation of this Thesis

This thesis has six chapters. Those chapters are:

Chapter 1 – Introduction

This chapter introduces the thesis with a short exposition on the background of offshore business process outsourcing and its application to the debt collection industry as applied to India. There is a description of the research problem and questions followed by an overview of the research methodology applied and applicable theories adopted. The Introduction includes an outline and justification of the research, and its objectives. An explanation of the research outcomes, as well as the limitations of the research identified, follows.

Chapter 2 – Literature Review

This chapter summarises the extant literature applicable to the offshore business process outsourcing of debt collection to India. The literature review provides a conceptualisation of

the topics and research themes applied in answering the research questions as well as an a priori development of an initial conceptual CSF model. Knowledge gaps are identified, and future research directions detailed.

Chapter 3 – Research Questions and Research Model

This chapter introduces the research model and the theories applied to its development. It then provides a description of an initial conceptual CSF model arising from the literature review and initial interviews.

Chapter 4 – Research Methodology

This chapter details a consideration of the research methods available, the research methods used in this research and the reason for their selection. This includes a consideration of:

- research method paradigms
- factors influencing the choice of research methods in Information Systems
- a description of the survey instrument preparation used
- the case study methodology used, the selection of cases, the case study protocol, data collection procedures, sources of data and analysis techniques
- details of the ethical considerations applied in this research

Chapter 5 – Phase Results and Analysis

This chapter describes the results of the five research phases and the analysis applied to those results. This includes the initial literature review, survey instrument preparation, and exploratory case study, initial CSF model development, further case studies, analysis and findings.

Chapter 6 – Model Evaluation and Conclusions

This chapter concludes the research with a consideration of the CSF model adopted and the findings applied in answering the research questions along with a discussion of the limitations and future directions of the research.

Appendices

The Appendices contain additional detailed information supporting the thesis but where the incorporation of this information would restrict the concise development of the research themes and of the answers to the research questions.

1.8 Limitations of the Research

The small number of case studies available limits the broader application of this research. This small number reflects the difficulties in obtaining information from both the onshore and offshore debt collection industry. The political and commercial sensitivity of the industry restricts the number of willing research participants and of those prepared to be identified. The existence and operations of secondary delinquent and distressed debt markets is not widely known by the public because both the original credit providers and debt purchasers rarely publish information about secondary market operations.

1.9 Summary

This chapter introduced this thesis by describing: the background, the research problem, the research questions, an overview of the research methodology, an overview of the underpinning theories, the justification for the research and the research objectives. The five phases of the research in this thesis are: undertake an initial literature review, survey and identification of potential expository case studies; conducting expository case study; develop an initial CSF model; conduct three case studies and then code and analyse; and CSF model evaluation and development. The primary aims of this research are to: identify the CSF for OBPO debt collection in India; and develop a conceptual CSF model to improve the efficiency and effectiveness of OBPO debt collection in India. The next chapter (Chapter 2) reveals the methods used to conduct the literature review, reviews the literature in the research domain, and synthesises the findings.

2 LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of the research literature relating to ITES, BPO, OBPO, or simply “Offshoring”, and its application to the debt collection industry in India. Specifically, this literature review seeks to provide a summary of the subject field of OBPO of the debt collection/receivables management industry in India and the CSF which influence that industry. This chapter:

- reviews existing literature and literature reviews relevant to outsourcing, offshoring, CSF and debt collection;
- identifies relevant theories applied to this research domain;
- details gaps in the knowledge of the research domain found in the literature;
- proposes research to fill the knowledge gaps in the research domain; and
- explores research methodologies to be applied to the proposed research.

2.2 The Approach to this Literature Review

Vom Brocke, Simons, Niehaves, Riemer, Plattfaut, and Cleven (2009) proposes that unlike other empirical studies, there are no standardised approaches or guidelines to conducting a literature review. Therefore the approaches used in a literature review need to be comprehensively documented. By documenting the process, rigour is introduced to summarising and synthesising findings from the literature review. This approach to rigour has been applied in this literature review by documenting how the literature review was conducted.

The objectives of a literature review (Vom Brocke et al., 2009) are to:

1. answer the questions of what is already known and what is needed to be known;
2. provide a theoretical framework for what is already known;
3. substantiate what is necessary to be known;
4. justify the proposed research as worthwhile to the knowledge domain; and
5. identify valid research methodologies and approaches for the proposed research.

The organisation of this literature review follows Vom Brocke et al. (2009)'s five-step framework. The five steps applied were:

Step 1 – Definition of review scope

Step 2 – Conceptualisation of topic

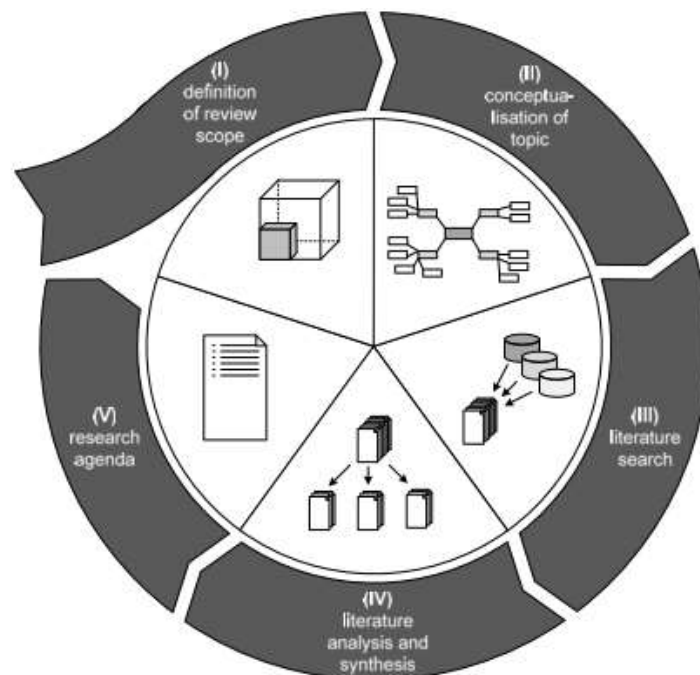
Step 3 – Literature search

Step 4 – Literature analysis and synthesis

Step 5 – Research agenda

The diagrammatic representation of Vom Brocke et al.'s (2009) five step framework in Figure 2-1 Framework for literature reviewing (Vom Brocke et al., 2009) reveals the circular nature of literature reviews insomuch as Stage 5 Research Agenda informs Stage 1 Definition of Review Scope.

Figure 2-1 Framework for literature reviewing (Vom Brocke et al., 2009)



The framework reveals the circular and temporal nature of literature reviews. As the cumulative knowledge of a field grows, concepts may grow or decline in their relevance, so a literature review may become outdated. This potential for decline in relevance is the principal driver to extend and refresh literature reviews (Pervan, 1998). As this research has been

conducted over an extended ten-year period, the literature review commenced in 2005 and was refreshed in 2011, 2015 and 2017 to identify relevant new literature.

2.3 Review Scope

Step 1 of Vom Brocke et al.’s (2009) five step framework is “Definition of Review Scope”. Figure 2-2 Scope of literature review search terms (from the general to the specific) shows the extent of this literature review. The funnel-shaped diagram reveals the narrowing of the search terms applied progressed from the general term “Outsourcing” to the very specific “India” + “Offshore” + “Debt Collection” + “Critical Success Factors” + “Business Process Outsourcing”. The search tools used these terms to generate a pool of relevant papers.

Figure 2-2 Scope of literature review search terms (from the general to the specific)

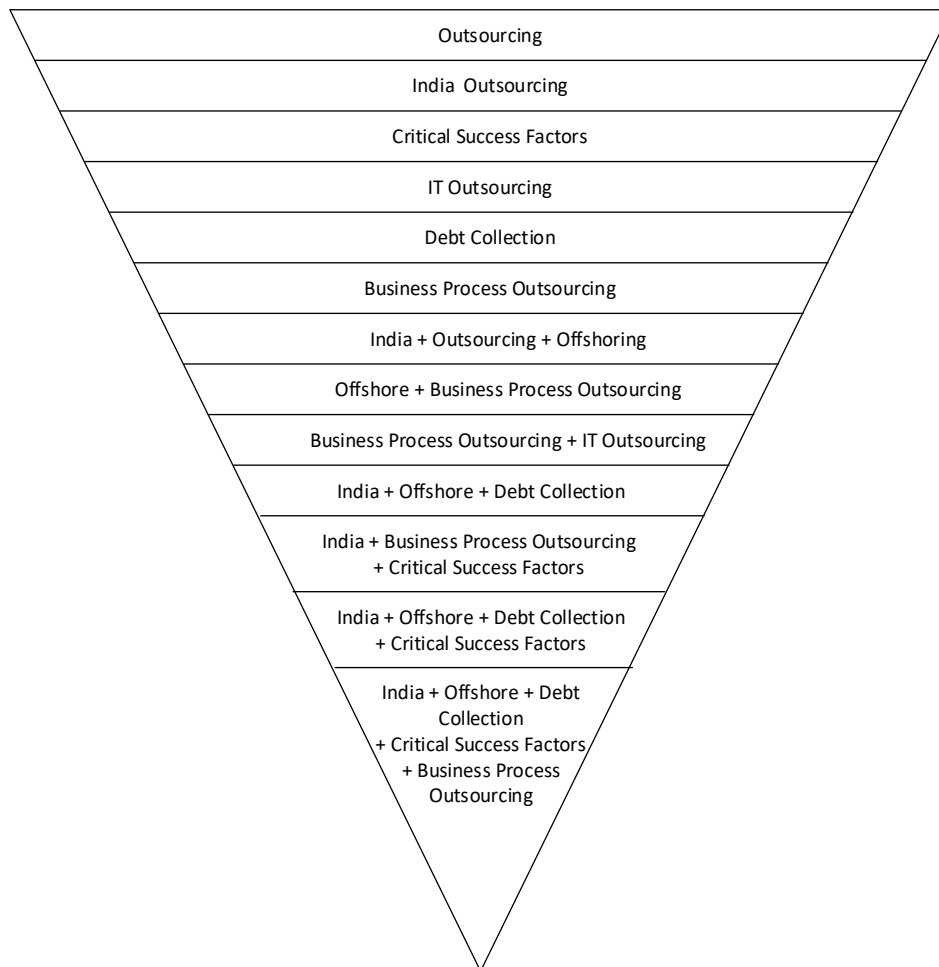


Table 2-1 shows the results of the search process. The funnel shape of search results can be seen in the sharply reducing number of results for each of the search term layers in Table 2-1 Google Scholar Search Term Results (scholar.google.com, May 2017) below. The exhaustive coverage of the topic of outsourcing, as identified from Cooper’s (1988) taxonomy characteristics and applied to this literature review, can be seen in the 756,000 articles returned funnelled down to thirteen articles for the search terms directly related to the research questions.

Table 2-1 Google Scholar Search Term Results (scholar.google.com, May 2017)

Search Term	Total Number of Articles	Number of Articles Since 2012
“Outsourcing”	756,000	58,600
“India” “Outsourcing”	147,000	20,400
“Critical Success Factors”	133,000	19,100
“Debt Collection”	24,800	7,880
“IT Outsourcing”	21,200	8,860
“Business Process Outsourcing”	16,500	8,330
“India” “Outsourcing” “Offshoring”	16,400	7,330
“Offshore” “Business Process Outsourcing”	6,280	2,550
“Business Process Outsourcing” “IT Outsourcing”	3,690	1,470
“India” “Offshore” “Debt Collection”	1,380	173
“India” “Business Process Outsourcing” “Critical Success Factors”	722	346
“India” “Offshore” “Debt Collection” “Critical Success Factors”	21	10
“India” “Offshore” "Debt Collection" “Critical Success Factors” "Business Process Outsourcing"	13	7

As is seen in Table 2-1 Google Scholar Search Term Results (scholar.google.com, May 2017) the number of articles published on the specific research topic of this thesis is quite limited; 13 in total with seven of these since 2012. This small number of articles is despite debt collection being one of the first business processes offshored to India in the late 1990’s (Maskell, Pedersen, Petersen, & Dick-Nielsen, 2007). The table shows that CSF for offshore debt collection in India is an under-researched area within the domain of OBPO.

Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016
(scholar.google.com, May 2017)

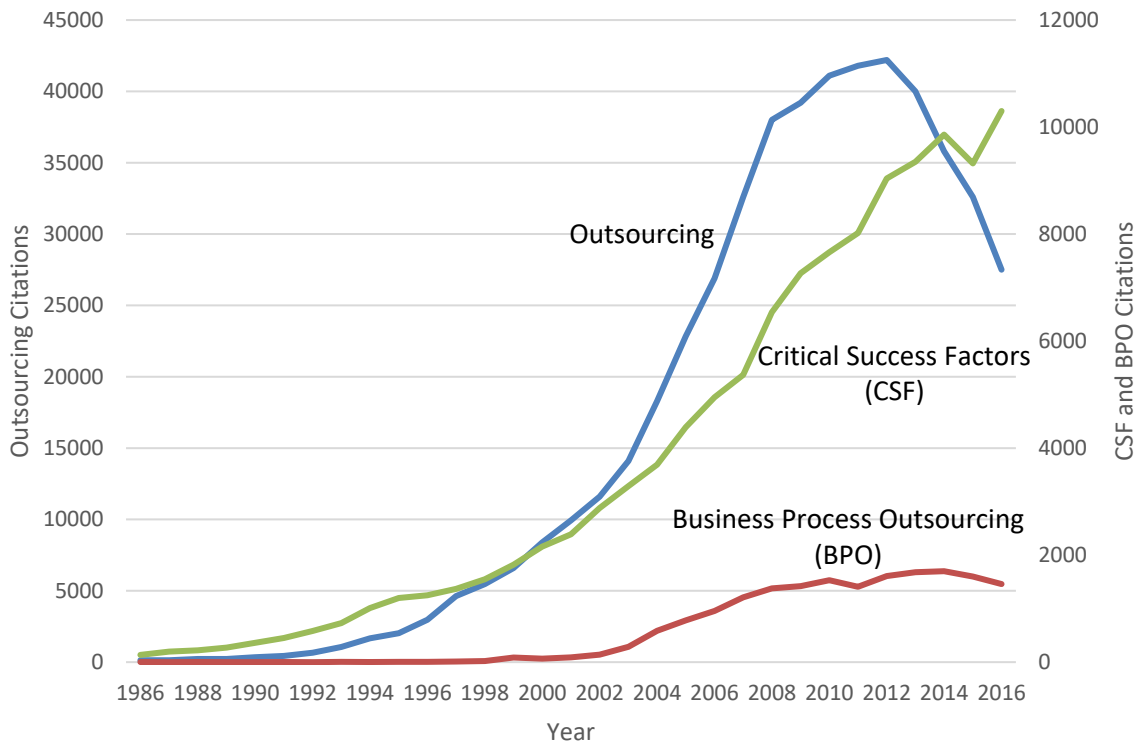


Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017) shows that the research citation peak for outsourcing and BPO occurred in 2012. This trend suggests that there are fewer new research areas to explore in outsourcing and BPO; it is difficult to find knowledge gaps in settled paradigms and share values (Kuhn, 2012). It also suggests that the future value of outsourcing and BPO research, as a contribution to their academic careers, is declining for younger academics and that some previously promising areas of research are now dead-ends (Levin & Stephan, 1991).

The graph also shows the steady increase in research using the research framework of CSF. The increase suggests that research value is generated from CSF research in different settings because CSF research in the same settings yields (presumably) the same results (Levin et al., 1991).

The analysis calculated a citation number for individual articles identified in the literature review by dividing the number of citations for each article by the years since publication by year; See Appendix 3 Citation Analysis. This method of assessing the impact of an article is emerging as a more reliable measure than using “top journal” citations as a proxy for

contribution to a knowledge domain (Singh, Haddad, & Chow, 2007) and provides a measure of relative importance or influence of an article (Kulkarni, Aziz, Shams, & Busse, 2009).

The 13 articles identified the Google Scholar searched were ranked by citations per year; see Table 2-2 Google Scholar Search Results Ranked by Citations per Year. Citations not able to be ranked alphabetically ordering of the first author's name. The table reinforces the small amount of research undertaken in the CSF affecting the OBPO debt collection sector in India.

Table 2-2 Google Scholar Search Results Ranked by Citations per Year (scholar.google.com, May 2017)

Author(s)	Paper	Citations Count Citations Per Year
Beverakis, Dick, and Cecez-Kecmanovic (2009)	Taking information systems business process outsourcing offshore: The conflict of competition and risk	Citations: 32 Citations Per Year: 4.00
Iqbal and Dad (2013)	Outsourcing: A Review of Trends, Winners & Losers and Future Directions	Citations: 9 Citations Per Year: 2.25
Wreford et al. (2012)	Seeking Opaque Indifference in Offshore BPO	Citations: 3 Citations Per Year: 0.60
Wreford et al. (2013)	Opaque Indifference and Corporate Social Responsibility: A Moral License for Offshore BPO?	Citations: 2 Citations Per Year: 0.50
Millar (2015)	Global Supply Chain Ecosystems: Strategies for Competitive Advantage in a Complex, Connected World	Citations: 1 Citations Per Year: 0.50
Wreford et al. (2011)	Opaque indifference, trust and service provider success in offshore business process outsourcing	Citations: 2 Citations Per Year: 0.33
Karani (2008)	Competitive strategies adopted by the call centre industry in Kenya	Citations: 2 Citations Per Year: 0.22
Bell (2015)	Creating Regional Advantage: The Emergence of IT-Enabled Services in Nairobi and Cape Town	Citations: 0 Citations Per Year: 0.00
Chauhan (2014)	Study on Indian IT Industry	Citations: 0 Citations Per Year: 0.00
Kishore and Simha (2009)	The nexus of social capital, flexibility and information technology in BPO performance: A grounded theory development from a global commercial collections' firm	Citations: 0 Citations Per Year: 0.00
Lombard (2012)	The effect of sensory processing on the work performance of call centre agents in a South African context	Citations: 0 Citations Per Year: 0.00
Tseng (2009)	Strategic positioning of Taiwan in the outsourcing market: Evidence from information technology services and electronic manufacturing outsourcing to China	Citations: 0 Citations Per Year: 0.00
Wreford et al. (2008)	Critical success factors in the offshore business process outsourcing of debt collection to India	Citations: 0 Citations Per Year: 0.00

2.4 Topic Conceptualisation

Step 2 of Vom Brocke et al. (2009) five step framework is “Conceptualisation of Topic”. This step develops a broad view of the research topic using a process of conceptual structuring. Conceptual structuring seeks to understand what is known about the topic and where gaps in the knowledge may exist (Torraco, 2005). Key terms in the research questions were used to search for selected conceptual definitions for those same terms within the literature (Strasser et al., 2015).

The primary research question in this thesis is:

1. What are the **Critical Success Factors** affecting Indian-based English-language **Offshore Business Process Outsourcing** in the global **debt collection** industry?

The secondary research questions are:

2. What is an appropriate Critical Success Factor model for Offshore **Business Process Outsourcing** for the debt collection industry?
3. How applicable is theory from **Information Systems outsourcing**?
4. Are the Critical Success Factors identified in this study likely to change over time?
5. Are the Critical Success Factors identified in this study dependent upon the country outsourcing to India?

The primary and secondary research questions deconstruct into six research topic terms for conceptualising the topic. The deconstruction provides the following words:

Outsourcing

1. Critical Success Factors
2. Information Systems outsourcing
3. Debt Collection
4. Business Process Outsourcing
5. Offshore

These six selected research terms were used to search the literature to generate a structured topic conceptualisation; see Table 2-3 Six Selected Research Topic Terms with Conceptualisation.

Table 2-3 Six Selected Research Topic Terms with Conceptualisation

Selected Research Term with Conceptualisation	Source
<p>Outsourcing</p> <p>“is defined as contracting with a third-party supplier for the management and completion of a certain amount of work, for a specified length of time, cost and level of service.”</p> <p>“is the handover of an activity to an external supplier; it is an alternative to internal production.”</p> <p>“It means finding a partner with which a firm can establish a bilateral relationship and having the partner undertake relation-specific investments so that it becomes able to produce goods or services that fit the firm’s particular needs.”</p>	<p>Oshri, Kotlarsky, and Willcocks (2015)</p> <p>Aubert, Rivard, and Patry (2004)</p> <p>Grossman and Helpman (2002)</p>
<p>Critical Success Factors</p> <p>“are the few key areas of activity in which favourable results are absolutely necessary for particular managers to reach goals.”</p> <p>“those factors which, if addressed, will significantly improve project implementation chances.”</p> <p>“are those few things that must go well to ensure success for a manager or organisation, and, therefore, they represent those managerial or enterprise areas that must be given special and continual attention to bring about high-performance.”</p>	<p>Bullen et al. (1981)</p> <p>Pinto and Slevin (1987)</p> <p>Boynton and Zmud (1984)</p>
<p>IS Outsourcing</p> <p>“refers to the practice of shifting one or more organisational activities related to IT to an outside firm and may involve a variety of options, including domestic, offshore, rural, local, and other emerging online providers in the cloud”</p> <p>“is an act of subcontracting a part, or all, of an organisation’s IS work to external vendor(s), to manage on its behalf.”</p> <p>“means that the physical and/or the human resources related to an organisation’s information technologies (IT) are going to be provided and/or managed by an external specialised supplier. The situation can be temporary or permanent, and can affect the client firm’s whole ITES, or only a part of it.”</p>	<p>Schwarz (2014)</p> <p>Altinkemer, Chaturvedi, and Gulati (1994)</p> <p>Reyes, Jose, and Juan (2005)</p>

Selected Research Term with Conceptualisation	Source
<p>Debt Collection</p> <p>“Debt collection firms retrieve debt payments from individuals and businesses that have failed to meet the terms and conditions outlined by their loan agreements.”</p> <p>“whose principal business is collecting debts...(where) a debt is any obligation or alleged obligation of a consumer to pay money arising from a transaction for personal, family, or household purposes.”</p> <p>“if they are unable to collect these short-term delinquencies, these accounts are eventually sent to third-party collectors, who are compensated with a share of the recoveries they obtain.”</p>	<p>Allday (2016)</p> <p>Goldberg (2005)</p> <p>Hunt (2007)</p>
<p>Business Process Outsourcing</p> <p>“is defined as the delegation of one or more entire business processes to third party providers, including all related resources, such as information technology(IT) and human resources.”</p> <p>“the sourcing of business processes through external third parties.”</p> <p>“refers to handling over of a client organisation’s business process(es), in part or full, to specialist third-party provider(s) who may be located within or outside of the client’s national boundary.”</p>	<p>Wüllenweber, Beimborn, Weitzel, and König (2008)</p> <p>Lacity et al. (2011a)</p> <p>Lahiri and Kedia (2009)</p>
<p>Offshoring</p> <p>“refers to the relocation of organisational activities (e.g., information technology, finance and accounting, back office and human resources) to a wholly owned subsidiary or an independent service provider in another country.”</p> <p>“is the delegation of administrative, engineering, research, development, or technical support processes to a third-party vendor in a lower-cost location?”</p>	<p>Oshri et al. (2015)</p> <p>Robinson and Kalakota (2004)</p>

The table provides a rich description of the various concepts to be explored in the research. The broad concepts are drawn from seminal research and researchers to guide database searches using homonyms, synonyms and concept terms linked to the research topic. So, reaching into the literature and using definitions found there and the combination of these concepts provided a more coherent and richer understanding of the material when reviewing the literature (Torraco, 2005).

This broader and richer reconceptualization assisted in an alternative and expanded restatement of the primary research question as:

What are the few key areas of activity in which favourable results are necessary for particular managers to reach goals affecting the collection of debts relocated from English speaking country by the delegation of organisational activities or entire business processes to third party providers based in India?

2.5 Literature Search Process

Step 3 of Vom Brocke et al.'s (2009) five step framework is "Literature Search". This literature review follows the Webster and Watson (2002) approach to the literature review as being concept-centric with a structured and systematic approach to source material. When no new concepts emerged from the census of literature, it was complete. In a similar vein, Rowley and Slack (2004) consider literature reviews relevant in having identified future research directions to the extent that they should then lead directly into research questions and methodologies.

The issue of exhaustive coverage of the available literature versus exhaustive coverage with selective citation as identified by Cooper (1988) in evaluating literature reviews meant that it was important to identify clearly the methodology used in the search process in this thesis. The research tools used, combined with extensive online databases, allowed for exhaustive coverage of the subject field, the recording of results and selective citation as required. The replicable structure of this methodology is consistent with the systematic approach advocated by Webster et al. (2002).

This literature review elected to use exhaustive coverage guided by the themes and concepts of the most notable of previous literature reviews conducted on outsourcing and OBPO. This exhaustive coverage was made possible by the productivity provided by the research tool Publish or Perish software (Harzing, 2007) used in conjunction with Google Scholar. This combination of research tools provided the primary source of research literature ranked by impact analysis. The research literature covered both peer and non-peer reviewed publications,

as supported by Kulkarni et al. (2009), in order to provide a broader view in the rapidly evolving knowledge domains of ITES, BPO, OBPO and outsourcing in general.

Figure 2-4 Screenshot of Harzing's Publish or Perish (Harzing, 2007) (accessed 30 October 2016)

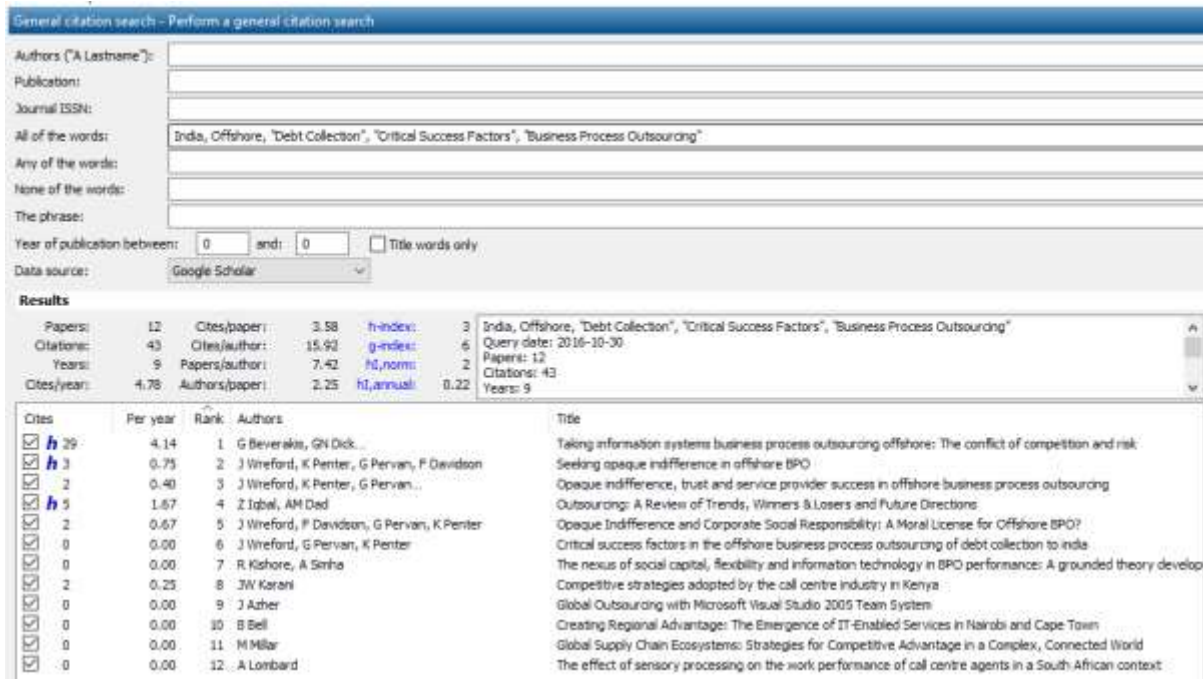


Figure 2-4 Screenshot of Harzing's Publish or Perish (Harzing, 2007) shows the input and output elements for this research tool. The generation of search metrics provides for both broad and focussed literature searches generating results to connect to scholarly databases. Use of this tool increases a researcher's capacity to conduct exhaustive searches of research areas.

This approach generated two principal benefits for the literature search. The first benefit was avoiding the risk of being overwhelmed by the volume of literature citation counts as a measure of the importance and influence of published literature. The second benefit was avoiding a reliance on a small number of selected citations in what is a rapidly expanding subject field. This literature used the technique of "go-backward" review where citations mentioned within the articles are identified to examine prior articles of relevance as well as the "go-forward" to examine articles citing articles already found in the review as proposed by Webster et al. (2002).

More detailed information on the application of the tools used in this literature review can be found in Appendix 2 Using Google Scholar and Publish or Perish.

2.6 Literature Analysis and Synthesis

Step 4 of Vom Brocke et al.'s (2009) five step framework is "Literature Analysis and Synthesis". EndNote™ is a reference management software package used to manage referencing within this research. EndNote™ imports research literature and citations from bibliographic databases. EndNote™ provided export files for subsequent thematic analysis by NVivo in Phase 5 of this research as described in chapter 5. 612 articles/books were structured by keywords/concepts into library groups (some articles/books were in more than one library group) within an EndNote™ library; see Table 2-4 below.

Table 2-4 Keyword and Concepts Grouping

Library Group (number of articles)	Library Group (number of articles)	Library Group (number of articles)
<p>1. Organisational forms (123)</p> <p>a. Culture (4)</p> <p>b. Governance (26)</p> <p>c. Risk (10)</p> <p>d. Strategy (32)</p> <p>e. The customers (6)</p> <p>f. The firm (35)</p> <p>g. The suppliers (10)</p>	<p>2. Literature Reviews (58)</p> <p>a. BPO (10)</p> <p>b. ITO (28)</p> <p>c. Theory (20)</p>	<p>3. Research (75)</p> <p>a. Case Studies (16)</p> <p>b. Mixed Method (1)</p> <p>c. Modelling (12)</p> <p>d. Qualitative (19)</p> <p>e. Quantitative (19)</p> <p>f. Trends (8)</p>
<p>4. Outsourcing Detail (86)</p> <p>a. BPO (41)</p> <p>b. ITO (37)</p> <p>c. KPO (8)</p>	<p>5. Location Dependency (49)</p> <p>a. Eastern Europe (4)</p> <p>b. Far Shoring (5)</p> <p>c. India (19)</p> <p>d. Location (18)</p> <p>e. Near-Shoring (2)</p> <p>f. Philippines (1)</p>	<p>6. Offshoring Detail (10)</p> <p>a. Captives/GIC (7)</p> <p>b. Hybrid (0)</p> <p>c. Third-Party (3)</p>
<p>7. Theory Detail (211)</p> <p>a. Action Research (3)</p> <p>b. Agency (13)</p> <p>c. Competency (11)</p> <p>d. Critical Success Factors (58)</p> <p>e. Innovation (36)</p> <p>f. Institutional Theory (18)</p> <p>g. Resource Theory (7)</p> <p>h. Social Exchange (17)</p> <p>i. Taxonomy (2)</p> <p>j. Theoretical Framework (1)</p> <p>k. Transaction Cost Economics (33)</p> <p>l. Trust (12)</p>	<p>Deliberately Blank</p>	<p>Deliberately Blank</p>

Table 2-4 groups articles identified in the literature search, and stored in EndNote™, by library grouping. The library groupings emerged from themes found in the literature: organisational forms, literature reviews, research, outsourcing detail, location dependency, offshoring details and theory details. The library groupings were further categorised into sub-groupings such as BPO, ITO and KPO for the library grouping of outsourcing detail. The number of articles incorporated into the literature review was 612, representing a broad coverage of the research subject area. The use of groupings supports the emergence of themes in the literature review.

The literature identified in the literature search stage was analysed and synthesised using the five stage IS Outsourcing model developed by Dibbern et al. (2004); see Figure 2-5 Five stage model of IS outsourcing (Dibbern et al., 2004). The five stages are:

- Stage 1 – **“Why”** outsource is to understand the determinants as well as the possible advantages and disadvantages of outsourcing
- Stage 2 – **“What”** to outsource is a consideration of the most appropriate functions for outsourcing
- Stage 3 – **“Which”** decision to make in the context of an evaluation process and finalised decision-making process
- Stage 4 – **“How”** to outsource is to implement the outsourcing decision
- Stage 5 – **“Outcome”** of outsourcing is a consideration of the results achieved and the factors leading to success or failure.

The Dibbern et al. (2004) five stage IS Outsourcing model has subsequently been adapted for use in literature reviews for IS Offshoring by Westner (2007) and then contracted to a four stage model (combining the “which” stage with the “how” stage) by Wiener, Vogel, and Amberg (2010). The approach in this literature review retained the five-stage model as there are some nuanced differences between “which” and “how” stages. The results of the literature review analysis and synthesis follow.

Figure 2-5 Five stage model of IS outsourcing (Dibbern et al., 2004)

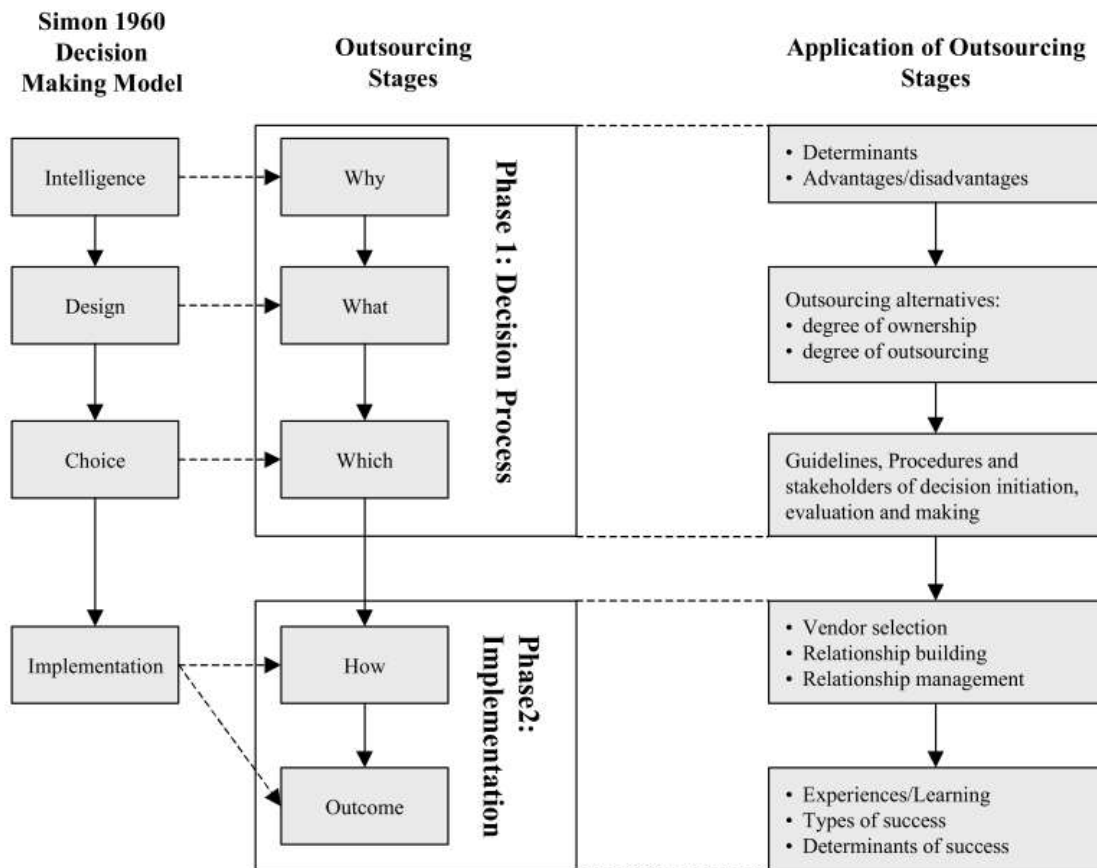


Figure 2-5 Five stage model of IS outsourcing (Dibbern et al., 2004) diagrammatically represents the bridge proposed between Simon (1960)’s rational choice decision-making model (resolving sets of alternatives, preference ordering and pay-offs), and outsourcing stages. This model provides a framework for categorizing outsourcing research literature as an exercise in rational organisational choice.

The application of the Five-Stage Model in selected literature reviews can be seen below in Table 2-5 IT Outsourcing Research by Stage (Dibbern et al., 2004; Strasser et al., 2015; Wiener et al., 2010). Table 2-5, covering literature reviews in the period 2004 to 2015, shows the initial focus of outsourcing research was on the “why” and the “what”. Since 2003 the research focus has been on the “how” and “outcome” stages of outsourcing. The client’s principal preoccupation is on the actual outcome generated from the outsourcing initiative decision once the questions of “why” and “what” are answered (Bharadwaj, Saxena, & Halemane, 2010).

Table 2-5 IT Outsourcing Research by Stage (Dibbern et al., 2004; Strasser et al., 2015; Wiener et al., 2010)

Study/Year	Period	Outsourcing Stage				
		Decision Process			Implementation	
		Why	What	Which	How	Outcomes
Dibbern et al. (2004)	1992	2	0	0	1	0
	1993	2	1	2	2	3
	1994	4	5	0	2	2
	1995	14	7	8	8	3
	1996	7	5	2	2	2
	1997	5	2	3	6	1
	1998	9	7	1	6	6
	1999	2	0	0	7	3
	2000	1	1	1	4	2
	TOTAL	46	28	17	38	22
Wiener et al. (2010)	2003	1	0	0	9	1
	2004	1	1	0	3	1
	2005	2	0	0	1	1
	2006	0	1	0	6	2
	2007	0	5	0	6	4
	2008	0	2	0	11	8
	2009	3	4	0	15	4
	TOTAL	7	13	0	51	21
Strasser et al. (2015)	2010	0	1	2	10	8
	2011	4	1	2	22	10
	2012	1	1	1	7	8
	2013	0	1	1	9	8
	TOTAL	5	4	6	48	34

The table identifies three significant literature reviews which were contiguously conducted over the period from 2004 to 2015 incorporating research in the period from 1992 to 2013. The table shows that as the field of outsourcing research has matured the focus of research shifted from “Why” and “What” to “How” and “Outcome”. This change in research focus suggests that research areas relating to “Why” and “What” diminished and that researchers focussed on more promising areas of research.

2.7 Why Outsource?

Research literature into why an organisation may outsource and offshore has focussed on the determinants that may result in a decision to outsource and the attendant risks and benefits. The motivation for all organisations to outsource is to solve a problem or problems. The literature reveals that the principal problem to be solved by outsourcing is to achieve a reduction in cost or to avoid increasing costs (Cullen, Seddon, & Willcocks, 2005).

Other problems cited as being solved by outsourcing are access to skills, flexible labour models, rapid delivery, access to superior business knowledge, scalability, innovation, and overcoming internal organisational rigidity (Lacity et al., 2011a; Oshri et al., 2015).

These other problems, in one form or another, can be considered as proxies for cost reduction because with little exception, in the absence of outsourcing, their solution would be to spend more money. By way of example, an organisation could access skills simply by buying or importing those skills out of the available labour market. Likewise, an organisation could purchase superior business knowledge from the labour market. In both examples, the additional costs may result in a cost base too high to be competitive with alternative suppliers to the same market. Therefore, the principal problem solved by outsourcing is cost reduction with a desire to focus on core capabilities (Whitley & Willcocks, 2011). This cost reduction focus potentially explains why outsourcing from a low-wage country to a high wage country rarely occurs. The premise is that if all other things are equal then the labour cost remains the key variable followed by the size of the market to support a broader division of labour (Fisher, Hirschheim, & Jacobs, 2009; Wiener et al., 2010).

2.7.1 Sourcing Definition

It is axiomatic that sourcing and outsourcing definitions require more than one party to be involved. Sourcing/outsourcing requires an exchange to take place between someone to source from and someone to whom one can outsource, otherwise all production ends in consumption by the producer. The transformation to an exchange economy involving sourcing/outsourcing and the expansion of productivity through the increasing division of labour/economic specialisation is the foundation of all human advancement (Bauer, 2004). In an exchange economy, the ownership and allocation of resources are performed primarily by private individuals and organisations without the explicit direction of a central authority or government; inasmuch as resource owners are free to make their decisions as to the terms and conditions of their exchanges.

Co-operative economic specialisation is the basis of an exchange economy which provides resource owners with the possibility of a mutual increase in productivity and hence, a better return on their resource ownership. With the promise of better returns the resource owners, are motivated to identify and use social structures which support the most efficient co-operative sourcing of economic specialists (Alchian & Demsetz, 1972).

2.7.2 Outsourcing Definition

The principal distinction between sourcing and outsourcing is whether an exchange is taking place within the administrative control of an organisation or is external to it. Outsourcing lies beyond an organisation's boundaries; the corollary of this definition is that insourcing lies within an organisation's boundaries. Outsourcing research is concerned with the question of what constitutes an organisation's boundary and what are the motivations and capabilities required to cross that boundary in either direction.

In 1937, Ronald Coase (1937) proposed that an organisation's boundary will continue to expand until the cost of undertaking additional transactions within the boundary exceeds the cost of undertaking that additional transaction through market exchange.

The costs of those additional transactions include the cost of price discovery in the marketplace, the cost of contract formation with independent economic specialists, and the cost of coordinating those independent economic specialists. An independent economic specialist is a provider of a good or service who has greater productivity because of the application of superior technology or increasing division of labour. The positive benefit of this additional productivity from economic specialisation is dependent upon any increase in coordination costs being less than the returns for a narrower set of productive tasks (Becker & Murphy, 1994).

With all other things being equal a firm is more likely to engage with an independent economic specialist where the additional costs of engaging in exchange transactions in the marketplace are less than the marginal increase in productivity provided by the independent economic specialist. This increase in productivity is inherently the search for competitive advantage by organisations engaged in a fierce struggle with other market participants. Judgments will be made by firms from time to time as to whether insourcing or outsourcing is a source of competitive advantage which, in and of itself, may reflect supply arrangements within the marketplace as well as the internal capabilities of the firm (Quinn & Hillmer, 1994).

2.7.3 Benefits and Risks Outsourcing

2.7.3.1 Benefits

The literature describes the benefits of outsourcing as reducing costs, increasing efficiency, improving quality, focussing on strategic outcomes, and accessing more or superior resources.

Of these benefits, it is the reduction in cost cited as the principal benefit from outsourcing (Lahiri et al., 2009). Cost is reduced by lowering the price of production inputs or increasing the volume of production for the same production inputs or a combination of both. Identifying cost differentials, such as the difference in labour rates between onshore and offshore locations, or the distribution of fixed labour costs over greater volumes of production is the source of cost reductions (Holweg, Reichhart, & Hong, 2011).

Efficiency, another benefit from outsourcing, comes from an expanded production capacity by exploiting the differences in time zones (“follow the sun”) or utilising economic specialists, with superior technologies or skills, for particular production tasks (Dhar & Balakrishnan, 2006).

Quality improvements from outsourcing are described as a benefit derived from economic specialist providers deploying superior process control. Superior process control provides goods and services which are of higher quality (Gonzalez, Gasco, & Llopis, 2006a).

Strategy benefits from outsourcing arise from an organisation’s focus on core competencies. An outsourcer provides non-strategic activities which then frees up organisational capacity to deliver greater value to its customers (Quinn et al., 1994).

Another benefit ascribed to outsourcing is the ability to access resources which might otherwise be difficult or expensive to access. Access to outsourced resources can overcome short-run or longer-run supply arrangements (Apte, Sobol, Hanaoka, Shimada, Saarinen, Salmela, & Vepsalainen, 1997).

2.7.3.2 Risks

Descriptions of outsourcing risks include loss of control, increased costs, cultural mismatches, loss of intellectual property, diminished capacity to innovate, less security, and the loss of the social licence to operate.

Loss of control to an outsource provider means that an organisation has a diminished capacity to exercise administrative control over the priorities and activities outsourced. An outsource

provider may have different priorities to its customer. These different priorities may result in actions, or inactions, which are not the preferred responses that a customer wants (Smith & McKeen, 2004).

Increased costs, or costs greater than expected, can occur from outsourcing when all costs have not been identified or have been incorrectly estimated. These adverse cost movements can include increased costs of contract formation, monitoring, travel, knowledge transfer and switching costs (Dhar et al., 2006).

Failure to meet expectations of cultural norms, or other miscommunications, arise from cultural mismatches in outsourcing. These mismatches occur in both onshore and offshore outsourcing; though it is more common in offshore outsourcing (Benamati & Rajkumar, 2002).

Loss of intellectual property from outsourcing activities occurs when the outsourcer opportunistically uses the intellectual property from their client to their advantage, or there are insufficient safeguards for the client's intellectual property in the outsourcer's possession (Roy & Sivakumar, 2011).

Outsourcing can lead to a diminution of the capacity to innovate. Innovation requires insights into current, and future customer needs and how best to meet those needs. Outsourcing the management of the client experience reduces the opportunity to develop those insights to support innovation (Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006).

Outsourcing can also result in reduced security for data and other assets. The causes of reduced security are like the risks of loss of control. An outsourcer may make decisions about investments in security or employee screening which expose the customer to security risks to their data, confidential information loss or conversion of other assets (Adeleye, Annansingh, & Nunes, 2004).

Loss of the social licence to operate for an organisation arises where the outsourcing of certain activities may result in negative publicity, legislative change or industrial action. The outsourcing of activities from the public sector to the private sector has received negative publicity. Outsourcing to offshore locations has received negative publicity as exporting jobs which would otherwise go to onshore workers (Cowie, 2007).

2.8 What to Outsource?

Research into what to outsource has concentrated on establishing selection criteria to evaluate available sourcing options. These criteria include the financial benefits of outsourcing; perceptions of risk; organisational experience with outsourcing; availability of suitable suppliers; alignment with organisational/brand strategy; and acceptance as an industry practice.

The pursuit of positive financial benefits from outsourcing the production of goods or services is the most common reason for outsourcing (Lacity, Khan, & Willcocks, 2009b). Identifying the candidate activities for outsourcing which represent the greatest financial benefit is, therefore, a critical question. The comparison of “make versus buy”, or even assessing if “buy” is possible, is the foundation of the assessment of financial benefits. Another source of positive financial benefit is a reduction in the cost of labour as an input to production where labour is a significant cost of production (Taylor & Bain, 2005). Some financial benefits can accrue exogenously such as increases in the stock price where capital markets reward outsourcing decisions in anticipation of higher profitability (Hall, 2005). Indirect financial benefits may also include those of avoided, or reduced, capital spending by converting capital expenditure to operating expenditure (Willcocks & Lacity, 2009).

Evaluation criteria for outsourcing include perceptions of risks associated with candidate activities for outsourcing. The types of perceived risks include performance risk (the failure to realise the benefits of outsourcing); financial risk (the outsourcing will be more expensive than expected); strategic risk (the organisation loses critical capabilities); and psychosocial risk (negative publicity and reputational loss) (Gewald & Dibbern, 2009). Perceived risk reduces where the definition of a candidate activity or process is robust, well documented and stable (Whitaker, Mithas, & Krishnan, 2005).

Organisational experience with outsourcing activities is a criterion for assessing candidate activities for outsourcing. Organisational experience reduces the novelty of outsourcing and supports the realistic expectations of the likely benefits, demands and pitfalls of outsourcing. Lacity et al. (2011a) found that organisational experience was a more significant determinant in ITO than BPO when considering candidate activities and processes for outsourcing.

The availability of suitable suppliers with the capability, price and reliable reputation for the candidate outsourcing activities is a key evaluation criterion. The quantity, or substitutability, of suppliers, can reduce perceptions of risk of failure, high switching costs (Cullen et al., 2005) or of opportunism (Oshri et al., 2015). A large number of suitable suppliers competing will

make opportunistic behaviour by suppliers difficult to sustain (Lacity & Willcocks, 1995b). Feeny, Lacity, and Willcocks (2005) identified 12 core capabilities of vendors: see Table 2-6 12 Core Capabilities of Vendors (Feeny et al., 2005).

Table 2-6 12 Core Capabilities of Vendors (Feeny et al., 2005)

#	Core Capabilities
1.	Domain expertise (understanding and retaining expertise relevant to the outsourced process);
2.	Business management capability (capacity to sustain the outsourcing business);
3.	Behaviour management (reputation for delivery and effective employee management);
4.	Sourcing (ability to access appropriate resources as required);
5.	Technology exploitation (capacity to deliver technology to the outsourced activity);
6.	Process re-engineering (re-imagining how the outsourced activity might be improved);
7.	Customer development (customer service orientation);
8.	Planning and contracting (the capacity to develop business plans and relationships);
9.	Organisational design (structural approach to resource allocation);
10.	Governance (the approach to managing the relationship and performance);
11.	Program management (capacity to prioritise and coordinate interrelated outsourced work); and
12.	Leadership (communication and interpersonal skills of the main outsourcing contact personnel).

Table 2-6 identifies 12 core capabilities required of vendors. The core capabilities include operational, technical and managerial capabilities with a customer focussing on the core capability, or capabilities, most valuable to them. A customer can supplement a vendor's core capability, or capabilities, from internal or external resources to remediate any weaknesses (Feeny et al., 2005).

Alignment with organisational/brand strategy for the identification of a candidate outsourcing activity or process is an evaluation criterion for “what” to outsource. As an example, it would be a misalignment with a strategy for an organisation to outsource a core competency on which its reputation with its customers depends (Arnold, 2000) or its brand was based (Lim & Tan, 2009). If an organisation has decided to build competence leadership for an activity or process as its organisational strategy, then it should not outsource that activity or process. The outsourcing of such activities or processes is likely to result in the development of that strategic competence leadership in the outsourcing organisation instead (Prahalad & Hamel, 1990).

Where it has become an accepted industry practice to outsource an activity or process, then such outsourcing is unlikely to confer competitive advantage. Earlier adopters of the outsourcing practice for candidate activity or process are likely to have been successful which has resulted in the wider-spread adoption of the practice. This success has led to mimetic behaviour from other industry participants to match the success of the early adopters (Kshetri, 2007).

2.8.1 IT Outsourcing

ITO and associated ITES have influenced the ability of organisations to change their organisational boundaries and to act as though the market is a component of their organisational boundaries. This phenomenon occurs where IT extends beyond an organisational boundary but then becomes a critical element of coordinating other outsourcing elements for the organisation which are also beyond the organisational boundary (Loh & Venkatraman, 1992). The (in)famous Kodak transaction in 1989 made a case for ITO. ITO was further supported by the industry trend and research around core competency theory as published by Prahalad et al. (1990) in the year after the Kodak transaction. Prahalad et al. (1990) proposition supported outsourcing of IT where IT was an enabler for an organisation rather than a core competency for an organisation. However, it was this dual attribute of IT outsourcing, (to be both a component of coordinating activities across an organisational boundary as well as being beyond the organisational boundary itself) which is different to a consideration solely of IT outsourcing itself that presented research challenges. This research challenge is because the use of information technology provides for a reduction in the cost of coordinating both internal and external inputs. The external element leads to an increased reliance on market coordination to provide external inputs (Brynjolfsson, Malone, Gurbaxani, & Kambil, 1994).

2.8.2 Business Process Outsourcing

BPO is defined as “the delegation of one or more entire business processes to third party providers, including all related resources, such as information technology and human resources” (Wüllenweber et al., 2008). The business process definition is characterised as the “make or buy” decision for a process previously supplied in-house (Ghodeswar & Vaidyanathan, 2008). The use of this definition would suggest that all economic exchanges crossing an organisational boundary of an unfinished, intermediate, or support, product or service are examples of BPO; a “buy” decision rather than a “make”.

ITO and BPO research has been found to provide similar results which permit ITO theory and practice to be applied to BPO (Lacity et al., 2011a). The similarities in results includes: what motivates BPO decisions and transaction attributes supporting BPO, and, the effects of client/supplier firm characteristics, governance characteristics and country characteristics.

2.8.3 The Role of the Customer in What is Outsourced

Drucker and Maciariello (2008) posit that an organisation exists solely to supply goods and services to non-members of that organisation or, put another way, an organisation exists solely to create a customer for its goods and services. It is the customer, therefore, who ultimately determines whether an organisation will prosper or fail (Drucker, 1974). A business does not exist to supply jobs to workers and managers, nor returns to investors, but to supply goods and services to customers.

Where a non-member of an organisation can choose between organisations to receive the supply of goods and services, then they are a customer. A customer’s perception of value and utility is the basis of their choice (Drucker, 1974). This perception of value and utility may be closely bound to the customer’s perceptions of outsourcing. Outsourced activities or processes which have a negative customer perception may be considered in the “what” to outsource evaluation.

2.9 Which Outsourcing Decision to Make?

Research into which outsourcing decision to make focuses on the process of decision-making. This focus includes procedures, guidelines and stakeholder management as well as the organisational characteristics which affect decision-making. The “which outsourcing

decision” stage when included with the “why” and “what” collectively represent the “decision process phase” of outsourcing (Dibbern et al., 2004).

The application of theoretical constructs, such as those adopted in this thesis of Transaction Cost Economics, Social Exchange Theory, Institutional Theory, Agency Theory and Core Competency Theory, guides organisations in their process of decision-making (Lacity et al., 1995b).

By way of example, a TCE view assesses both the market cost and capability for a product or service compared to the current internal cost for producing that product or service. The transaction costs include the costs of accessing market (Cullen et al., 2005; Oshri et al., 2015). This approach is constrained, however, by bounded rationality, which limits the capacity to find and understand all of the information required to make this assessment and opportunism where counterparties to the transaction both internally and externally may act self-interestedly either ex-ante or ex-post (Aubert et al., 2004). Depending on the outcome of this assessment an election can be made between make or buy.

An Institutional Theory lens requires assessing the organisational field in which the organisation is a participant, as to what is considered the collective norm for processes or products to be outsourced as well as to whether that outsourcing might take place (Ang et al., 1997). If an organisation was uncertain as to the best candidates for outsourcing, then the most likely manifestation of Institutional Theory is to apply the process of mimetic isomorphism by identifying what it perceives to be the most successful outsourcing organisation within its organisational field and simply imitate it (DiMaggio & Powell, 1983). The dominant conceptualisations of Institutional Theory are of social legitimacy which militates against radical outsourcing innovations within an established organisational field; all market participants tend to outsource in the same way with similar outsourcing providers. This tendency can then guide decision-making processes for an organisation. An exception is where the perceived economic benefit of doing something radically different is great, and the organisation has the financial capacity to resist those pressures which otherwise force them to conform. (Ang et al., 1997). This decision would require an assessment of the economic benefit which is itself dependent upon a TCE view of internal versus external sourcing (incorporating transaction costs).

Applying the lens of Core Competency Theory requires a more existential understanding of the rationale for the existence of the organisation itself. If an organisation exists only to create

a customer then what it is that that customer values in particular from that organisation becomes its core competency (Arnold, 2000; Drucker, 1954). So the organisation should only produce those products and services internally which represent those core competencies for which the organisation's customers know it (Prahalad et al., 1990). The Core Competency theory lens makes moot the assessment to what is sourced internally rather than sourced externally. By definition the default proposition should be that there are fewer core competencies to be insourced than non-core competencies to be outsourced; the market is larger than any one organisation. This proposition requires questions to be asked such as: what are we known for in the market?; Is this attribute applicable across the organisation with different products and services?; Are we better than our competitors in these goods and services?; Does this particular service matter to our customers?; and are there prospective changes in our industry like to enhance or diminish this perspective? Depending on the responses to these questions some assessments of transaction cost economics decisions about market capability and market capacity would then be performed (Javidan, 1998).

2.10 How to Outsource?

Research into “how to outsource is concerned with implementation related issues such as vendor selection, contract negotiation and management structures. The implementation of the sourcing decision brings together the elements of operating models, vendors selection, contract formation, change management, candidate process selection, service design, the redesign of existing processes, governance arrangements, and exit strategies (Cullen, Lacity, & Willcocks, 2014; Kobayashi-Hillary, 2004; McIvor, 2010; Oshri et al., 2015). The list below effectively is a checklist from the literature of the issues to consider when outsourcing:

1. **operating model selection** – selective outsourcing, transitional outsourcing or total outsourcing;
2. **vendor selection** - GIC, hybrid or third party;
3. **contract formation** - complete or incomplete contract structures;
4. **change management** - management of both internal and external stakeholders;
5. **candidate process selection** - evaluation of the risks and rewards for processes to be outsourced;
6. **service design** - what is the best design of the process in an outsourced environment;

7. **redesign of existing processes** - what changes need to be made to existing processes to make them suitable for outsourcing;
8. **monitoring and governance arrangements** – how is control of quality, cost and risk maintained; and
9. **exit strategies** - consideration of exit strategies in the event of failure or changed circumstances.

2.10.1 Operating Model Selection

The selection of an operating model will affect outsourcing delivery, the “how”, and the scope and scale of delivery. This selection will also reflect the relative importance of an outsourcing relationship to an organisation (Lacity & Willcocks, 1998). The outsourcing of a portion of a process is different in scope and scale than a total outsourcing of a process.

Lacity et al. (1998) define total IT outsourcing as transferring the responsibility for managing assets, staff, leases and delivery of outcomes to a third party where that transfer represents 80% or more of the IT budget.

Selective outsourcing is where a third party is responsible for selectively outsourced IT activities with responsibility for delivering outcomes for those activities and represents less than 80% of the IT budget. Importantly, the delivery of remaining in-sourced IT activities remains the responsibility of the customer.

Transitional outsourcing is a term-limited outsourcing arrangement which allows an organisation to move to a new IT service environment by having the outsourcer assume responsibility for achieving that outcome (Winder, 1994). Transitional outsourcing supports organisations where the acquisition of skills and experience to effect the move are required for defined period and would otherwise be difficult to obtain.

Dibbern et al. (2004) propose that there are four fundamental parameters to be considered when examining the provision of an outsourced model. The four fundamental parameters are connected to fundamental considerations of organisational strategy with potentially long-term consequences in terms of risk, competitiveness and innovation. The four parameters are:

1. **Degree of outsourcing** (all processes, selected processes, and none);
2. **Mode of outsourcing** (single sourcing or multi-sourcing);
3. **Outsourcing ownership structure** (GIC, jointly owned, third party owner); and

4. **Timeframe** (short run or long run relationships).

These sourcing arrangements reflect the relative importance of the outsourcing relationship to an organisation, its perceptions of core competency and relative competitiveness.

Table 2-7 Types of Sourcing Arrangements (Dibbern et al., 2004)

Degree of Outsourcing	Ownership		
	Internal	Partial	External
Total	Spin-offs (Wholly Owned Subsidiary)	Joint-Venture	Traditional Outsourcing
Selective			Selective Outsourcing
None	Insourcing /Backsourcing	Facilities Sharing among Multiple Clients	NA

Table 2-7 Types of Sourcing Arrangements (Dibbern et al., 2004) shows different ownership models applied to the scale of outsourcing. The level of ownership versus scale of outsourcing reflects the synthesised rational choice decision-making model proposed by Dibbern et al. (2004). Management views on core competence, relative importance, risk, market capability and strategic intent are factors to consider in deciding on ownership models. The total outsourcing of an organisational core competency to an external outsourcing provider is unlikely to be a rational choice exercised by most management teams.

2.10.2 Vendor Selection

The selection of a vendor and vendor model is informed as much by the strategic intent of an organisation as by the capabilities of outsourcing providers and the supply/price/country attractiveness of production inputs (Oshri & Van Uhm, 2012). Oshri (2013) proposes that an organisation should not only consider the relationship it seeks from an outsourced model but how that outsourcing model and relationship may change over time.

There are several different models applicable to outsourcing in an offshore setting. These models include GICs (previously called captives), hybrid and third-party providers. A GIC is a subsidiary of a parent located in an offshore location and has (usually) only one customer which is the parent itself (Penter et al., 2008). What differentiates a GIC from a typical international subsidiary is that it does not undertake work for customers within the country in which it is operating. This operational form allows the parent to take advantage of offshore outsourcing regarding costs, availability of staff and time zone shifting while maintaining administrative control of the operations, intellectual property and plant deployed. GICs can

remain a subsidiary, or as has been seen, move to partial or complete third-party ownership via divestment by the parent (Oshri, 2013). A shared GIC is a GIC with more customers than just the parent (Oshri et al., 2012).

A hybrid provider is a combination of a GIC which has engaged a local supplier to undertake selected elements of the processes outsourced to the GIC. This combination allows the GIC to access a broader range of capabilities, particularly non-core capabilities, than those which it has internalised or access better pricing from economies of scale or similar of local suppliers. As the management of the GIC is located (usually) in the proximity of the local supplier there is a better administrative control framework available by way of regular inspections and contract meetings; than when compared to complete third party providers (Oshri, 2011).

A third-party provider is an arm's length service provider in outsourcing destination countries receiving the benefits of offshore outsourcing without the costs and complications of setting up a GIC. This type of arrangement is a trade-off between reduced cost/convenience and a reduction of administrative control. Typically the kinds of services referred to third-party outsourced providers represent low operational and structural risk with outputs which can be easily measured (Aron & Singh, 2005).

Table 2-8 Choosing the Right Location and Organisational Form (Aron et al., 2005)

Operational Risk	High	Outsource to service provider located nearby (nearshore) e.g. litigation support	Set up GIC centre nearby or onshore e.g. R&D, design	Execute process in-house and onshore e.g. pricing, corporate planning
	Moderate	Offshore and outsourced service provider over time e.g. customer support, clerical processing	Use extended organisation offshore, but monitor closely in real time e.g. logistics coordination	Set up GIC centre offshore e.g. equity research
	Low	Offshore and outsourced service provider e.g. data entry, transaction processing	Use extended organisation offshore e.g. debt collection, technical support	Use extended organisation offshore, but conduct frequent process audits e.g. customer and market analysis
		Low	Moderate	High
		Structural Risk		

Table 2-8 Choosing the Right Location and Organisational Form (Aron et al., 2005) extends Dibbern et al. (2004)'s rational choice decision-making to include management considerations of location, function and risk overlaying ownership/degree of outsourcing seen in Table 2-7 Types of Sourcing Arrangements (Dibbern et al., 2004). Table 2-8 shows low organisational risk and low structural risk (the bottom left-hand box) as represented by data entry and transaction processing. Data entry and transaction processing are proxies for management consideration of little, or no core competency, or strategic organisational importance in making an outsourcing/offshoring decision. The corollary of this management consideration is seen in the top right-hand box where core competency and strategic organisational importance is located onshore and inhouse.

The procurement strategy and process for selecting an outsourcing vendor has a number of variants but are essentially the same contiguous processes. Kobayashi-Hillary (2004) describe the outsourcing vendor selection process as consisting of:

1. researching the market for potential supplier;
2. issuing requests for information on capability and capacity;
3. visiting potential supplier as due diligence on capability and capacity;
4. visiting reference clients as due diligence on capability and capacity;
5. issuing requests to short-listed suppliers for proposals;
6. negotiating with the preferred suppliers; and
7. awarding and executing the contract.

Cullen and Willcocks (2013) propose a vendor selection strategy checklist of:

1. How will we ensure this is a successful selection process?;
2. What will be our approach to the market?;
3. What information will we provide to the bidders?;
4. How will we facilitate the bids to get the best possible response?;
5. How will we ensure that this selection process is defensible?;
6. How will we ensure we pick the right supplier?; and
7. How will we inform bidders of their success or otherwise?

2.10.3 Contract Formation

The objectives of contract formation are to prescribe the client-vendor relationship between the contracting parties who are then able to evaluate the elements exchanged under the contract (Aubert, Houde, Patry, & Rivard, 2003). This prescription and evaluation construct is designed to lead the contracting parties to minimise conflict and maximise mutual gain from the mutual exchange (Williamson, 2002). This construct aligns incentive intensity, administrative control and contract law jurisdiction in which the contracting parties are operating (Williamson, 1991).

Complete, or explicit, contracts seek to specify the elements exchanged as well as prescribe all responses to changing circumstances which may occur over the life of a contract. The ability to identify all of the changing circumstances is constrained by the inability of the human mind to find and use all of the information regarding the possible changes in circumstances (Aubert, Rivard, & Patry, 1996). Kern and Willcocks (2002b) found that longer term outsourcing contracts suffer from inherent incompleteness as they cannot cater for every contractual contingency. A complete contract is, therefore, better suited to commodity-like services delivered over shorter time spans. Commodity-like services and shorter time spans reduce uncertainty as there is a reduced set of contractual contingencies.

Incomplete contracts fail to prescribe the response to all the contingencies which may arise during the term of a contract leading to uncertainty. TCE says that uncertainty poses adaptive challenges on contracts requiring governance mechanisms to respond to contingencies and to reduce the probability of opportunism from the contracting parties (Aubert et al., 2003). Ineffective governance mechanisms within incomplete contracts will lead to higher contracting costs as greater efforts in contractual prescription will occur ex-ante or opportunistic behaviours arising from contingencies will result in contractual relationship breakdown ex-post through maladaptation (Williamson, 2005).

2.10.4 Change Management

The successful introduction of outsourcing requires the application of operations management techniques dealing with change, process improvement, knowledge and performance (Busi et al., 2008). To shift an organisation from its current state to a future state requires strong change management skills (Cullen et al., 2014). The strong change management skills of the outsourcing provider facilitate changes with the organisation and internal/external stakeholders such as regulators, customers, individuals and teams. Lacity and Willcocks (2014) identified strong transition and change management capabilities from the outsourcer and the organisation

as key capabilities for optimal BPO performance. Cullen and Willcocks (2003) identify a strong communications strategy as the foundation of an effective change management strategy as stakeholder uncertainty can affect the probability of success; see Table 2-9 Communications Stakeholders (Cullen et al., 2003). Table 2-9 shows stakeholder communication strategies to effect change to an outsourcing model. The change management communication strategy highlights that the management of organisational change is common regardless of whether it is an outsourcing change or some other form of change affecting stakeholders. Organisations are constantly required to respond and adapt to changes in their operating environment (competitors, technology, customer expectations) resulting in change strategies becoming core corporate skills (Appelbaum, Habashy, Malo, & Shafiq, 2012).

Table 2-9 Communications Stakeholders (Cullen et al., 2003)

Internal Stakeholder	Issues	Options		
Staff	How will I be affected? What are my options? How do I explore them? What assistance will I be given? What is working for a supplier like? When is it all going to happen? What is expected of me now?	<ul style="list-style-type: none"> • Open forums • Meetings 	<ul style="list-style-type: none"> • Newsletter • Counselling 	<ul style="list-style-type: none"> • Email • Hotline
Customers/Users	How will this affect service? How can we ensure our needs will be met? Whom should we be talking to?	<ul style="list-style-type: none"> • Liaison groups 	<ul style="list-style-type: none"> • Briefings 	<ul style="list-style-type: none"> • Newsletter
Human resources department	Which employees will be affected? Who will remain, transferred, made redundant? What precedence has been set by the organisation and by other organisations? What is our role?	<ul style="list-style-type: none"> • Meetings 	<ul style="list-style-type: none"> • Working Party 	<ul style="list-style-type: none"> • Steering committee involvement
Finance/accounting department	What is the budget for the project? How will the supplier be paid for different services? Where there be interfaces to our financial systems? Will there be any asset sales? What is our role?	<ul style="list-style-type: none"> • Meetings • Working Party 	<ul style="list-style-type: none"> • Working Party 	<ul style="list-style-type: none"> • Steering committee involvement
Legal department	What sort of contract will be signed? What are the applicable laws? Will we be using outside lawyers to draft the contract? What is our role?	<ul style="list-style-type: none"> • Meetings 	<ul style="list-style-type: none"> • Working Party 	<ul style="list-style-type: none"> • Steering committee involvement
Management	What are all the options for consideration? What are other organisations' experiences? What are our competitors doing? Who are the potential suppliers? What is the bottom line impact and what are other benefits? What risks are present and how will we manage them? What is the schedule? What are the key issues?	<ul style="list-style-type: none"> • Steering committee involvement 	<ul style="list-style-type: none"> • Progress reports 	<ul style="list-style-type: none"> • Meetings
External Stakeholder	Issues	Options		
Suppliers	What are desirable products/services? What is the contract worth? How long is the contract? What is desirable in a relationship? With whom should we be talking? What is the timetable?	<ul style="list-style-type: none"> • Briefings 	<ul style="list-style-type: none"> • Site visits 	<ul style="list-style-type: none"> • Informal discussions
Media	Who won? How much is it worth? What will change? Will there be job losses?	<ul style="list-style-type: none"> • Press releases 	<ul style="list-style-type: none"> • Interviews 	

2.10.5 Candidate Process Selection

Selecting candidate processes identifies “well-defined, self-contained, and measurable” processes which are stable with established practices with little variance are ideal candidates for outsourcing (Tas & Sunder, 2004). These processes need to be matched with the capability and cost of the market as well as being aligned with the strategy of the organisation. Cullen et al. (2003) recommend a five-step approach:

1. mapping the services – decompose the services to define scope and provision location;
2. establishing the selection criteria – consider the rationale for short versus long outsourcing arrangements, and the impediments to outsourcing;
3. applying the criteria – take each criterion independently and plot into the service map it applies to;
4. aggregating the results – consolidate the evaluation; and
5. prioritising and grouping services – ranking the priorities for outsourcing and service groupings.

Davenport (2005) identifies process standardisation as providing an easier outsourcing of process capabilities. Davenport’s process standardisation consists of three elements: 1) process activity and flow standards supporting common communication protocols on outsourced processes; 2) process performance standards allow the comparison of performance between internal and external providers; and 3) process management standards which indicate the level to which a process is being managed and measured.

2.10.6 Service Design

Service design is the framework for structuring organisational forms, defining processes and creating user/customer service experiences (Stickdorn, Schneider, Andrews, & Lawrence, 2011). Service design’s relationship with process and customer experience influences those process selection and the role outsourcing in organisational form. Chase and Tansik (1983) developed a customer-centric view of service design which addresses the service design problems of organisations. These problems include:

1. interdependence by forming sub-units according to high-contact or low-contact task dominance;

2. differentiation/integration by staffing according to technical skills (low-contact) and high interpersonal skills (high-contact) and utilising boundary spanning roles such as liaison;
3. uncertainty by establishing linkage between high-contact and low-contact sub-units; and
4. participation by distinguishing the corporate mission from operational objectives, then relating work groups and tasks to objectives based upon contact requirements.

Wemmerlöv (1990) developed a taxonomy of service processes for positioning service design strategies. The taxonomy uses “rigid service processes” (standardised services) and “high divergence services” (customised services) as applied to three degrees of customer contact (none/indirect/direct); see Table 2-10 Locations of Assorted Processes in the Service Process Taxonomy (Wemmerlöv, 1990). Table 2-10 shows the categories applicable to customer experiences. Outsourcing research presumes that the service design for onshore and offshore activities remains the same. The customer experience may be affected by the degree or type of outsourcing. The use of an Indian call centre with difficult to understand accents may be an inappropriate service design for documenting medical histories where miscommunication results in serious injury to a patient. Busi et al. (2008) identified service design as one of the key elements of managing outsourcing arrangements as well a top-ten research priority.

Table 2-10 Locations of Assorted Processes in the Service Process Taxonomy (Wemmerlöv, 1990)

Degree of Customer Contact		Low Divergence (Standardised Service)			High Divergence (Customised Service)		
		Processing of Goods	Processing of Information or Images	Processing of People	Processing of Goods	Processing of Information or Images	Processing of People
No customer contact		Dry cleaning	Check processing		Auto repair	Computer programming	
		Restocking a vending machine	Billing for a credit card		Tailoring a suit	Designing a building	
Indirect customer contact			Ordering groceries from a home computer			Supervision of a landing by an air traffic controller	
			Phone-based account balance verification			Bidding at a TV auction	
Direct Customer Contact	No customer-service worker interaction (self-service)	Operating a vending machine	Withdrawing cash from an automatic bank teller	Operating an elevator	Sampling food at a buffet dinner	Documenting medical history at a clinic	Driving a rental car
		Assembling premade furniture	Taking pictures in a photo booth	Riding an escalator	Bagging of groceries	Searching for information in a library	Using a health club facility
	Customer-service worker interaction	Food serving in a restaurant	Giving a lecture	Providing public transportation	Home carpet cleaning	Portrait painting	Haircutting
		Car washing	Handling routine bank transactions	Providing mass vaccination	Landscaping service	Counselling	Performing a surgical operation

2.10.7 Redesign of Existing Processes

Business process redesign seeks outcome improvement from a given set of inputs by rethinking and reconstructing business processes (Dumas, La Rosa, Mendling, & Reijers, 2013). Outsourcing of existing business process affords the explicit opportunity to rethink and reconstruct business processes. Process redesign of outsourced processes is undertaken to ensure that the expected outsourcing outcomes are realised (Kobayashi-Hillary, 2004). The new way of working, which outsourcing represents for an organisation, leads to the opportunity to re-engineer workflows, authorisations and communications to realise improvements in critical performance outcomes like cost, quality and speed (Cullen et al., 2014). In redesigning outsourcing processes, it remains essential that core capabilities and controls be retained to both monitor and remediate vendor performance (Feeny & Willcocks, 1998). Approaches to process redesign and optimisation include:

1. Total Quality Management – focussed on continuous improvement;
2. Operations Management – focussed on physical and technical functions with issues of control and predictability;
3. LEAN – focussed on the elimination of waste from a customer’s perspective; and iv) Six Sigma – focussed on minimising defects.

Dumas et al. (2013) propose a seven-element framework for business process redesign:

1. the internal or external customers of the business process;
2. the business process operation view, which relates to how a business process is implemented, specifically the number of activities identified in the process and the nature of each activity;
3. the business process behaviour view, which relates to the way a business process is executed, specifically the order of executing activities and how these are scheduled and assigned for execution;
4. the organisation and the participants in the business process, captured at two levels: the organisational structure (elements: roles, users, groups, departments, et cetera), and the organisational population (individuals: agents which can have activities assigned for execution and the relationships between them);
5. the information that the business process uses or creates;

6. the technology the business process uses; and

7. the external environmental situation for the processes.” (Dumas et al., 2013)

Following a business process redesign exercise, there may still be a requirement for the reengineered process to be stabilised, consolidated and further developed to achieve full optimisation deployment (Becker, Kugeler, & Rosemann, 2013).

2.10.8 Monitoring and Governance Arrangements

The primary purpose of monitoring and governance arrangements is to manage and minimise the interdependency risks between the parties to an outsourcing contract (Gewald & Helbig, 2006). Bahli and Rivard (2003) identify the interdependency risks to be managed in Table 2-11 The IT Outsourcing Risk Assessment Framework (Bahli et al., 2003).

Table 2-11 The IT Outsourcing Risk Assessment Framework (Bahli et al., 2003)

Scenarios	Risk Factors	Consequences	Mitigation Mechanisms
Lock-in	Asset specificity Small number of suppliers Client’s degree of expertise in outsourcing contracts	Cost escalation and service debasement	Mutual hostaging Dual sourcing
Costly contractual amendments	Uncertainty	Cost escalation and service debasement	Sequential contracting Contract flexibility
Unexpected transition and management costs	Uncertainty Client’s degree of expertise in IT operations Client’s degree of expertise in outsourcing contracts Relatedness	Cost escalation and service debasement	Clan mechanisms Use of external expertise
Disputes and litigation	Measurement problems Supplier’s degree of expertise in IT operations Supplier’s degree of expertise in outsourcing contracts	Cost escalation and service debasement	Alternative methods of dispute resolution Clan mechanism Use of external expertise

Table 2-11 shows the risk factors informing the rational choice decision-making model applied by management to alternative choices in sourcing/outsourcing. Scenario testing exposes the risk factors, a combination of risks accruing from Agency Theory and TCE. The risk factors of asset specificity (TCE – avoiding gouging), small number of suppliers (Agency Theory –

cost of an agent), client's capabilities in outsourcing contracts (Agency Theory – the cost of monitoring) and uncertainty (TCE – an incomplete understanding of the future) are examples of this.

Effective governance arrangements should incorporate the mitigation mechanisms proposed by Bahli et al. (2003). Cullen et al. (2014) identify the pathway to appropriate monitoring and governance arrangements to mitigate interdependency risks by seeking the answers to the following questions: 1) what does governance success look like? (A. where both contracting parties received mutual benefits they were seeking from the original contracting position); 2) how do you measure governance success? (A. by comparing expected benefits with received benefits for each of the contracting parties); 3) what is the right way of measuring the goodness of any of these deals? (A. by the connecting the expected benefits to measurable indicators); and 4) what is the right kind of framework to pull this together? (A. depends on TCE dimensions to determine the right kind of framework)

The three critical dimensions of TCE which characterise transactions are frequency (whether it is worthwhile investing in governance structures for infrequent transactions), uncertainty (bounded rationality means contracting parties can't foresee all possible future scenarios so need adaptable governance structures) and asset specificity (relationship-specific investments increase the risk of opportunistic behaviour due to lock-in so protective governance is required) (Williamson, 1979). These critical dimensions will determine the most efficient governance structure for the outsourcing arrangement. The two principal forms of governance are contractual governance and relational governance (Huber, Fischer, Dibbern, & Hirschheim, 2013). Contractual governance has greater strengths in prescribing expected outcomes and behaviours for the client and vendor, thereby restricting the tendency towards opportunism by either party. Relational governance is better able to adapt to unforeseen events as it allows flexible responses without prescribing responses within the contract.

An additional element of governance (and interdependence risk) consideration is what happens when the outsourcing contract ends (Power, Bonifazi, & Desouza, 2004).

2.10.9 India Outsourcing

The Indian offshore outsourcing industry commenced in 1979 with the outsourcing of American Express accounting processes to the local Indian firm Tata Consultancy Services. Following the American Express contract was the outsourcing of services by Texas Instruments and Motorola. IT outsourcing in India grew dramatically during the 1990s as the demand for

skilled labour to support Y2K code remediation drove up costs in Western economies. India has since become the leading outsourcing destination for many Western economies (Agrawal, Goswami, & Chatterjee, 2010; Cullen et al., 2014; Kobayashi-Hillary, 2004).

The country characteristics of India which have supported this development include: stable Indian Central Government policy support; a large, youthful and educated English-speaking population; Indian infrastructure investments supporting ITES; the UK based form of Indian civil institutions/legal structures; and generally low production costs than Western economies (Kobayashi-Hillary, 2004; Liu, Feils, & Scholnick, 2011). Indian Central and State Government policy support have included tax incentives for offshore outsourcing to India and the provision of technology parks for both foreign and local outsourcing operations (Kesavan, Mascarenhas, & Bernacchi, 2013). These factors increased Indian service exports, principally from outsourcing, by 30% each year in the five years from 2001 to 2006 (Penfold, 2009).

2.10.10 India Offshore Outsourcing

The prominence of India in offshore outsourcing is the result of the confluence of many factors. These factors include (Agrawal et al., 2010; Cullen et al., 2014; Kesavan et al., 2013):

1. Comparatively low wages;
2. English speaking;
3. Well educated cohort of young people;
4. Comparatively politically stable;
5. Tax incentives for direct foreign investment in outsourcing operations;
6. Good international travel links; and
7. Good (and improving) telecommunications.

The demographic complementarities of India's youthful population versus ageing western economies supports the continued growth in the supply of well educated, young people (Asher & Nandy, 2007). In 2003, Gartner (Saran, 2003: cited in Kobayashi-Hillary, 2004) published a comparative analysis of outsourcing country destinations rating India as "the most desirable destination for outsourcing".

Table 2-12 Gartner Choosing an Offshore Outsourcing Location (Saran, 2003: cited in Kobayashi-Hillary, 2004)

Gartner Country Ratings	India	China	Israel	South Africa	Northern Ireland	Ireland	Czech Republic	Poland	Hungary	Russia
	Government Support	E	F	G	F	VG	VG	P	F	F
Labour Pool	E	G	G	F	G	G	F	G	G	VG
Infrastructure	F	P	VG	F	VG	VG	F	F	P	P
Education System	VG	F	VG	G	VG	VG	G	G	F	VG
Cost	E	E	F	VG	G	F	VG	G	VG	E
Political Stability	F	F	P	F	G	E	VG	G	F	F
Cultural Compatibility	F	P	VG	E	E	E	VG	VG	VG	G
Data/IP Security	G	P	VG	G	E	E	F	F	F	P
Overall Climate	VG	P	F	F	G	G	F	F	P	F

Legend

P	Poor
F	Fair
G	Good
VG	Very Good
E	Excellent

Table 2-12 compares the relative merits of offshore outsourcing locations. This table, when combined with Table 2-8 Choosing the Right Location and Organisational Form (Aron et al., 2005) are examples of the considerations of management when rational choice decision-making as to an outsourcing location. Outsourcing to Russia assessed as having poor government support, with an expensive GIC facility containing high asset specificity plant represents significant risk in the circumstances where civil enforcement of contracts is politically determined. However, an outsourced data entry service located in Russia with an external outsourced provider represents minimal risk as a dispute with the outsourced provider leads to the termination of a contract rather than the loss of an expensive and difficult asset to replace.

In the period since 2003, India has continued to dominate in the provision of ITO and BPO services notwithstanding a decrease in the differential between wages between western economies and India (Oshri et al., 2015). Within India, however, not all cities or states can be

considered equal. There is a significant difference between the attractiveness of outsourcing to Bengaluru in the state of Karnataka compared to outsourcing to Patna in the state of Bihar. Patna has inferior infrastructure, less skilled labour and political instability when compared to Bengaluru (Das & Sagara, 2016). The ranked attractiveness of cities rather than countries is a more appropriate evaluation tool for determining the location of outsourcing centres. Six of the top ten global outsourcing cities in 2014 are in India (Oshri et al., 2015).

The composition of work outsourced to India has significantly changed over the past 15 years from lower-value work to higher-value work and from voice to non-voice orientated work. This shift reflects both the increasing maturity and skill of Indian outsourced operations and some problems in the deployment of Indian-accented call centre workers making calls to Western economies; particularly with outbound call services such as marketing and debt collection calls (Cowie, 2007). Voice orientated work dealing with inbound calls to a call centre in India has been less troublesome for Indian-accented call centre workers. A significant proportion of outbound call services relocated to the Philippines or South Africa where the accents of local staff have caused fewer problems with call recipients (O'Malley, 2013). The problems have occurred because of the difficulty of Western recipients to understand the accent as well as elements of cultural bias and resentment at the relocation of work to India (Taylor et al., 2005). Filipino accents, by comparison, are more nuanced to an American ear and South African accents are akin to Australian and New Zealand accents; all of which make for easy call outcomes in western destination countries (Poster, 2007).

2.11 Outsourcing Outcomes

Outsourcing outcomes research focusses on the determinants of success and evaluation of performance. Meeting or exceeding the original objectives supporting the initial decision is the evaluation assessment benchmark. The use of this benchmark means that most measures turn on initial expectations of the likely outcomes. These expectations may change during an outsourcing relationship which suggests that measures of success may also be different at different times. These changes over time become more problematic as counterparties to a sourcing relationship, the client and the vendor, may have two divergent views as to what the initial expectations were (Belassi & Tukel, 1996).

Cullen, Seddon, and Willcocks (2009) 25-point framework based upon their ITO-based research compares ITO expectations and the outsourcing outcomes achieved:

Table 2-13 IT Outsourcing Outcomes, References and Measures (Cullen et al., 2009)

#	Outsourcing Outcome	Measure
1.	Demonstrable value for money (Fowler & Jeffs, 1998; Hui & Beath, 2001; McAulay, Doherty, & Keval, 2002)	More value being delivered for the same spend or the same value being delivered for less spend measured by financial results and services provided after outsourcing
2.	Market price under internal cost (Apte et al., 1997; Dibbern et al., 2004; Fowler & Jeffs, 1998; Lacity & Willcocks, 2001; McAulay et al., 2002)	A simple price comparison by benchmarking or direct quotation comparison between internal provision and outsourced services
3.	Ongoing cost reduction (Apte et al., 1997; Lacity & Willcocks, 2001; Lee, Miranda, & Kim, 2004; Lee & Kim, 1999; McAulay et al., 2002)	Demonstrated reduction in cost over time as measured by financial results after outsourcing
4.	Stabilise and predict costs (Apte et al., 1997; Grover, Cheon, & Teng, 1996)	Stability and predictability in costs as measured by financial results after outsourcing
5.	Means of financing assets (Apte et al., 1997)	Reduced call on capital whilst providing access to assets as measured by financial results after outsourcing
6.	Convert capital to operating expense (Lacity & Willcocks, 2001; Lee et al., 2004)	Reduced call on capital and increase in operational expenditure as measured by financial results after outsourcing
7.	Aggregate total demand for economies (Fowler & Jeffs, 1998; Grover et al., 1996)	Reduced number of projects or IT related infrastructure as measured by projects or infrastructure assets used after outsourcing
8.	Cash for sale of assets (Lee et al., 2004; McFarlin & Nolan, 1995)	Assets sold as measured by financial results after outsourcing
9.	Reduce staff numbers (Fowler & Jeffs, 1998; McAulay et al., 2002)	Reduced staff numbers as measured by financial results after outsourcing
10.	Rationalise/consolidate assets (Fowler & Jeffs, 1998; Lacity & Willcocks, 1998)	Assets sold or consolidated as measured by financial results after outsourcing
11.	Remedy for poor performance (Cullen et al., 2014)	Improved performance as measured by financial results and key performance indicators
12.	Improve service (Dibbern et al., 2004; Lacity & Willcocks, 2001; McAulay et al., 2002)	Improved performance as measured by key performance indicators
13.	Obtain services not available internally	Pre and post outsourcing services provided comparison

#	Outsourcing Outcome	Measure
	(McAulay et al., 2002)	
14.	Improve discipline/accountability (Lacity & Willcocks, 2001)	Improved performance as measured by key performance indicators
15.	Obtain better/more expertise (Apte et al., 1997; Fowler & Jeffs, 1998; Grover et al., 1996; Lacity & Willcocks, 2001; Lee et al., 2004; McAulay et al., 2002)	Improved performance as measured by key performance indicators after outsourcing
16.	More flexible work practices (Fowler & Jeffs, 1998; McAulay et al., 2002)	Improved performance as measured by key performance indicators after outsourcing
17.	Align resource supply to demand/minimise capacity gap (Apte et al., 1997; Cheon et al., 1995; Lee et al., 2004)	Improved labour utilisation rates after outsourcing
18.	Obtain better/more technology (Apte et al., 1997; Fowler & Jeffs, 1998; Grover et al., 1996; Lee et al., 2004; McAulay et al., 2002)	Pre and post outsourcing technology comparison
19.	Standardise technology (Grover et al., 1996; Lacity & Willcocks, 2001; McAulay et al., 2002)	Pre and post outsourcing variance comparison in technologies used
20.	Standardise services (Lacity & Willcocks, 2001; McAulay et al., 2002)	Pre and post outsourcing service variance comparison
21.	Concentrate on core business (Fowler & Jeffs, 1998; Grover et al., 1996; Lee et al., 2004; Quinn & Hillmer, 1994)	Pre and post outsourcing competencies variance comparison
22.	Refocus internal IT staff on high-value/strategic activities (Apte et al., 1997; Fowler & Jeffs, 1998; Lacity & Willcocks, 2001; Lee et al., 2004; McAulay et al., 2002)	Pre and post outsourcing strategic alignment variance comparison
23.	Contribute to business (Hui & Beath, 2001; Lacity & Willcocks, 2001)	Pre and post outsourcing strategic alignment variance comparison and financial results comparison
24.	Access to best practices, new developments (Fowler & Jeffs, 1998; Grover et al., 1996; Lacity & Willcocks, 2001; McAulay et al., 2002)	Pre and post outsourcing comparison of maturity models
25.	Industry development (Lacity & Willcocks, 2001)	Pre and post outsourcing comparison of industry participants.

Outsourcing outcomes stage is the last of the five stage rational choice decision-making proposed by Dibbern et al. (2004) in Figure 2-5. Contemporary research focuses on outcomes as seen in Table 2-5 IT Outsourcing Research by Stage (Dibbern et al., 2004; Strasser et al., 2015; Wiener et al., 2010). Table 2-13 addresses the types of researched outsourcing outcomes and how they are measured. The outcome most often reported as the outcome sought is “Demonstrable value for money”. The criteria of cost versus budget, time versus project schedule, quality measurements, client satisfaction and other measures peculiar to a particular sourcing instance determine the sourcing outcomes (Belassi et al., 1996).

2.11.1 Outsourcing Research

Outsourcing research has focussed principally on IS outsourcing with 15 of the 20 most impactful literature reviews on outsourcing being IS related; see Table 2-14 Ten Most Impactful ITES Outsourcing Literature Reviews Between 1991. Vom Brocke et al. (2009) propose reviewing seminal works, often found in previous literature reviews, to identify key issues relevant to the research topic. Machi and McEvoy (2016) suggest using literature reviews to identify useful frameworks and categorisations applied to a research domain. The approach taken in this literature review was guided by an initial study of previous outsourcing and offshoring literature reviews.

Publish or Perish software (Harzing, 2007) accessing Google Scholar was used to generate a ranked impact rating of literature reviews since 1991. The search terms “literature” combined with “information systems outsourcing”, “business process outsourcing”, “IT outsourcing”, “offshoring”, “ITO” and “BPO” were used to generate a ranked list based upon impact measures. The resultant list of papers was then reviewed to exclude papers which were not directly related to the topic and to reduce the number to ten. Table 2-14 Ten Most Impactful ITES Outsourcing Literature Reviews Between 1991 shows the ten most impactful literature reviews on ITES outsourcing in the period from 1991 to 2017.

In Table 2-14 the five stage model for outsourcing decision-making seen at Figure 2-5 Five stage model of IS outsourcing (Dibbern et al., 2004) is the most used categorisation framework in ITES literature reviews. The synopsis of the literature reviews shows that TCE is the dominant theory for ITES outsourcing, the determinants of success in ITES outsourcing remains problematic, case studies are most commonly ITES research method used and that there is an emergent need for endogenous ITES outsourcing theory.

Table 2-14 Ten Most Impactful ITES Outsourcing Literature Reviews Between 1991-2017

Authors	Title / Period / Articles	Synopsis
Dibbern et al. (2004)	Information systems outsourcing: a survey and analysis of the literature Period: 1992-2000 Articles Reviewed: 84 Citations: 1,494 Citations Per Year: 114.9	The analysis used on a stage model of decision making: “why”, “what”, “which”, “how” and “What is the outcome” of outsourcing. The stage model then linked to reference theory. Future research will focus on offshore outsourcing and BPO
Lacity et al. (2009)	A review of the IT outsourcing literature: Insights for practice Period: 1990-2008 Articles Reviewed: 191 Citations: 575 Citations Per Year: 71.88	Insights into six key ITO topics identified with a focus on the determinants of ITO, ITO strategy and management of risks. The future research focussed on the bundling of ITO and BPO.
Gonzalez, Gasco, and Llopis (2006b)	Information systems outsourcing: A literature analysis Period: 1988-2005 Articles Reviewed: 131 Citations: 324 Citations Per Year: 29.5	Main topics, methodologies, authors, and countries were analysed. IS Outsourcing remains under theorised with most research being empirical case and field studies.
Lacity, Khan, Yan, and Willcocks (2010)	A review of the IT outsourcing empirical literature and future research directions Period: 1992-2010 Articles Reviewed: 164 Citations: 324 Citations Per Year: 46.3	Dependent and independent variables were coded, and relationships between them identified. Future research should avoid “dead ends” and focus on strategic decision making, outcomes, firm capabilities, destinations other than India, effects of environment, theory development and emerging models/trends.
Fjermestad and Saitta (2005)	A strategic management framework for IT outsourcing: A review of the literature and the development of a success factors model Period: 1981-2004 Articles Reviewed: 29 Citations: 83	The preparation of a strategic framework generated a checklist of success factors. The framework includes business alignment, infrastructure, management support and strategic partnership.

Authors	Title / Period / Articles	Synopsis
	Citations Per Year: 6.9	
Jiang and Qureshi (2006)	Research on outsourcing results: current literature and future opportunities Period: 1990-2003 Articles Reviewed: 168 Citations: 195 Citations Per Year: 17.7	Three major gaps in the literature are identified: lack of objective measures for evaluating outsourcing results; inability to determine value of a firm as a function of sourcing implementation; and lack of research on the outsourcing contract.
Alsudairi and Dwivedi (2010)	A multi-disciplinary profile of IS/IT outsourcing research Period: 1992-2008 Articles Reviewed: 315 Citations: 50 Citations Per Year: 7.14	A systematic analysis of IT research identifying frequently published authors and institutions. US and UK identified as the predomination location for research with Willcocks, L. and Lacity, M. the most prolific publishing researchers. Emerging protectionism in many countries may have adverse impacts on outsourcing.
Wiener et al. (2010)	Information systems offshoring - a literature review and analysis Period: 1999-2009 Articles Reviewed: 96 Citations: 36 Citations Per Year: 5.14	The analysis used the focus, approach, and theory of research. The analysis supports more theory-based approaches to research. Future research should look at the pre-implementation of offshoring and consider client and offshore provider perspectives.
Lacity, Khan, and Yan (2016)	Review of the empirical business services sourcing literature: an update and future directions Period: 2010-2014 Articles Reviewed: 174 Citations: 12 Citations Per Year: 12	Extends earlier literature reviews on ITO and BPO by combining them into a business services review. The nine transaction attributes identified in earlier studies (Lacity et al., 2010; Lacity, Solomon, et al., 2011) were consistent with the information from this review.
Westner (2007)	Information systems offshoring: A review of the literature Period: 1996-2006 Articles Reviewed: 66 Citations: 11 Citations Per Year: 1.1	The offshoring research uses interpretive research methods and not based on theory. Most research focuses on “why”, “how”, and “outcome” of ISO Offshoring. Future research should address “what” and “which” to offshore and use empirical research methods.

Table 2-15 Five ITES Outsourcing Literature Reviews in the Period 2015-2017

Authors	Title / Period / Articles	Synopsis
Lacity et al. (2016)	Review of the empirical business services sourcing literature: an update and future directions Period: 2010-2014 Articles Reviewed: 174 Citations: 12 Citations Per Year: 12	Extends earlier literature reviews on ITO and BPO by combining them into a business services review. The nine transaction attributes identified in earlier studies (Lacity et al., 2010; Lacity, Solomon, et al., 2011) were consistent with the information from this review.
Lin and Vaia (2015)	The concept of governance in IT outsourcing: a literature review Period: 1992-2014 Articles Reviewed: 34 Citations: 4 Citations Per Year: 2.0	The literature review identified two research themes in governance structure and governance mechanisms. Different coordination mechanisms are applied across the ITO lifecycle. Future research directions are a greater emphasis on interdisciplinary studies of governance in ITO.
Durst, Edvardsson, and Bruns (2015)	Sustainable knowledge management and the outsourcing of core competences—Does that fit together? Initial insights from a literature review Period: 2006-2013 Articles Reviewed: 13 Citations: 3 Citations Per Year: 1.5	The literature was summarised in five themes: reasons for and against knowledge competence (KC) outsourcing; consequences of KC outsourcing; contributing factors to the success of KC outsourcing; and framework/theory development. It was found that KC outsourcing supports a strategy for reaching sustainable business development.
Khan, Khan, Khan, and Ali (2015)	Motivators in Green IT-outsourcing from Vendor's Perspective: A Systematic Literature Review Period: 1999-2013 Articles Reviewed: 82 Citations: 2 Citations Per Year: 1.0	The literature review identified nine motivators for the adoption of Green IT-outsourcing vendors. The motivators are: 1) energy efficiency; 2) development and use of environment-friendly software; 3) overall business cost reduction; 4) promoting reusability and sustainability both in terms of hardware and software; 5) improving quality of services; 6) deployment of virtualisation strategies; 7) use of cloud-based resources; 8) lowering CO2 emission; and ix) use of green IT equipment.

Authors	Title / Period / Articles	Synopsis
Schmidt, Müller, and Rosenkranz (2015)	Identifying the Giants: A Social Network Analysis of the Literature on Information Technology Outsourcing Relationships Period: 1992-2010 Articles Reviewed: 164 Citations: 1 Citations Per Year: 0.5	Over 2000 ITO client-vendor relationships were the subject of the review from within the 164 papers. Important knowledge gaps were identified in relation to knowledge sharing, trust and control. Specific endogenous ITO theories have yet to be developed such as ITO Client-Vendor relationship theory. The concept of social network analysis as valid method for ITO research was posited.

Table 2-15 Five ITES Outsourcing Literature Reviews in the Period 2015-2017 identifies a smaller set of five outsourcing literature reviews published from 2015 to 2016. These reviews provide a contemporary insight into current themes but have not accumulated sufficient citations to be considered impactful. Current themes include sustainability, green-IT and governance. Table 2-15 also shows the literature review themes shifted towards governance/relationships and combining ITO with BPO to focus on business services. This potentially reflects the downturn in research in outsourcing and BPO seen Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017). Governance/relationships and a business services research focus potentially represent new research directions.

Table 2-16 The Most Impactful Offshoring Literature Reviews Since 1991-2017

Authors	Title / Period / Articles	Synopsis
Crinò (2009)	Offshoring, multinationals and labour market: a review of the empirical literature Period: 1995-2008 Articles Reviewed: 43 Citations: 242 Citations Per Year: 30.3	The four main effects of offshoring on developed countries labour markets are summarised as: i) lowering relative labour demand for lower skilled labour; ii) increasing elasticity of labour by increasing risk of job loss; iii) offshoring of services reduces overall employment but skews positively for high skilled workers; and iv) changes in relative wages changes the location of labour provision.
Schmeisser (2013)	A systematic review of literature on offshoring of value chain activities Period: 1998-2012 Articles Reviewed: 63 Citations: 63 Citations Per Year: 15.8	Literature is mapped to an offshoring value chain as an antecedents-phenomenon-consequences model. Antecedents (firm-specific factors, environmental factors), Phenomenon (conceptualisation of the offshoring phenomenon, crafting/executing and adapting offshoring strategies, impact on the external environment, managing GIC offshoring configurations, managing offshore outsourcing relationships) and Consequences (sale-and-profit related, resource / capability related)
Wiener et al. (2010)	Information systems outsourcing: A literature analysis Period: 2002-2009 Articles Reviewed: 96 Citations: 36 Citations Per Year: 5.1	Research literature was classified using three perspectives: research focus, research approach and reference theory. Future research should address a stronger emphasis on theoretical foundations, greater use of a positivist lens and utilise more participant views beyond a client's point of view.
Gregory (2010)	Review of the IS Offshoring Literature: The Role of Cross-Cultural Differences and Management Practices Period: 1999-2009 Articles Reviewed: Unknown Citations: 23 Citations Per Year: 3.3	The literature review identifies informal, cultural, trust-based mechanisms are more important than formal mechanisms. This elevates sociological research as a future research direction.

Authors	Title / Period / Articles	Synopsis
Mohiuddin (2011)	<p>Research on offshore outsourcing: a systematic literature review</p> <p>Period: Unknown</p> <p>Articles Reviewed: 57</p> <p>Citations: 20</p> <p>Citations Per Year: 3.3</p>	<p>The focus of this literature review was to identify knowledge gaps. The gaps identified were that small to medium businesses are under-represented in offshoring, managerial challenges of offshoring, the timing of an offshoring strategy and managing cultural differences.</p>
Pisani and Ricart (2016)	<p>Offshoring of services: a review of the literature and organizing framework</p> <p>Period: 1990-2014</p> <p>Articles Reviewed: 79</p> <p>Citations: 4</p> <p>Citations Per Year: 4.0</p>	<p>The individual team level as a unit of analysis was a knowledge gap finding in this review. Other findings include the evolution of service providers to more effectively develop organisational capabilities in their industry. Schmeisser (2013) Antecedent-Phenomenon-Consequence model was applied as an organising framework in the literature review.</p>
Strasser and Westner (2015)	<p>Information systems offshoring: results of a systematic literature review</p> <p>Period: 2010-2013</p> <p>Articles Reviewed: 95</p> <p>Citations: 4</p> <p>Citations Per Year: 2.0</p>	<p>The literature review extends earlier reviews covering 1999-2009. The findings indicate that offshoring research is essentially non-theory based and uses interpretivist research methods. Future research should be more theory driven and addressing implementation phases of offshoring. GICs, near and onshore models require specific investigation.</p>

The themes from literature reviews for offshoring in Table 2-16 are like those for ITES outsourcing. They identify TCE as the dominant theory for ITES outsourcing, the determinants of success in offshoring remains problematic, case studies are the most common ITES research method used and that there is an emergent need for endogenous offshore outsourcing theory. Offshoring literature review themes demonstrate a stronger emphasis on cost reduction, governance/trust and issues of risk (cultural mismatch, etc.).

The more recent literature reviews in Table 2-14 Ten Most Impactful ITES Outsourcing Literature Reviews Between 1991-2017 have made greater use of electronic database retrieval software to identify relevant literature. This software produces both classification and tabulation information as well as summarising research findings and providing for more rigour in documenting the literature search (Vom Brocke et al., 2009).

Several major themes emerged from the consideration of the most impactful literature reviews in Table 2-14. Those themes were:

1. the outsourcing research was under theorised and without firm theoretical foundations;
2. the dominant theory applied to outsourcing/offshoring was Transaction Cost Economics (this is despite some mixed results regarding the predictive capability of TCE on asset specificity);
3. the most widely used research approach is interpretive incorporating case studies and surveys; and
4. future research should focus on the development of endogenous outsourcing theories with a greater emphasis on suppliers of outsourcing services rather than those who outsource the services.

The most common research methodologies for outsourcing are case studies/field study/interview (40.4%) and survey (24.9%) (Jiang & Qureshi, 2006).

The two themes of IS outsourcing research are:

1. the identification of determinants for ITO decision-making such as drivers to outsource, attributes of the client firm, transaction characteristics and environmental influences; and
2. the identification of determinants of ITO outcomes such as relationship elements, capabilities of the client firm, expectations in the ITO decision, attributes of the client

firm, governance arrangements, capabilities of the supply firm, transactional and decision-making characteristics (Lacity, Khan, Yan, & Willcocks, 2010).

Future research directions identified by Lacity et al. (2010) appear below in Table 2-17 Future ITO Research Paths Addressing Knowledge Gaps (Lacity et al., 2010):

Table 2-17 Future ITO Research Paths Addressing Knowledge Gaps (Lacity et al., 2010)

Future Research Paths	Description
Strategic IT outsourcing decisions	To research decisions for outsourcing beyond tactical cost reduction with a focus on strategic issues such as entry into new global markets and innovation.
Strategic IT outsourcing outcomes	To research the longer-term effects of outsourcing on the strategic objectives of organisations as most research to date has been in the initial stages of outsourcing arrangements.
Dynamic interactions between outsourcing on firm capabilities	To research the cumulative effects of experience being built up within organisations as more capabilities outsourced and the longer-term outcome of enhanced or weakened capability.
Effects of environment	To research environment factors on resistance to outsourcing and offshoring such as ethnocentricity, public antipathy and legal and political uncertainty.
Configurational and portfolio approaches to outsourcing	To research combinations of variables and factors which influence outsourcing success rather than the current focus on the direct effects of independent variables.
Alternative destinations besides India	To research outsourcing destinations other than India as most research to date has focused on the Western-Indian outsourcing dyadic.
Emerging models and trends	To research niche markets and evolving areas such as cloud computing, bundling of BPO and ITO services, impact outsourcing et cetera
Informing reference discipline theories	To examine the results from theory appropriated from other disciplines as applied to ITO/BPO to identify elements which can contribute to better understanding of those theories different to their original discipline.
Developing endogenous ITO theories	To propose endogenous ITO theory which better addresses the anomalies identified from theory appropriated from other disciplines as applied to ITO/BPO. To generate paradigm shifts in those theories when applied to ITO/BPO.

Table 2-17 shows the future ITO research paths proposed by Lacity et al. (2010). The most promising area of research appears to be in the development of endogenous ITO theories to resolve the anomalies in the predictive power of asset specificity in TCE. Some studies suggest that asset specificity is incorrectly measured for ITO. The emergence of new theory requires additional research to validate and explore the impact on ITO and ITES. An examination of the longer-term effects of outsourcing on the sustainability of organisations within different industry settings is also a promising area of research as the industry matures. The strategic consequences of outsourcing may not appear for one or two business cycles with unexpected outcomes undermining the initial decision-making processes taken by organisations.

ITO and BPO academic research are considered to have similar antecedents notwithstanding that the “ITO research is more mature than BPO research” (Lacity et al., 2011a). Future BPO research paths share some similarities with ITO but also some significant differences which reflect potential differences between the two types of outsourcing.

Table 2-18 Future BPO Research Paths Addressing Knowledge Gaps (Lacity et al., 2011a)

Future Research Paths	Description
BPO innovation effects	To research how BPO providers can leverage the innovation capabilities of a greater division of labour and process maturity for a customer.
Retained client capabilities	To research what are the most significant capabilities to be maintained by a client to deliver the most effective BPO outcomes.
Environment	To research environmental variables such as public perceptions of outsourcing, public awareness or knowledge of outsourcing and the effects on BPO sourcing decisions by client firms and adaptations by suppliers.
Alternative destinations to India	To research BPO practices for other countries as offshore destinations as practices adopted for Western-Indian dyadic relationships may be inappropriate in other settings and other dyadic combinations.
Supplier capabilities	To research BPO supplier capabilities which contribute most to successful outcomes including change management capabilities, knowledge of specific industries and process standardisation.
Pricing models	To research BPO pricing models based upon outcomes or transactional units rather than FTE displacement.
Business analytics	To research BPO participation in large-scale business analytics with the attendant issues of offshore data storage and supporting infrastructure.
Emerging models and trends	To research emerging BPO models such as “as a service models” supported by cloud infrastructure, micro-segmentation in the multi-process outsourcing environment, freelance outsourcing, rule outsourcing, et cetera
Develop endogenous BPO theories	To propose endogenous BPO theory which better addresses the anomalies identified from theory appropriated from other disciplines as applied to ITO/BPO. To generate paradigm shifts in those theories when applied to ITO/BPO.

In Table 2-18 Lacity et al. (2011a) reprised their 2010 study, seen in Table 2-17 Future ITO Research Paths Addressing Knowledge Gaps (Lacity et al., 2010), for BPO. Their findings are similar with respect to endogenous theory development and emerging models for BPO as they were for ITO. The principal differences in the two studies deal with the impact on retained internal capabilities, the relationship/service design/perceptions for customers and what supplier capabilities contribute most to success. Retained internal capabilities is a proxy for considering the sustainability of high performance BPO where a client’s ability to remediate or understand BPO service failure is lost. Customer perceptions deals with some of the

emergent issues raised by research in corporate social responsibility and the social licence to operate. This topic of research is likely to assume more prominence as the response to the shifting patterns of work in a global economy begin to affect the livelihoods of more workers in the developed economies. Supplier capabilities as determinants of success are likely to vary from industry to industry so this represents a promising area of research to identify these differences. This trend is seen in the rising trend for CSF research in Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017).

The top 10 research priorities for outsourcing as proposed by Busi et al. (2008) are:

Table 2-19 Top 10 Outsourcing Research Priorities (Busi et al., 2008)

#	Research Priority
1.	The impact of servicization and consequent outsourcing of services (onshore and offshore) on theory formulation and codification of knowledge.
2.	Important elements of managing outsourcing arrangements such as service design, disaggregating processes, managing offshore service providers and business process redesign.
3.	The implications of applying techniques well known in the operations management field such as business improvement, change management, knowledge management and performance management.
4.	The implications of outsourcing offshoring of jobs mobility.
5.	The impact of environmental policies and corporate social responsibility requirements and outsourcing offshoring decisions.
6.	The impact of increasing functional and transformational outsourcing of corporate functions performance and profitability.
7.	How to overcome performance measurement and management challenges in service outsourcing.
8.	The role of legal contracts and SLAs on the development and dynamics of outsourcing relationships, the impact that the strategic and operational level and the impact on jobs migration.
9.	The role played by trust in the development of both the scope and depth of outsourcing relationships (from transactional to transformational outsourcing).
10.	The risks, benefits, challenges and opportunities at a national, industry/sector and firm/individual level.

In Table 2-19 Top 10 Outsourcing Research Priorities (Busi et al., 2008) Busi et al. (2008) identify their research priorities. An overarching component of their research conclusion in this paper, which doesn't appear in their top 10 list, is "...the need for more activities aimed at developing theories, rather than simply reporting industry stories." This is consistent with the call for new endogenous theory identified in Table 2-17 and Table 2-18. Similar emergent themes of corporate social responsibility on jobs mobility and industry change are also presented. Governance and management arrangements are highlighted which is a persistent trend in other papers on research directions.

Significant trends identified within the academic literature call for future outsourcing research to include (Strasser et al., 2015):

1. **culture and control** - how governance and management structures may influence outcomes within various cultural settings in both onshore and offshore environments;
2. **economic benefits** - a deeper exploration of farshore versus nearshore outsourcing arrangements and their respective impacts on economic outcomes/lower costs;
3. **quality and satisfaction** - the potential returns on investments in quality rather than a perspective of the cost of quality and then the impact of quality on client and vendor or satisfaction;
4. **success and failure** - more analysis of what constitutes success and failure from both client and vendor or perspectives with a focus on the factors of success and failure; and
5. **vendor aspects** - an expanded understanding of the most important attributes of vendors which are most likely to lead to success.

2.11.2 Critical Success Factors

“CSF are those few key areas of activity in which favourable results are absolutely necessary from particular managers’ perspective to identify areas of concern, set strategies and thereby reach their goals, and in doing so contribute to an organisation’s overall goals” (Boynton et al., 1984). Managers have their own CSF, consciously or unconsciously, to manage. Different managers will have different CSF which will require different information. This CSF subjectivity means that CSF form in response to the industry, the company, the individual and the particular time and circumstances. CSF are affected by: “1) the industry; 2) competitive strategy and industry position; 3) environmental factors; 4) temporal factors; and 5) managerial position” (Bullen et al., 1981). There is an hierarchical ranking of CSF which consists of four different levels: 1) industry CSF; 2) corporate CSF; 3) sub organisations CSF; and 4) individual CSF. These organisational differences mean that each functional area within an organisation, such as finance, operations and IT has a unique set of CSFs with each contributing to overall organisational CSF.

Notwithstanding that each functional area may have different CSF, ideally, they should be aligned with corporate goals so that pursuing those CSF will drive the achievement of the corporate goals. Similarly, the number of CSF should be small, five to ten, as this allows concentration on those things which are truly critical rather than diffusing effort as not all things

can be critical (Forster, Rockart, & No, 1989; Freund, 1988). One of the great strengths of the CSF method is that it is a rapid method of gaining insight into the operation of the business and how it will achieve its corporate goals by identifying those truly critical activities. The fact that this does not impose a significant burden on an organisation as the CSF method requires only a series of relatively short interviews by trained analyst. The interview interaction assists in engendering the support and “buy-in” of senior managers in applying the CSF outcomes (Boynton et al., 1984).

Importantly, to determine whether the CSF have contributed to success they need to be directly measurable and within the capacity of the organisation to manipulate the CSF to achieve the desired outcome. To meet this requirement of being capable of manipulation, CSF definition is as a set of actions to be undertaken rather than simply a set of outcomes. This distinction separates CSF from Key Performance Indicators (KPI) which are a measure of outcomes or results. An example of a KPI is “increase system availability to 99%” which is distinct from a CSF of “ensure systems redundancy to support system availability”. CSF can sometimes run the risk of being nothing more than trite exhortations to good management practice such as “be an employer of choice” which in and of itself is both difficult to interpret and difficult to measure as it begs the question of choice between which employers and on what criteria?

CSF within an industry setting tend to demonstrate elements of commonality and general applicability to all of the participants within that industry setting (Freund, 1988). An example within the airline industry is that a CSF of “schedule aircraft to support on time arrival” is common to most airline industry participants.

The process of identifying CSF usually commences at the top of the unit of organisational analysis. So, corporate CSF analysis would commence by identifying corporate level business objectives. Business unit CSF analysis would commence with the objectives of that particular business unit, or unit of organisational analysis. Once identified these business objectives within the organisational unit of analysis link to functional activities which are capable of manipulation within the organisational unit of analysis. So, for example, CSF is “schedule aircraft to support on time arrival” then what are the strategies to ensure that functional activities can be undertaken to drive this CSF. One strategy might be to include scheduling aircraft arrivals and departures with sufficient lag so that delays in the network did not cascade into contiguous late arrivals throughout the day. Another strategy might be for aircraft to carry extra fuel if a delay is expected so that the aircraft can fly faster but with less fuel economy to minimise late arrivals.

The final element of the CSF structure and its attendant strategies is a mechanism for measuring performance. A measurement of performance will incorporate a base level of performance, perhaps performance from a previous period or year, and then performance within the current period. It is entirely possible that measurement of a single CSF is by more than by one performance indicator.

2.11.2.1 What Constitutes ITO Success?

Determining ITO success compares the expectations of benefits to be derived from ITO with the outcomes achieved. Alternatively, “satisfaction with benefits from outsourcing gained by an organisation as a result of deploying an outsourcing strategy” (Grover, Cheon, & Teng, 1996). The expectations of benefits include one or more of “strategic benefits, economic benefits and technological benefits” (Lee & Kim, 1999). Strategic benefits include those benefits arising from an organisation focusing on its core competencies having outsourced its non-core activity. Economic benefits include those benefits for an organisation which achieves significant cost reductions from advantageous factors of production such as lower labour costs, increased scale or superior technology. Technological benefits included those benefits obtained from outsourcing which provide superior systems capability, redundancy or greater integration with contemporary systems and networks. These advantages can be considered as contributing to outsourcing success like strategy, cost management and technology capabilities influenced by the choice of outsourcing model and measures of success (Lee, Miranda, & Kim, 2004).

By way of example, if an ITO expects a 30% cost reduction, then the choice of outsourcing model is likely to be one where costs of production are lower, and the focus of measurement is on cost. An exclusive focus on cost may have, however, an effect on the other dimensions of outsourcing success.

Other elements of success may also be present but not expected as benefits at the commencement of an ITO implementation. These additional elements may represent the “satisfaction” of users with the outsourced services provided beyond original expectations. This satisfaction measures dimensions of “reliability; responsiveness; competence; access; courtesy; communication; credibility; security; and understanding” (Grover et al., 1996).

Dibbern et al. (2004) characterised ITO success as consisting of three main concepts: satisfaction (a subjective measure based on what is most important to an individual

stakeholder); expectations and their realisation (the comparison between expected and actual results); and performance (the comparison between insourced and outsourced workers).

Importantly, measuring ITO success may produce different results. The different results depend on the identity of the respondent, what their original expectations were and when asked. The same ITO implementation may produce conflicting measures of success from various stakeholders (Cullen, Seddon, & Willcocks, 2008).

2.11.3 CSF in ITO

An analysis of the literature suggests measuring CSF in ITO is challenging and can be subjective in its evaluation (Kronawitter, Wentzel, Turetschek, & Papadaki, 2009). The CSFs are influenced by a variety of variables where the dependence, or independence, of those variables can change over time. So, what might have been a set of CSFs at the commencement phase of an ITO project may vary significantly at the operational phase.

In project management, and much of ITO is project-based, project managers identify six CSFs as common to all project settings. The six CSFs are:

- “1. top management support;
2. client consultation;
3. preliminary estimates;
4. availability of resources;
5. project managers performance, and
6. project specific measures” (Belassi et al., 1996).

The recurrent themes for CSF in the literature are:

1. **identify** clearly from the customer’s perspective what the objectives of outsourcing are;
2. **engender** senior management support and involvement for the outsourcing initiative with that support clearly communicated to the customer’s business;
3. **engage** with an outsourced service provider who clearly understands what a customer is seeking from outsourcing engagement;
4. **ensure** that the outsourced service provider has both the capability and capacity to meet the expectations of the customer;

5. **prepare** contracts and governance structures that correctly reflect the nature of the service being provided i.e. low-frequency commodity service outsourcing may require less formality and controls than high-frequency services requiring access to high specificity production assets from the outsourced service provider;
6. **maintain** frequent contact between the client and customer to correct and clarify issues in a timely fashion; and
7. **monitor** price and quality performance to ensure that adverse movement in either does not occur.

Table 2-20 CSF for IS Outsourcing (Adapted from Smuts, van der Merwe, Kotzé, & Loock, 2010) identifies and describes a similar set of twelve (12) CSF where the ability to measure may be difficult. ITO, BPO and OBPO exhibit similar CSF characteristics to achieve success (Lacity, Khan, & Yan, 2016).

The CSFs identified in Table 2-20 for ITO are generic as they are applicable to any industry setting and difficult to measure e.g. “both parties must have capable cost and financial management”. The challenge for CSF studies is to identify those things necessary within an industry setting or function which must be done, and are peculiar to that setting. The adoption of generic CSF with ineffective measurement are not CSF.

Table 2-20 CSF for IS Outsourcing (Adapted from Smuts, van der Merwe, Kotzé, & Loock, 2010)

#	Critical Success Factors for ITO	Literature
1.	Services must be delivered not only to expectations, specifications and quality but improved continuously	Beaumont and Sohal (2004), Oza, Hall, Rainer, and Grey (2006), Willcocks and Cullen (2013)
2.	Both parties must have good contract management skills, processes and people	Akomode, Lees, and Irgens (1998), Beaumont and Sohal (2004), Willcocks and Cullen (2013),
3.	The relationship must be strong, with a team approach supported by a good understanding and trust between the parties	Benamati and Rajkumar (2002), Sabherwal (1999), Willcocks and Cullen (2013)
4.	The supplier must have quality staff and skilled staff management	Claver, Gonzalez, Gasco, and Llopis (2002), Willcocks and Cullen (2013), Willcocks and Lacity (2009)
5.	Both parties must have capable cost and fiscal management	Kenyon and Meixell (2011), Rottman and Lacity (2006), Willcocks and Cullen (2013),
6.	The supplier must understand and listen to the customer organisation and react to its needs	Claver et al. (2002), Cullen et al. (2014), Willcocks and Cullen (2013),
7.	The use of service level agreements and well-understood expectations of performance	Beaumont and Sohal (2004), Lam and Chua (2009), Willcocks and Cullen (2013)
8.	The organisation must control the arrangement, processes and data and ensure it stays competitive	Rottman and Lacity (2006), Tafti (2005), Willcocks and Cullen (2013)
9.	Flexibility and the ability to modify any aspect of the arrangement, as required, must be incorporated	Willcocks and Cullen (2013)
10.	There must be ongoing and effective communication between parties	Oza et al. (2006), Solli-Saether and Gottschalk (2008)
11.	The supplier must provide quality technical expertise	Akomode et al. (1998), Willcocks and Cullen (2013)
12.	The management of integration across different suppliers, the amount of change control required and the need to define how the bridging role between services will be managed must be addressed.	Gonzalez, Gasco, and Llopis (2010), Remus and Wiener (2009), Rottman and Lacity (2006)

2.11.3.1 Criticism of Critical Success Factors

The use of CSFs has been criticised by some researchers as they have found that CSF were not constant in influence and importance and required consideration in a social context (Nandhakumar, 1996). Another criticism is that success is a complex, multi-dimensional phenomenon which does not lend itself to a reduced subset (Bandara, Gable, & Rosemann, 2005). The application of CSFs, however, is useful because they are easily understood and are capable of being an effective bridge between theory and practice (Arnott, 2008).

CSF methodologies are difficult to apply and require a high degree of skill to do so successfully. There is potential for bias in the interview relationship between a CSF analyst and the manager interviewed and the impact of the bounded rationality of executives failing to identify the CSF with appropriate links to causality both within and without the organisation (Boynton et al., 1984).

Problems identified in using CSF in practice are seen in Table 2-21 Common Problems with CSF Frameworks (Freund, 1988). CSFs are defined as those activities which are critical to success so warrant the most managerial attention. Managerial attention is diffused and less effective if there are too many CSFs. Incorrect or inappropriate CSFs lead to the misallocation of managerial attention to the detriment of success. Weak performance indicators provide an unreliable feedback mechanism to management. Unreliable feedback does not provide management with an insight of the effects of managerial activity. Burdensome management systems inevitably result in shirking or avoidance by managers leading to poor performance and loss of morale (Freund, 1988).

Table 2-21 Common Problems with CSF Frameworks (Freund, 1988)

Symptom	Probable Cause	Potential Remedies
Too Many CSF's	1. Defined at too lower level of detail	Restrict the number of CSFs to between five and 10
	2. Confusing CSFs with performance indicators	Ensure that a CSF has an underpinning strategy attached to it- this is less likely to cause confusion with performance indicators
Incorrect CSFs	3. Unrealistic view of marketplace	Confirm with customers the relative importance of CSF chosen
	4. Solving "political" problems	Confirm with customers the relative importance of CSF chosen
	5. Strategies defined before CSFs identified becoming self-fulfilling prophecies	Confirm with customers the relative importance of CSF chosen
Weak Performance Indicators	6. Improper linkage to CSF	Undertake sensitivity analysis with performance indicators to identify the linkage, or not, to CSF
	7. Manager sees data, but subordinate doesn't	Ensure that within a functional area that performance indicators are well understood in directing positive behaviours
Management Frustration	8. Insufficient front-end training for participants	Ensure appropriately trained staff understand the CSF framework
	9. Insufficient time allowed	Provide adequate time for implementation
	10. Planning process overly complex	Restrict the number of CSF

Table 2-21 shows the common problems associated with CSF. CSF are few, otherwise they are not critical. Hygiene factors are not CSF e.g. functioning plumbing in a building is critical

but does not represent a CSF by itself. Including hygiene factors as critical results in too many CSFs. Attributing importance to a CSF which is not valued by a customer focuses management attention and effort inappropriately. A CSF which cannot be measured by performance indicators is ineffective in driving organisational behaviour. A management system which is not supported leads to management frustration and diversion of effort. To be successful CSF are few, valued by customers, measurable, understood by all staff and enjoy management support in time and money. Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017) shows the continuing research interest in CSF.

2.11.4 Offshore Business Process Outsourcing

OBPO takes services from home markets, where they were untradeable, and makes them tradeable between nations by using interconnected communications networks (Fessler, 2006). OBPO definitions categorise the distance between nations by describing them as nearshore and farshore. For example, Canada is nearshore to the US and India is farshore to the US. Nearshore OBPO has the sending and receiving countries culturally and geographically closer. Farshore OBPO has the sending and receiving countries culturally and geographically further apart. There are significant benefits and disadvantages to each of these variants of OBPO. A variety of frameworks exist to evaluate the competing merits of the different characteristics of offshore locations (Oshri, 2011).

A consideration of the merits of the characteristics of nearshore OBPO is seen

Table 2-22 Constructs for the Definition of Nearshore (Carmel & Abbott, 2007). The major outsourcing destinations of India and China are remote to the major western economies making them farshore. The benefits/disadvantages of nearshore providers serve as a comparator to farshore providers.

Like Table 2-8 Choosing the Right Location and Organisational Form (Aron et al., 2005) the attributes of nearshore in

Table 2-22 inform the rational choice decision-making model for management. The assessment of the construct can be overlaid with the comparative assessments seen in Table 2-12 Gartner Choosing an Offshore Outsourcing Location (Saran, 2003: cited in Kobayashi-Hillary, 2004). Of the elements in the comparative assessment the “geographic” construct of physically closer is the most significant as allows easier management scrutiny, more timely intervention if remediation is required and supports expatriate staff in a fly-in/fly-out model where required.

The main trade-offs between nearshore and farshore, with all things being equal, are the costs of management coordination (travel, time zone changes) between the two destinations with more complex outsourcing requiring greater management coordination (Schmeisser, 2013).

Table 2-22 Constructs for the Definition of Nearshore (Carmel & Abbott, 2007)

Construct	Characteristics of Nearshore	Benefits/Disadvantages
Geographic	Physically closer and takes less travel time to reach	Cost reductions with the expense of coordination and intervention minimised but may represent a higher cost than could otherwise be achieved in a farshore destination
Temporal	Some time zone overlaps	There is less dislocation for outsourcing staff if in an overlapping time zone i.e. not having to work through the night for symmetrical services. Where symmetrical communication is not required, then time zone overlap may be a disadvantage as overnight processing could take place.
Cultural	Similar cultural characteristics such as way of life, all way of doing business	Promotes a better understanding and performance of both the social and business practices of the host country but may come at an increased cost when compared to farshore locations
Linguistic	Shares linguistic similarities such as adopting English as the language of business, or sharing the same native language	Linguistic similarities reinforce cultural perspectives for better understanding and performance as well is just simply being better understood but may restrict the pool of offshore locations living to higher costs
Political/economic	Political alignment or economic grouping	Free-trade groupings make for easier business exchanges and direct investment but may not represent the lowest cost options
Historical	Shares some historical perspective such as colonial history, diaspora linkages	A colonial legacy, by way of example, provides an overlap for cultural, linguistic and political/economic e.g. the US and the Philippines. There also may be some lingering misconceptions or resentments for previous colonial masters.

2.11.4.1 Onshore Debt Collection

Onshore collections represent an outsourced business process model where the entity seeking to outsource the business process is in the same location or country as the provider of the outsourced service. The colocation within the same country presumes a common language, a common legal and regulatory framework, a common currency, a common cultural setting and common labour laws. Depending on the size of the country, it also typically presumes a common time zone or minor variations. Most traditional debt collection models are, in fact, onshore collections; the membership directory of the American Collectors Association lists only nine debt collectors as members from India versus 423 in California and New York alone (American Collectors Association, 2016). The 18 members of the Australian Collectors and Debt Buyers Association are all listed as having Australian headquarters and onshore operations; although two are subsidiaries of US parents (Australian Collectors and Debt Buyers Association, 2017).

2.11.4.2 Nearshore Debt Collection

Nearshore collections represent an outsourced business processing model where the entity seeking to outsource the business process is in a nearby country to the provider of the outsourced service. Common examples of nearshore collections models are the use of Canada and Jamaica to collect debts from the USA. Lower labour costs remain the principal attraction of the nearshore model, which when compared to the farshore model, offers the additional benefits of:

1. the cost of coordination, especially in respect to physical travel, is less than a farshore collections model, where the distance to physically travel may be much greater (Carmel & Nicholson, 2005); and
2. cultural familiarity, including language and accent, are less formidable barriers as geographic proximity usually implies cultural proximity which leads to a lowering of coordination costs and improves the likelihood of effectiveness in collections (Carmel et al., 2005).

2.11.4.3 Farshore Debt Collection

Farshore collections represent an outsourced business processing model where the entity seeking to outsource the business process is in a distant country to the provider of the outsourced service. Typically a farshore location will be in an extremely low-wage country so as to justify the higher costs of coordination, both in travel time and culture differences (Carmel et al., 2005). The ACA International's directory (ACA International, 2017) formerly (The American Collectors Association) shows farshore location members China (3), Philippines (4) and South Africa (2) but not in India. The actual number of debt collectors operating offshore in India is significantly higher than these directory numbers would suggest. Indian BPO companies such as Genpact (Genpact, 2017) and WNS (WNS, 2017), Concentrix (Concentrix, 2017) all provide debt collection services as well as the GIC centres operated by debt purchasers such as Encore Capital (Encore Capital, 2017), the largest publicly traded debt collector in the United States and Alorica (formerly Expert Global Solutions and before that NCO Group) (Alorica, 2017). The United States has 550 registered members of the Receivables Management Association (formerly known as Debt Buyers International) (Receivables Management Association, 2017), and Australia has 18 registered members of the Australian Collectors and Debt Buyers Association (Australian Collectors and Debt Buyers Association, 2017). India's offshore debt collection industry growth will continue over the next 8-10 years (Pawan, 2006).

The decision-making process for Australian farshore collections to India is influenced by a number of issues for Australian debt collection companies. The issues include i) infusion of new skills, energy, knowledge and best practices; ii) cost reduction through labour cost arbitrage; iii) simplification of the value chain of the firm, without adverse impact on customer service, brand image and reputation; and iv) increased project capacity and reduced turnaround time on projects through simultaneous task processing (Penter et al., 2007).

2.11.5 Business Process Outsourcing and IT Outsourcing

Despite ITO being a more mature area of academic research, the research results for both BPO and ITO have been largely consistent and aligned. These research results align with outsourcing motivations, decision-making and firm characteristics found with BPO and ITO (Lacity et al., 2011a). An interesting macro-perspective is that BPO and ITO are both manifestations of the trend to smaller organisations whereby vertical integration within an organisation operating within a competitive marketplace is no longer a source of competitive

advantage and may, in fact, be a source of comparative disadvantage (Brynjolfsson et al., 1994). There is a tendency for organisations to become smaller or to never become large in the first place. The vertical integration of an organisation's business processes or information technology is subject to this same trend, that is to outsource rather than develop processes and technology internally.

The arbitrage opportunity identified by Coase's (1937) "entrepreneur" in supplying a customer, is the difference in cost between internalising the coordination of the factors of production within an organisation versus the cost of coordinating the factors of production from the market. The arbitrage opportunity is, therefore, a combination of price discovery, contract formation and monitoring costs coupled with transaction cost minimisation from the management of production asset specificity, transaction frequency and uncertainty (Williamson, 1981a). For the trend to smaller organisations to occur, the threshold for the costs of price discovery, contract formation and monitoring must have fallen dramatically eliminating the cost advantage of internalising these activities within an organisation. One source of the cost decline is the pervasive power of information systems, networks and communications technologies to significantly reduce the costs of price discovery, contract formation and monitoring costs; in some cases, to near zero. The development of flexible industrial production robots, 3D printing and computer processing power reduces the production asset specificity of investments. This is because the second-best use of production asset investments is becoming as valuable as the first best use by simply redirecting their purpose. The geometric expansion of computer processing power means that the productivity burden of novelty with infrequent transactions, versus frequent transactions, is much reduced. That is the formation of new contracts, processes, inspection arrangements for new transactions has a much reduced the retained knowledge and training requirements (Brynjolfsson & McAfee, 2014). This expanded computer processing power also begins to transcend the limited capacities of humans in dealing with uncertainty as a vast array of scenarios can be empirically tested for an optimised outcome in response to changing circumstances (Ford, 2015).

So, if business processes and information technology are outsourced then what remains of the organisation which is not accessible from the market? The answer lies in the arbitrage sought by the entrepreneur, except that the arbitrage is not a factor of production alone. The arbitrage opportunity for Coase's (1937) entrepreneur is the insight, or intellectual property, about the needs of current and future customers and how they might be met or sourced. If the emerging market provides equal opportunity to access the production, or recombination of production,

then the most valuable asset becomes the collection of insight and intellectual property held by the innovative entrepreneur (Baumol, 2010). So BPO and ITO are offered by the market at a scale and price point, by dint of the division of labour and other factors of production, which is not achievable by any single organisation as the market is always larger than any participant (Powell, 2003). The requirement is for the innovative entrepreneur to manage the combinations and recombination necessary to create and keep a customer. This suggests a future in which all business processes and information technologies are outsourced. In this future, organisations may become a virtualised and do not directly own any of the factors of production (Willcocks, Venters, & Whitley, 2013).

2.11.6 CSFs for Indian Business Process Outsourcing

Indian OBPO is the production of services by the outsourcing of business processes to India. Unlike a manufactured good, various stages of production of a service rely upon the interaction of a customer with the outsourcer to collaboratively produce the good. These interactions and associated perceptions of service quality influence successful outcomes (Bairi & Manohar, 2011). Research into measures of success in ITO (and BPO) have proposed service quality of the outsource provider as being important in the determination of success from the perspective of the customer (Grover et al., 1996).

CSF factors in OBPO are seen in Table 2-23 CSF Factors in OBPO (Bairi et al., 2011). The superior outcome and competitive advantage for the outsource provider are directly linked to the satisfaction of the client (who refers work to the outsource provider in each of the CSFs).

Table 2-23 CSF Factors in OBPO (Bairi et al., 2011)

CSF	Activities	Client Outcome	Outsource Provider
Keep and win customers	<ol style="list-style-type: none"> 1. Be reliable and keep promises 2. Take ownership of issues 3. Be a trouble-shooter 4. Keep customers informed 5. Turn any contact with user into something positive 6. Copy the professionals in the team 7. Treat customers the way you like to be treated 8. Know SLA 9. Develop an ability to listen 10. Don't be satisfied with second best 	<ol style="list-style-type: none"> 1. User satisfaction 2. Increase productivity 	<ol style="list-style-type: none"> 1. Competitive advantage and customer retention 2. Better employee retention 3. Improved employee attitude/morale 4. Increased productivity
Avoid damaging customer relationships	<ol style="list-style-type: none"> 1. Procrastination 2. Rudeness 3. Indifference 4. Making promises that can't be kept 5. Criticising your colleagues in public 6. Failing to update incident work log 7. Being invisible 	<ol style="list-style-type: none"> 1. User satisfaction 	<ol style="list-style-type: none"> 1. Competitive advantage and customer retention
Improve service management skills	<ol style="list-style-type: none"> 1. Information exchange 2. Attitude 3. Vision 4. Business Writing 5. Entrepreneur 6. Rapport 7. Teamwork 	<ol style="list-style-type: none"> 1. User satisfaction 	<ol style="list-style-type: none"> 1. Competitive advantage and customer retention 2. Increased productivity
Improve domain skills	<ol style="list-style-type: none"> 1. Self-training 2. External training 3. Knowledge sharing 4. Mentoring 5. Participating in internal customer projects 	<ol style="list-style-type: none"> 1. User satisfaction 	<ol style="list-style-type: none"> 1. Competitive advantage and customer retention 2. Better employee retention 3. Improved employee attitude/morale 4. Increased productivity

Of the CSFs identified in Table 2-23 CSF Factors in OBPO (Bairi et al., 2011) the most easily managed is “keep and win customers”. The activities identified in support of the CSF in Table 2-23 are difficult to measure and suffer from the problems with CSF identified in Table 2-21 Common Problems with CSF Frameworks (Freund, 1988) and is an example of a difficult CSF framework to implement.

The literature ascribes elements of primacy to the relationship of outsource provider to the client; where the client is the party who has contracted with the outsource provider. Implied in

this relationship is that consumption of the outsourced service is essentially taking place within the client who has referred the work. The implication may reflect the literature bias towards ITO which has the consumption occurring within the client's organisation rather than the client's end customer.

There is another client relationship which exists which between an outsource provider and the client organisation's customers. The relationship with a client's customers is evident in the literature which addresses OBPO issues such as the tendency for accent neutralisation in Indian call centres, the adoption of westernised names and the cultural training for Indian staff. This approach is designed to minimise protests and negative publicity regarding OBPO for the client organisations by "effacement of identity, if not actual deception." (Cowie, 2007). Amiti et al. (2005) suggest that demands for protectionism will rise if OBPO continues to increase within democratic countries. There is a small but growing focus in the literature on vendor activities which may influence end user satisfaction, including end user acceptance or indifference, as identified by Strasser and Westner (2015).

2.11.7 CSF for Offshore Indian Debt Collection

The literature shows that outside of manufacturing, which has had a long history of the coordinated use of outsourced providers of manufacturing processes (e.g. just-in-time manufacturing) (Tas and Sunder 2004), the principal focus of BPO research in service industries is in information systems (Dibbern et al., 2004). The searches of literature identified 13 articles relating to CSF for Indian debt collection. Of the 13 articles, only five addressed the industry explicitly suggesting that the area is under-researched and relies principally upon CSF from other industries.

The first business processes to be outsourced to India were those which were of low value, or of low importance, or the skills and resources to undertake those business processes were simply not available in-house for whatever reason (Apte and Mason 1995). An example of this latter reason was the Y2K phenomenon where there were simply not enough IT professionals available from traditional sources to meet the service requirement of industry to solve the Y2K problem. This development led to the widespread use of IT professionals in offshore locations such as India where there was a plentiful supply of skilled labour and a significantly lower cost labour (Lacity, Willcocks, & Rottman, 2008).

India has become the destination of choice for global debt collectors interested in a farshore English speaking debt collection (Graf & Mudambi, 2005). The reasons for this are manifold.

The reasons include (Agrawal et al., 2010; Kobayashi-Hillary, 2004): 1) English speaking; 2) skilled graduate workforce; 3) large population; 4) low wages; 5) relatively politically stable (can vary between states); 6) western-style legal and regulatory framework; 7) suitable communications infrastructure; 8) reasonably easy access to international air links; 9) stable currency; and 10) welcoming of direct foreign investment (can vary between states).

In 1997, debt collection in India was pioneered by GE Capital International Services (GECIS) as a large Global In-house Centre (Genpact, 2017). GECIS was formed to provide services, including debt collection, to support the global operations of GE Capital. GECIS became Genpact in 2005 and in 2007, listed on the New York Stock Exchange. The GECIS journey from GIC to listing reflected the strategic imperatives of that business. Other debt collection industry participants operating offshore centres, or engaging with offshore centres, in India may be at different stages of maturity for operations depending upon their strategic imperatives (Carmel & Agarwal, 2002).

2.11.8 CSFs for Indian Offshore Business Process Outsourcing of Debt Collection

To recap the recurrent themes for CSF in the literature are essentially (See Section 2.11.2 Critical Success Factors):

1. **identify** clearly from the customer's perspective what the objectives of outsourcing are;
2. **engender** senior management support and involvement for the outsourcing initiative with that support clearly communicated to the customer's business;
3. **engage** with an outsourced service provider who clearly understands what a customer is seeking from outsourcing engagement;
4. **ensure** that the outsourced service provider has both the capability and capacity to meet the expectations of the customer;
5. **prepare** contracts and governance structures that correctly reflect the nature of the service being provided i.e. low-frequency commodity service outsourcing may require less formality and controls than high-frequency services requiring access to high specificity production assets from the outsourced service provider;
6. **maintain** frequent customer to outsource service provider contact to correct and clarify issues in a timely fashion; and

7. **monitor** price and quality performance to ensure that adverse movement in either does not occur.

The literature identifies some additional CSF relevant to debt collection. One of these additional CSF is the neutralisation of accent or an accent “which is as close to native as possible” – meaning the accent of the country for which they were providing outsourced debt collection services (Cowie, 2007). This CSF is consistent with research findings for CSF in voice-orientated call centre work where the adoption of anglicised names and obfuscation of the location of the caller is common (Poster, 2007). The Australian Collectors and Debt Buyers Association’s Code of Practice specifically references the use of pseudonym names by “if Our staff member uses a pseudonym name it will be easily identifiable within Our organisation” (Australian Collectors and Debt Buyers Association, 2017).

An additional CSF relates to offshore debt collectors having a comprehensive understanding of the regulatory environment in which they are seeking to collect debts. Breaching regulatory compliance can effectively bar any further debt collection activity which effectively forgives the debtor (Goldberg, 2005; Kshetri, 2007).

CSFs specifically reported from an Indian offshore debt collection appear in Table 2-24 Indian Offshore Debt Collection CSF (Wreford et al., 2008).

Table 2-24 Indian Offshore Debt Collection CSF (Wreford et al., 2008)

#	Critical Success Factor Reported
1.	Commitment and planning of offshore outsourcing development process by the most senior management of the non-Indian entity.
2.	Involvement of “ culturally agile ” executives and senior managers in both India and the referring country who are sensitive/adaptive to both the Indian and referring country economic and cultural environment.
3.	Identification of services appropriate for delivery from an offshore centre with regard to: a. legislative or licensing requirements in both India and referring jurisdictions; b. well-defined business processes and systems capable of being relocated offshore c. availability of appropriately skilled labour in India; d. relative efficiency, effectiveness and cost of Indian services versus referring county; and e. referring country customer requirements and acceptance
4.	Identification of facility location with regard to: a. availability of skilled resources; b. availability and reliability of infrastructure (power, communications, transport links); c. physical security; d. state legal framework; e. political stability; f. community attitude/expectations of direct foreign investment; and g. environmental conditions.
5.	Ability to accurately forecast demand for offshore services required by the referring country entity to provide for: a. appropriate investment in facilities & technologies; b. local management and staff recruitment; c. staff training; and d. process development.
6.	Development of an active exchange program of managers from India spending time in the referring country and foreign managers spending time in India.
7.	Provision of long term and short term Indian staff incentives to maximise staff retention .
8.	Rigorous approach to staff selection, skills testing and recruitment in India.
9.	Development of Key Performance Indicators to measure the performance of the Indian facility versus comparative referring country benchmarks on a regular basis.

The CSF in Table 2-24 are peculiar to Indian offshore debt collection. CSF #1 is measured by the number of planning sessions with the most senior managers focussed only on offshore outsourcing centre. CSF #2 is measured by the diversity profile/ethnicity/language capability of the senior executives and the time they have spent in different cultural settings as well training course attendance. CSF #3 is a matching of offshore capability with service requirements and legislative/regulatory frameworks. CSF #4 is an assessment process with score for potential locations for an offshore centre. CSF #5 is measured by budget to actual versus forecast demand for offshore services. CSF #6 is measured by the rotation of executive staff. CSF #7 is measured by staff retention/separation rates and exit interviews. CSF #8 is

measured by skills testing scores. CSF #9 is a set of operational metrics covering collection rates, calls made and repayment arrangements.

Allday (2016) proposes a set of onshore Australian debt collection CSF in Table 2-25 Australian Onshore Debt Collection CSF (Allday, 2016). Compared with the Indian offshore debt collection CSF there is less emphasis on maintaining cultural alignment; as would be expected where considerations of cultural alignment are considered remote or impossible.

Table 2-25 Australian Onshore Debt Collection CSF (Allday, 2016)

#	Critical Success Factor Reported
1.	Relationship management as growth results from maintaining and expanding client relationships.
2.	Skilled and experienced workforce trained in collections techniques, negotiations and compliance.
3.	A high rate of successful debt collection is likely to have higher revenue and profit growth leading to client retention.
4.	Process automation to support the otherwise high labour intensity of the industry.
5.	Ability to compete on tender for new accounts leads to increase market share and revenue.

Table 2-25 shows the CSF attributes for Australian onshore debt collection. The principal difference between this table and Table 2-24 Indian Offshore Debt Collection CSF (Wreford et al., 2008) is the focus on winning, expanding and tendering for clients. This reflects the limited role that an offshore debt collection facility plays in client management as opposed to debtor management. Process automation identified in Table 2-25 reflects contemporary developments in information systems and automation as eight years separate the two studies.

2.12 Theoretical Models for Outsourcing

Outsourcing theories have been co-opted from other disciplines to provide explanatory power for outsourcing to answer, “the Why?”. Grouping these theories as strategic theories, economic theories and social/organisational theories. Strategic theories are focussed on the achievement of performance goals by developing and implementing strategies to achieve those goals (Cheon et al., 1995). “Economic theories focus on the conduct, governance and performance of economic transactions as independent events” (Lee et al., 1999). Social/organisational theories on the conduct and influencing elements of relationships between humans within individual,

group and organisational settings (Dibbern et al., 2004; Strasser et al., 2015). From these three broad groupings there are over 20 theoretical perspectives on outsourcing. The groupings are from economics, strategy, sociology and natural sciences (Lacity et al., 2010); some of which can be found in Table 2-26 Adapted Overview of Theoretical Foundations (Busi et al., 2008; Dibbern et al., 2004; Gottschalk & Solli-Saether, 2005).

Table 2-26 Adapted Overview of Theoretical Foundations (Busi et al., 2008; Dibbern et al., 2004; Gottschalk & Solli-Saether, 2005)

Theoretical Foundation	Summary	Main Variables/Focus	Key Authors
Agency Theory	Concerned with the most efficient contracting arrangements between agents and principals as the result of asymmetry of information and differences in perceptions of risk between agents and principals.	Agent costs (monitoring, controls), optimal contractual relationships	Jensen and Meckling (1976)
Core Competency Theory	Focused on insourcing of those activities which are most valued by customers and in which comparative advantage can be found	Knowledge and Technology sets	Prahalad and Hamel (1990), Quinn and Hillmer (1994)
Game Theory	Players will make the same rational and informed decisions given the same circumstances (such as the knowledge of the anticipated behaviour of an opponent) with the view to maximise their possible advantage.	Decisions under certain situations	Fudenberg and Tirole (1989), Kreps, Milgrom, Roberts, and Wilson (1982)
Innovation Theories	Explains the adoption of new technologies and organisational processes. Different models – stage based and non-stage based are used to explain the process. Impacted by assumptions about appropriable and non-appropriable innovations.	Adoption, and diffusion	Daft (1978), Rogers (1983), Schroeder, Van de Ven, Scudder, and Polley (1989), Zaltman, Duncan, and Holbek (1973)
Institutional Theory	Homogenisation of organisational forms	Mimetic, normative and coercive organisational forms	DiMaggio and Powell (1983)
Neoclassical Economic Theory	Outsourcing occurs to overcome cost or production disadvantage to achieve savings to drive profit maximization by economies of scale and scope	Production costs and market costs	Ang and Straub (1998), Gottschalk and Solli-Saether (2005), Williamson (1981b)
Power and Politics Theories	Power, idiosyncratic interests, and politics play major role in organisational decision-making. Essentially the ability to initiate and sustain action.	Different degrees of power, organisational politics	Markus (1983), Pfeffer (1981), Pfeffer (1982)
Relationship Theories	Parties in the relationship assume that the outcome of the relationship is greater than achieved by individual parties separately. This leads to each of the parties viewing the relationship as of importance.	Cooperation, interactions, social and economic exchanges	Kern (1997), Klepper (1995)
Resource Theories	A firm is a collection of resources, and resources are central to a firm's strategy. Resource based theory focuses upon the internal resources of a firm and resource dependence focuses upon the resources in the external environment.	Internal resources, resources and the task environment	Barney (1991), Penrose (1959), Pfeffer and Salancik (2003)

Theoretical Foundation	Summary	Main Variables/Focus	Key Authors
Social Exchange Theory	Participation in exchange occurs with the assumption of reward is an obligation to return rewards. Driven by reciprocity, balance, cohesion and access to power.	Exchange activities, benefits/costs, reciprocity, balance cohesion, and power in exchanges	Blau (1964), Emerson (1972), Homans (1961)
Strategic Management Theories	Firms have long-term goals, and they plan and allocate resources to achieve these files. Firms will adapt the deployment of their resources to exploit identified strategic advantage	Strategic advantage, strategies, choice of individuals	Chandler (1962), Miles and Snow (1978), Porter (1985), Quinn (1980)
Transaction Cost Economics	Limited rationality, opportunism. Supported by comparative analysis of internal production costs versus external production costs plus the cost of contracting.	Transaction costs, production costs	Coase (1937), Williamson (1979), Williamson (1981a)

Table 2-26 shows the theoretical foundations of outsourcing. Of the 12 theoretical foundations listed, the dominant theoretical foundation is Transaction Cost Economics. The call for future research to focus on endogenous ITO/BPO theory development reflects the economic and social theory base co-option by ITO/BPO. The asset specificity predictive capacity of Transaction Cost Economics is questioned by researchers and is cited as support for endogenous theory development to improve TCE's predictive capacity regarding asset specificity. Agency Theory provides the foundation of outsourcing as the separation of agent and principal is axiomatic; outsourcing can only occur when agent and principal are separated. Core Competency Theory supports market exchanges leveraging superior productivity arising from economic specialisation. A core competency is rarely derived from a market exchange as it is available to all potential purchasers.

The primary theoretical basis for outsourcing theory from the literature Transaction Cost Economics and the part it plays in determining the boundary of firms; the firm boundary determines what are factors of production insourced and what are factors of production outsourced. Additional theoretical themes are supporting transaction cost theory categorised as relational and strategic with new areas emerging in theories on learning (Hätönen et al., 2009).

Some prominent ITO/BPO researchers propose that there is a need to shift theoretical perspectives beyond that of transaction cost economics and other co-opted theories by developing endogenous theories on outsourcing (Busi et al., 2008; Lacity et al., 2011b).

2.12.1 Theoretical Frameworks

Information Systems researchers have suggested that emerging sourcing issues connected with offshore outsourcing, application service providing and BPO should be researched utilising theories in “what has already been accomplished in the field of IS outsourcing” (Dibbern et al., 2004); see Table 2-26 Adapted Overview of Theoretical Foundations (Busi et al., 2008; Dibbern et al., 2004; Gottschalk & Solli-Saether, 2005)

Other researchers propose that IS should build endogenous theory as the existing primary prevailing paradigm of Transaction Cost Economics for IS outsourcing produces sufficient anomalies to be considered unstable (Lacity et al., 2011b). An unstable paradigm eventually leads to a crisis, and eventually, a new paradigm emerges which resolves the crisis; the paradigm shift (Kuhn, 2012).

So, this begs the question of what is the role of IS theory and exactly what are the accomplishments in the field of IS outsourcing theory. Theory construction can be considered a practical exercise as it allows for the accumulation of knowledge in a systematic way which can then be applied by practitioners. The primary goals of theory are to support the accumulation of knowledge as (Gregor, 2006):

1. analysis and description;
2. explanation;
3. prediction; and
4. prescription

This leads to a taxonomy of theory types in IS research (Gregor, 2006)

Table 2-27 A Taxonomy of Theory Types

Theory Type	Distinguishing Attributes
Analysis	Says what it is This is descriptive only with no explanation or predictions made
Explanation	Says what it is, how, why, when and where This explains but does not accurately predict. It is not capable of being tested
Prediction	Says what it is and what it will be This predicts but does not describe the process of causation
Explanation and prediction	Says what it is, how, why, when, where, and what will be This explains and predicts. It is capable of being tested and describes the process of causation
Design and action	Says how to do something This is prescriptive with respect to constructing a specific outcome (inputs, processes)

Table 2-27 A Taxonomy of Theory Types shows the link between theory type and purpose in discovering. Theory types have different purposes and may be inappropriate if specific knowledge is required. A prescription of how to do something by way checklists provides no explanatory power.

The majority of IS research literature is concerned with outsourcing decisions and the parameters, along with associated checklists, to be considered when outsourcing for a

successful outcome (Cullen et al., 2014). This research is principally interpretivist as it concerns the intersection between machines and humans operating within a specific social context (Neuman, 1991).

It is of note, that BPO research on debt collection activity fits the descriptive criteria relating to activities suitable for global disaggregation of business processes as proposed by Apte and Mason (1995), inasmuch as the activity is information intensive with a low requirement for physical presence. Importantly debtors as a customer group have little power other than to accept the use of novel disaggregated process models.

Of the theories associated with outsourcing, it is Transaction Cost Economics (TCE), which is the dominant theory in outsourcing literature, focuses principally on comparative costs between insourcing and outsourcing if all other things are near equal (Holcomb & Hitt, 2007). It is possible to consider all other outsourcing theories as variant forms of TCE inasmuch as they each provide methods to ultimately affect the comparison costs by affecting elements such as incentives, price discovery, monitoring costs and contract formation (Williamson, 1998).

2.12.2 Transaction Cost Economics

TCE is the most widely used theoretical framework applied to the study of outsourcing (Lacity et al., 2011b). Williamson (1979) extended TCE by saying that if transaction costs for using the exchange economy reduce to zero, then the organisation of economic activity in the form of a firm is irrelevant as costless contracting would eliminate the firm. The extent to which transaction costs approach zero then buying, rather than making, will be the firm's response. These transaction costs include the identification of suppliers, organising and negotiating contracts, supplier performance management and enforcement costs (Aubert et al., 2004).

TCE posits that the best way of managing transaction costs is by choosing an appropriate governance structure as determined by the dimensions of the transaction relating to asset specificity, uncertainty and frequency (Alagheband, Rivard, Wu, & Goyette, 2011). These dimensions of the transaction determine the appropriate governance structure.

Asset specificity is the degree to which the second-best use of an asset is of productive value is close to the best use of an asset. TCE predicts that to manage the investment with an asset with a high specificity, a vertically integrated governance structure is most appropriate, or a more complete contract (anticipating as many future scenarios as possible to avoid opportunism) be prepared at greater cost as the investment has little value other than for that specific use. Both of these mechanisms seek to relieve the bilateral dependency that high

specificity can bring to a supplier relationship (Williamson, 2005). Vertical integration and complete contracts protect the party making the significant asset-specific investment from opportunistic behaviour. Low asset specificity means that the asset repurposes easily to some other type of activity. High-frequency transactions with low asset specificity are more likely to occur within markets. Low-frequency transactions with high asset specificity are more liable to be a vertically integrated within an organisation.

Uncertainty is “the source of disturbances to which adaptation is required” and was not remediated ex-ante (Williamson, 2005). These disturbances include human behaviour, such as opportunism and misleading conduct, as well as environmental relating to technological change, shifts in consumer preferences and general economic conditions. High levels of uncertainty lead to higher transaction costs fire costly contractual amendments in remediating responses to unexpected events (Bahli et al., 2003).

Frequency is the degree to which repeated transactions are required; the difference between a one-off purchase and regular transactional activity (Williamson, 1979).

2.12.3 Criticism of Transaction Cost Economics

There are three significant criticisms of TCE. The criticisms are i) inconsistent and contradictory results from that predicted by TCE logic (Alaghehband et al., 2011); ii) failure to recognise that outsourcing decisions are more complex than being simply determined by economics (Ghoshal & Moran, 1996); and iii) the mitigating effects of reputation and long-term relationships on opportunism (Milgrom & Roberts, 1988).

TCE outsourcing studies have produced inconsistent results to relationships predicted by the three dimensions of TCE with some researchers suggesting that alternative theories would produce more consistent results for outsourcing decisions or that measurement errors were present (Karimi-Alaghehband et al., 2011). Some inconsistencies include instances where more specific assets have led to more outsourcing which conflicts with TCE predictions of vertical integration when specific assets are present (Aubert et al., 2004). A 2011 review of ITO literature found that less than half of the empirical findings studied supported TCE predictions (Lacity et al., 2011b). The divergent opinions as to why this is so, suggest that TCE findings would be more consistent if they were better measured and others propose that in some settings, such as ITO, additional elements of the theory are required to address additional complexity beyond that provided by TCE.

TCE, as developed by Williamson (1979), was intended to posit theory to explain a firm's boundaries within the marketplace. The further application of TCE as applied as a normative theory to business decision-making regarding governance structures is considered by some to be subjective; applicable to predicting unconstrained opportunism for a small set of firms within a market. The limited applicability of TCE within markets where there a more advanced regulatory and exchange practices as opportunism is constrained (Ghoshal et al., 1996).

2.12.4 Social Exchange Theory

The fundamental elements of Social Exchange Theory (SET) are found in organisational behaviours shaped by reciprocity and the prospect of value in future relationships. The value in future relationships acts to mitigate some of the tendencies to opportunism within TCE by overcoming the difficulties of incomplete contracts by allowing contracting parties to adapt to unforeseen circumstances based upon the prospect of future value in the contract relationship (Baker, Gibbons, & Murphy, 2002). The presumption being that opportunistic behaviour will result in the loss of future value as the counterparty will no longer trust that future opportunistic behaviour won't occur or when the counterparty can exploit an opportunistic contractual element they will to the disadvantage of the original perpetrator. The absence of opportunism is a manifestation of reciprocity in SET (Cropanzano & Mitchell, 2005). If reciprocity does not lead to balance in the relationship then the party disadvantaged by the opportunistic imbalance will seek to avoid any further obligations (Blau, 1964). Trust in the avoidance of the exploitation of opportunism in long-term exchange relationships reduces the overall cost of the exchange as the need for greater control of risks, by way of more complete contracts or punitive breach arrangements, is significantly reduced (Williamson, 1993).

The cost of the mistrust makes trust, and the development of trust, central to SET. Lewicki and Bunker (1996) contend that there is a three stage model for the emergence of trust between two parties. The first is Calculus-Based Trust which is the effect that punishment will have on either party who breaches the trust relationship where that punishment includes the loss of future value and reputation along with contract based sanctions. The second is Knowledge-Based Trust where a history of interaction allows for sufficient predictability of either party's behaviour. Perversely it is the predictability of behaviour, both trustworthy and untrustworthy, which is the important feature. It is the accuracy of the predictability that makes the relationship work. The key to this is regular communication to maintain the ability to think alike and to stay in touch as well as continuing to learn more about each counterparty in

different situations which enhances the predictability of responses. The commitment to communication preceded by a “courtship” where each party gains sufficient information to determine whether a relationship is possible at all. The third is Identification Based Trust which is where trust is formed based upon an understanding of each party’s desires and intentions. Effectively this is where a group intention forms and to be successful there must be cooperative and collaborative behaviours otherwise, both parties will fail in their intentions and in meeting their desires.

Kern and Willcocks (2002b) suggests that a more realistic approach to trust along with other factors is required and the conceptualisation of trust can only emerge over time and through shared experience. They certainly contend that it is not present at the commencement of the contract and that to expect it to be so is unrealistic.

If trust is not present at the commencement of a relationship, what other factors compensate for it to support successful exchange arrangements? Mohr and Spekman (1994) propose that a willingness to coordinate activities along with a demonstrable sense of commitment to the exchange arrangement supported by effective communication is necessary. The communication element needs to convey information that provides for joint goal setting and the understanding of the strategic choices made by the parties to the exchange. Communication also must provide for effective conflict resolution if disputes arise.

Over time these trust behaviours can be characterised as reputation, a common purpose or shared interest, a desire to reap the rewards from future exchanges or even friendship (Powell, 1995).

2.12.5 Criticism of Social Exchange Theory

The principal criticism of SET is the degree to which it compensates for incomplete contracts (Williamson, 1993). The central role of a complete contract should have primacy, with SET as a compensating control which is much harder to enforce or rely upon as it is principally a consideration of calculated risk. In short term exchanges involving low specificity assets, the role of SET diminishes as it is easier to develop more complete contracts representing a relatively minimal risk. The corollary of this is that the more complete the contract with longer term high specificity assets then the lesser the dependence on the relationship between the counterparties (Baker et al., 2002). The tension is the cost and difficulty, within the context of bounded rationality, to prepare a more complete contract versus the cost and difficulty of engendering the types of relational exchange structures to promote exchange success (Nahapiet

& Ghoshal, 1998). SET, therefore, can be seen as mediating contract formation; that is the greater the strength of the relational structures then the lesser the requirement for complete contracts for the same overall outcome (Aryee, Budhwar, & Chen, 2002).

2.12.6 Institutional Theory

Institutional theory posits that organisations will conform to a lesser, or greater, extent to collective norms and beliefs about their structure and behaviour within the context of the society and industry in which they operate; a characteristic known as isomorphism (DiMaggio et al., 1983). This conformance explains why most organisations within an industry tend to have the same organisational form, processes and procedures. This tendency to collective norms and beliefs has a significant effect on the process and pace of organisational change and diffusion of innovation as diverse or differentiated norms and beliefs are less likely to be adopted. It is also less driven by the pursuit of efficiency or as a response to competition but rather is the result of the structuration or institutional definition of an “organisational field” and the adoption of powerful ceremonial myths to enhance organisational legitimacy and increase the prospect of survival (Meyer & Rowan, 1977).

An organisational field definition is a collection of suppliers, consumers, regulators and organisations which produce similar products or services. The structuration process for an organisational field progresses through four stages. The first stage has individual organisations moving from little interaction with each other to increasing interaction between organisations. The second stage produces the formation of coalitions and dominant forms of interaction between organisations (how the organisations interact). The third stage sees an increase in the information exchange that the organisations must respond to. The fourth stage creates the awareness amongst the organisations within the field that they share a common industry whereby they have become structured (Ang et al., 1997).

A highly structured organisational field assists organisations to respond to uncertainty and constraints in a rational way by adopting common structures, behaviours and products/services. This response to uncertainty and constraints within the highly structured organisational field arises from the powerful and often irresistible processes of isomorphism.

Two types of isomorphism are defined: competitive isomorphism and institutional isomorphism. Competitive isomorphism focusses on the effectiveness and efficiency within an organisational field where there is open and effective competition for customers. Not

adopting a common normative form where that form confers superior effectiveness and efficiency on an organisational field may lead to organisational failure.

Institutional isomorphism, on the other hand, is focused on competing for social legitimacy and political power within an organisational field rather than customers. Not focussing on customers can lead to ineffective and inefficient organisations which survive because they have co-opted social legitimacy and political power to the very cause of their survival. The institutional isomorphic mechanisms for change are threefold. They are 1) coercive isomorphism; 2) mimetic isomorphism; and 3) normative isomorphism.

Coercive isomorphism describes the problem of legitimacy where an organisation assumes a behaviour or practice which is not considered legitimate for the type of institution or organisation. The coercive pressure can be formal, or it can be informal. In the formal situation, the legitimacy requirement is to comply with regulations or other legal prescriptions for the behavioural practice e.g. the obligation to provide a safe environment for employees. The informal situation the coercive pressure may emerge as a requirement to adopt an organisational form acceptable to other hierarchical organisations to interact e.g. the requirement to appoint a spokesperson for the organisation which operates as a collective notwithstanding that all decision-making is collegiate.

Mimetic isomorphism describes organisations mimicking other organisations which are perceived as successful or innovative and is a response to uncertainty. The organisation which is mimicking doesn't have a firm view of the best response to its circumstances even though the adoption of the mimicked form may be inappropriate but it is a case of "follow the leader" (Haveman, 1993).

Normative isomorphism describes the professionalisation of an organisation. This professionalisation flows from the formal education and qualifications required for managers and specialists within an organisation to claim legitimacy e.g. accountants need to have received university education in commerce and seek admission to their professional association to achieve legitimacy. The pursuit of legitimacy results in hiring practices where incumbents will specify the same or similar qualifications as they currently hold for positions within their field; often with a preference for the same institutions or professional associations involved in their careers.

In addition to this professional network spans organisational boundaries and so common approaches and forms are communicated quickly between the professional network participants.

The form can be imposed (Institutional Isomorphism) or emerge from market competition (Competitive) (DiMaggio & Powell, 1991). Institutional isomorphism describes regulated and rule-bound organisations like schools, hospitals and government agencies which seek “political power and institutional legitimacy” by adopting common institutional rules over time (DiMaggio et al., 1983). Competitive isomorphism describes open competitive environments where the adoption of efficient structures and behaviours may result in greater organisational gain which then becomes the organisational norm (Ang et al., 1997).

2.12.7 Criticism of Institutional Theory

Criticism of institutional theory contrasts the paradox of the micro-economic theoretical view of organisations. It is a paradox that organisations are pursuing irrationally uncertain goals using ill-defined technologies to achieve rationally certain goals (DiMaggio et al., 1983).

The process of isomorphism is not steady – there can be critical interventions by elites which then sets the institutional definition for extended periods rather than an orderly procession of structuration (DiMaggio et al., 1983; Katz, 1971).

Organisations may respond with different strategic responses to the pressures emerging from the organisational field especially when organisations hold divergent views as to the perceived economic benefits from alternative strategies. The divergence is inconsistent with institutional theory which would suggest a convergence of strategic responses (Ang et al., 1997).

The confliction of institutional theory with TCE which posits that governance and organisation forms depends upon transactional attributes. Incomplete contracts suggest that there is some relationship within isomorphic processes better described with TCE. Ultimately efficiency arguments will triumph over power arguments where the perceived economic gain is significant which then relegates institutional theory to providing principally some additional interpretive power to TCE (Williamson, 2000).

2.12.8 Core Competency Theory

Competency theory highlights the features of management and learning within a firm rather than the production functions suggesting that cognitive specialisation is a scarce resource which potentially mitigates issues of bounded rationality (and hence opportunism) in TCE

(Williamson, 1999). Core competencies are the collective learnings or knowledge sets of an organisation which are capable of adaptation applied over a limited number of technologies and applied consistently in ways which are meaningful to their customers (Prahalad et al., 1990).

An external summary of the perception “These people are good at X” isn’t product specific but an indication of the competence to resolve organisational and technical matters (Teece, Rumelt, Dosi, & Winter, 1994). To be a core competency, three elements need to be combined: customers must value the differentiating competency as distinct from competitors; the competency must be difficult to imitate and sustained over time; and the competency should be capable of application to multiple purposes and remain within the firm (Arnold, 2000).

A core activity is dependent upon a core competency. A core competency, by definition is the essential reason for the existence of the firm, difficult to imitate and the foundation of future value; if this were not the case then the core competency could be had from any other supplier (Prahalad et al., 1990; Quinn et al., 1994). This distinctive competence is that set of activities that a firm can organise and coordinate better than any other from which it derives competitive advantage (Dosi & Teece, 1998).

The most successful firms in the new economy will subcontract as many non-core activities as possible (Grossman et al., 2002). Perhaps the only sustainable core competency for an organisation is its ability to endlessly reinvent its value chain (Fine, Vardan, Pethick, & El-Hout, 2002).

2.12.9 Criticism of Core Competency Theory

Criticism of core competency theory focusses on the poor guidance provided for the identification of core competencies and abilities (Javidan, 1998). Many corporate success stories, contains an ex-post rationalisation of some hitherto undiscovered core competence. Likewise, any corporate failure is the result of some underlying missing core competence. In between, a previously successful corporate which has failed to adapt and subtly failed is discovered to have been missing some core competence (Williamson, 1999).

There may be differing perspectives within a firm as to what represents the core competencies of the firm. For example, corporate management may hold different views compared to a statistical research group within a pharmaceutical company. The different views can lead to inappropriate outsourcing in the loss of adaptability for some core competencies (Mehta & Peters, 2007).

2.12.10 Agency Theory

The basis of agency theory is that an organisation is a complex web of formal and informal contracting relationships where those contracting relationships can be under the administrative control of the organisation (insourced) or not under the administrative control of the organisation (the market) (Jensen & Meckling, 1976). Organisational ownership defines the right to sell, without reference to the contracting parties, the residual claim to revenue and assets arising from those contracting relationships. In the case of an organisation with shares then the residual claim is divisible by the number of shares (Jensen et al., 1976). The separation of ownership (the Owner) from the exercise of administrative control of the contractual relationships (the Agent) imposes “agency costs” on the owners by reducing their residual claim to revenue and assets (Fama & Jensen, 1983). The cost of agency occurs because the interests, such as objectives or the appetite for risk, of the Owner and the Agent are in conflict and it is costly for the Owner to monitor the activities of the Agent (Eisenhardt, 1989a). Agency costs take the form of the Owner’s cost of monitoring the performance of the Agent, the Owner’s costs of bonding the Agent to the Owner and the tendency of the Agent to shirk in the absence of a residual claim to revenue and assets (Alchian et al., 1972). The principal focus of Agency Theory is the minimisation of agency costs while providing sufficient controls on the Agent to limit the expropriation of the Owner’s residual claim to revenue and assets by using efficient contracts and incentives (Eisenhardt, 1989a).

2.12.11 Criticism of Agency Theory

A criticism of agency theory is that it relies upon the organisation operating within an efficient market so that contracts between Owners and their Agents respond to market forces. If the market is inefficient then the emergence of power differentials between Owners and Agents, for example, Agents remain with an organisation as opportunities for alternatives are limited or vice versa, then the basic structure and controls of agent contracts can be significantly affected (Hill & Jones, 1992). An additional criticism is that Agency Theory inadequately describes changes in procedural norms for accountability. Changes in accountability can materially affect Agent contracts if they prescribe what an Agent must provide to Owners so as to account for their activities (Hannan, 1984).

2.12.12 Endogenous IT Outsourcing Theory

IT outsourcing theory has appropriated economic and social theories to explain and predict IT outsourcing phenomenon (Dibbern et al., 2004). These theories include TCE, agency theory,

institutional theory, SET and core competency theory amongst others. The dominant theory for ITO (and its fellow traveller BPO) is TCE (Lacity et al., 2011b). Calls for the development of endogenous IT outsourcing theory have arisen because of some of the instability around TCE predictions for ITO as they relate to asset specificity which of the three transaction attributes of TCE (asset specificity, uncertainty and frequency) is considered the most significant (Riordan & Williamson, 1985). These calls for the development of endogenous IT outsourcing theory are countered by other researchers who suggest that the instability around TCE predictions for ITO are related to problems of measurement as they relate to asset specificity (Karimi-Alaghehband et al., 2011).

2.13 Debt Collection

Debt collection has been an early mover in extending the traditional BPO model by using both nearshore and farshore locations to source services (Teunissen et al., 2006). Typically, the destination of choice is a low-wage country with a plentiful supply of skilled labour. India is the largest provider of farshore debt collection OBPO for English speaking countries.

Debt collection occurs when a customer fails to pay an obligation to a credit provider on the terms and conditions agreed. As a credit provider is already anticipating a potential loss in these circumstances, there is a heightened sensitivity to the cost of recovery as the uncertainty of recovery of the debt itself and as well as the potential loss of additional monies spent on trying to collect the debt.

This sensitivity to potential loss results in keen attention to factors affecting recovery including predicting the likelihood of recovery; the time taken to recovery; and the lowest possible cost of recovery.

2.13.1 Debt Collection Process

Debt collection, as the term implies, is the process by which credit advanced to a borrower, is recovered from that borrower (Maynard, 2004). The Australian Consumer and Competition Commission (ACCC) defines a debt collector as

“... a person to collect debts on behalf of the business. This could be: a creditor collecting a debt themselves (this includes single ‘assignees’-people or businesses who have been sold or ‘assigned’ a debt by the original credit provider) ... someone collecting on behalf of the creditor (for example, an independent collection agency).” (Australian Competition and Consumer Commission, 2015)

The United States Fair Debt Collection Practices Act defines a debt collector as

“ ... any person whose principal business is collecting debts, including: any person who regularly collect debts owed to another: creditors using a different name: creditors collecting for another person: attorneys: and any person the court decides fits the definition.” (Goldberg, 2005)

These definition of a debt collector captures the broad range of parties in the debt collection industry including businesses who manage their debts and commercial third parties such as contingent debt collectors, debt purchases, law firms and commercial field agents.

The debt collection industry has grown in response the expansion of both consumer and business credit. An area of expansion has been the growth in unsecured credit represented by credit cards and other revolving credit instruments.

The total indebtedness for United States consumers immediately before the Global Financial Crisis (GFC) was US\$13 trillion (Hunt, 2007) in an economy with a GDP of US\$15 trillion (US Department of Commerce, 2007). As credit expands so does the rate of default. Australia had a total of AU\$775 billion in consumer debt before the GFC (Griffiths, 2007) in an economy approximately one-twentieth of the size of US economy (Eslake, 2007).

In the United States in 2007, debt collection firms were actively seeking recoveries on \$200 billion in default of credit card debt (Hunt, 2007). On average 4 million American households exhibit financial distress by having debt payments which are more than 120 days in arrears. In 2006, US commercial banks wrote off \$29 billion in credit card debt where recovery action failed.

Unsecured credit means that the lender does not have specific recourse to the assets of the debtor. The absence of recourse is different to the provision of credit for the purchase of a house or some other specific asset with a credit contract which identifies the recovery or sale of the asset in the event of default. Unsecured credit recovery has recourse to civil enforcement in the courts. The ability of courts to deal with debt will depend upon the type of debt, the size of the debt and the period of indebtedness. Recovery through the courts can be a long and expensive process with no guarantee of success. Courts will often make a recovery order on a time-to-pay basis or a garnishment of wages (a process of court sanctioned deductions made to a debtor's pay check) which may extend for many years. Additionally, courts can make orders for the seizure of other property or assets. A credit provider, or debt collector acting on their behalf, will seek to effect recovery by other means in the first instance rather than rely upon civil enforcement which can be both protracted and expensive with uncertain outcomes.

The other means of recovery include contact with the debtor, usually by telephone, to advise the debtor of the actions that may result from non-payment. The actions for non-payment may include an adverse entry of default on the debtor's credit record; this may lead to the inability of the debtor to access credit in the future. Restricted future access to credit may lead to problems accessing many services and the supply of goods where the provider of those undertakes a credit worthiness enquiry before providing access. The effects can include the restriction of common services involving post-paid arrangements such as mobile phone contracts, accommodation rental agreements. A debtor may be persuaded by understanding the consequences of failing to enter into arrangements to settle the debt.

American debt collectors contact unsecured debtors more than 1 billion times per year (Hunt, 2007). Australian debt collectors make more than 65 million contacts with consumers per year (Australian Competition and Consumer Commission, 2015). In Australia, the estimated annual revenue generated by the Australian debt collection industry is AU\$1.2 billion (Australian Competition and Consumer Commission, 2015).

A debt collector may also initiate bankruptcy proceedings on behalf of the credit provider. Bankruptcy is an option where the debtor has significant assets or the capacity to source repayment funds rather than deal with the consequences of bankruptcy; this is particularly effective for debtors who are involved in business as it severely restricts the capacity to act as officers of companies, access credit or undertake commercial activities generally (as well as restrictions on occupying positions of trust).

2.13.2 The Default

Default occurs when a borrower breaches a term or condition in a credit contract. The terms and condition can include non-payment on a prescribed day, failure to notify a change of circumstances (including change of address or the location of assets), the breach of covenants with respect to income versus the level of debt or the general decline in the value of assets offered as security in the contract.

On default, a process of notification commences. Notifications advise debtors of options for remediating the cause of the default or recovering the debt; often with additional costs arising from undertaking recovery. Usually, this process is undertaken by a credit provider or by the Accounts Receivable function within a firm. Typically, this function operates for debts which are 60 days past due; that the breach causing the default is less than 60 days old. If the credit provider has failed to remedy the breach with a debtor or have the debt repaid within that 60-day period then the debt recovery path changes. The credit provider decides whether to write the debt off or to refer the debt to a debt collector for contingent collections or to prepare for sale to a secondary market for distressed debt. If the amount of the debt is small and the credit provider doesn't have significant volumes of bad debts then for administrative convenience the debts would usually be written off by way of accounting entry within a financial year. Some credit providers with small debts have such significant volumes that the level of debt recovery that can take place becomes material to the success of their business. Recurrent credit providers such as mobile phone companies or utility companies will have debts which are less than US\$500. When dealing with thousands of customers with debts of this amount the overall loss to a business can be significant. These types of organisations usually favour contingent debt collection in preference to writing the debt off or other remediation treatments in the first instance.

2.13.3 Contingent Debt Collectors

Debt collectors may have the debt referred to them to undertake contingent collections. Contingent collection is the process by which the debt collector undertakes recovery action and a fee paid as a proportion of the funds recovered from the debtor. The debt collector is operating as a specific agent of the original credit provider and is subject to the recovery preferences of the referring credit provider as well as any statutory or regulatory requirements within the jurisdiction in which they are operating (Australian Collectors and Debt Buyers Association, 2017). The referral to a contingent debt collector is usually for a set period which

inspires the contingent debt collector to act promptly to generate revenue for themselves by collecting the debt. If a contingent debt collector fails to collect the debt in part or whole, then they may have incurred an expense for which there is no income.

In addition to the potential loss of expenses incurred in making unsuccessful attempts to recover a debt, the contingent debt collector will be the risk of either losing business or receive reduced rates of commission by the operation of service level agreements with the credit provider. The service level agreements prescribe forecast rates of recovery for the debts referred to the contingent debt collector. Failure to achieve the forecast rates of recovery may result in less debt, or no debt, being referred to the contingent debt collector. Some credit providers will have contingent debt collectors in competition with each other with referred debts sent to two or more contingent debt collectors. Within any review period, the more successful contingent debt collectors may receive a greater proportion of referred debt in the next period based on the greater success in the previous period; a champion and challenger strategy.

Debts referred to a contingent debt collector in one period and remain unrecovered may be referred to another contingent debt collector. This second referral may have lesser service level agreements on the rate of recovery than that applied to the first contingent debt collector. Once this process of contingent debt collection is effectively exhausted the credit provider will then make the decision as to whether to write the debts off or to prepare them for sale (“charge off”). This decision is influenced by both the age of the debt, the size of the debt, the regulatory framework applying to the debt and the anticipated pricing levels in the secondary distressed debt purchase market.

2.13.4 Debt Buyers

An active global secondary market for the purchase of distressed debt has emerged since the 1990s (Brannen and Cummings, 2005). The debt buyers who participate in these markets have become increasingly sophisticated in assessing, valuing, funding and collecting distressed debt. The debt buyer’s business model is that they will purchase distressed debt at a deep discount to the face value of the debt and then seek to recover more than what they have paid for the debt. By way of example, a \$10,000 unsecured credit card which is 180 days old debt is purchased for \$1,500. The purchase of this debt would typically be within a large portfolio of debts with similar characteristics of age, customer attributes and common credit product. This portfolio may have a face value of \$100 million, so the total purchase price paid by the debt

buyer would be \$15 million. The analytical and statistical models upon which the debt buyer relies may predict an overall recovery rate of \$50 million less the costs of collection.

The global secondary market has a spot market where some individual portfolios sell opportunistically. The global secondary market also offers long-term arrangements for the purchase of a continuous stream of charged off debt from a credit provider; this is known as a “forward flow” agreement. Forward flow agreements provide for the orderly administration of collection practices at significant scale with debt purchasers having substantial investments in systems, labour and recovery protocols in multinational locations.

As debt purchasers are very sensitive to minimising the cost of recovery and maximising the rate of recovery, they have been early adopters of OBPO to destinations such as India, the Philippines and South Africa (Australian Competition and Consumer Commission, 2015).

2.13.5 Regulation

Most Western economies heavily regulate the debt collection industry in response to abuses of recovery processes in the past. The regulation has occurred in concert with the development of consumer law practices in the same economies.

In the United States, federal and state laws regulate the debt collection industry. The principal federal legislation is the Fair Debt Collection Practices Act (FDCPA) which was adopted in 1977 to address abuse, deception and other unconscionable practices within the debt collection industry (Goldberg, 2005). The FDCPA prohibits threats of violence, abuse of language, misrepresentations regarding the identity of the collector (typically misrepresenting themselves as a representative of the government or a court) and false claims as to the ability to seize property without a court order.

The enactment of the FDCPA not only sought to deal with debt collection practices but also to provide rights to debtors in disputes that they may have as to the validity of the debt as well as the recovery processes used. If a debtor believes that the debt collector has breached the FDCPA they can make application to a state or federal court which may result in damages being paid by the debt collector. Importantly the FDCPA applies to debt collectors in their attempts to recover from consumers but not from their attempts to collect debts from businesses. In Australia, the debt collection industry is regulated by the individual states, the Australian Competition & Consumer Commission (ACCC) and the Office of the Australian Privacy Commission (OAIC).

Additional regulatory compliance requirements include jurisdictional licensing, anti-money laundering, counter terrorist financing, consumer credit, privacy, consumer protection and corporate governance (Australian Competition and Consumer Commission, 2015).

2.13.6 Privacy in Debt Collection

Article 12 of the United Nations Declaration of Human Rights says:

“No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks” (Solove, 2008)

The application of the principles of privacy in most Western jurisdictions covers the collection, use and storage of personal information. Additionally, there is a specific regulation of cross-border disclosure of personal information. Cross-border disclosure regulation primarily seeks to ensure that the protection of information is at least substantially like the information protection in the sending jurisdiction.

One of the key impacts of privacy regulation is that it is often difficult to have a debtor respond to an unsolicited call from a debt collection agent where the nature of the call cannot be revealed to a person answering the telephone until the identity of that person can be established as the debtor. This difficulty is increased further if the call has been generated from an overseas location and the caller has a foreign accent as this inspires the person answering the telephone to be wary of scams, identity theft or marketing calls.

A debt collector found to be breaching privacy regulation may suffer penalties greater than the value of the debt.

2.14 Research Agenda

Step 5 of Vom Brocke et al’s (2009) five step framework to the conduct of a literature review is “Research Agenda”. This step identifies those areas of research which the literature has identified as requiring answers to questions and gaps in the extant literature.

Some of the future research directions from the literature are:

1. Development of endogenous ITO/BPO theories (Busi et al., 2008; Lacity et al., 2010; Liang, Wang, Xue, & Cui, 2016) - the development of endogenous ITO/BPO theories is to address some of the failures of the predictive capacity of TCE in relation to asset specificity and the transition from reliance on descriptive theories to normative theories requiring statements of causality.
2. Research into the non-IT settings for outsourcing and BPO (Mihalache & Mihalache, 2015) - most of the research focus to date has been on IT settings for outsourcing and BPO. As firms become more familiar with OBPO, research into a portfolio approach of the interdependence of decision-making is likely to emerge as a future research direction. This research will look at the mix of activities to be retained in house, and where these activities are undertaken, as well as how these activities integrate with outsourced and offshore activities as the decisions will not be taken in isolation.
3. BPO innovation effects (Lacity et al., 2011a; Lacity & Willcocks, 2013) - research into how the benefits of innovation can be realised through BPO by the application of incentive structures and gainsharing within contract structures.
4. Retained client capabilities (Willcocks et al., 2013) - the future research direction dealing with those capabilities which a client needs to retain to make informed decisions about their own business as well as the capacity for supplier substitution if required.
5. Corporate Social Responsibility impacts (Busi et al., 2008; Lacity et al., 2016) - research into the maintenance of a social licence to operate in BPO and OBPO in onshore and offshore environments in the face of negative community and political opinion to the relocation of employment.
6. OBPO other than India (Lacity et al., 2011a) - India has been pre-eminent in the provision of OBPO services and has attracted most of the research effort to date. With the rise of other OBPO destinations such as the Philippines and South Africa there is an emergent requirement for research dealing with those OBPO locations. This also includes research into the relative merits of nearshoring compared to off shoring.
7. The effects of supplier capabilities (Strasser et al., 2015) - research into supplier capabilities and their effects on the retained organisation, domain expertise and overall performance.

8. BPO pricing models (Lacity et al., 2011a) - research into the shift from full-time equivalent pricing models to transactional (as a service) and outcome based pricing models.
9. Knowledge process outsourcing (Lacity et al., 2016) - research into the codification, formalisation, transfer and governance of knowledge processes in outsourcing relationships.
10. Alternative sourcing models (bundling, GICs, multiple sourcing, etc.) (Liang et al., 2016; Wiener et al., 2010) - research into the relative business value of different sourcing models in outsourcing depending upon strategic imperatives, functional and structural aspects.

2.15 Summary

This Chapter has applied the Vom Brocke et al. (2009) five step framework approach to address the objectives of the literature review by:

1. answering the questions of what is already known and what is needed to be known;
2. providing a theoretical framework for what is already known;
3. substantiating what is necessary to be known;
4. justifying the proposed research as worthwhile to the knowledge domain; and
5. identifying valid research methodologies and approaches for the proposed research.

Significant research has been undertaken on outsourcing. ITO is a subset of this body of research with BPO a smaller subset. OBPO by comparison is developing field of research.

Of the literature relating to OBPO this deals principally with information technology. This reflects the BPO early mover status of the information technology industry in onshore, nearshore, and farshore environments and is less mature than other disciplines. OBPO is under-researched by comparison to ITO, and the research that does exist, remains strongly IT focussed.

Potential knowledge and theory gaps arising from the rapid growth in the use of OBPO in service industries beyond information systems provides opportunities for additional research. The literature review reveals that the debt collection industry is a significant global industry

and is an under-researched industry setting for OBPO. Research into the identification of CSF applicable to the OBPO debt collection industry may address some of the potential knowledge and theory gaps.

The research literature also calls for the creation of endogenous theory to address instability in the predictive capacity of elements of the dominant outsourcing theories as applied to ITO. Using alternative industry settings may provide additional insights to endogenous theory creation.

The next chapter (Chapter 3) applies the theoretical insights from the literature review to develop a conceptual model of OBPO CSF.

3 RESEARCH MODEL

3.1 Introduction

This chapter provides a summary of the conceptual framework, underpinning theories and the development of the initial conceptual model. The key section topics outlined in this chapter include:

- Details of the underpinning theories identified in the literature review and their application to the development of the conceptual framework;
- Information on the initial development of the conceptual model; and
- A summary of the factors identified and how they contribute to the development of the initial conceptual model.

3.2 Literature Review

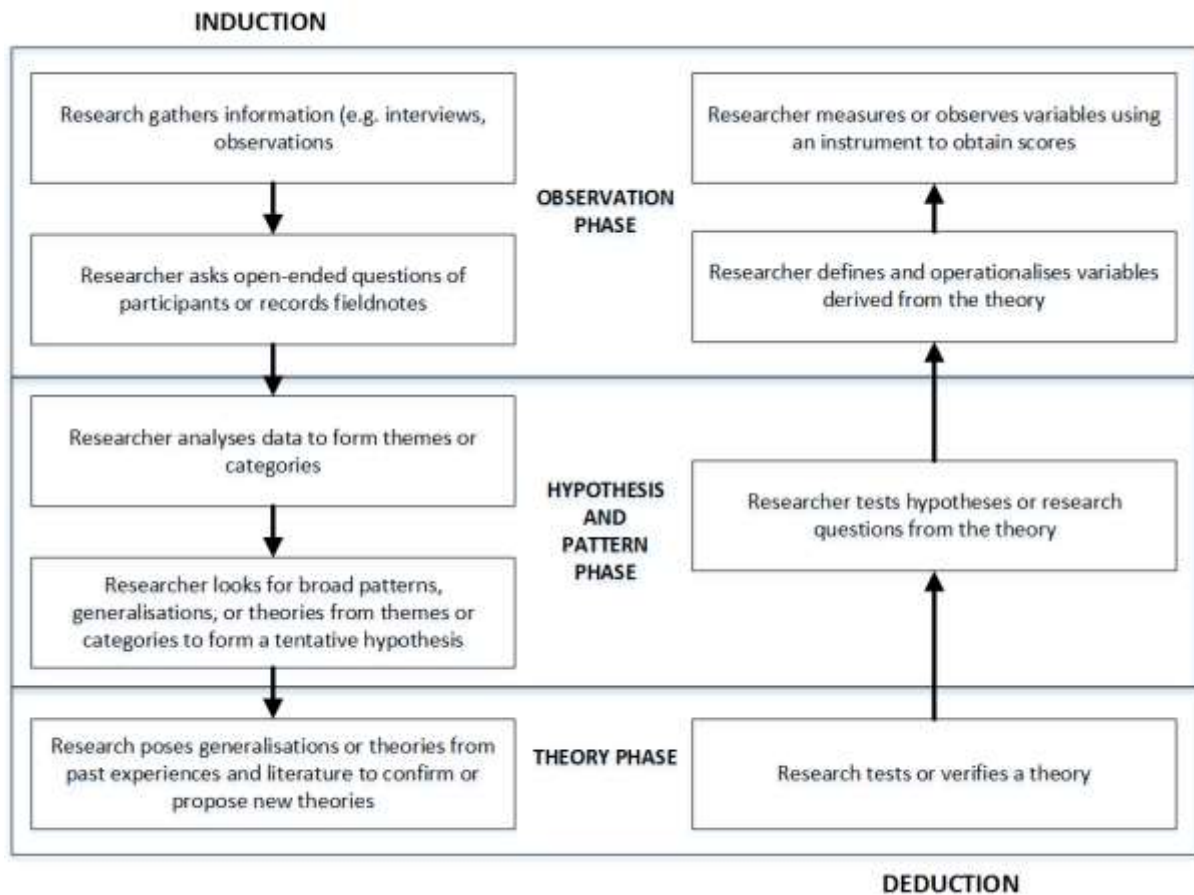
Chapter 2 provided a review of the offshore and outsourcing research literature. The literature review identified CSF for ITO as expectation management, appropriate selection of processes and functions to be outsourced (and the business model to support those processes and functions), robust contract management, responsiveness, focus on benefits realisation and process management. The literature review also found that CSF for BPO are like the CSFs for ITO but with some additional factors dealing with elements of cultural difference, the cultural agility of executives and senior managers and familiarity with different legislative or licensing requirements where the BPO was offshore. The theories used in ITO and BPO were also identified in the literature review.

3.3 Theories Used in this Research

Existing theories on OBPO and ITO have been co-opted from economic, social and organisational theory. The research questions in this thesis seek to address the applicability of theories used in ITO to OBPO debt collection in India and contribute to the emergence of endogenous theory for ITO (and BPO/OBPO). Observations and findings generated in this research (Observation Phase) will be compared with the existing theories used in ITO (Hypothesis and Pattern Phase) to identify possible extensions of those theories or to identify

new theory (Theory Phase) as can be seen in Figure 3-1 Locating the theory in research (Creswell, 2013) as a process of induction.

Figure 3-1 Locating the theory in research (Creswell, 2013)



The figure above shows that inductive processes move from observation to theory and deductive processes move from theory to confirmation. The objective of this research is the applicability of existing theories to the observations generated in OBPO debt collection as well as to generate extensions to that theory or new theory as an inductive process.

Using multiple theories in a research model provides the ability to compare the explanatory power of the theories used (Yin, 2009) and provides for a more complete understanding of those phenomena (Ang et al., 1997). This research uses five different theories to develop and support the research model.

The theories used are:

1. **Agency Theory (AT).**
2. **Core Competency Theory (CCT);**
3. **Institutional Theory (IT);**
4. **Social Exchange Theory (SET); and**
5. **Transaction Cost Economics (TCE);**

These theoretical models chosen for this research are widely used to explain different facets of outsourcing phenomenon (Dibbern et al., 2004; Strasser et al., 2015; Wiener et al., 2010).

Table 3-1 Theoretical Foundations of Research Model Theories (Busi et al., 2008; Dibbern et al., 2004; Gottschalk et al., 2005)

Theoretical Foundation	Summary	Main Variables/Focus	Model Contribution
Agency Theory (AT)	Concerned with the most efficient contracting arrangements between agents and principals as the result of asymmetry of information and differences in perceptions of risk between agents and principals.	Agent costs (monitoring, controls), optimal contractual relationships	Outsourcing governance arrangements
Core Competency Theory (CCT)	Focused on insourcing of those activities which are most valued by customers and in which comparative advantage can be found	Knowledge and Technology sets	Decision to outsource and what types of activities to outsource
Institutional Theory (IT)	Homogenisation of organisational forms	Mimetic, normative and coercive organisational forms	Decision to outsource, activities to outsource
Social Exchange Theories (SET)	Parties in the relationship assume that the outcome of the relationship is greater than achieved by individual parties separately. This leads to each of the parties viewing the relationship as of importance.	Cooperation, interactions, social and economic exchanges Exchange activities, benefits/costs, reciprocity, balance cohesion, and power in exchanges	Decision to outsource. what types of activities to outsource and governance arrangements
Transaction Cost Economics	Limited rationality, opportunism. Supported by comparative analysis of internal production costs versus external production costs plus the cost of contracting.	Transaction costs, production costs	Decision to outsource, what types of activities to outsource and governance arrangements.

Table 3-1 describes the research model theories used in this research. Notwithstanding that the dominant theory in outsourcing research is transaction cost economics, the addition of other theories provides a richer understanding of outsourcing and an insight to the factors affecting success.

3.4 Conceptual Framework

An initial conceptual, OBPO CSF Success (OCS) model, was developed from the literature review and the preliminary interviews. The conceptual framework describes the initial assumed relationship between variables, factors and constructs (Miles, Huberman, & Saldaña, 2013). The conceptual framework in this research model consists of three constructs. The constructs are CSF, Business Success Models for ITO/BPO and OBPO CSF Success.

The first concept is that of CSF within an organisational strategy, how CSF influences individual managerial behaviour and how CSF change over time. The second concept is a Business Success Model for ITO/BPO utilising cost savings, technical service quality and strategic goals incorporated with organisational expectations. The third concept is of CSF for OBPO aligned to promoting customer satisfaction, delivering competitive advantage, enabling IT services and providing service management. The OCS model provides the framework for research design and data analysis supported by a theoretical framework.

3.4.1 Critical Success Factors

The CSF construct describes the relationships to ensure success and high performance in an organisation. In particular those few factors critical to achieving organisational goals (Boynton et al., 1984). Corporate strategy and objectives determine the overall corporate goals for an organisation. Each manager's goals represent a subset of the corporate goals for which the individual manager needs to exercise her managerial prerogative to overcome problems in achieving their goals. The identification of individual CSF supports the prioritisation of managerial prerogative effort to reach their goal(s).

Figure 3-2 Hierarchy of CSF (Bullen et al., 1981; Cullen et al., 2014; Oshri et al., 2015)

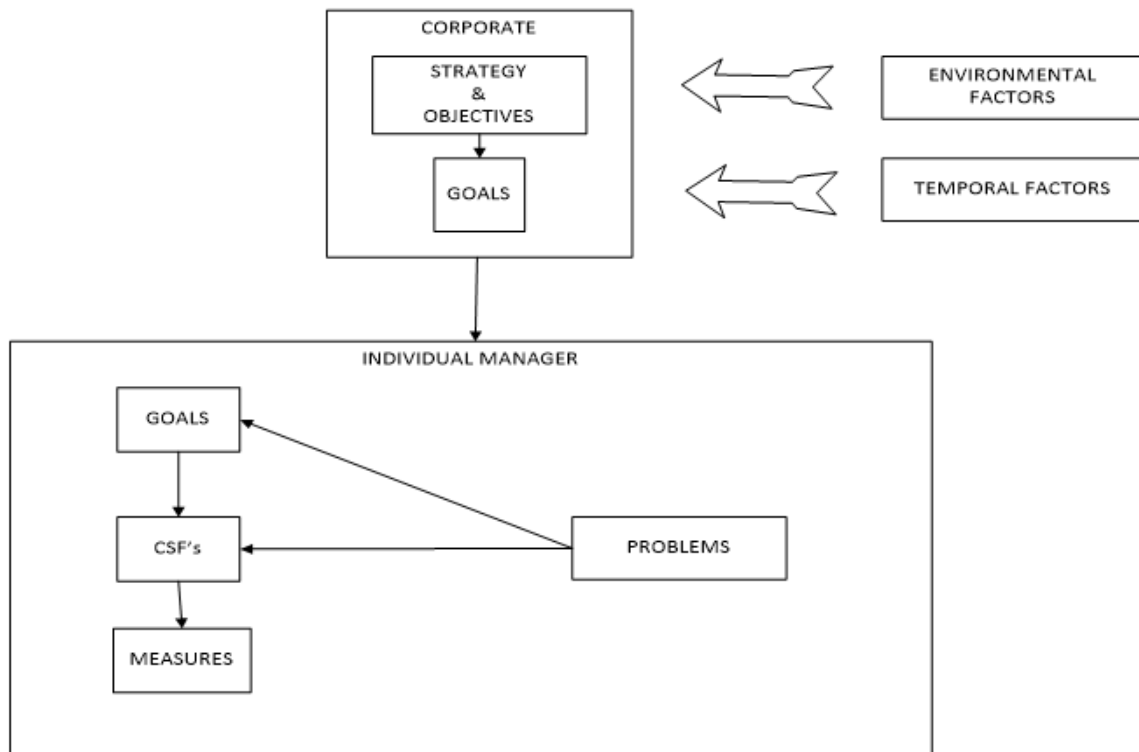


Figure 3-2 shows the relationship between corporate goals and the individual manager's goals. Within an hierarchical structure the manager's goals are subordinate to the corporate goals. For the manager, problems are mediating variables for the independent variable of goals and the dependent variable of CSF. As mediating variables, this means the CSFs can vary for the same managerial goal depending upon the problems that are present from time to time. The analysis of the CSFs remains at the corporate level with each manager contributing to those goals.

The initial exploratory interviews suggested that goals, and therefore CSF's, have a temporal dependency which means that they may (and usually do) change over time as offshore OBPO moves through an organisational outsourcing lifecycle. Changes occur in response to environmental factors (such as the cost of labour, taxes and technology,) and temporal factors (such as the phase of implementation and the maturation of organisational processes). The lifecycle for outsourcing, whether onshore or offshores has four temporal phases (Cullen et al., 2014). These phases represent independent variables in the temporal dependency of CSFs.

The four temporal phases are:

1. **Architect Phase** - determining the capacity of the market to meet the needs and expectations of the outsourcing entity;

Table 3-2 Architect Phase goals

Architect Phase Goals
Assessing the capacity of the market accurately to provide outsourcing services.
Identifying appropriate services to outsource.
Formulating strategies and plans for outsourcing
Designing the governance and monitoring structures

The table above shows the range of goals, and hence CSF possibilities in this phase. These factors are typically present at the beginning of an outsourcing life-cycle when assorted options are being considered as to both the form and content of outsourcing.

2. **Engage Phase** - evaluating providers and finalising the contractual arrangements and relationship;

Table 3-3 Engage Phase goals

Engage Phase Goals
Evaluating suppliers to supply services and meet expectations
Negotiating contractual arrangements between the supplier and client

The table above shows different goals for this phase when compared to the Architect Phase. Once the path forward has been determined the challenge then becomes to engage with suppliers and negotiate the final contractual forms.

3. **Operate Phase** - operationalises services and manages the negotiated arrangements in the previous phase;

Table 3-4 Operate Phase goals

Operate Phase Goals
Planning transition of services from client to supplier
Managing transition of services from client to supplier
Operationalising governance arrangements
Monitoring and remediating performance and contractual issues
Identifying service improvements

The table above shows different goals for this phase when compared to the Engage Phase. This involves the relocation and transition of process and service provision from the client to the outsourcing provider

4. **Regenerate Phase** - decision to renew, return services in-house, select a new outsource provider or reconfigure the service offering.

Table 3-5 Regenerate Phase goals

Engage Phase Goals
Evaluate success of the outsourcing
Determine decision point for renewal, return, new service provider or reconfiguration
Disengagement as required.

The table above shows different goals for this phase when compared to the Operate Phase. This phase involves an assessment of whether the objectives of outsourcing have been achieved, and the true measure of success which is contract renewal for the continuation of outsource services.

Table 3-6 Description of the CSF Model Factors

Model Factors	Description of Model Factors
Environmental Factors	Environmental factors are external to the organisation and over which the organisation has little or no control. Examples of environmental factors include regulatory and trade policies (free-trade arrangements or prohibitions on data transfer) as well as the general state of the economy as measured by growth, interest rates, labour market capacity and currency exchange rates.
Temporal Factors	There are two types of temporal factors. The first is in response to an unexpected set of circumstances which require specific organisational attention while it is being remediated. An example of this is a crisis event where a significant piece of plant or equipment fails and workarounds require development with new suppliers. The second type of temporal factor is where CSF change over time as separate phases or maturation of business models emerge. An example of this is where legal and contractual contract formation is more likely to be CSF at the beginning of a commercial relationship rather than in the middle of a contractual term.
Strategy	Strategy is the high-level plan by which an organisation seeks to achieve a desired future state. This high-level plan can consist of objectives, sub-plans, sourcing arrangements, resource allocation and risk considerations.
Objectives	Objectives are statements of organisational aspiration. At a corporate level, an objective might be to achieve 95% customer satisfaction.
Goals	A specific and measurable result to be achieved within a prescribed timeframe. The achievement of the result constitutes success.
CSFs	“CSF are those few key areas of activity in which favourable results are necessary from particular managers’ perspective to identify areas of concern, set strategies and thereby reach their goals, and in doing so contribute to an organisation’s overall goals” (Boynton et al., 1984).
Measures	A number or quantity which allows a calibration of an observable performance when compared with a CSF, goal or objective.
Problems	The gap between an existing state and the desired state arising from controllable (unsatisfactory performance) or uncontrollable (environmental) events. Problems may prevent the achievement of a CSF, goal or objective.

Table 3-6 lists the factors which appear in CSF models. The externalisation of factors beyond the organisation which may affect the CSF within the organisation are of interest; organisations do not exist in a vacuum. So, changes in the environment by way of economic conditions or the pricing of labour may render what was otherwise an appropriate strategy with associated CSF (hiring the best people in the market) inappropriate where high levels of automation are now available. The CSF, in those circumstances may require a greater focus on acquiring suitable machines to support automation.

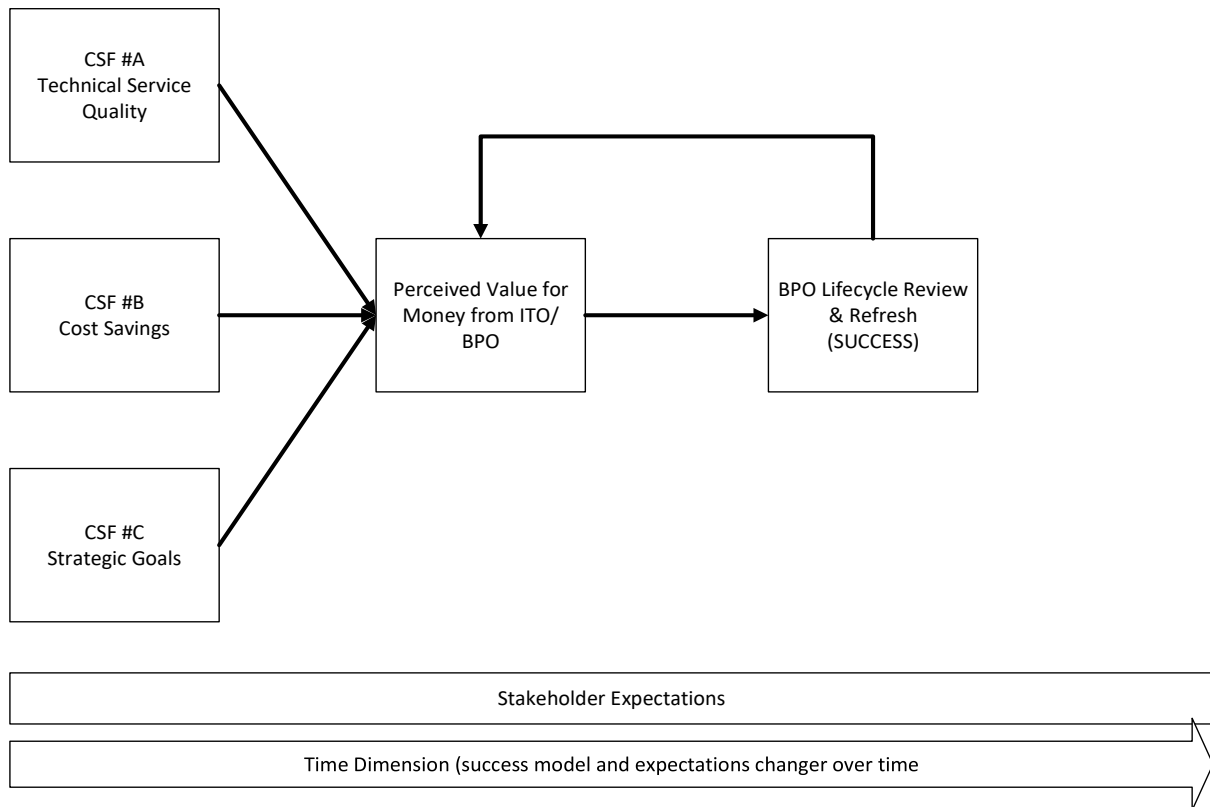
3.4.2 Business Success Model for ITO/BPO

CSF require a definition of what constitutes success to determine those critical factors which contribute to it. “Despite two decades of ITO research, the definition of success remains under-theorised, and success constructs are hard to find (Cullen et al., 2008; Dibbern et al., 2004). However, two commonly adopted approaches to measuring ITO/BPO success are perceived satisfaction with ITO/BPO outcomes and the degree to which predefined objectives (or goals) are realised (Winkler, Dibbern, & Heinzl, 2008). Further, a useful proxy for perceived satisfaction is contract renewal, which has the advantage that it is easily measured and goes beyond subjective perceptions (Goles, Hawk, & Kaiser, 2008). Business value has driven the significant growth in global BPO over many years rather than mimetic or coercive influences.

The BPO success model utilised in this case study research, outlined in Figure 3-3 below, utilises concepts for cost savings, technical services quality and strategic issues (Rouse, 2007), and incorporates the dimensions of user satisfaction judged relative to expectations (Cullen et al., 2008). Technical Service Quality is defined in operational terms as “doing things right” (Maddern, Maull, Smart, & Baker, 2007). It is also consistent in high-level terms with a 25-point conceptual framework for ITO success (Cullen et al., 2008), defining the high-level parameters as financial, operational and strategic.

Each organisation assesses ITO/BPO success against its own criteria, and the outcomes sought have a temporal dimension (Cullen et al., 2008). Regarding organisations’ criteria for assessing the success of OBPO in knowledge services, the limited research available supports the conclusion that success is specific to business context and has a temporal dimension. Success must be assessed against each different company’s own criteria, and goals sought from BPO are likely to change over the duration of a contract or engagement” (Wreford et al., 2011).

Figure 3-3 Business Success Model for ITO/BPO (Wreford et al., 2012)



The ITO/BPO success model outlined in Figure 3-3 above, utilises concepts for technical services quality (CSF #A), cost savings (CSF #B), and strategic issues (CSF #C) (Rouse, 2007), and incorporates the dimensions of user satisfaction judged relative to expectations (Cullen et al., 2008). Technical Service Quality can be defined as “doing things right” (Maddern et al., 2007). It is also consistent with a 25-point conceptual framework for ITO success (Cullen et al., 2008), with financial, operational and strategic high-level parameters defined.

3.4.3 OBPO Critical Success Factors

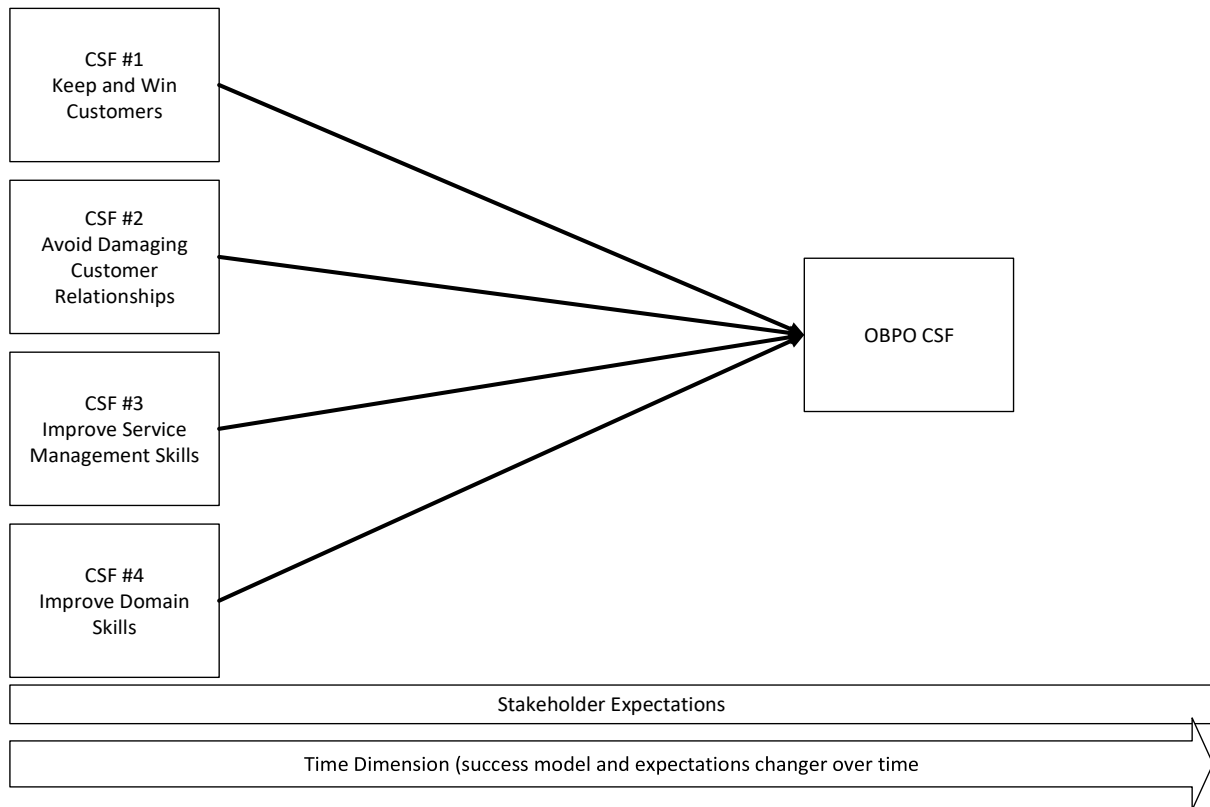
In Chapter 2, Table 2-23 CSF Factors in OBPO (Bairi et al., 2011) identifies four OBPO CSF:

1. Keep and win customers (CSF #1);
2. Avoid damaging customer relationships (CSF #2);
3. Improve service management skills (CSF #3); and
4. Improve domain skills (CSF#4).

This set of OBPO CSF focuses more on the outcomes of OBPO rather than what is previously been described in earlier literature has attention to contract formation, selecting the right services to be outsourced and careful monitoring. In this sense, those activities which are

critical to these OBPO CSF sit in the context of a customer’s point of view for delivering success.

Figure 3-4 OBPO CSF (Bairi et al., 2011)



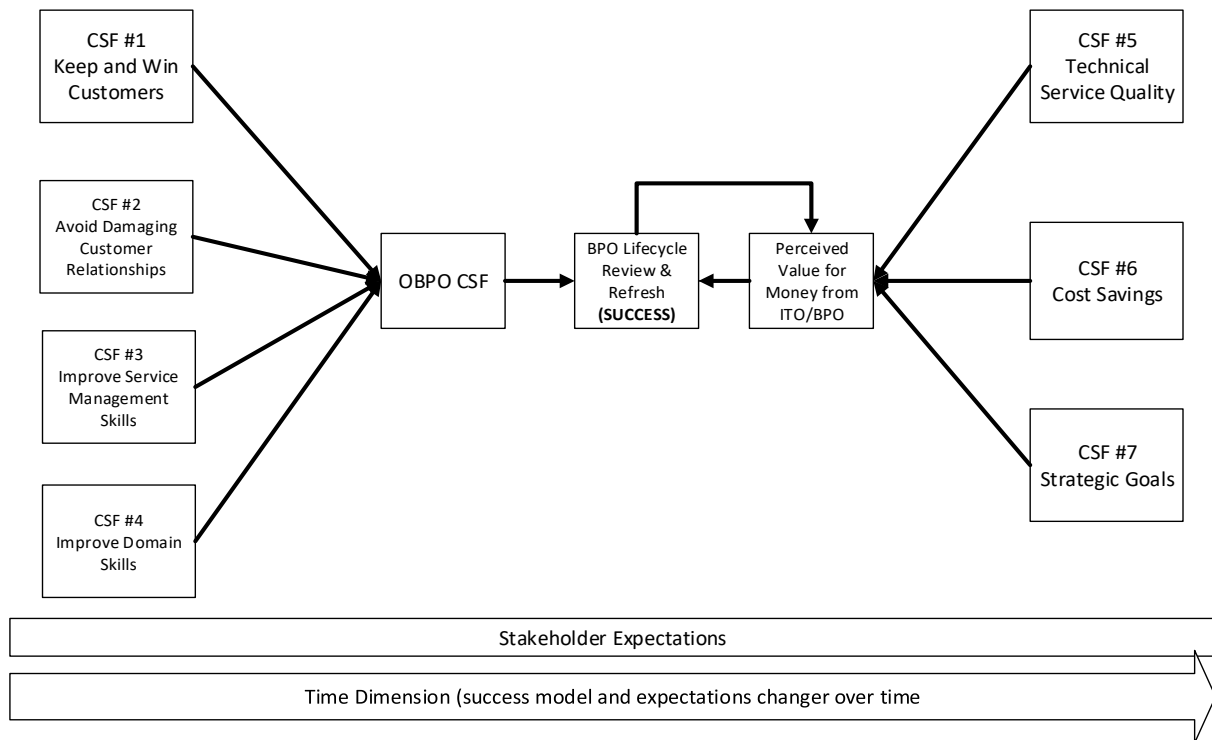
Key concepts identified in Figure 3-4 OBPO CSF above, are the four factors contributing to overall OBPO CSF and their contribution over time in meeting stakeholder expectations. This higher-level set of OBPO CSF allow subordinated tasks to be tracked back to those things that must be done.

3.5 Initial Conceptual Model

The concepts are combined in the Initial Conceptual OBPO CSF Success model, as is seen in Figure 3-5 Initial Conceptual OBPO CSF Success Model below. The concepts are combined to align the CSFs with clear measures of success. This conceptual model provides an initial model (constructs, factors and variables) through which the research can be conducted. This is a reconciliation of ITO/BPO CSF with OBPO CSF arising from the literature with CSF #A,

CSF #B and CSF #C becoming CSF#5, CSF #6 and CSF #7 respectively in the combined model.

Figure 3-5 Initial Conceptual OBPO CSF Success Model



This figure shows that the BPO/OBPO life-cycle refresh point is the binary definition of success or failure. The ability of the OBPO CSF to have been effectively managed is matched with the CSF for the perceived value for money of ITO/BPO has contributed to by technical service quality, cost savings and the alignment with strategic goals. It is possible that in isolation that ITO/BPO CSF may be achieved, but in an offshore setting damaged customer relationships may lead to overall failure.

3.6 Cross-Referencing the Multiple Underpinning Theories

In the previous sections, a research model and a selection of relevant theories have been explored to be applied to this research. The research model theories in Table 3-1 contribute to explaining the decision to outsource, what types of activities to outsource, the governance arrangements in outsourcing and their collective contribution to success.

Agency Theory (AT) contributes to explaining the types of governance arrangements where there is a separation between ownership and management as is the case with outsourcing. It explains that there are different risk and incentive profiles for owners and managers within the nexus of contracts which form an organisation (Fama et al., 1983). The particular focus of AT is to minimise monitoring costs as a result of these different profiles (Alchian et al., 1972). AT contributes to explaining the governance arrangements to be applied to outsourcing.

AT supports the initial OCS by explaining the role of agency in requiring an OBPO provider to act in the best interests of the principal. This applies to CSF #1 Keep and Win Customers and CSF #2 Avoid Damaging Customer Relationships which preserve the line of business and customer revenues in which the principal operates. CSF #7 Strategic Goals is also supported by AT as the agent is required to behave as though they were the principal in the absence of direction. This means the behaviours of the agent should be consistent with the strategic goals of the principal even when no explicit instruction may have been provided.

Core Competency Theory (CCT) provides explanatory power on notions of an organisational focus on competencies on which an organisation's customers place the highest value and which are capable of replication across a variety of products/services or industries in a coherent way (Quinn et al., 1994). Core competencies can include organisational/economic competence (how to organise and run a business successfully) and technical competence (how to develop, design and produce new products and services) (Teece et al., 1994). CCT contributes to explaining the decision to outsource and which activities to outsource.

CCT supports the understanding of the effects of CSF #3 Improve Service Management Skills, CSF #4 Improve Domain Skills and CSF #5 Technical Service Quality. These three CSF are interdependent with those core competencies retained by the customer and those which are outsourced to the OBPO provider.

Institutional Theory explains the question of why organisations within an industry tend to resemble one another over time (and what happens when they do not). As offshore outsourcing organisational forms become more commonplace within an industry setting they pass through a structuration process. This structuration process reduces the diversity of socially legitimate forms and increases the tendency for other industry participants to adopt the organisational forms of dominant participants (DiMaggio et al., 1983). This adoption can simply be mimetic without a real consideration of whether it is an appropriate organisational form for an

organisation. Institutional theory helps to explain how offshore outsourcing industries evolve regarding their organisational form and their social legitimacy/acceptance.

Institutional Theory provides a lens through which stakeholder expectations can be viewed. Stakeholders will have well-defined expectations of both the form and content of the services to be provided in an offshore setting affecting CSF #1 Keep and Win Customers, CSF #2 Avoid Damaging Customer Relationships and CSF #5 Technical Service Quality.

Social Exchange Theories place outsourcing arrangements within the context of perceptions of past behaviour as a predictor of future behaviour and the value put on those transactions in the future. It is in this regard that SET may moderate some of the predictions regarding the temptations for TCE opportunistic behaviour by a contracting party by the value placed upon the prospect of future relationships (Baker et al., 2002). SET assists in explaining the decision to outsource (particularly the attributes of an outsourcing provider), what types of activities to outsource (potentially moderating the specificity influence within TCE) and the governance arrangements (particularly for long-term contracts where contract specifications may be limited).

SET provides an explanation of the primary role, or measure of success, represented by the BPO life-cycle review and refresh success activity which is the outcome of all the other activities. Satisfactory performance and the absence of gouging by an OBPO provider can be governed by the expectation of future contract renewals.

Transactional Cost Economics describes the transactional attributes of asset specificity, uncertainty and frequency determine the make-or-buy decisions made by organisations (Lacity et al., 2011b). Asset specificity considers the degree to which the second-best use of an asset is of productive value is close to the best use of an asset. TCE predicts that to manage the investment with an asset with a high specificity, a vertically integrated governance structure is most appropriate, or a more complete contract (anticipating as many future scenarios as possible to avoid opportunism) be prepared at greater cost as the investment has little value other than for that specific use. Both of these mechanisms seek to relieve the bilateral dependency that high specificity can bring to a supplier relationship (Williamson, 2005). Vertical integration and complete contracts protect the party making the significant asset-specific investment from opportunistic behaviour. Low asset specificity means that the asset is easily repurposed to some other type of activity. High-frequency transactions with low asset

specificity are more likely to occur within markets. Low-frequency transactions with high asset specificity are more liable to be a vertically integrated within an organisation.

Uncertainty is “the source of disturbances to which adaptation is required” and was not remediated ex-ante (Williamson, 2005). These disturbances include human behaviour, such as opportunism and misleading conduct, as well as environmental relating to technological change, shifts in consumer preferences and general economic conditions. High levels of uncertainty lead to higher transaction costs for costly contractual amendments in remediating responses to unexpected events (Bahli et al., 2003).

Frequency is the degree to which repeated transactions are required; the difference between a one-off purchase and regular transactional activity (Williamson, 1979).

The focus of TCE is to minimise transaction costs by proposing governance structures appropriate to a sourcing transaction which mitigate the tendency to opportunistic behaviours by suppliers/customers because of the limits of contract specification arising from the bounded rationality of contracting parties in anticipating all possible future scenarios. The limits are encountered in long-term contracting arrangements which are typical of ITO and BPO agreements. Evidence from empirical research, however, has found that the predictive power of TCE is inconclusive on insourcing/vertical integration in the presence of high asset specificity which suggests the presence of other moderating factors such as supplier trust (Dibbern, Chin, & Kude, 2016). TCE contributes to explaining the decision to outsource, which activities to outsource and the governance arrangements applicable to outsourcing.

TCE provides explanatory power for the provision of CSF #6 Cost Savings. The transactional structure of the OBPO arrangement, and ultimately the ability to drive cost savings, is driven by TCE.

3.7 Summary

In this chapter, the literature review and the initial interviews have been combined to form an initial conceptual model linking CSF with OBPO success. The factors affecting and contributing to the initial conceptual model have also been identified. Five underpinning theories (Agency Theory, Core Competency Theory, Institutional Theory, Social Exchange Theory and Transaction Cost Economics) have been used to support the initial conceptual model.

The next chapter (Chapter 4) describes the research methodologies used in Information Systems research, the selection of a research method for this thesis and the research design.

4 RESEARCH METHODOLOGY

4.1 Introduction

This chapter describes:

- The philosophical basis of research in the context of worldviews, research design and research methods.
- The suitability of different research approaches in the context of the philosophy of research.
- The method selected for application to this research.
- The application of the method to this research.

4.2 Research Methodologies

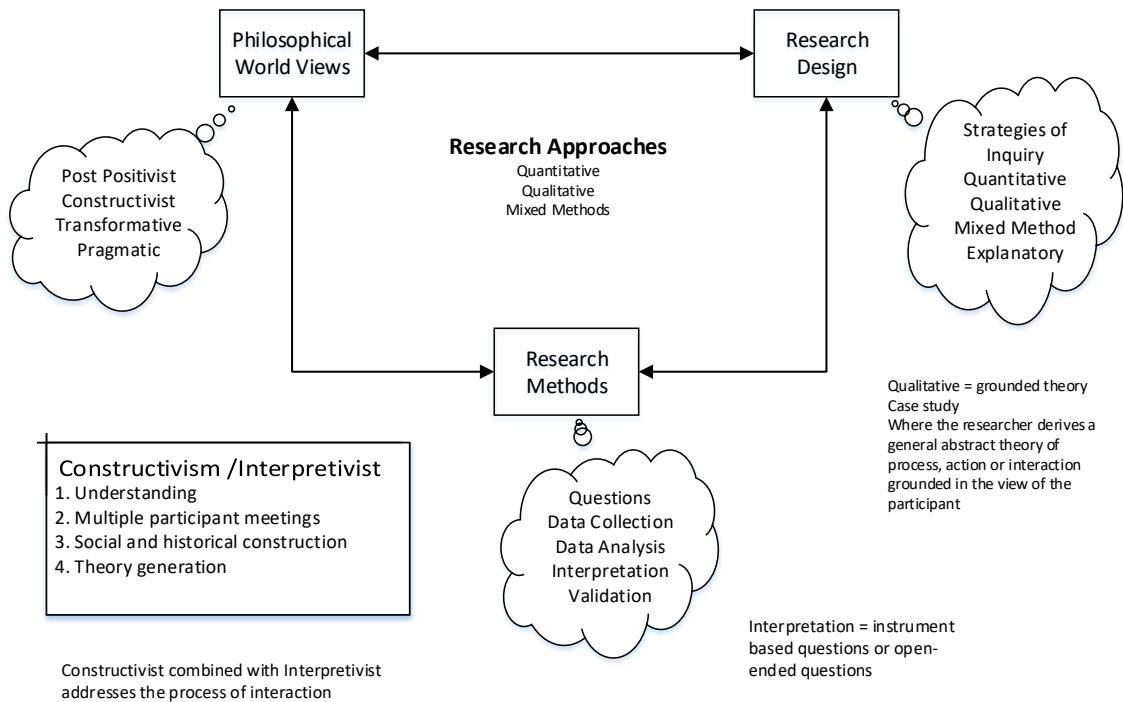
There is a philosophical perspective which influences the selection of both research design and research methods by a researcher in response to competing theories of truth (Haase & Myers, 1988; Johnson & Onwuegbuzie, 2004). This philosophical perspective is variously called a paradigm or worldview and represents a set of beliefs held by a researcher based upon their training, their research experiences and is a shared set of beliefs with other researchers (Kuhn, 2012). A shared set of beliefs applied in a setting determines the paradigm guiding human decisions. Examples of this are how the adversarial paradigm guides the legal system, how the judgment paradigm determines the winners of sporting events and how religious paradigms shape human morality (Guba, 1990, p. 17).

The emergence of research methods as they are now known, was from the philosophical considerations of metaphysicists in the mid-19th century lead by August Comte where humanity no longer had to rely upon the gods to understand the world. Comte held that humanity could enter a new “positive age” and be responsible for its own destiny by the application of scientific research. Positivism, as a term, reflected the optimistic worldview of the metaphysicists of the time and came to describe the research approach of Positivism (Kuhn, 2012). Positivism is

not the only worldview to shape “positive” research approaches though. Creswell (2013) proposes four worldview types as:

1. **Positivism/Post-Positivism** - a deterministic approach where causes produce outcomes confirmed experimentally. Usually associated with the scientific method where a researcher tests a theory by collecting data which will either confirm or repudiate the expected results predicted by the theory. Objective and careful measurement using quantitative methods establishes the validity of the findings.
2. **Interpretive Social Science (Constructivism)** - a subjective approach, using qualitative (usually) methods, ascribing meaning to the specific context of the research. A researcher seeks patterns of meaning from data on human interactions to inductively develop theory. The researcher’s interpretation of the patterns of meaning is subjective which means the experiences and worldview of the researcher influences their interpretation.
3. **Critical Social Science (Transformative)** - a political approach where a researcher seeks to collaborate and potentially change the lives of marginalised and oppressed research participants. The researcher studies asymmetries in power relationships based on gender, sexual orientation, social/economic class and other factors contributing to the asymmetry.
4. **Pragmatism** - a pluralistic mixed method approach where a researcher is free to choose the approach taken to the research based upon intended consequences. The researcher uses both quantitative and qualitative data to generate a more complete understanding of the research problem.

Figure 4-1 Connecting Worldviews, Research Design and Research Methods adapted from (Creswell, 2013)



The figure shows the relationship between the philosophical world views, research design and research methods as proposed by Creswell (2013). Creswell suggests that researchers make explicit their world view or bias in the choice of research method. The literature suggests that information systems researchers have a worldview, or bias, towards using Constructivism/Interpretivist research approaches as the methods used to reflect this approach. This leads to practical differences in research methods which are summarised by Neuman (1997) in Table 4-1 A Summary of Differences among the Approaches to Research (Neuman, 1997, p. 83).

Table 4-1 A Summary of Differences among the Approaches to Research (Neuman, 1997, p. 83)

Lens	Positivism/Post-Positivism*	Interpretive Social Science* (Constructivism)	Critical Social Science* (Transformative)
Reason for research	To discover natural laws so people can predict and control events	To understand and describe meaningful social action	To smash myths and empower people to change society radically
Nature of social reality	Stable pre-existing patterns or order that can be discovered	Fluid definitions of a situation created by human interaction	Conflict filled and governed by hidden underlying structures
Nature of human beings	Self-interested and rational individuals who are shaped by external forces	Social beings who create meaning and who constantly make sense of their worlds	Creative, adaptive people with unrealised potential, trapped by illusion and exploitation
Role of common sense	Clearly distinct from and less valid than science	Powerful everyday theories used by ordinary people	False beliefs that hide power and objective conditions
Theory looks like	A logical, deductive system of interconnected definitions, axiom, and laws	A description of how a group's meaning system is generated and sustained	A critique that reveals true conditions and helps people see the way to a better world
An explanation that is true	Is logically connected to laws and based on facts	Resonates or feels right to those who are being studied	Supplies people with tools needed to change the world
Good evidence	Is based on precise observations that others can repeat	Is embedded in the context of fluid social interactions	Is informed by a theory that unveils illusions
Place for values	Science is value free, and values have no place except when choosing a topic	Values are an integral part of social life: no group's values are wrong, only different	All science must begin with a value position, some positions are right, some are wrong

*Pragmatism is a mixture of the three principal methods without settling upon one reality or philosophical structure.

Table 4-1 A Summary of Differences among the Approaches to Research (Neuman, 1997, p. 83) provides a guide to the competing approaches applicable to research. Each approach is equally valid but tends to reflect the world view, or bias, or preference, of the researcher. Each

method systematically collects data, seeks explanation or understanding, is subject to public scrutiny, requires self-awareness from the research about the conduct of research and is an open-ended process (Neuman, 2013). Each method has strengths dependent upon the research objective. As an example, Positivist methods are more likely to be used in determining a cost benefit analysis than an Interpretivist method; which is more likely to be used for exploratory research.

Research method selection, therefore, is essentially choosing between quantitative methods, qualitative methods or a mixture of both methods (mixed methods) (Creswell, 2013). The increasing use of mixed methods is a response to reconciling the integration of quantitative and qualitative methods rather than the displacement of both paradigms in response to dissatisfaction with the two dominant methods (Haase et al., 1988). Mixed methods is a rejection of mutual exclusivity between the two dominant methods resulting in some common basic agreements. Johnson et al. (2004) propose that the basic agreements are:

1. truth is relative to individuals;
2. reality can be explained by different theories based on the same observations;
3. hypotheses do not exist in isolation, and any testing is dependent upon other assumptions;
4. induction may not be a reliable predictor of the future; and
5. researchers are never value free and their research takes place within a social context.

4.3 Research Methods in Information Systems

Venkatesh, Brown, and Bala (2013) say that Information Systems research is characterised using a diversity of research methods. The dominant characteristics of Offshore IS research are the use of the qualitative paradigm and interpretivist research methods relying upon empirical data and not based on theory (Strasser et al., 2015).

The most common research method used to research outsourcing is multiple case studies or field studies (Reyes, Jose, & Juan, 2006). Exploratory research in information systems principally uses qualitative research to create new theoretical insights and an understanding of the observable reality.

Theory testing in information systems relies mostly on the use of quantitative methods. Mixed methods, combining qualitative and quantitative research methods, offer information systems researchers the ability to generate theory and then to test theory (Venkatesh et al., 2013).

Table 4-2 Qualitative, Quantitative and Mixed Methods Approaches (Creswell, 2013)

Tend to or Typically	Qualitative Approaches	Quantitative Approaches	Mixed Methods Approaches
<ul style="list-style-type: none"> • Use these philosophical assumptions • Employ the strategies of enquiry 	<ul style="list-style-type: none"> • Constructivist/transformative knowledge claims • Phenomenology, grounded theory, ethnography, case study, and narrative 	<ul style="list-style-type: none"> • Post-positivist knowledge claims • Surveys and experiments 	<ul style="list-style-type: none"> • Pragmatic knowledge claims • Sequential, concurrent, and transformative
<ul style="list-style-type: none"> • Employ these methods 	<ul style="list-style-type: none"> • Open-ended questions, emerging approaches, text or image data 	<ul style="list-style-type: none"> • Close-ended questions, predetermined approaches, numeric data 	<ul style="list-style-type: none"> • Both open and closed ended questions, both emerging and predetermined approaches, and both quantitative and qualitative data and analysis
<ul style="list-style-type: none"> • Use these practices of research as the researcher 	<ul style="list-style-type: none"> • Positions him or herself • Collect participant meanings • Focuses on a single concept or phenomenon • Brings personal values into the study • Studies the context or setting of participants • Validates the accuracy of findings • Makes interpretations of the data • Creates an agenda for change or reform • Collaborates with the participants 	<ul style="list-style-type: none"> • Tests or verifies theories or explanations • Identifies variables to study • Relates the variables in questions or hypotheses • Uses standards of validity and reliability • Observes and measures information numerically • Uses unbiased approaches • Employs statistical procedures 	<ul style="list-style-type: none"> • Collect both quantitative and qualitative data • Develops a rationale for mixing • Integrates the data at different stages of enquiry • Presents visual pictures of the procedures in the study • Employs the practices of both qualitative and quantitative research

Table 4-2 above provides a comparison of the typical applications of different research approaches with the features of each approach detailed. The research approach is affected by the preferences of the researcher in collecting data and then interpreting the data. An example of this is that the collection of empirical data is likely to lend itself to a quantitative approach for research.

4.4 Selection of Research Method

This research combines qualitative and quantitative methods. This reflects the worldview, or bias to an interpretivist paradigm, to understand and describe meaningful social action as the

reason for undertaking this research as described in Table 4-1 A Summary of Differences among the Approaches to Research (Neuman, 1997, p. 83).

The other elements of Neuman (1997) in Table 4-1 in relation to the application to the interpretivist paradigm, are also consistent with information systems research being deeply enmeshed in the social relations between people and the social constructs within which they operate.

Research design and method selection requires the relationship between the research question, design and method to be linked (Yin, 2009). Table 4-3 Relationship Between Objectives, Phases and Research Questions describes the relationships between the research objectives, research phases and research questions.

Table 4-3 Relationship Between Objectives, Phases and Research Questions

Objectives	Phases	Research Questions
Identify the CSF applicable to the offshore BPO of debt collection to India	Phase 1 - Initial literature review, identification of potential case studies and survey Phase 2 – Conduct exploratory case study	What are the Critical Success Factors affecting Indian-based English-language OBPO in the global debt collection industry? (Primary Research Question)
Investigate the application of theory from ITO to identifying the CSF	Phase 3 – Initial CSF model development	How applicable is theory from Information Systems outsourcing? (Secondary Research Question)
Develop a CSF model for OBPO of debt collection to India	Phase 4 – Conduct three case studies, code and analyse	What is an appropriate Critical Success Factor model for OBPO for the debt collection industry? (Secondary Research Question)
Build theory to support the CSF model	Phase 3– Initial CSF model development Phase 4 - Conduct three case studies, code and analyse Phase 5 - CSF model evaluation and development	Are the Critical Success Factors identified likely to change over time? (Secondary Research Question) Are the Critical Success Factors identified dependent upon the country outsourcing to India? (Secondary Research Question)
Conduct an empirical test of the CSF model	Phase 5 - CSF model evaluation and development	"What are the Critical Success Factors affecting Indian-based English-language OBPO in the global debt collection industry?" (Primary Research Question)

Table 4-3 links the phases of research to the research questions in this thesis aligned with the objectives of those research questions.

4.5 Research Design

The research design consists of five phases based upon Eisenhardt (1989b)'s eight step theory building process using case studies. Theorising is used to understand recurrent patterns emerging in the case studies; a process known as saturation.

Table 4-4 Process of Building Theory from Case Study Research (Eisenhardt, 1989b)

Step	Activity	Reason
Getting Started	Definition of research question Possibly a priori constructs	Focuses efforts Provides better grounding of construct measures
Selecting Cases	Neither theory nor hypotheses Specified population Theoretical, not random, sampling	Retains theoretical flexibility Constrains extraneous variation and sharpens external validity Focuses efforts on theoretically useful cases-i.e., those that replicate or extend theory by filling conceptual categories
Crafting Instruments and Protocols	Multiple data collection methods Qualitative and quantitative data combined Multiple investigators	Strengthens grounding of theory by translation of evidence Synergistic view of evidence Fosters divergent perspectives and strengthens grounding
Entering the Field	Overlap data collection and analysis, including fieldnotes Flexible and opportunistic data collection methods	Speeds analyses and reveals helpful adjustments to data collection Allows investigators to take advantage of emergent themes and unique case features
Analysing Data	Within case analysis Cross Case pattern search using divergent techniques	Gains familiarity with data and preliminary theory generation Forces investigators to look beyond initial impressions and see evidence through multiple lenses
Shaping Hypotheses	Iterative tabulation of evidence for each construct Replication, not sampling, logic across cases Search evidence for “why” behind relationships	Sharpens construct definition, validity, and measurability Confirms, extends, and sharpens theory Builds internal validity
Enfolding Literature	Comparison with conflicting literature Comparison with similar literature	Builds internal validity, raises theoretical level, and sharpens construct definitions Sharpens generalisability, improves construct definition, and raises theoretical level
Reaching Closure	Theoretical saturation when possible	Ends process when marginal improvement becomes small

Table 4-4 shows Eisenhardt (1989b)’s case study research theory building roadmap, and an explanation of the contribution of each activity to theory building. Eisenhardt identifies the activities to generate a priori specification of constructs, the reason for using multiple data collection methods, the role of existing literature and case analysis (within and across case studies).

The phases of this research are cross-referenced to Eisenhardt’s theory building roadmap as seen below in Table 4-5 Research Design Cross-Referenced to Eisenhardt (1989b) Theory

Building . The three tables Table 4-3, Table 4-4 and Table 4-5 establish the linkages between the objectives of the research, the research questions, research design to support theory building, the phases of the research and the paradigms applied.

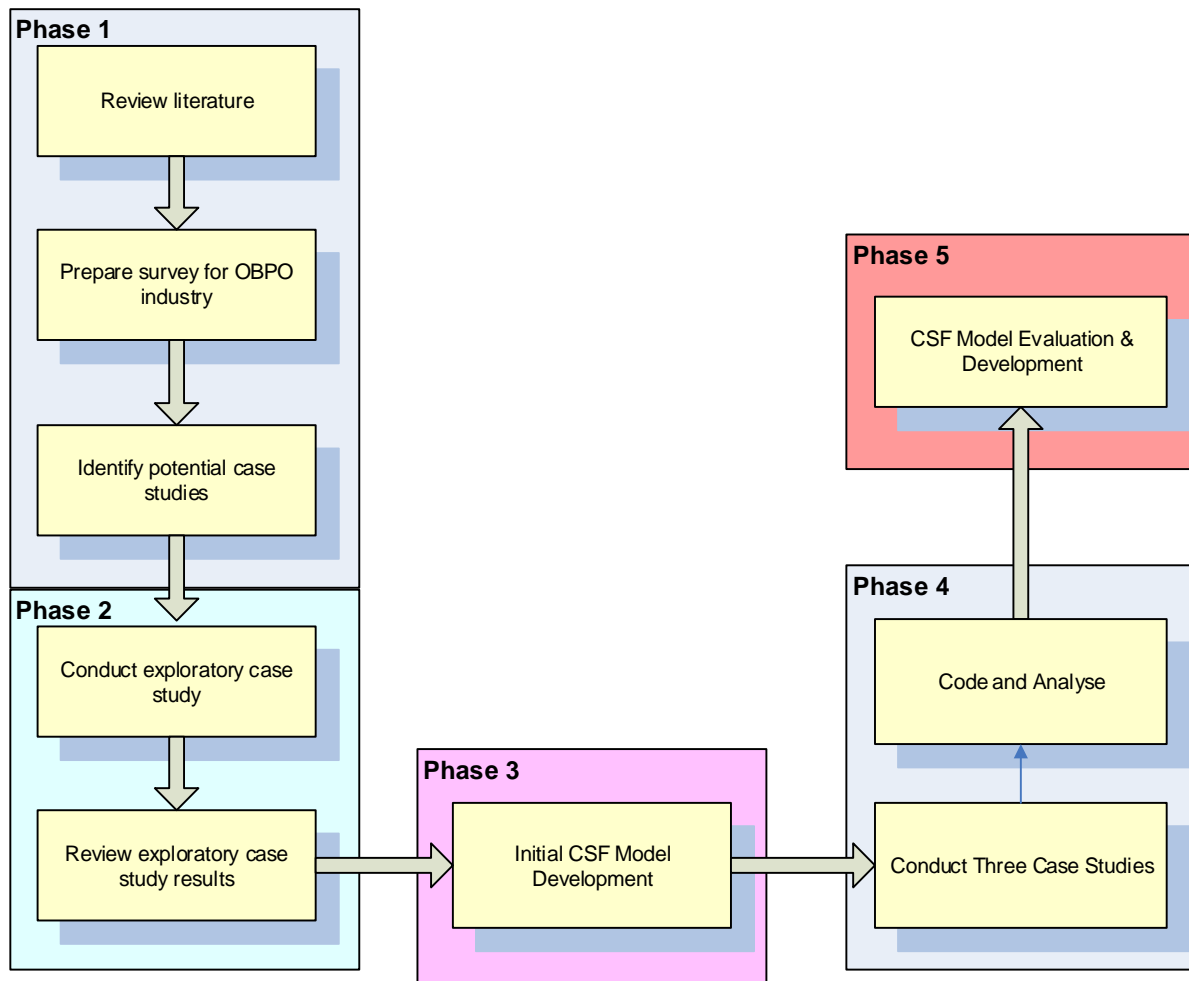
Table 4-5 Research Design Cross-Referenced to Eisenhardt (1989b) Theory Building Steps

Phase	Research Design <i>(Eisenhardt Theory Building Steps)</i>	Purpose	Paradigm
Phase 1	Initial literature review, survey and identification of potential case studies <i>(starting, selecting cases, preparing instruments and protocols)</i>	Exploratory	Interpretivist & positivist
Phase 2	Conduct exploratory case study <i>(entering the field, analysing data)</i>	Exploratory	Interpretivist
Phase 3	Initial CSF model development <i>(shaping hypotheses)</i>	Explanatory	Interpretivist
Phase 4	Conduct three case studies, code and analyse <i>(analysing data, reaching closure)</i>	Exploratory and Explanatory	Interpretivist
Phase 5	CSF model evaluation and development <i>(shaping hypotheses, enfolding literature, reaching closure)</i>	Explanatory	Interpretivist

Table 4-5 above describes the phases applied to the research method, the purpose of those phases and the research paradigm which has been applied. The use of quantitative data in the Phase 1 survey introduces a Positivist approach. The combination of the Interpretivist and Positivist paradigms is described as the mixed method research approach; which is the approach applied to this research.

A flowchart describing the five phases in more detail is at Figure 4-2 Flowchart describing the phases of the research method.

Figure 4-2 Flowchart describing the phases of the research method



This figure shows the activities within each phase and how each flow into the subsequent activity. Iterative refreshment of the literature review is not shown in the diagram but takes place within each phase.

4.5.1 Survey Design

An initial survey was chosen as an exploratory exercise to identify the issues, business models and expectations of OBPO industry participants. This exploratory exercise was designed to assist the structure and approach of a subsequent case studies and initial conceptualisation of the CSF models. The survey instrument was designed to provide guidance to further research and not to be an authoritative source of empirical evidence for this research. The survey instrument sought information on the respondent’s background, the industry in which they are operating, their current onshore and offshore trading partners, their business models, changes they have experienced and changes that they expect to occur in the operations. The survey was conducted of attendees to the Bangalore IT exhibition in Bengaluru in October 2005. The

Bangalore IT exhibition brought together 115 International firms and 60 domestic Indian firms to exhibit products and ITES services. The survey contained 20 questions. Each respondent spent 10 minutes completing the survey. The survey instrument is at Appendix 6 Survey Questionnaire – October 2005.

4.5.2 Survey Data Analysis

The results from the survey were collated, coded and loaded into an Excel spreadsheet. The results were summarised, graphed and interpreted. The survey information results were used to inform the structured interviews prepared for the case studies. The survey analysis can be seen at Appendix 7 Survey Questionnaire Results – October 2005.

4.5.3 Case Study Method

Multiple case studies were selected as the method to refine and validate the initial OCS. Cases are used to inductively develop theory by recognising patterns and relationships between constructs within and across cases (Eisenhardt & Graebner, 2007). The replication of these patterns and relationships is central to building theory. Each case, within a series of multiple cases, is its own analytic unit but serves the theory building process by recursively cycling through multiple case data and relationship patterns (Yin, 2009). Case studies provide rich descriptions of phenomenon and processes based on various sources of data, leading to the development of valuable insights for the researcher and the generation of testable theory (Eisenhardt et al., 2007).

4.5.4 Case Study Selection

Factors considered in the selection of case studies were the ability to gain access to potential data sources, the capacity and willingness of industry participants to be interviewed and access to cases which were most likely to eliminate the research topic (Yin, 2009). The identification of initial case studies was derived from a review of literature relating to business process outsourcing and contact with industry participants. The debt collection service providers in India are concentrated in four main locations: 1) Delhi; 2) Mumbai; 3) Bengaluru; and 4) Kochi. The debt collectors in Bengaluru were more willing to participate in the research than those at the other locations. The attributes considered for the case studies can be seen in the table below. These attributes reflect information required from cases to illuminate the research topic and to address the research questions. Case A was an initial exploratory case study to develop the initial OCS with Cases B, C and D to provide recursive confirmation or additional development

of the initial OCS. Table 4-6 Case Study Selection Attributes shows the attributes used to select the case studies. These attributes were chosen to provide a comprehensive spread of maturity, engagement models, service offerings, ownership structures and collection models. The comprehensive spread of attributes provides a wider consideration of possible CSFs.

Table 4-6 Case Study Selection Attributes

Attribute	Case A	Case B	Case C	Case D
Size of Outsource Provider (Agent seats/workstations)	250+ seats/workstations	250+ seats/workstations	250+ seats/workstations	250+ seats/workstations
Maturity (Years in India)	< 2 years	< 5 years	5+ years	5+ years
Engagement Model (GIC/Hybrid/Third Party)	GIC	Hybrid	3rd Party	3rd Party
Services Offered (Voice/Non-Voice/Both)	Both	Both	Non-Voice	Both
Ownership (Indian/Non-India)	Non-Indian	Non-Indian	Non-Indian	Indian
Collection Model (1st Party, 3rd Party)	1st Party (as credit provider-contract labour)	3rd Party (on behalf of credit provider)	3rd Party (as credit provider-owner of debt)	3rd Party (contingent collections)
Other Services Offered	Only Collection	Debt + Financial Services	+ Non-Financial Services	+ Non-Financial Services
Location	India + & referring country	India, referring country & other countries	India, referring country & other countries	India, referring country & other countries

Size of Outsource Provider - affects the scope of operations and sufficient corporate sophistication to participate in research.

Maturity - identifies different temporal phases of OBPO development operating in India.

Engagement Model - impacts on control, alignment, CSR and pricing.

Services Offered – voice calls, non-voice back office work or a combination of both.

Ownership – non-India or Indian reflects investment and incentives of ownership

Collection Model – 1st Party collecting debts owned by the operator or 3rd Party collecting of debts owned by another party

Other Services Offered – what other OBPO activities are being undertaken

Location – India, India & referring country and India, referring country & other countries

4.5.5 Case Study Protocol

All interviews were conducted using the same structured interview questions to support reliability in the process. Ethics documentation and a description of the process was provided to interviewees before the interview commenced. Interviews were conducted with the most senior corporate executives available and willing to be interviewed. The key areas in the interview protocol appear were:

1. **Respondent Personal Details** - questions relating to the person interviewed including their job title, primary positional function, length of service with the company, previous experience inside and outside of India and reporting roles;
2. **Industry Information** - questions relating to the identification of the most key issues and factors facing the industry, how the respondent thinks that those issues might change, how those changes may directly impact on the respondent and the future expectations and structure of the industry in five years' time;
3. **Company Information** - questions relating to the ownership structure of the company, how that structure or ownership has changed over time, and understanding of the strategic objectives of the company, whether those strategic objectives have changed over time, the types of services and products the company offers (and whether they have changed over time) and which of those products and services has the respondent been directly involved with;
4. **Measures of Success** - questions in this section relate to how the company measure success, how the respondent measured success in their role, how success is measured for those reporting to the respondent, how those measures have changed over time and the factors which affect success at each one of those levels

A copy of the full case study protocol used in this research is at Appendix 8 Case Study Structured Questionnaire.

4.5.6 Interviewee Selection

Interviewees were identified from professional industry information in the Australian, Indian and US debt collection industries. Initial contact was made by telephone to the CEOs or heads of collection identified. For those interviewees who agreed to be interviewed a more detailed description of the process, the ethical framework and a possible schedule was provided. Before the interviews commenced the conditions and rights of the interviewee were discussed including the right to withdraw and the confidentiality of the information provided. The interviews were recorded in those cases where the interviewee agreed and notes were taken for those who did not agree to being recorded. The exploratory case study interviews were conducted in 2007 and the subsequent three case studies conducted in 2014. The interviews varied in length from 30 minutes to 60 minutes.

4.5.7 Sources of Data

Information about the cases was collected both before and after the interviews. Most of the information was from publicly available sources describing the scope and scale of the operations of the cases. The interviewees were reluctant to disclose detailed information regarding performance, costs and pricing as this was considered extremely commercially sensitive.

4.5.8 Post Interview Processing

The interviews which were recorded were transcribed. Notes taken during the interview were formalised and structured. Both sources of data were entered into NVivo and coded for thematic analysis. NVivo is a qualitative data analysis software (QDAS) used to (Bazeley & Jackson, 2013):

1. **manage the data** – by organising and keeping track of data files from the literature review, questionnaires and interviews. The EndNote™ literature review library was exported and coded in NVivo.
2. **manage ideas** – by coding concepts, field data and theories developed during the research was coded as nodes in NVivo. Codes categorise data to allow the efficient clustering, segmenting and retrieving of data to support analysis and conclusions.

3. **query data** – by supporting simple and complex interrogation and visualisation of the data files stored in NVivo.
4. **report from the data** – by reporting the original data sources, analysis and consolidation of data stored in NVivo

4.5.9 Analysis of Interviews

The NVivo coding was cross-referenced to the initial OCS model. For those elements of the thematic analysis not accommodated by the initial OCS model then additional conceptualisation was undertaken by applying the five theories adopted in this research, identifying recursive patterns in the cases and refreshing the literature review to generate new insights. The refined OCS model was then compared with emergent concepts, theory and hypotheses from the literature.

4.6 Ethical Considerations

Collection of case study and survey data was conducted in accordance with the ethical rules and regulations of Curtin University (Ethics Approval Number IS_14_16). All data was collected and stored consistent with Curtin University's guidelines and recommendations.

4.7 Summary

This chapter details the methods used in this study, the suitability of those methods for this research and the reasons for their selection. The research was conducted in five phases incorporating interpretivist and positivist methodologies. In Phase 1, an initial literature review was undertaken at the commencement of this research focused on the generic identification and analysis of CSF, the theoretical and deployed models for business process outsourcing in domestic and international environments, the Indian OBPO market, debt collection and the utilisation of OBPO models for debt collection. A survey was also conducted in Phase 1 to inform the development of the subsequent research instruments. In Phase 2, an initial exploratory case study was undertaken using structured interviews. To provide for the reliability of data collection, a structured questionnaire was used for interviews. In Phase 3, the survey results, the literature review and the exploratory case study were used to prepare an initial CSF Model for OBPO (OCS). In Phase 4, three case studies were undertaken with

interviews with the senior executives responsible for debt collection operations within OBPO organisations operating from India. In Phase 5, the initial OCS was evaluated in the context of the outcomes from the three case studies in Phase 4. Refinements to the initial CSF model were then applied. The refined CSF model was compared with contemporary concepts, theories and hypotheses within existing literature to find supporting, and conflicting positions in the literature.

In the next chapter (Chapter 5) the research method described in Chapter 4 is applied, the results reported and analysed.

5 PHASE RESULTS AND ANALYSIS

5.1 Introduction

The preliminary research model in Chapter 3, see Figure 3-5 Initial Conceptual OBPO CSF Success Model, was developed from the information gathered from the initial literature review and exploratory case study. The model combined a business success model for ITO/BPO with an OBPO CSF model. In this chapter (Chapter 5), all four case studies described in the Chapter 4 research design are used to explore the applicability of the Initial Conceptual OBPO CSF Success model and extensions of this model.

The initial 2007 literature review was undertaken 10 years ago. To identify and consider emerging research literature, the literature review in this thesis was refreshed in 2011, 2015 and 2017. The literature refresh incorporated contemporary research to influence, extend or challenge the conceptualisations and models developed in this thesis as required. The literature review and research activities in this chapter span the pre-GFC and post-GFC periods which was an inflection point in global commerce. The GFC had a significant effect on the operations of international debt markets, public attitudes to globalisation and OBPO, which in turn influenced the research and literature in this thesis.

The chronological order of research activity, presentations and publications is seen in Table 5-1 Chronology of Research Activity, Objectives and Publications.

In this chapter (Chapter 5), the four case studies, the initial exploratory case study and then three further case studies, explore the applicability of the Initial Conceptual OBPO CSF Success model and extensions of this model.

Table 5-1 Chronology of Research Activity, Objectives and Publications

Year	Research Activity	Objective	Publication
2005	Undertake survey at Bengaluru, India IT show.	To establish an initial view on the most <u>major factors</u> affecting OBPO	
2006	Initial literature review on CSF and OBPO	To identify gaps in the literature and to focus research questions	
2006 - 2007	Exploratory case study on Repcol (India) Pvt Ltd	To identify initial CSF for research on offshore debt collection	
2008	CSF in the OBPO of debt collection to India	To establishing more detail on the initial CSF	Conference paper - <i>Critical success factors in the offshore business process outsourcing of debt collection to India</i> (Wreford et al., 2008)
2011	Development of the Opaque Indifference model in OBPO Refreshment of the literature review	Evolution of the initial CSF model To identify emergent research topics which may influence findings	Conference paper - <i>Opaque indifference, trust and service provider success in offshore business process outsourcing</i> (Wreford et al., 2011)
2011-2016	Iterations of the literature review for emergent and comparative theory Refreshment of the literature review	To compare the evolving CSF model with new theories To identify emergent research topics which may influence findings	Book section and conference paper - <i>Seeking opaque indifference in offshore BPO</i> (Wreford et al., 2012) Book section and conference paper - <i>Opaque Indifference and Corporate Social Responsibility: A Moral License for Offshore BPO?</i> (Wreford et al., 2013)
2014	Three case studies to consider the CSF model.	To determine the applicability of the Opaque Indifference model	
2015-2017	Analyse case studies, write thesis Refreshment of the literature review	To publish results of research To identify emergent research topics which may influence findings	Ph.D. Thesis - <i>Critical Success Factors in the Offshore Business Process Outsourcing of Debt Collection to India</i> (Wreford, 2017)

The table shows the chronological development of the research in this thesis and the publication of interim findings from this research. It uniquely provides a longitudinal view of 12 years of research into OBPO CSF in the debt collection industry.

5.2 Phase 1 – Initial Literature Review, Survey and Identification of Potential Exploratory Case Studies

Phase 1 consisted of three elements; an initial literature review, a survey and an identification of potential exploratory Case studies. Phase 1 commenced in 2005 with a survey of attendees at the Bangalore IT exhibition held that year. Access to the senior company executives who participated in the survey, was facilitated by the Western Australian State Premier's trade mission to India which was coincident with the Bangalore IT exhibition.

Figure 5-1 Extract from Trade Mission Report (Joint Standing Committee on Foreign Affairs Defence and Trade, 2009)

The submission from the Government of Western Australia detailed several ministerial level exchanges between that State and the Government of India. Ministerial level meetings focussed on energy resources, the mining industry sector and trade and commerce generally.²¹ The then West Australian Premier, Mr Geoff Gallop, was the first to make an official visit to India in October 2005.

The trade mission's objectives were to assist the engagement of Western Australian businesses and government with Indian suppliers and government. Dr Gallop, the Premier of Western Australia, extended the invitation to attend the 2005 trade mission meetings in Bengaluru and Mumbai to assist this research by identifying and introducing potential case study participants. Potential exploratory case studies were identified from participation in industry and trade forums, principally Australian in the first instance.

The small survey was designed to identify what were the issues most affecting OBPO operators and kindred industries in India. The information from the survey assisted in focusing the conduct of the initial literature review which was conducted in the period from 2005 to 2007.

5.2.1 Literature Review

The initial literature review examined literature in the period prior to 2007. As the research for this thesis was over an extended period, the literature review was refreshed and extended to identify relevant new literature to the research topic. The literature refresh addressed new concepts, as well as the growth and decline in the relevance of 2007 concepts and findings (Pervan, 1998). The literature refresh cycles approach in this research was also consistent with

the cycles of refinement described by Vom Brocke et al. (2009) and seen in Figure 2-1 Framework for literature reviewing (Vom Brocke et al., 2009). During the research period the Global Financial Crisis (GFC) affected the operations of international debt markets (Friedman, 2015), public sentiment supporting protectionist anti-globalisation initiatives and the perceived economic threat of OBPO (Durvasula & Lysonski, 2008). These differences in pre-GFC and post-GFC themes were reflected in the literature, in part, by the decline in research on outsourcing and BPO, as measured by citations seen in Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017).

5.2.2 Initial Literature (Pre-2007)

BPO and OBPO literature in the period prior to 2007 was an extension of ITO research. Five topics were addressed in the initial literature review:

1. The generic identification and analysis of CSF

The literature describes CSF as those few key areas of activity in which favourable results are necessary from managers' perspective to reach their goals. CSF are tailored to the industry, the company, the individual and the time and environment. CSF can be considered in the context of: 1) an industry; 2) competitive strategy and industry position; 3) environmental factors; 4) temporal factors; and 5) managerial position. In Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017) the literature citation count shows a steady increase in the period up to 2007. The focus of the CSF ITO literature, and by extension BPO and OBPO, was, in order of rank, core competence management, stakeholder management, production cost reduction, social exchange exploitation, transaction cost reduction, vendor resource exploitation, contract completeness, relationship exploitation, vendor behaviour control, demarcation of labour and alliance exploitation (Gottschalk et al., 2005). The checklist approach to managing ITO and BPO is prominently featured in the literature (Cullen et al., 2005).

2. The theoretical and deployed models for BPO in domestic and international environments

The literature in this period identifies that Transaction Cost Economics as the dominant theory in BPO with supporting theoretical contributions from Agency Theory, Core Competency Theory, Institutional Theory and Relationship Exchange Theories. This reflects the "make or buy" choice in relation to outsourcing in general.

ITO, BPO and OBPO theory was principally co-opted from economic, social and organisational theory with no emergent endogenous theory peculiar to the ITO, BPO or OBPO. Much of the focus of the models in the literature related to a consideration of outsourcing stages. The stages formed two groups. The first group deals with the decision process of outsourcing itself. The process of deciding consists of “why”, “what” and “which” to outsource. The second group deals with the implementation of outsourcing itself consisting of “how” and “outcome”. The Dibbern et al. (2004) survey and analysis of information systems outsourcing was the most influential research publication in setting the lens through which ITO literature in general was viewed in this period; see Table 2-14 Ten Most Impactful ITES Outsourcing Literature Reviews Between 1991-2017. BPO and OBPO, to the extent that it was considered, were seen as adjuncts to ITO inasmuch as it was a natural extension of the IT enabled service provision of international trade exploiting labour market arbitrage (Fessler, 2006).

Theory from ITO was extended to BPO and OBPO to explain and predict the development of trading in services between companies and between nations using voice and data communications networks; see Table 2-26 Adapted Overview of Theoretical Foundations (Busi et al., 2008; Dibbern et al., 2004; Gottschalk & Solli-Saether, 2005).

3. The Indian OBPO market

The literature describes the Indian OBPO market as the largest in the world (Asher et al., 2007). The influence of developments in the Indian OBPO market affect the operations and practices of OBPO globally. In 2004, the India as an OBPO location was rated as superior to China, Israel, South Africa, Northern Ireland, Ireland, Czech Republic, Poland, Hungary and Russia (Kobayashi-Hillary, 2004). This rating was based on assessments of government support, labour pool, infrastructure, education system, cost, political stability, cultural compatibility, data/IP security and overall climate; see Table 2-12 Gartner Choosing an Offshore Outsourcing Location (Saran, 2003: cited in Kobayashi-Hillary, 2004).

Consumer resistance to OBPO in the pre-GFC period was principally confined to complaints about poor service and the irritation of outbound call centre marketing activities (Cowie, 2007; Taylor et al., 2005).

4. Debt collection

The literature shows that delinquent and distressed debt was found to be rising globally (Eslake, 2007). The collection of this debt is a multibillion dollar industry where the cost of collection is a prime driver of success (Hunt, 2007). The rapid rise of debt and the associated delinquency of debt in this pre-GFC period created the institutional factors for the rapid expansion of the OBPO debt collection industry (Kshetri, 2007).

5. The utilisation of OBPO models for debt collection

Very little literature was found to directly address the utilisation of OBPO for debt collection. This confirmed that there was a gap in the literature with respect to the use of OBPO for debt collection with India being the largest global OBPO centre. This can be seen in Table 2-1 Google Scholar Search Term Results (scholar.google.com, May 2017).

5.2.3 Literature Review Refreshment (2011, 2015 and 2017)

The literature review was refreshed in in 2001, 2015 and 2017. Themes emerging from the refreshed literature review were:

1. The generic identification and analysis of CSF

The literature on CSF in industry settings continued to grow as is seen in Figure 2-3 Graph of Outsourcing, CSF and BPO Citations 1986-2016 (scholar.google.com, May 2017). A shift in the literature from purely a customer focus to a supplier focus on CSF was seen in the literature (Palvia, Palvia, Xia, & King, 2011). Different definitions of success began to emerge; incorporating stakeholder expectations regarding subjective elements such as innovation (Lacity et al., 2011a; Schwarz, 2014).

2. The theoretical and deployed models for BPO in domestic and international environments

The literature identifies the need for the development of endogenous theory to address some of the deficiencies emerging with the predictive capacity of TCE (Lacity et al., 2011b). Reshoring emerged as a response to offshoring failures, changing attitudes to globalisation and a reappraisal of hidden costs (Larsen, 2015; Wiesmann, Snoei, Hilletofth, & Eriksson, 2017). Negative consumer responses to offshoring began to emerge as factors in offshoring decision-making as well methods to remediate those

responses (Grappi, Romani, & Bagozzi, 2015). Global Inhouse Centres, hybrid, shared and divested governance and ownership model decisions assume greater importance as they have long-term implications for a parent’s global sourcing strategies (Oshri, 2013). Business Process as a Service (BPaaS) is a future research direction with the potential to disrupt existing BPO and OBPO models (Lacity et al., 2016).

3. The Indian OBPO market

The emergence of research for OBPO destinations other than India is being seen in the literature; particularly regarding English language voice services (Das et al., 2016). The trend in searches on OBPO destinations suggests that the trend is more advanced than is revealed in the literature; see Figure 5-2 below.

Figure 5-2 Google Trend Search on Business Process Outsourcing Destinations (November 2017)



4. Debt collection

The level of indebtedness continues to rise in western economies. Debt collection service providers continue to look for the most efficient and effective debt collection techniques and are increasingly using data analysis to segment the market. (Australian Competition and Consumer Commission, 2015; Mulligan, 2016).

5. The utilisation of OBPO models for debt collection

OBPO debt collection appears in industry reports but with no significant increase in the literature; see Table 2-1 Google Scholar Search Term Results (scholar.google.com, May 2017). Industry reports suggest that the OBPO debt collection is significantly increasing (Allday, 2016; O'Malley, 2013).

5.2.4 Survey

A survey was conducted at the Bangalore IT exhibition held in 2005. The event was supported by Indian trade consortia such as the National Association of Software and Services Companies (NASSCOM), and government bodies such as the Software Technology Parks of India (STPI) ("Over 300 COs may take part in Bangalore IT," 2005). The attendees at Bangalore IT were senior executives from ITO, BPO and software companies. Over 300 companies attended the exhibition.

The survey instruments were distributed to 32 attendees at a trade mission function for ITO and BPO held during the exhibition which was hosted by the Premier of Western Australia Figure 5-1 Extract from Trade Mission Report (Joint Standing Committee on Foreign Affairs Defence and Trade, 2009). The details of the survey responses can be found at Appendix 7 Survey Questionnaire Results – October 2005. In summary:

1. **47% of the respondents** were Chief Executive officers or managing directors;
2. On they had been in their roles for an **average of 4.5 years**;
3. The companies for which they are working have been providing OBPO services for **average of 3.5 years**;
4. **52%** were ITO providers with parent companies located in **India (87%)** and the **USA (13%)**;
5. The companies varied in size from **five employees** (a services broker) to **4000 employees**;
6. **27%** of the firms were OBPO suppliers;
7. **43%** were operating as GICs or joint ventures;
8. **Only one** of the respondents provided OBPO services from other countries other than India;

9. **66% of the respondents** had direct contact with customers with the remainder principally providing back-office functions;
10. The principal services provided were **IT (56%)** and **financial services (22%)**;
11. IT services provided were principally **project services (23%)** and **planning services (22%)**;
12. **66%** of Indian employees would have voice **conversations in English** with their OBPO customers;
13. Other languages spoken by the Indian employees include **German, French** and **Japanese**;
14. The respondents believe that key factors in OBPO decisions are:
 - a. the **lowering of costs**;
 - b. the **availability of labour**; and
 - c. the **capacity to expand** business.
15. Twice as many respondents **expected to expand their business of OBPO** in the next 12 months as those that didn't expect to see growth over the next 12 months;
16. As 2006 approached little or no concern was expressed about **the prospect of a global economic slowdown** or that growth in Indian ITO and BPO would be affected.

5.2.5 Identification of Potential Exploratory Case Studies

The search for potential exploratory case studies lead to two Australian headquartered GIC OBPO firms agreed to be considered as exploratory case studies for this research. OBPO firms operating in India were difficult to access for research purposes after October 2005. This reluctance was attributed to an Australian television current affairs program broadcasting a lengthy story regarding the operation of OBPO firms in Bengaluru servicing clients including Australia's major banks, Hewlett Packard and Dell. Both firms were operating in Bengaluru with a blend of local and expatriate staff on site. The management of both firms believed that participating in academic research studies would go some way legitimising their OBPO operations as high-quality businesses to the Australian public. This academic legitimation was a counter to the hysteria generated by sensationalist media broadcasts alleging fraud, identity theft and sweat shop working conditions in OBPO operations.

The first firm was Indian Ocean Rim Asset Management (IORAM) Pty Ltd. IORAM orders using OBPO to undertake securities trading research in smaller capitalised companies trading on the Australian Securities Exchange (ASX). Securities trading research is usually restricted to the top 200 companies as it is expensive to undertake detailed company research and analysis. IORAM believed that there was a market for smaller capitalised company research and analysis if the price point for customers purchasing that research was inexpensive. IORAM has set up operations in India in March 2006 to gain access to high-quality labour at about 25% of the equivalent cost in Australia. Following interviews with the principals of the business it was identified that IORAM did not participate in research of debt markets nor ran a significant accounts receivable function. It had also only recently commenced operations. On this basis, it was rejected as a potential exploratory case study.

The second candidate for an exploratory case study was Repcol Limited and its Indian subsidiary, Repcol (India) Pvt Ltd. Repcol commenced operations in May 2003 in Bengaluru with a centre to undertake debt collection work as an OBPO GIC for debts that it purchased in secondary distressed debt markets as well as undertaking third-party collections for Australian credit providers. With the agreement of Repcol management, both in Australia and India, an exploratory case study commenced.

5.2.6 **Phase 1 Summary**

Phase 1 found that the OBPO businesses responding to the survey were relatively young with both the leadership and companies involved having less than five years operational experience. The survey also found that there was a cohort of Indian OBPO firms that were likely to grow

The literature review identified that the debt collection industry was of global consequence and despite having been an early mover in OBPO activity was not represented in the OBPO or outsourcing literature. The CSF for this industry operating offshore were yet to be researched. An OBPO debt collection exploratory case study candidate and agreed to participate in the research.

5.3 Phase 2 – Conduct Exploratory Case Study

The initial exploratory case study was consistent with the “entering the field” of Eisenhardt (1989b)’s theory building roadmap; see Table 4-4 Process of Building Theory from Case Study Research (Eisenhardt, 1989b). By entering the field flexible and opportunistic data collection methods can be deployed, in this case the availability of an Australian OBPO debt collector who is amenable to participating in the research. This phase was designed to take advantage of emergent themes and unique case features, the learnings which were to be applied in the latter case studies.

5.3.1 Case A (Repol Limited)

Table 5-2 Case A Target Versus Actual Attributes

Attribute	Target Case A Attributes	Actual Case A Attributes
Size of Outsource Provider (Agent seats/workstations)	250+ seats/workstations	400+ seats/workstations
Maturity (Years in India)	< 2 years	3+ years
Engagement Model (GIC/Hybrid/Third Party)	GIC	GIC
Services Offered (Voice/Non-Voice/Both)	Both	Both
Ownership (Indian/Non-India)	Non-Indian	Non-India (Australian)
Collection Model (1st Party, 3rd Party)	1st Party (as credit provider-contract labour)	1st Party (as credit provider-contract labour)
Other Services Offered	Only Debt Collection	Only Debt Collection
Location	India + & referring country	India + referring country (India, Australia)

Table 5-2 shows that Case A is slightly larger in size and more mature than was the targeted initial exploratory case study. The opportunity to secure Case A as the exploratory case study was taken when it was presented rather than the riskier option of trying to find a smaller OBPO debt collector which may be, or may not be, amenable to participating in the study. The relative size of the home country employee numbers was significantly smaller than the offshore

employee numbers despite having only been in operation in India for three years. This suggests that the Indian operations were generating significant revenues for the case study business.

Table 5-3 Case A (Repol Limited) Operational Attributes

Type	GIC Centre
Headquarters	Australia
Indian Operations	Bengaluru, India (formerly known as Bangalore)
Industry	Receivable management and debt collection
Staff Home/India	80/800
Years of Operation	30+ years

Table 5-3 describes Repcol Limited, a small to medium Australian debt collector, in the initial stages of the operating phase of an OBPO life-cycle.

In 1973 Repcol commenced operations in Perth, Western Australia as a privately-owned debt collection company. By the mid 1990's the company had grown to include purchasing unsecured distressed debt from Australian secondary distressed debt markets. The company's private ownership structure and limited balance sheet restricted the capacity to purchase larger volumes of distressed debt. Following an unsolicited offer for the company in 2001, the owners of Repcol resolved to recapitalise the company as a publicly listed company on the Australian Stock Exchange (ASX) to fund the expansion of operations. In May 2002, Repcol was listed on the ASX. After listing, Repcol could purchase more distressed debt but was struggling to find and retain debt collection staff at its Australian Offices. The economic conditions in Australia at the time were very good and unemployment was low. Repcol's Directors developed an offshore BPO strategy to reduce the risk of Australian staff shortages and rising labour costs, whilst maintain business growth.

GE Capital, one of Repcol's major customers, supported a request from Repcol to tour GE Capital's BPO centres in India. In January 2003, a visit was arranged to Chennai, Hyderabad and Bengaluru, for a team from Repcol to look at Technology Parks, Call Centre solutions and BPO service providers. Having satisfied themselves that the capabilities and infrastructure in India were adequate to meet Repcol's requirements, within a month the team recommended to the Repcol Board of Directors that a presence be established in Bengaluru. The city of Bengaluru in Southern India was selected because it was a BPO and ITO growth centre, had a

pool of well-qualified labour, a benign climate by Indian standards, an adequate international airport with a political and regulatory environment supportive of direct foreign investment. The Board approved an initial investment of \$500,000 to establish a Business Processing office in Bengaluru. The operation in Bengaluru was to be wholly-owned by Repcol. The GIC route was taken because of the non-scripted nature of Repcol's main processes, customer requirements for data security and for the maintenance of a consistent Repcol culture. Repcol relocated a senior manager to Bengaluru to commission the facility which was operational within four months. After some initial infrastructure limitations, Repcol's Bengaluru facility was expanded to 180 staff and was exceeding budgeted targets within 18 months.

By 2004, the Indian operation consisted of 180 Indian staff in one call centre in Bengaluru. A General Manager was recruited in Singapore to assist with the commissioning of the Bengaluru facility. The GM's family was originally from southern India so he could understand and handle local customs, regulations, national government restrictions, and web of contacts. By 2007 the Indian operation had expanded into their own renovated building with 400 staff in Bengaluru with 70-80 staff in Australia. The Indian operation included collecting purchased distressed consumer debt 'assets' as well as collecting third-party debts on commission. Repcol's debt collection processes included inbound and outbound calls, a team approach, financial incentives and opportunities for promotion. Repcol claimed to adopt a professional, constructive approach to debt collection via collaborative problem solving within a strict Australian regulatory environment. Telephone calls are made using a Voice Over IP (VOIP) service provided by a major telco and the debt collection processes incorporate various software including CRM, searching/tracing database queries, and white pages.

Repcol's staff operate on two shifts (10.30 am - 6.30 pm, 6.30 pm – 2.30 am), staff are bussed door-to-door, provided with meals, and are trained in-house. Most staff have completed degrees (usually Business/Commerce) and some have Masters, about 50% are female, and they are paid at a Total Employment Cost (TEC) that is about 25% of the comparable Australian TEC.

Repcol developed India as a strategic initiative to reduce costs and provide opportunities for growth into other markets. These other markets required cost structures and staffing resources not available to Repcol in Australia. Offshore outsourcing to Bengaluru was the path that Repcol chose to achieve their business plan ambitions to increase the scale and scope of its operations. In Bengaluru, working for a multi-national company is considered high status while working in debt collection in Australia is a low status occupation. Labour cost saving of 60% have been achieved for complex, value adding activities conducted in India when

compared with the same activities undertaken in Australia. Staff in Bengaluru were well qualified, with undergraduate and postgraduate degrees, highly motivated, with some already having multinational company experience. Prior to joining Repcol virtually the entire Indian staff had never spoken to Australians before. Repcol trained its Indian staff to handle the collection calls with debtors within a very different power relationship to most other call centre operations. Debt collection calls are typically initiated by from India with a demand for payment where most other call centre operations are inbound or sales orientated. Staff turnover was 32.5% for 2006 whereas in other Indian centres it reportedly varies from 60 to 130% while in Australia the rate is about 25%. Repcol provides a case study on the business benefits of OBPO for a small to medium sized enterprise. OBPO enabled Repcol to grow revenue and profit five-fold in a five-year period from 2001 to 2006. Important success factors appear to be that senior management at Repcol embraced the concept of transformational outsourcing to master the skills required to co-ordinate offshore BPO.

Table 5-4 Case A - Interview Details and Levels of Experience

Interview	Position Title	Years Exp.	Involvement in OBPO Collections
A1	CEO	6	Corporate responsibility for overall performance and regulatory compliance. Principal business development and client contract responsibility for the purchase of debt.
A2	Head of Performance & Strategy	8	Responsible for the management, financial performance and regulatory compliance of Indian operations
A3	SVP Operations	15	Responsible for Indian Operations
A4	CFO	4	Reporting on the financial performance of collections activity and valuation of remaining portfolios
A5	Director Training, Learning & Development	10	Responsible for training and coaching India staff
A6	COO	6	Responsible for the day to day management of collection team members across the group
A7	Process & Reengineering Manager	20	Responsible for developing strategies for different collection protocols depending on value, debt type, age of debt and client recovery restrictions.

This table identifies the roles, years of experience and responsibilities of the interviewees in Case A.

A common theme amongst the seven senior managers interviewed at Repcol was the extensive international experience held by them as a group. All of them had worked internationally and

most having professional and familial connections to India. The deployment of “culturally agile” executives who could navigate, and be sensitive to, doing business in India was considered a CSF.

“I had been recruiting labour in Hyderabad and Chennai and flying Indian programming specialists into Singapore.” A2 interview

“... an ethnic Indian, Singaporean national and an Australian University graduate, so he had an interesting cultural mix.” A1 interview

“We roam the world and are looking at some opportunities in the Philippines and some other multi language jurisdictions.” A1 interview

The CSF in setting up GIC operations in Bengaluru were of a very practical nature and confronted some of the logistical and cultural challenges of doing business in India. One of the CSF was a commitment from senior executives and detailed planning of infrastructure, recruitment and training.

“Indian infrastructure has a reputation for being flaky and not suitable for the kind of operation that we were going to run.” A3 interview

“Problems arising from non-scripted tasks being undertaken by Indian staff. The nature of debt collection calls is significantly different from reading a marketing script.” A5 Interview

“Staff would fail in participating in highly charged unstructured and unscripted interchanges with Australian debtors or third parties” A6 interview

The location of the GIC was also considered critical to success. A significant effort had been put into considering a location which welcomed direct foreign investment, with modest levels of corruption, a benign climate for the relocation of expatriate staff, supply of appropriate labour and good international travel connections.

“... visited Chennai, Hyderabad and Bangalore, in January 2003 looking at a variety of both private call centre type situations, incubators, accent modification people” A1 interview

“The state of Karnataka has had a long history of direct foreign investment. and a population of 53 million. Bangalore, the capital city, had a population

of about 6 million when we arrived and it now has a population of about 8 million now.”

A1 interview

“Bangalore is enormously progressive compared to the Indian states of Orissa or Nagaland Some states are very backwards and some states are very progressive. A father and two sons, Australian Christian missionaries, were killed in Orissa.”

A1 interview

Identifying services which were appropriate for delivery by the initial cohort of Indian staff was also raised as a CSF. These services needed to be complimented by training and retaining skilled staff.

“There were many times during the early days when we thought that the model wasn’t going to work. The first month we collected AUD\$10. The then National Operations Manager who was hostile to the whole Indian concept threw \$20 on my desk and said, “there I have doubled your collections from India”

A4

interview

“Staff had not learnt how to deal with Australians on the telephone”

A7 interview

“We had a number of false starts in terms of how we recruited, who we recruited and what the issues were.”

A5 interview

The development of local and expatriate managers was a CSF as the availability of experienced BPO managers dealing with Australia was limited and the size of the business was comparatively small.

“We had to create our own intellectual property and adapt the documented experiences of large multinational corporations to a much smaller scale operation.”

A1 interview

“Certainly, at the time we started we encountered no other small to medium sized enterprises, and definitely no Australians.”

A1 interview

“Most others were large multi-national corporations: GE, Dell, Intel, IBM, Exxon. Cisco – very large corporates.”

A1 interview

The managers were much concerned to accurately forecast demand so that labour could be hired and trained in time and that the infrastructure would accommodate growth.

“Once we had validated the model and grown the business in India we began investigating a number of options to expand the business model.”
A2 interview

“We have been successful with multinationals who understand and apply the multinational model.”
A1 interview

“Staff would see that working for us and living near us was are a much better proposition than sitting on a bus for an hour, or an hour and a half, going out to one of the big technology parks.”
A7 interview

And looking to the future the managers expected that BPO service would change.

“if you can’t tell if that person is an Indian in India, then for all intents and purposes they are not. An example is that when I ring colleagues and customers and associates from India, and I don’t disclose that I am ringing them from India, their immediate presumption is that I am in Australia and often I am not.”
A1 interview

“The best BPO models are those models where the consumer of the service is largely indifferent to where the outcomes or solutions come from and how that service is delivered is largely opaque to them.”
A1 interview

*“There is this thing that we talk about with respect to our offshore business which we call **opaque indifference**.”*
A1 interview

In 2008, a conference paper on the exploratory case study was presented which identified nine CSFs for OBPO debt collection in India. These CSFs reflected the early-stage maturity of Repcol’s operations in India at that time with a distinct focus on logistics, infrastructure set up, performance management and staff recruitment. The nine CSFs can be seen in Table 5-5 Indian Offshore Debt Collection CSF (Wreford et al., 2008).

Table 5-5 Indian Offshore Debt Collection CSF (Wreford et al., 2008)

#	Critical Success Factor Reported
1.	Commitment and planning of offshore outsourcing development process by the most senior management of the non-Indian entity.
2.	Involvement of “ culturally agile ” executives and senior managers in both India and the referring country who are sensitive/adaptive to both the Indian and referring country economic and cultural environment.
3.	Identification of services appropriate for delivery from an offshore centre with regard to: a. legislative or licensing requirements in both India and referring jurisdictions; b. well-defined business processes and systems capable of being relocated offshore c. availability of appropriately skilled labour in India; d. relative efficiency, effectiveness and cost of Indian services versus referring county; and e. referring country customer requirements and acceptance
4.	Identification of facility location with regard to: a. availability of skilled resources; b. availability and reliability of infrastructure (power, communications, transport links); c. physical security; d. state legal framework; e. political stability; f. community attitude/expectations of direct foreign investment; and g. environmental conditions.
5.	Ability to accurately forecast demand for offshore services required by the referring country entity to provide for: a. appropriate investment in facilities & technologies; b. local management and staff recruitment; c. staff training; and d. process development.
6.	Development of an active exchange program of managers from India spending time in the referring country and foreign managers spending time in India.
7.	Provision of long term and short term Indian staff incentives to maximise staff retention .
8.	Rigorous approach to staff selection, skills testing and recruitment in India.
9.	Development of Key Performance Indicators to measure the performance of the Indian facility versus comparative referring country benchmarks on a regular basis.

Table 5-5 reprises an earlier table from the literature that formed part of this research. It is reprised here to highlight the direct connection to the results of the interviews and the direct quotes appearing above. The CSF are consistent with an early stage operating phase organisation in OBPO.

The initial interviews in the exploratory case study identified CSF as requiring: 1) intense senior management commitment; 2) effective leadership of staff from diverse cultural backgrounds; 3) minimising high staff turnover rates; 4) containing cost escalating Indian salary costs, and 5) demonstrating trustworthiness to third party customers in servicing their customers. The focus of the CSF in the exploratory case study reflect the Architect Phase,

Engage Phase and the initial stages of the Operate Phase for Repcol where refinements to optimal performance were being determined and implemented with full optimisation to come at the latter stages of the Operate Phase.

5.3.2 Phase 2 Summary

Phase 2 identified an initial set of OBPO debt collection CSF consisting of nine CSF from the exploratory case study Case A (Repcol). These nine CSF will be used to validate the Initial Conceptual OBPO CSF Success Model. The initial case study on Case A (Repcol), along with another case study based on IORAM, was presented in a conference paper in 2007 (Penter et al., 2007).

5.4 Phase 3 – Initial CSF Model Development

In Chapter 3, the Initial Conceptual OBPO CSF Success Model was developed from reviewing the literature and combining ITO/BPO success with the literature of OBPO CSF. This model utilises concepts for cost savings, technical services quality and strategic issues combined with customers, customer relationships, service management and domain skills. OBPO success uses contract renewal as a proxy for objective satisfaction. This model will be applied to the result of the interviews in Phase 5.

5.4.1 The 7 OBPO CSF Reconciled to Phase 1 Results

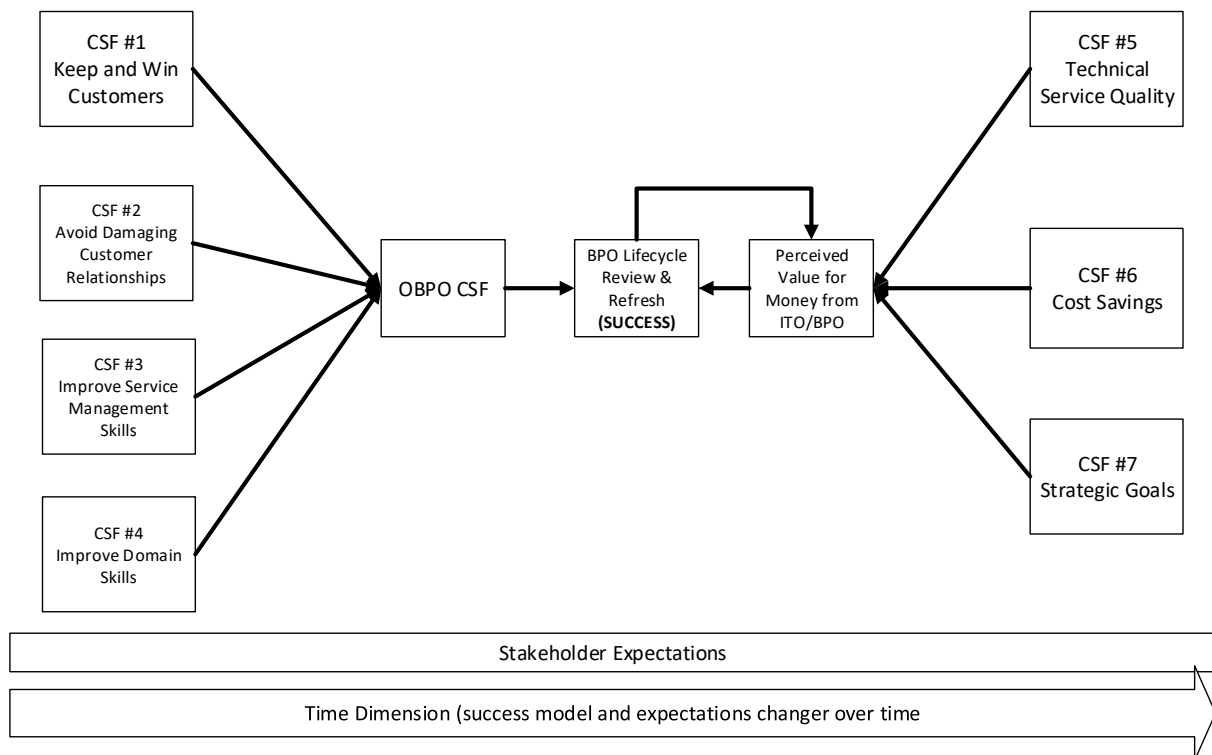
The Initial Conceptual OBPO CSF Success model developed in Chapter 3 identifies seven OBPO CSF. The Phase 2 Results from the Exploratory Case Study (Case A) identifies nine CSF for offshore debt collection. The table below reconciles the Initial Conceptual OBPO CSF Success Model with the results of the Phase 2 Exploratory Case Study.

Table 5-6 Reconciling the Initial Conceptual OBPO CSF Success Model with the Phase 2 Results

OBPO CSF Success Model (Chapter 3)	Indian Offshore Debt Collection CSF (Phase 2 Results)
Keep and Win Customers	Involvement of “ culturally agile ” executives and senior managers in both India and the referring country who are sensitive/adaptive to both the Indian and referring country economic and cultural environment.
Avoid Damaging Customer Relationships	Provision of long term and short term Indian staff incentives to maximise staff retention .
Improve Service Management Skill	Identification of facility location regarding: a. availability of skilled resources; b. availability and reliability of infrastructure (power, communications, transport links); c. physical security; d. state legal framework; e. political stability; f. community attitude/expectations of direct foreign investment; and g. environmental conditions.
Improve Domain Skills	Development of an active exchange program of managers from India spending time in the referring country and foreign managers spending time in India.
Technical Service Quality	Identification of services appropriate for delivery from an offshore centre regarding: a. legislative or licensing requirements in both India and referring jurisdictions; b. well-defined business processes and systems capable of being relocated offshore c. availability of appropriately skilled labour in India; d. relative efficiency, effectiveness and cost of Indian services versus referring county; and e. referring country customer requirements and acceptance
Cost Savings	Ability to accurately forecast demand for offshore services required by the referring country entity to provide for: a. appropriate investment in facilities & technologies; b. local management and staff recruitment; c. staff training; and d. process development.
Strategic Goals	Commitment and planning of offshore outsourcing development process by the most senior management of the non-Indian entity.

Table 5-6 above reconciles the initial conceptual OBPO CSF success model developed in chapter 3 which was developed from theoretical models in the literature with a case study results from the exploratory case study conducted in phase 2. The conceptual model has higher order CSF and the exploratory case study model has lower order CSF as particular instances of the higher CSF relevant to Case A (Repol Limited).

Figure 5-3 Initial Conceptual OBPO CSF Success Model



The Initial Conceptual OBPO CSF Success Model identifies seven CSF. The seven CSF will be used themes/nodes for coding the responses to the three case studies. Interviewee CSF which fall outside the coding of the seven CSF may form the basis of the extension of the model or require other explanation.

5.4.2 Phase 3 Summary

This phase developed the initial conceptual OBPO CSF success model with seven CSF. This model will be used to code the outcomes from Phase 4 and to identify CSF which may be unique to debt collection or a possible extension of OBPO CSF models. The CSF will be used

to compare with both the literature and the outcome of the additional case studies to build internal validity and to extend theory where applicable.

5.5 Phase 4 – Conduct Three Case Studies, Code and Analyse

Three case studies were conducted with the firm's operating debt collection or receivables management services from India. Five senior executives were interviewed from the case study firms. The low public profile maintained by debt collection firm's operating offshore meant that access to a broader range of personnel was severely restricted for the purposes of the case study and that the respondents requested that their organisations not be identified. The interviews were conducted over a one-week period in October 2014 in Bengaluru, India. The data analysis tool NVivo was used to code and analyse the themes arising from the case study interviews. The analysis of the coded data was to identify current patterns across the three case studies as well as the initial exploratory case study. These patterns identified then considered in the context of evaluating the initial OBPO Debt Collection CSF model.

5.5.1 Case B

Table 5-7 Case B Target Versus Actual Attributes

Attribute	Target Case B Attributes	Actual Case B Attributes
Size of Outsource Provider (Agent seats/workstations)	250+ seats/workstations	5000+ seats/workstations
Maturity (Years in India)	< 5 years	7+ years
Engagement Model (GIC/Hybrid/Third Party)	Hybrid	Hybrid
Services Offered (Voice/Non-Voice/Both)	Both	Both
Ownership (Indian/Non-India)	Non-Indian	Non-India (American)
Collection Model (1st Party, 3rd Party)	1st Party (as credit provider-contract labour)	1st Party (as credit provider-contract labour)
Other Services Offered	Only Debt Collection	Debt Collection, CRM and BPO
Location	India + & referring country	India + referring country (India, USA) plus other countries

Note: details of the interviewee roles and experience are in Table 5-13 Cases B, C & D – Interview Detail and Experience Levels

Case B, as shown in Table 5-7 is larger than the targeted case B attributes. The relative scope and scale of Indian OBPO debt collectors, as found as the research has progressed, is significantly larger than initial expectations and growing rapidly. Case B, despite having only operated for a relatively brief time in India, represents a considerable proportion of Case B’s global operations. Aside from debt collection, Case B provides additional services in CRM and general BPO services from India to home country and global locations. Case B operates as a hybrid with both GIC operations and third-party providers.

Table 5-8 Case B Operational Attributes

Type	Hybrid
Headquarters	North America
Indian Operations	Gurugram, India (formerly known as Gurgaon)
Industry	Receivable management, debt collection, CRM and BPO
Staff Home/India	32,000 (no separate numbers for India)
Years of Operation	15+ years

Case B is a very large multinational debt collection and outsourcing company. It operates OBPO centres around the world in onshore, nearshore and offshore models with 95 offices and 11 countries. The operations are split to accounts receivable management (debt collection), under its own brand, as well a customer relationship management (CRM). Revenue is approximately USD\$1.5 billion of which \$1.2 billion is related to debt collection activities. Case B collects its own debt as well as servicing other credit providers on commission the recovery of delinquent accounts, the recovery of current accounts receivable and early stage delinquencies (generally, accounts that are 180 days or less past due).

Case B's CRM services manage customer relationships for clients across key portions of the customer lifecycle including acquisition, growth, care, resolution and retention. The primary market sectors for OBPO business are financial services, telecommunications, healthcare, retail and commercial, education and government, utilities, transportation/logistics services and technology. The number of Case B employees is greater than 32,000 full-time and part-time employees as well as over 1,600 contractors. 24,000 of Case B's employees are telephone representatives (making and receiving telephone calls). Call centres are operated in Canada, India, the Philippines, Barbados, Antigua, Australia, Panama, Mexico and Guatemala. Generally, the employees are not represented by labour unions despite being targeted by union organisers in some of the jurisdictions. Case B believes that its core competitive advantage is the ability to customised solutions to a client's requirements, personalized quality service, sophisticated call and information systems, and a competitive price.

All call centre personnel receive comprehensive training that consists of three stages: introduction training, behavioural training and functional training. These programs are conducted through a combination of classroom and role-playing sessions. Prior to customer contact, new employees receive one week of training in Case B's operating systems, procedures

and telephone techniques and instruction in applicable regulatory requirements. Personnel also receive a wide variety of continuing professional education and on-going refresher training, as well as additional product training on an as-needed basis.

5.5.2 Case C

Table 5-9 Case C Target Versus Actual Attributes

Attribute	Target Case C Attributes	Actual Case C Attributes
Size of Outsource Provider (Agent seats/workstations)	250+ seats/workstations	400+ seats/workstations
Maturity (Years in India)	5+ years	7 years
Engagement Model (GIC/Hybrid/Third Party)	3 rd Party	GIC
Services Offered (Voice/Non-Voice/Both)	Non-Voice	Both
Ownership (Indian/Non-India)	Non-Indian	Non-India (European)
Collection Model (1st Party, 3rd Party)	3 rd Party (as credit provider-owner of the debt)	1st Party (as credit provider-contract labour), BPO and Systems Integrator
Other Services Offered	Debt Collection + financial services	Consulting, Systems Integration, BPO (including debt collection and financial services)
Location	India + & referring country	India + referring country (European + global operations)

Note: details of the interviewee roles and experience are in Table 5-13 Cases B, C & D – Interview Detail and Experience Levels

Like the two previous case studies, Case C is larger than the case study attributes targeted. Unlike the two previous case studies, Case C did not start its corporate life as a debt collector but extended its consulting and systems integration operations into BPO and debt collection. Despite having only been in OBPO operations in India for seven years the Indian employees have grown rapidly. Case C operates solely as a GIC.

Table 5-10 Case C Operational Attributes

Type	OBPO Service Provider
Headquarters	Europe
Indian Operations	Bengaluru, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai and Pune
Industry	Consulting, Systems Integration, BPO (including debt collection)
Staff Home/India	200,000/100,000
Years of Operation	50 years

Case C is a very large outsourcing company with 200,000 employees in 40 countries (2016) and revenue of USD\$14 billion. In 2011, the number of Indian employees was 36,000. A series of acquisitions has grown employees in India to 100,000 (half of the entire global workforce). Indian operations are spread between Bengaluru, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai and Pune. Case C significantly expanded its BPO accounts receivable management (debt collection) business during this period with both organic growth and corporate acquisitions. Debt collection revenue streams are not separately reported. Debt collection services provided by Case C claim to increase recoveries by 70% and reduce collection costs by 40% using data analytics to identify the best engagement channels for debtor segments based on demographics, credit behaviours and payment patterns. A customer's propensity to default is also the focus of analytical analysis.

5.5.3 Case D

Table 5-11 Case D Target Versus Actual Attributes

Attribute	Target Case D Attributes	Actual Case D Attributes
Size of Outsource Provider (Agent seats/workstations)	250+ seats/workstations	400+ seats/workstations
Maturity (Years in India)	5+ years	15+ years
Engagement Model (GIC/Hybrid/Third Party)	3 rd Party	3 rd Party
Services Offered (Voice/Non-Voice/Both)	Both	Both
Ownership (Indian/Non-India)	Indian	Indian
Collection Model (1st Party, 3rd Party)	3 rd Party (contingent collections)	1st Party & 3 rd Party (as credit provider-contract labour & contingent collections)
Other Services Offered	Only Debt Collection	Systems development, systems integration, BPO (including debt collection and other financial services)
Location	India + & referring country	India + referring country (global operations – a strong presence in the UK)

Case D is an indigenous Indian OBPO operator. Like case C debt collection has emerged from the provision of OBPO for financial services rather than as an exclusive debt collector. As an Indian corporate entity, the reporting protocols for revenue and cost segmentation are limited compared to the other case studies. Unsurprisingly, the debt collection operations are principally a provider of contract labour and limited contingent collections operation. These operations are principally an extension of Case D’s OBPO financial services offering, Case D does not deploy capital to purchase debt offshore for collection in India.

Table 5-12 Case D Operational Attributes

Type	OBPO Service Provider
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Headquarters	India
Indian Operations	Bengaluru, India
Industry	Debt collection and other services
Staff Home/India	Not for disclosure (staff in many Western Countries)
Years of Operation	Three years

Case D is a subsidiary of an Indian corporate conglomerate. Information on Case C is restricted to corporate filings. Case C has 6,000 employees and generates revenues of USD \$ 239 million in systems integration, ITO and BPO. No separate employee or revenue numbers are provided for the various lines of business. Case D operates principally in India but has representative service centres fronting the operations in western countries including Australia, UK, EU and USA. Case D aims to provide superior customer experiences and engagement by delivering “anywhere, anytime” service delivery to customers by supporting global financial services companies.

5.5.4 The Interviewees

The interviewees from cases B, C and D were limited in number; a total of five; a total of five. The low public profile and political sensitivity of the OBPO industry limited the access that was possible within the case study organisations. The compensation for the limited access was in the seniority of the interviewees. The interviewees were, however, significantly experienced and the operation of OBPO collections with 10 years average experience (with a spread of three years to 15 years); see Table 5-13 Cases B, C & D – Interview Detail and Experience Levels. The most experienced interviewees were responsible for the initial formation of their organisations OBPO debt collection activities which gave them a longitudinal insight to the development of the OBPO debt collection industry.

Table 5-13 Cases B, C & D – Interview Detail and Experience Levels

Interview	Position Title	Years Exp.	Involvement in OBPO Collections
B1	CEO	15	Overall responsibility for OBPO and onshore collections India.
C1	BPO Manager	6	OBPO management for offshore clients
C2	Offshore Engagement Manager	15	India and China operations
D1	Senior Vice President	11	OBPO operations in India and Asia Pacific
D2	Offshore Account Manager	3	Australian offshore operations

Table 5-13 shows the extensive experience of the interviewees and the nature of the senior roles within the case study organisations.

5.5.5 Case Study Analysis

The CSF from the Initial Conceptual OBPO CSF Success Model identifies seven CSF which were used to code in nodes within NVivo; see Table 5-14 CSFs from the Initial Conceptual OBPO CSF Model. In addition to these nodes, additional coding was performed on the data to identify, in more detail, those themes which were not coded to the seven CSF.

Table 5-14 CSFs from the Initial Conceptual OBPO CSF Model

CSF
Keep and Win Customers
Avoid Damaging Customer Relationships
Improve Service Management Skill
Improve Domain Skills
Technical Service Quality
Cost Savings
Strategic Goals
Other

The analysis from NVivo identifies an expanded set of CSF themes which occur with greater frequency than those solely from the initial conceptual OBPO CSF model; see

Figure 5-4 NVivo CSF Nodes by Frequency (Three Theme Levels).

The first level themes from the NVivo coding analysis are:

1. **voice – (46 coding references)** the analysis suggests that voice, or more particularly accent, is an inhibitor to OBPO debt collection from India. As a result, the interviewees that India will be displaced by more familiar accents from OBPO debt collectors based on the Philippines. There is a preference for nonvoice orientated services to be provided via email or web-chat.

2. **capability – (46 coding references)** interviewees are concerned that the best and brightest are not attracted to work in debt collection. This means that some of the relative advantage of Indian OBPO debt collection is diminished when compared with the recovery rates from onshore collections. Performance comparisons from offshore must approximate onshore performance so that the Indian labour arbitrage provides competitive advantage to the debt collector. In nonspeaking debt collection roles, such as skip tracing and data analytics, Indian performance is generally superior to onshore debt collection performance.
3. **avoid damaging customer relationships – (39 coding references)** interviewees report that some onshore competitors put together voice recordings of the worst of debt collection calls from Indian OBPO debt collectors as evidence that offshore collections don't work. Publicity regarding some of these poor performance levels damages customer relationships which has led to the loss of clients. Indian debt collection staff are challenged to maintain control of debt collection calls when faced with difficult debtors which has led to regulatory complaints and investigations by customers on behalf of debtors.
4. **other – (47 coding references)** according to the interviewees they expect that more GICs will re-emerge in the OBPO debt collection industry. This development is principally to provide for brand protection, regulatory compliance, ready-made escalation processes from offshore to onshore and a consistency in global operations. The OBPO debt collectors want to maintain the offshore cost advantage but don't want to risk the brand so there is an emergent presence for GIC. The interviewees report that if debtors are unable to tell if a person is an Indian in India then this generally makes for a more successful debt collection call. Three of the four case studies operate as GIC or hybrids. Only the indigenous Indian operation did not operate as a GIC.

The second level themes from the NVivo coding analysis are:

1. **strategic goals – (37 coding references)** the principal strategic goal reported is to obtain competitive advantage from cost arbitrage with all other performance criteria being equivalent to onshore debt collection, if not superior performance. The superior performances represented by the trend to higher value work and core competency work being undertaken which requires a more strategic and enduring engagement with the

OBPO debt collector. OBPO is being recognised as having strategic implications for overall onshore business performance.

2. **improve domain skills – (31 coding references)** the domain skills referenced by the interviewees include better voice accent, skip tracing data analytics and call strategy management. There were concerns expressed that the quality of Indian staff attracted to debt collection or is falling because of the unsociable working hours and difficult voice orientated services. Interviewees expressed frustration at the level of understanding by Indian based staff of cultural practices in organisational operations as well as in debt collection activity.
3. **staffing – (34 coding references)** having the right brand in India can have a material effect on being able to hire and retain the right people according to the interviewees. Indian staff need to develop technical knowledge of both the collections process and the regular tree environment in which the debt originates. These skills must be learned and require staff or the capacity to do so. The accent of a staff member needs to be understood by the debtor in the onshore country. OBPO debt collectors administer pre-employment tests in written and spoken English simulating the kinds of interactions they can expect to have with debtors.
4. **cost savings – (32 coding references)** interviewees report that the overall financial performance of the OBPO debt collection operation is scrutinised by the parent organisation. Overall costs in India are increasing which requires greater productivity from the OBPO debt collection process and higher value work to maintain the value proposition of OBPO debt collection. It is difficult to maintain the cost savings for the OBPO debt collector if the offshore operation requires a significant expatriate presence or recurrent on the ground management visitation program. Some of the interviewees have experienced difficulties in attracting expatriates to work in India and report that the difficulties arise from not liking the food, being unable to walk in the streets and not enjoy the comforts of home.
5. **technical service quality – (32 coding references)** technical service quality is a proxy for some elements of domain expertise as reported by the interviewees. For operational managers, this includes performance comparison with the SLA's and the deliverables. Some of the key performance measures reported are average payment size, average handling time, skip tracing, right party connect and the dollars collected. Qualitative

measures are also reported with respect to the number of errors made and regulatory complaints. Some interviewees report an overlay of technical service quality in terms of risk and control matrices.

The third level themes from the NVivo analysis are:

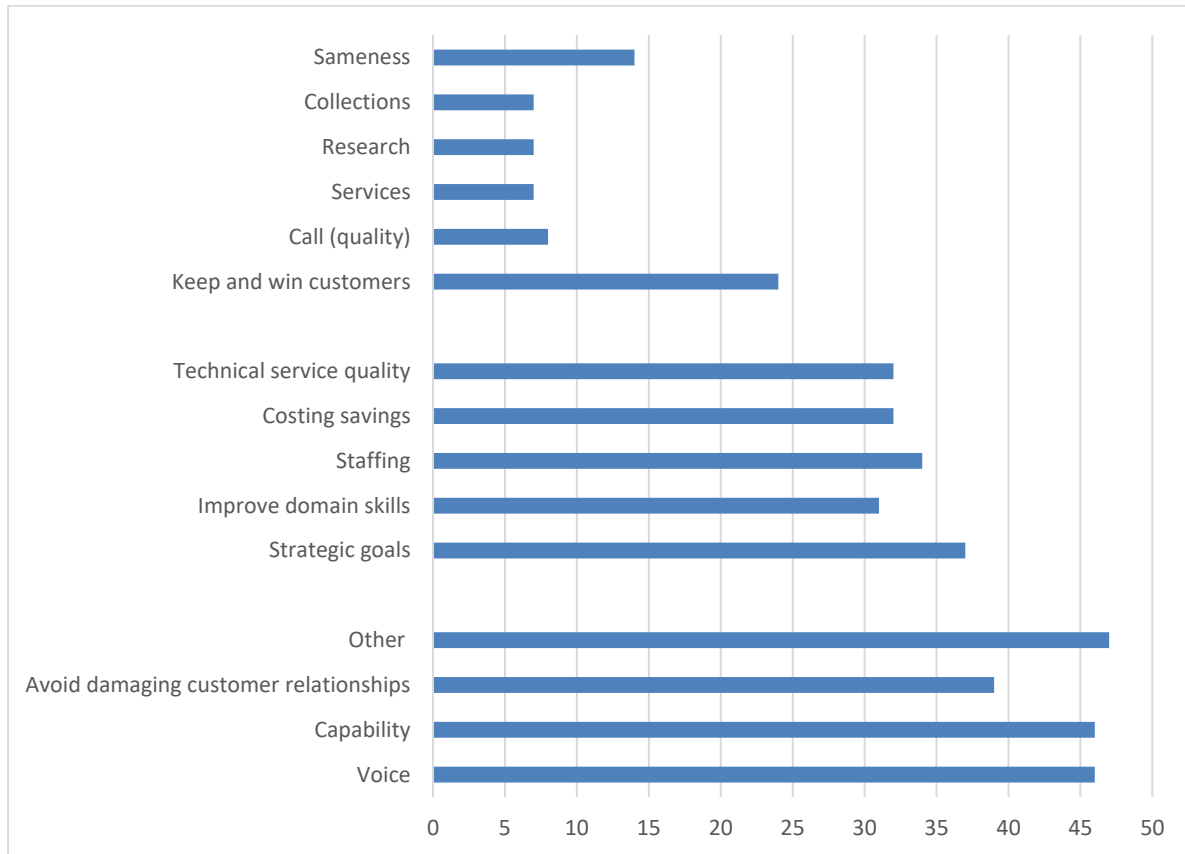
1. **keep and win customers – (24 coding references)** to keep and win customers, the interviewees report that consistent quality is a must. This means to avoid making the wrong call at the wrong time in speaking to the wrong person and then not providing the right details. The overall expectation is that customers expect the same quality of service from the OBPO debt collector as they do from the onshore operations. With respect to the management of process within the debt collection industry the Indian OBPO debt collectors are viewed as being superior to other OBPO debt collection destinations such as the Philippines and other developing countries. Customers have regularly complained about elements of call quality in terms of poor accent, debtor understanding and regulatory breach.
2. **call (attributes of the call in terms of quality) – (8 coding references)** for the interviewees, the attributes of calls include the consistent application of a recovery script correlated to the number of promises to pay, the average promise to pay size (and whether it has occurred) and the dollars collected. The interviewees discriminate between inbound and outbound call traffic and suggest that Philippines based staff get better responses from inbound calls than Indian staff; this may be because outbound calls usually have preparation time so that the matters to be discussed are understood and the call agent prepared. Inbound calls require greater agility and understanding for them to be successful. The interviewees are concerned about the poor response from onshore debtor's as soon as they hear an offshore accent, or the call quality and background noise suggests that a call centre is calling the debtor. In these circumstances, it is difficult to progress past the debtor confirmation stage of the debt collection process.
3. **Services – (7 coding references)** within a global network of OBPO debt collection centres the interviewees report that there is some segmentation of service location. This reflects that some services are better delivered from some locations than others. There is a growing trend for voice services, both inbound and outbound, to be provided from the Philippines for English-speaking services. For languages other than English, different

OBPO debt collection centres are used to support Mandarin, French and Spanish for example. Back office processes and data analytics, both of which require limited voice interaction, are growing as a proportion of the work located in India for OBPO debt collection.

4. **research – (7 coding references)** the interviewees were generally interested in research to support the identification of critical success factors in OBPO debt collection. All interviewees expressed the view that they were unaware of any academic research on the subject but would be interested in the results. Principally the research effort in OBPO debt collection is focused on segmentation of debtors, recovery strategies and data analytics. There has not been an overall focus on the OBPO debt collection setting itself where the issues of being offshore are specifically considered as opposed to general OBPO contract formation and management.
5. **management capability – (7 coding references)** the ability of OBPO debt collection managers to meet their governance requirements as well as performance metrics and SLA's was reported as a key concern for the interviewees. Management capability regarding change management and process improvement processes was also reported by the interviewees. The interviewees reported that amongst tier 3 managers there would usually be one expatriate manager providing a link back to the onshore parent or customer.
6. **collections (type of collections) – (7 coding references)** the interviewees report that the type of collections that India is performing as part of the OBPO debt collection industry is changing. The industry is suffering with the rise of the Philippines particularly with respect to 3rd party collections. Onshore parents and customers are using champion and challenger techniques between both onshore and offshore destinations as well as offshore in India versus offshore in the Philippines. The champion and challenger arrangements are also segmented with respect to the services being off shored such as skip tracing and data analytics.
7. **sameness – (14 coding references)** the issue of sameness, as reported by the interviewees, relates to the concept of both accent and cultural nuance being matched as perfectly as possible to the destination of the collection call or process. Two of the interviewees reported that this had only become a priority in the last two years in the pursuit of overall better performance. For the Indian OBPO debt collectors, it was

suggested that this was in response to the overall better performance for voice orientated calls from the Philippines.

Figure 5-4 NVivo CSF Nodes by Frequency (Three Theme Levels)



8.

Figure 5-4 shows an extract from the CSF nodes and pattern coding analysis from NVivo. The most frequent themes coded show a focus on the customer in “Avoid damaging customer relationships”, “Voice” and “Capability”. An example of the coding of an interview is seen at Appendix 10 NVivo Coding Example.

The seven CSF were used to code the five interviews from the case studies. In contrast to the explorative case study the factors which preoccupied the OBPO managers were less focused on logistical set up issues and had moved to Operational Phase optimisation issues dealing with service quality, SLA management, cost and alignment with customer strategies. These CSF were predicted to be the principal factors in the success of OBPO CSF. There was a set of responses which our interviewees focussed on which were not incorporated the Initial Conceptual OBPO CSF Success Model; these responses relate to making the service and national boundaries difficult for a debtor to determine or if they could determine the boundary they were not disquieted by it.

This table decomposes interviewee responses into the CSF themes. The themes were identified in the Initial Conceptual OBPO CSF Success Model developed in Phase 3. When compared to the exploratory case study responses it appears that all the organisations are in a later stage operating phase where the focus of activity is on the optimisation and refinement of outsourcing models. In Case A (Repcol), the focus was on the early stage operating phase. This highlights the temporal dependency of CSF; as time passes the focus of CSF change. In Case A, no mention was made of the rise of the Philippines as a competing centre for voice orientated services yet in the subsequent cases all the respondents identified a change in the service orientation arising from the Philippines ascendancy in voice services. This seemed to be largely because of debtors being more comfortable, or less disquieted, in dealing with Indian OBPO debt collection staff.

Many of the issues raised in the case study interviews, as coded and analysed in NVivo, appear to address the acceptance, or not, of the debt collection services being delivered from offshore. The quality and accent of the voice services delivered have a material effect on the overall success of the OBPO debt collection service. This reflects two things, firstly the primacy of telephone calls in the debt collection process hence the need for clear communication and secondly the acceptance by the debtor of the legitimacy of the call (not being scammed from offshore). Elements of that legitimacy seems to be derived from a deeper understanding of cultural nuance and trust arising from a debt hearing and accent which is like their own accent. In the situation where an accent is perfectly matched to a debtor's accent, where it reflects the country in which the debtor resides, the question of legitimacy of the debt collection call does not get asked. To that extent, the country from which the debt collector is calling becomes opaque to the debtor. Even where the debtor can recognise some element of accent, which in the case of a typical Filipino accent is like an American accent but is detectable as a foreign accent, it is reported that American debtors have lower concerns of legitimacy and greater trust. These elements contribute to increased success in debt collection and are, therefore, CSF. In some cases, the avoidance of voice interactions altogether, avoid the issue of legitimacy with the debtor by using the familiarity of a US based, or Australian-based, web address, telephone number, local office addresses to contact, local addresses for postal remittances and the use of financial payment processes familiar to the debtor in their own country.

5.5.6 CSF Recurrent Patterns from the Case Study Analysis

Eisenhardt’s theory building roadmap, see Table 4-4 Process of Building Theory from Case Study Research (Eisenhardt, 1989b), prescribes looking at cross case patterns as well as the reduction in marginal differences arising from recurrent case studies; what Eisenhardt refers to as saturation. This approach is mathematically sound because the amount of information contained in an observation is proportional to the square root of the number n of observations, not the number n itself. In this case with four case studies this means that the information contained in $\sqrt{4} = 2$. So, to double the information content to 4 would require 16 case studies i.e. $\sqrt{16} = 4$. The information from the first four case studies is equivalent to the next 12 case studies (Stigler, 2016).

In analysing the four case studies a series of recurrent patterns was found that support the seven CSF in the initial OBPO debt collection CSF model. This in turn supports the development of theory arising from these four case studies; particularly as the opportunity to conduct case studies on an additional 12 OBPO debt collectors would be remote given the reclusive and low-profile nature of the industry. The patterns found in the four case studies appear in the tables below.

Table 5-15 CSF #1 "Keep and Win Customers" Quotes from Coding

CSF	Quotations from Coding
Keep and Win Customers <ul style="list-style-type: none"> • Be reliable and keep promises • Take ownership of issues • Be a trouble shooter • Keep customers informed • Turn any contact into something positive • Copy the professional in the team • Treat customers the way you like to be treated • Know SLA • Develop an ability to listen • Don’t be satisfied with second best 	<p><i>The Indians generally are superior in the capture and management of process than the Philippines or the other developing country destinations.</i></p> <p><i>These measures include: call quality</i></p> <p><i>the number of promise to pay</i></p> <p><i>that is the reason why if you wanted voice then other countries are catching up.</i></p> <p><i>other countries catching up like the Philippines are catching up</i></p>

CSF	Quotations from Coding
	<p data-bbox="762 253 1374 376"><i>This could be that a wrong call has been made at the wrong time. Spoke to the wrong person. Did not give the right details.</i></p>

In Table 5-15 CSF #1 "Keep and Win Customers" Quotes from Coding the CSF to keep and win customers appear is both good corporate and personnel practice such as being reliable and keep promises, keeping customers informed and knowing what the SLA's are your business; otherwise it would be difficult to be focused on achieving them if you didn't know what they were. The elements of reciprocity in future exchanges are consistent with Social Exchange Theory predictions for good behaviour being rewarded in the future. The responsibility of an Agent to act in the best interests of the Principal is also found in this CSF as well the monitoring systems to support SLAs. This CSF would be expected to exist in both an outsourced, insourced or offshored business process if a customer is to be kept and won. The quotations from coding suggest that the OBPO debt collection operators expect the same behaviours as a customer might expect from an onshore provider to be provided offshore. The expectation that the OBPO debt collector should, to all intents and purposes, exhibit the same practices of the onshore debt collector can be viewed through the lens of Institutional Theory with the debt collection industry as a structured field stretching across national boundaries. The recurrent issue from the analysis is in relation to the obvious differences with respect to voice orientated services where concern was expressed that countries other than India offered superior voice services notwithstanding that India's process management was generally considered to be superior. Poor voice services are inconsistent with the norms imposed by the isomorphic behaviour of debt collectors where all service elements should be consistent regardless of location. Additionally, getting the service right with the right call at the right time and speaking to the right person is a CSF within any debt collection environment is a core competency for debt collection.

Table 5-16 CSF #2 "Avoid Damaging Customer Relationships" Quotes from Coding

CSF	Quotations from Coding
<p>Avoid Damaging Customer Relationships</p> <ul style="list-style-type: none"> • Procrastination • Rudeness • Indifference • Making promises that can't be met • Criticising your colleagues in public • Failing to update incident logs • Being invisible 	<p><i>competitor's behaviour has been to put together voice recordings of the worst calls as evidence that offshore calls don't work</i></p> <p><i>Indian psyche regarding the confronting nature of collections has also been an issue</i></p> <p><i>Hiring the right people which can be a function of how the brand is viewed by Indians (this is important for attracting talent and retaining talent)</i></p> <p><i>It also requires the emotional commitment, follow-up capacity and optimism to succeed</i></p> <p><i>Staff turnover continues to be a big problem</i></p> <p><i>Staff turnover in BPO is because of the unsociable time and debt collection BPO is the lowest of the low</i></p> <p><i>There is penalty for any errors that a done which affects the reward that he gets</i></p> <p><i>Each candidate goes through cycles before they are hired for the job</i></p>

In Table 5-16 CSF #2 "Avoid Damaging Customer Relationships" Quotes from Coding the CSF reflects the need to get the hiring profile right with staff the right attitude to the customer. Agency Theory supports the conceptualisation of good faith in the actions of an employee to preserve value for a Principal. The investment which is made to ensure that staff are trained so that they appropriately support and respond to the customer, as well as making an effective demand for payment of a debt, means that staff retention is a CSF. A constant cycle of training in response to high rates of staff turnover means that the investment in training is lost as well

is an absence of continuity in approaches to managing customer relationships. TCE suggests that frequency is a consideration of transactional governance structures so the contracting relationship with OBPO debt collection employees with high turnover can be viewed through this lens. Individual debt collectors may be recovering from individual debtors, with whom they can strike up a personal relationship, over years so debt collection is more effective when a non-payment is akin to a breach of trust and relationship between the debtor and the debt collector. Similarly, a breach of trust is a consideration in the commitment of a debtor to future relationships as described by Social Exchange Theory. The actions required to support the maintenance of customer relationships are not dissimilar to those to keep and win customers and would reasonably be found in both onshore and offshore debt collectors so is consistent with Core Competency Theory and Institutional Theory.

Table 5-17 CSF #3 "Improve Service Management Skills" Quotes from Coding

CSF	Quotations from Coding
Improve Service Management Skills <ul style="list-style-type: none"> • Information exchange • Attitude • Vision 	<p><i>Quality will be one in terms of – has there been a drop in terms of calls that have been taken by them in the case of incoming calls, the second has there been any complaint or wrong calls that have been made and that have been highlighted or escalated.</i></p> <p><i>feedback is then obviously provided to the agent.</i></p>

In Table 5-17 CSF #3 "Improve Service Management Skills" Quotes from Coding the CSF requires a commitment to good service design and quality management systems as a core competency for a BPO business. A commitment to providing timely and appropriate feedback to debt collectors. Structured process improvement techniques facilitated by information exchange from onshore expectations for debt collection practice assists in informing what offshore practices should look like and what are the acceptable service performance measures. Good service design management requires the correct attitude to feedback and the importance of the customer. The absence of either of these two elements results in an ineffective feedback loop for the debt collector and poor service to the customer; as well as leading to potential regulatory breaches and complaints.

Table 5-18 CSF #4 "Improve Domain Skills" Quotes from Coding

CSF	Quotations from Coding
<p>Improve Domain Skills</p> <ul style="list-style-type: none"> • Self-training • External training • Knowledge sharing • Mentoring • Participate in internal customer projects 	<p><i>This could be that a wrong call has been made at the wrong time. Spoke to the wrong person. Did not give the right information</i></p> <p><i>better voice accent training for the agents</i></p> <p><i>ready recourse to escalation in the call to a collector from the same country as the debtor</i></p> <p><i>Elements which have been added include skip tracing success (feeds into right party connect) and inputs to credit bureaux</i></p> <p><i>Difficult to invest in training and labour quality</i></p> <p><i>Productivity is higher in India but voice is better elsewhere</i></p> <p><i>voice based processes there are of course training courses to train people on the accent</i></p> <p><i>there are many training institutes to training people and telling them what to use and what not to use.</i></p> <p><i>Root cause analysis to identify what errors are and whether they were genuine errors. Remedial steps are then taken. If that requires a change in the skillset or the individual where development is needed made part of their next year's development cycle.</i></p>

In Table 5-18 CSF #4 "Improve Domain Skills" Quotes from Coding the CSF is consistent with domain skills being a core competency-both having the domain skills in the process by which those domain skills can be acquired. A critical domain skill is the ability to be both

understood by a debtor in the debt collection call as well is to be persuasive incredible the debt collection call. A debt collector who is difficult to understand or raises, because of their accent, fears of identity theft or some other kind of scam makes effective debt collection difficult. The other domain skills in terms of both technical knowledge and debt collection techniques requires both an investment from the OBPO debt collector as well as a commitment from the staff. As costs rise in India the need for higher productivity will emerge increasing demand for improvement in domain skills.

Table 5-19 CSF #5 "Technical Service Quality" Quotes from Coding

CSF	Quotations from Coding
<p>Technical Service Quality</p> <ul style="list-style-type: none"> • The technology and skills defined in the services and performance criteria. 	<p><i>average payment size and the dollars collected</i></p> <p><i>Some of the activities have shifted into other activities such as skip tracing and credit bureau related activities.</i></p> <p><i>leveraging of technical knowledge capability.</i></p> <p><i>Technical knowledge of the collections process</i></p> <p><i>where we used to document risk and control matrix by positions</i></p> <p><i>the operational managers who look at how we are faring with the SLA's and what are the deliverables</i></p> <p><i>a governance meeting with stakeholders here for the client and the delivery director</i></p> <p><i>two kinds of test. One on written English</i></p> <p><i>how many collections have they made and accuracy</i></p>

In Table 5-19 CSF #5 "Technical Service Quality" Quotes from Coding the CSF is both a core competency and a consideration of governance forms (in the context of TCE). Investments in technology and skills for the OBPO debt collection industry have high specificity; they are

unlikely to have second best application with similar value to being applied to the debt collection industry. In the presence of high specificity, TCE predicts that opportunistic gouging may emerge as a supplier seeks to recover their costs. Effective contract management structures and SLA's in addition to risk and control matrices are potential responses to mitigating the effects of opportunistic gouging. An additional consideration is the mimetic behaviour of OBPO debt collectors with respect to elements of service offerings and the supporting systems. This includes case management systems and CRM's to manage the exchanges with debtors as well as meeting the financial management prescriptions of trust accounting imposed by many Western regulators.

Table 5-20 CSF #6 "Cost Savings" Quotes from Coding

CSF	Quotations from Coding
Cost Savings <ul style="list-style-type: none"> <li data-bbox="261 949 679 1025">• The level of total costs reduction compared to onshore provisioning 	<p data-bbox="759 898 1385 974"><i>Inflation and the Indian psyche regarding the confronting nature of collections has also been an issue.</i></p> <p data-bbox="759 1043 1139 1075"><i>inflation has been an issue in India</i></p> <p data-bbox="759 1146 1390 1223"><i>Initially when it started it was only about labour arbitrage and reducing costs.</i></p> <p data-bbox="759 1294 1377 1370"><i>there is still labour arbitrage but the costs are also going up here for infrastructure as well is the people cost.</i></p> <p data-bbox="759 1442 1217 1473"><i>labour arbitrage becoming a bit narrower</i></p> <p data-bbox="759 1545 1385 1666"><i>The overall performance of the company is measured through the financial statements – most of these measures involve profitability and growth in net equity.</i></p>

In Table 5-20 CSF #6 "Cost Savings" Quotes from Coding the CSF is a manifestation of the make or buy decision predicted by TCE. The total costs of deploying to an OBPO debt collector is greater than the marginal increase in productivity then it is improbable that the deployment will take place. Realistically, for an OBPO debt collector to succeed in the marginal increases in productivity need to exceed comparable cost profile versus productivity

for onshore collections. As inflation increases in India, the maintenance of the productivity benefits needs to be captured by other features other than labour arbitrage as the gap between onshore and offshore employees narrows. The cost of being offshore needs to consider a range of hidden costs such as increased travel, regular tree compliance and increased management attention.

Table 5-21 CSF #7 "Strategic Goals" Quotes from Coding

CSF	Quotations from Coding
<p>Strategic Goals</p> <ul style="list-style-type: none"> Alignment and achievement of strategic goals for the outsourcer (corporate and from their outsourcing goals e.g. flexibility, focus on core competency, access to new skills, etc) 	<p><i>the reason for doing face to face rather than doing a telepresence or teleconference was that largely relational</i></p> <p><i>companies have sought to leverage the scale and the low-price points of Indian operations for competitive advantage either in first party collections (where collections are done on behalf of the company as an agent or third-party collections where the debt is charged off or purchased for collections.</i></p> <p><i>general trend to engage with local partners in India to manage the politics and corruption</i></p> <p><i>not only for cost arbitrage but to have higher value work undertaken</i></p> <p><i>they want the offshore cost advantage but don't want to risk the brand</i></p> <p><i>Voice is better elsewhere (destination will be dependent on the service) India firms will begin to run OBPO in third party countries like the Philippines and Vietnam for companies out of the US.</i></p> <p><i>for example, you want to set up a voice centre. Where do you want to set up? How do you want to run it? How will that help in reducing the outstanding debt? So, this is an engagement at the director level.</i></p> <p><i>other measures which make the client much better and are you sharing the value that you have gained with the client.</i></p> <p><i>here it becomes easier in terms of running it from India so they go for nearshore ... for example if there is calling related to Instead of based in Guatemala and in terms</i></p>

CSF	Quotations from Coding
	<p data-bbox="762 250 1374 327"><i>of language we can do it from China or if it is European languages we can run it from Macau or similar.</i></p> <p data-bbox="762 405 1385 526"><i>In terms of labour arbitrage, they get that in the initial lot and at the same time when somebody takes it over they also get some money out of it.</i></p>

In Table 5-21 CSF #7 "Strategic Goals" Quotes from Coding the CSF requires an understanding of the strategic goals of the onshore operator. This includes a consideration of core competencies (what to keep and what to outsource), mimetic behaviour is consistent with other debt collectors so as to avoid the loss of social licence to operate an increased record retention, the cost objectives for being offshore, the service capabilities of the OBPO debt collector, the investment required to transmit tacit and explicit knowledge and the general risk of operating in a foreign jurisdiction (civil enforcement, political, infrastructure and corruption). The form of the offshore engagement is also a consideration of strategic goals such as a GIC, hybrid or the engagement of the third-party operator. These are all considerations of future expectations and the positioning of the onshore debt collector.

Table 5-22 CSF "Other" Quotes from Coding

CSF	Quotations from Coding
<p>Other</p> <ul style="list-style-type: none"> • Not a CSF but an issue in part for keeping customers indirectly (dealing with debtors) 	<p><i>that is the reason why if you wanted voice then other countries are catching up.</i></p> <p><i>India will have more non-voice as a proportion of activities</i></p> <p><i>other countries catching up like the Philippines are catching up</i></p> <p><i>The Philippines is a better accent and cultural fit for the West than India</i></p> <p><i>they want the offshore cost advantage but don't want to risk the brand</i></p> <p><i>It is likely that more captive centres will re-emerge as there is continuing input from the West for process improvement and a ready-made escalation process in the event of pushback on a call or similar.</i></p> <p><i>The Philippines is a better accent and cultural fit for the West than India</i></p> <p><i>availability of people with appropriate voice and accent capability is becoming more limited.</i></p> <p><i>to build comfort and trust in the relationship</i></p> <p><i>Those are cultural affinities I was talking about.</i></p> <p><i>That response, is that only a recent manifestation or has it been occurring over the last five years or longer.</i></p> <p><i>Over the past five years, it has only been priority in the last two years, recent years over the two or three years.</i></p>

CSF	Quotations from Coding
	<p data-bbox="759 304 1374 472"><i>unless xxxx resources tell that they are calling from xxxx, which normally they don't, there is no way the end recipient would know that this activity has been given away.</i></p> <p data-bbox="759 546 1353 622"><i>the preference of the client that the service provided by xxxx is in effect is an extension of their own service</i></p>

In Table 5-22 CSF "Other" Quotes from Coding the CSF identifies a series of issues forming a general theme of a CSF related to the acceptance of the service being delivered from an OBPO debt collector. This includes brand protection in the form of a GIC where direct intervention from an onshore debt collector can be affected without having to negotiate governance structures with a hybrid or third party OBPO debt collector. It also includes the neutralisation, as an issue, of an unfamiliar accent and other elements of debtor engagement which diminish comfort and trust on the part of a debtor in the demand for payment. The desire for OBPO debt collecting activities to be, to all intents and purposes, an extension of the onshore debt collection service offering i.e. that it would be difficult to determine whether the service was being delivered from onshore or offshore. Many of the other CSF in the preceding tables are contributing to the promotion of comfort and trust on the part of the debtor.

5.5.7 Phase 4 Summary

Phase 4 identified a pattern of CSF across the case studies. These CSF are linked to the acceptance of OBPO debt collection services by debtors. These CSF will be explored further in Phase 5 to consider whether the initial conceptual OBPO CSF success model should be extended.

5.6 Phase 5 – CSF Model Evaluation and Development

When comparing the Initial Conceptual OBPO CSF Success Model's seven CSF with the responses in Phase 4, those CSF that the interviewees focus on were in the main predicted by the model. There were, however, some CSF preoccupations of the interviewees which were unexpected. In the exploratory case study, there were nine CSF identified for OBPO debt collection which could be adequately classified within the CSF of the Initial Conceptual OBPO CSF Success Model. In Table 5-22, the CSF category of "Other" which described CSF related to the acceptance of debt collection calls by debtors.

Aside from a CSF focused on a rigorous approach to staff selection, skills testing and recruitment in India there was no reported focus on the response from debtors to offshore Indian debt collectors, or the skills required to equip them to deal with debtors. The interviewees in the Phase 4 case studies reported that the OBPO debt collectors operating from the Philippines enjoyed a more accepting response from the debtors than their Indian counterparts. This raises the question of whether Filipino debt collectors have better skills than Indian debt collectors or that debtors simply prefer Filipinos to Indians as debt collectors.

All the interviewees reported that it is difficult to retain OBPO Indian debt collectors as the worker is stressful and the Indian "psyche" responds poorly to the aggressive nature of some debtors when receiving calls. The interviewees, however, who operate in multiple offshore destinations, including the Philippines didn't report a similar level of difficulty in retaining OBPO Filipino debt collectors; though this question was not directly asked of the interviewees. There may be other explanations, the Americanised Filipino accent may be a more familiar accent to Western debtors in the US and Australia making it is easier to understand. The exchange with the debtors is easier as they more fully understand what the debt collector is seeking from them.

This inspires the debtor to engage in the collection call, even though they know the call is being generated from offshore destination but that the form and content of the call is what they would expect to hear in their home country. The ease of the exchange and expected form of the collection call may render the data more compliant or less likely to reject the demand for payment

Other explanations include that the Filipino accents are so convincing that the debtors are unable to determine where the call is coming from as it may well be made from their home country. One interviewee commented that unless a debt collector told the debtor where they

were calling from that it wouldn't be possible for the debtor to identify the call as originating from an OBPO debt collector.

This leads to consideration of three questions:

1. Could the debtor determine the location and ultimate provider of the debt collection service? They may hear a Filipino accent and suspect that the call is coming from an offshore location but would be uncertain as to whether that offshore location was in the Philippines, Guam or some other American territory.
2. Could the debtor determine any distinguishing characteristic that would identify the location and ultimate provider of the debt collection call? To all intents and purposes, the accent and cultural nuances are indistinguishable from a debt collection service provided from the debtor's home country.
3. The debtor knows both the location and ultimate provider of the debt collection service but because the service meets the expectations in terms of form, efficiency, effectiveness and they have sufficient trust that the risks of interaction are low that they proceed with that collection call.

This suggests that there is a CSF, or set of CSFs, which allow OBPO to be delivered in a manner where a debtor (or potentially any other consumer of OBPO services) is either unaware of or in different to the location of the service. From the case studies, the interviewees responses would suggest that the CSF contributing to the delivery of OBPO debt collection in this way where debtor was accepting of, indifferent to, or could not determine an offshore location was being used for debt collection would have a significant effect on OBPO debt collection success.

The consumer of OBPO debt collection services is most likely to consume when they become opaquely indifferent to the provision of the service or transaction from an offshore location. The OIM may be used to inform organisations as to which factors (location unknown state, indistinguishable state, ease of use, usefulness of service/transaction, levels of trust perception of risk) may need to be considered to achieve Opaque Indifference. Opaque Indifference contributes to OBPO success by overcoming end customer resistance to the consumption of offshore services.

The emergent difference for OBPO in the debt collection industry so far as CSF were concerned from the initial interviews was the importance of making the offshore nature of the debt

collection operation unimportant to any stakeholder (customer) which was described as “trustworthiness” (Penter et al., 2007). In some cases, this meant making it difficult for any stakeholder to be aware of where the service was being provided from. This view of CSF was a distinguishing set of CSFs from those typically found in an outsourcing model. This can be conceptualised within the proposed OIM.

What happens when Opaque Indifference is not established in customer intensive OBPO? In July 2011, the major banking group Santander UK announced that it was closing all its Indian call centres as part of a drive to improve customer service. Santander UK CEO Ana Botin noted that:

Improving the service we offer is my top priority. Our customers tell us they prefer our call centres to be in the UK and not offshore. We have listened to the feedback and have acted by re-establishing our call centres back here. (Treanor, 2011)

Santander had outsourced its call centre operations to MphasiS in 2003. A Santander spokesperson said that the decision was taken after feedback from customers who said dealing with an offshore call centre was a frustration that could lead to dissatisfaction. A volume of customer complaints said they would prefer to deal with call centres in the UK where staff could understand them better as individuals and know where they are coming from. Clearly, many of Santander’s UK customers did not feel opaquely indifferent to offshore services so the result was that customer satisfaction was lower.

5.6.1 Opaque Indifference Conceptual Model

In the exploratory case study, an interviewee made the following observation

*There is this thing that we talk about with respect to our offshore business which we call **opaque indifference**.*

An Opaque Indifference Model (OIM) is proposed as that set of CSFs which make an OBPO debt collection service indistinguishable to debt collection services provided by onshore debt collectors or at least to render debtors indifferent to the location of service provision. This additional set of CSFs makes debtors opaquely indifferent to being offshore is in addition to those CSF that the literature would suggest is present for offshore outsourcing and in combination lead to OBPO debt collection success.

The concept of “Opaque Indifference” in the context of OBPO debt collection can be considered as the supply of OBPO debt collection services where:

1. the location and ultimate provider of the service is not known to the consumer of the service (**Location Unknown State**);
2. it would be difficult or impossible for the consumer of the service to distinguish any characteristic that would identify the location of, or by whom, the service was supplied (**Indistinguishable State**); or
3. the consumer is indifferent to location and ultimate provider of the service because the service meets their expectations in terms of efficiency (ease of use), effectiveness (usefulness of service/transaction), perception of risk, perception of risk and trust (**Indifferent State**).

Figure 5-5 The Opaque Indifference Model

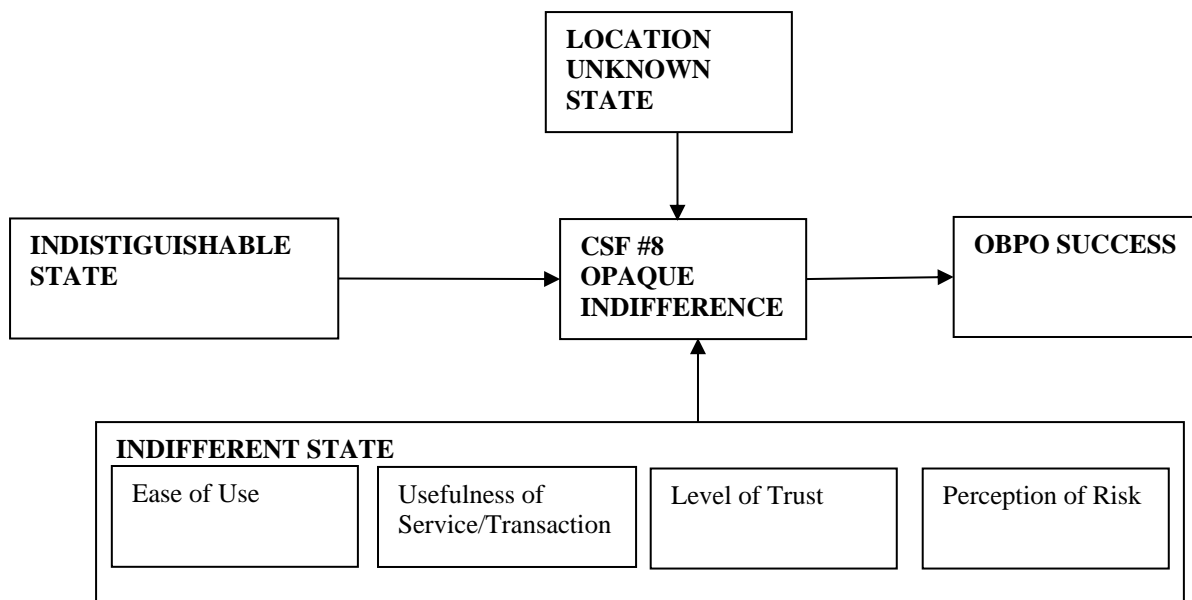


Figure 5-5 The Opaque Indifference Model shows the three OIM states of Unknown State, Indistinguishable State and Indifferent State which contribute to Opaque Indifference. Opaque Indifference becomes a CSF for OBPO success

The initial conceptual model of “Opaque Indifference” was first proposed in 2011 (Wreford et al., 2011). The results from Phase 4 of this research has allowed additional conceptualisation in response to interview results where OBPO debt collectors were raising the CSF of making an offshore service indistinguishable to services provided onshore debt collectors or at least to render debtors indifferent to the location of service provision. This additional set of CSFs to

make debtors opaquely indifferent to being offshore was in addition to those CSF that the literature would suggest is present for offshore outsourcing.

The OIM has been further developed in three stages to incorporate OBPO CSF and an ITO/BPO success within a combined model.

The Location Unknown State describes a service which is provided remotely to the location of a consumer of that service. The consumer is neither able to see the service provider nor know where the service provider is.

The Indistinguishable State is where a consumer cannot distinguish between a service provided by an onshore service provider and the services provided by a third party BPO provider in an offshore location. This may be achieved by using neutral communication means which do not reveal, by way of accent or tone, any clues as to the source of the response. This is reflected in the popularity of online chat, and non-voice services which do not reveal accent with Indian BPO providers.

The Indifferent State is a function of the degree of trust held by the consumer of the service and the risk to which the consumer believes they are exposed. Consumers are most likely to be indifferent when they have high trust that the service will be provided as expected and perceive the risk posed by consuming the service is low.

5.6.2 Phase 5 Summary

Phase 5 introduces the Opaque Indifference Model, an extension of the Initial Conceptual OBPO CSF Success Model, identifies a series of “states” which promote Opaque Indifference leading to OBPO success. This may have implications beyond the CSF for OBPO debt collection and is considered further in Chapter 6.

5.7 Summary

In this chapter, the results from each of the phases of research has been described; see Table 5-23 below. The phases are cross-referenced to Eisenhardt (1989b)’s steps for theory building to support theory building arising from the case studies. A chronology of research activity and publications arising from this research was seen in Table 5-1.

Table 5-23 Research Phases Described

Phase 1	Initial literature review, identification of potential case studies and prepare survey
Phase 2	Conduct exploratory case studies
Phase 3	Initial CSF model development
Phase 4	Conduct three case studies, code and analyse
Phase 5	CSF model evaluation and development

In Phase 1, consistent with Vom Brocke et al. (2009) and Pervan (1998), the initial literature review and the iterations of refreshing the literature review were described. The results of the survey conducted at the Bangalore IT exhibition were reported as well as the process for identifying an initial exploratory case study was documented.

In Phase 2, the initial Case A (Repcol Limited) case study findings and CSF were described. The development of the Initial Conceptual OBPO CSF Success Model is described in Phase 3.

In Phase 4 the three case studies, Cases B, C, D were described along with the themes arising from the NVivo coding to identify recurrent patterns.

Phase 5 introduced the Opaque Indifference Model, an extension of the Initial Conceptual OBPO CSF Success Model, which is considered further in the next chapter (Chapter 6)

6 MODEL EVALUATION AND CONCLUSIONS

6.1 Introduction

This thesis finds that the global debt collection industry is a major component of the efficient and effective operation of global financial markets by affecting the price and availability of credit. The global debt collection industry is serviced by both onshore and offshore debt collectors who collect on both a contingent basis and purchase debt from secondary markets. As the cost of recovery affects the pricing of delinquent debts, then the lower cost offshore debt collectors become an attractive service option for debt recovery operations. Identifying the CSF contributing to the efficiency and effectiveness of OBPO debt collection, therefore, influences the pricing of delinquent debts and ultimately the pricing of credit.

Despite this influence on the pricing of credit, the significance of the global debt collection industry and its operations in offshore environments remains under researched. In Chapter 2, the literature review identified the demand for research into the effects of outsourcing and offshoring in different industry settings. This thesis examines the effects of outsourcing and offshoring on the industry setting of the global debt collection, the operations of the industry in India and the CSF which affect it. This thesis, therefore, seeks to contribute to the knowledge of OBPO debt collection from India, and by doing so, address a gap in the literature and extend existing theory on OBPO.

This chapter brings together the threads of the research in this thesis from motivations, literature review, theoretical paradigms, research methods, initial conceptualisations, field research, model evaluation and conclusions. It summarises the findings, answers the research questions and proposes an Opaque Indifference Model (OIM) for CSFs in offshore debt collection from India. The Chapter then concludes with a discussion on the research implications, as well as limitations of the research, and what may represent future research directions.

6.2 Overview of the Research Study

The theoretical framework for this research was based on five co-opted economic theories applied to ITO, and extended to OBPO grouped into three theory reference categories of: 1) economic theories (Transaction Cost Economics and Agency Theory); 2) strategic theories (Core Competency Theory); and 3) organisational theories (Social Exchange Theory and

Institutional Theory). These five theories provide a relationship perspective on the drivers of behaviours between an organisation, its suppliers and its customers. Using different theory reference categories provides for a more complete and comprehensive appreciation of research outcomes than is possible from a single theoretical perspective (Ang et al., 1997; Yin, 2009).

The research in this thesis was conducted in five phases which were aligned to Eisenhardt (1989b)'s theory building roadmap for building theory from case study research. The five phases were:

Phase 1 consisted of an initial literature review, subsequently refreshed three times during the research, the identification of potential case studies and the preparation of a survey. The literature review was extensive and rigorous using Vom Brocke et al. (2009)'s approach to documenting the search and synthesising processes. The search terms used for the search of the literature were combinations of outsourcing, India, critical success factors, debt collection, information technology outsourcing and business process outsourcing. The CSF synthesised from the literature review included: 1) clarity of the objectives of outsourcing; 2) senior management support for the outsourcing initiative which is communicated to the business; 3) engagement with an outsource provider who understands the objectives of the outsourcing initiative; 4) ensuring supplier capabilities meet expectations; 5) preparing appropriate contracts and governance structures for the services to be outsourced; 6) maintaining frequent contact between the outsourcer and the customer; and 7) monitoring price and quality performance. The software tools *Publish or Perish* was used to retrieve and analyse academic citations for significance and EndNote™ was used to manage the bibliography database. The identification of potential case studies was undertaken during the Bangalore IT exhibition in 2005; supported by a West Australian trade mission attending the exhibition. The initial exploratory case study was identified as a West Australian-based debt collector operating a GIC in Bengaluru which agreed to participate in the research. A survey instrument was prepared and administered at the Bangalore IT exhibition trade function. The survey identified that the OBPO industry was in the early stages of development with the respondents supplying OBPO services for less than five years but with expectations of growth in the scope and scale of services.

Phase 2 involved an exploratory case study of a Western Australian-based debt collector, Repcol Limited, operating a GIC in Bengaluru with 800 local Indian employees and a small

number of expatriate employees. Repcol Limited and been operating in Bengaluru for approximately three years and had grown rapidly in that time. Seven executives from Repcol were interviewed for the case study. Nine CSF for OBPO debt collection were identified in the case study; see Table 5-5 Indian Offshore Debt Collection CSF (Wreford et al., 2008). The CSF in summary were: 1) strong commitment and planning from the onshore entity's senior management; 2) the involvement of culturally agile executives who are sensitive to the nuances of the Indian cultural and economic environment; 3) identification of the right services to be off shored meeting regulatory, technical and capability requirements; 4) finding the right facility location to ensure infrastructure and labour are available; 5) accurately forecasting demand for offshore services to support investment in training ; 6) operating exchange program of managers to both the onshore and offshore destinations from each location; 7) provision of incentives to assist staff retention; 8) a rigorous approach to staff selection and skills testing; and 9) the development of KPIs comparing offshore and onshore performance.

In **Phase 3** an initial conceptual OBPO CSF Model was developed based upon the literature review, the survey and exploratory case study; see Figure 3-5 Initial Conceptual OBPO CSF Success Model. This model combined CSF for OBPO, with CSF for success as represented by BPO contract renewal. The CSF for OBPO were: 1) keep and win customers; 2) avoid damaging customer relationships; 3) improve service management skills; and 4) improve domain skills. The CSF for BPO contract renewal were: 1) technical service quality; 2) cost savings; and 3) strategic goals.

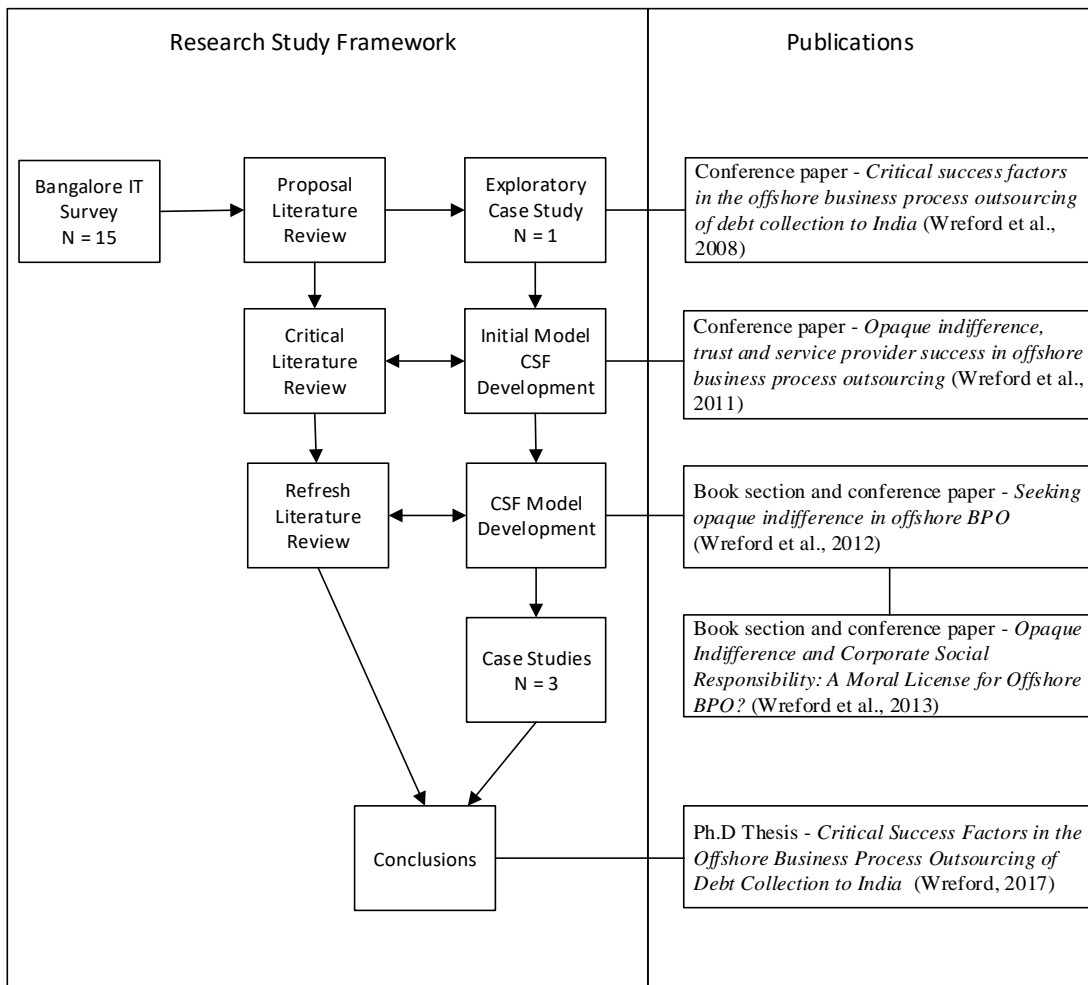
Phase 4 of the research saw three case studies conducted. Five interviews were conducted with very senior executives from each organisation. The low public profile and reclusive nature of the OBPO debt collection industry prevented a broader engagement with additional interviewees within the three case study organisations. The case study organisations represented three distinct types of OBPO debt collector operating in India. Case B was a North American headquartered, hybrid engagement model debt collector with approximately 5000 seats collecting debts it had purchased as well as collecting debts on commission. In addition to the debt collection service it also operated CRM and BPO services. Case B operates in 94 offices around the world combining onshore, nearshore and offshore service centres with 32,000 employees. Case C is a larger operation again with 100,000 employees in India operating as a GIC with multiple service streams including debt collection. Case C is headquartered in Europe and has 200,000 employees around the world. It collects debt on a commission basis only. Case D is a smaller indigenous Indian operator providing first party

and third-party debt collection on a labour hire model and commission. The case study interviews were coded and analysed using NVivo to identify common patterns and insights within the interviewee responses.

In **Phase 5** the common patterns and insights generated from the four case studies were compared with the initial conceptual OBPO CSF success model to identify significant differences. The interviewees reported that a CSF for the operations was to minimise, or eliminate, negative responses arising from debtors when receiving a debt collection call from offshore. Strategies were developed involving accent neutralisation, the adoption of anglicised names, cultural training for the country receiving the debt collection calls, communications technologies displaying call number IDs as originating in the onshore country, email address suffixes displaying the onshore country's extension, website domains displaying the onshore country's URL extensions, the writing of mail and payments processing to sites and organisations within the onshore country. The activities were designed to minimise, or eliminate, negative responses by making the location of the debt collector either unknown, indistinguishable or so familiar that this perceived as negligible risk and the debtor becomes indifferent to the service provision. This led to the conceptualisation of the Opaque Indifference Model as a set of CSFs leading to OBPO success; see Figure 5-5 The Opaque Indifference Model.

The relationship between the activities within the phases with the research study framework can be seen in Figure 6-1 Research Study Framework and Publications.

Figure 6-1 Research Study Framework and Publications



This Figure 6-1 shows the iterative relationships between the literature review and the CSF model development.

6.3 Major Findings and Discussion

The major findings of this research are summarised and discussed in this section with each research question addressed.

6.3.1 Question #1 – What are the CSFs?

Chapter 1 described the objective of this research was to identify a CSF model for Indian based OBPO debt collection to contribute to improvements in the efficiency and effectiveness of global debt collection. The initial exploratory interviews suggest that the CSF framework for OBPO debt collection in India is like the CSF framework that exists for other OBPO settings.

There were, however, some differences which were notable and seemed to attract significant amounts of management attention identified in the case study interviews. These differences were connected to customer, or stakeholder, responses and attitudes to the provision of offshore services. This phenomenon is apparent in the debt collection industry as the relative power between an offshore provider, and an onshore customer, is different to other OBPO settings. In common OBPO settings, the role of the offshore provider is generally as a supplicant to the onshore customer. This delivers significant power to the onshore customer as to whether they choose to use the services of an offshore provider. In the case of debt collection, the onshore customer has little or no choice as to how and when demands for payment may occur, nor how the recovery arrangement is managed. This is a notable change in the perceived power of the customer to choose. The reduction in customer power is further exacerbated by the overlays connected to the perception of India as a lesser developed nation demanding the payment of debts from a first world nation; a reversal in how citizens of a first world nation may otherwise see their relative status with a developing nation. A disempowered onshore debtor is inclined to rely on regulatory intervention as they are unable to choose to whether they received an offshore or onshore debt collection demand.

The CSF identified in this research for OBPO debt collection from India, which is additional to general OBPO CSF, is Opaque Indifference. Opaque indifference is a CSF to make an onshore debtor indifferent, or accepting, of the debt collection service being provided from India.

The Critical Success Factors affecting Indian-based English-language OBPO in the global debt collection industry appear in Table 6-1.

Table 6-1 Indian OBPO Debt Collection CSF

#	CSF
1	Keep and Win Customers
2	Avoid Damaging Customer Relationships
3	Improve Service Management Skill
4	Improve Domain Skills
5	Technical Service Quality
6	Cost Savings
7	Strategic Goals
8	Opaque Indifference

The CSF identified in Table 6-1 Indian OBPO Debt Collection CSF combines and extends OBPO CSF found by Bairi et al. (2011), BPO success posited by Rouse (2007) and user satisfaction in ITO developed by Cullen et al. (2008).

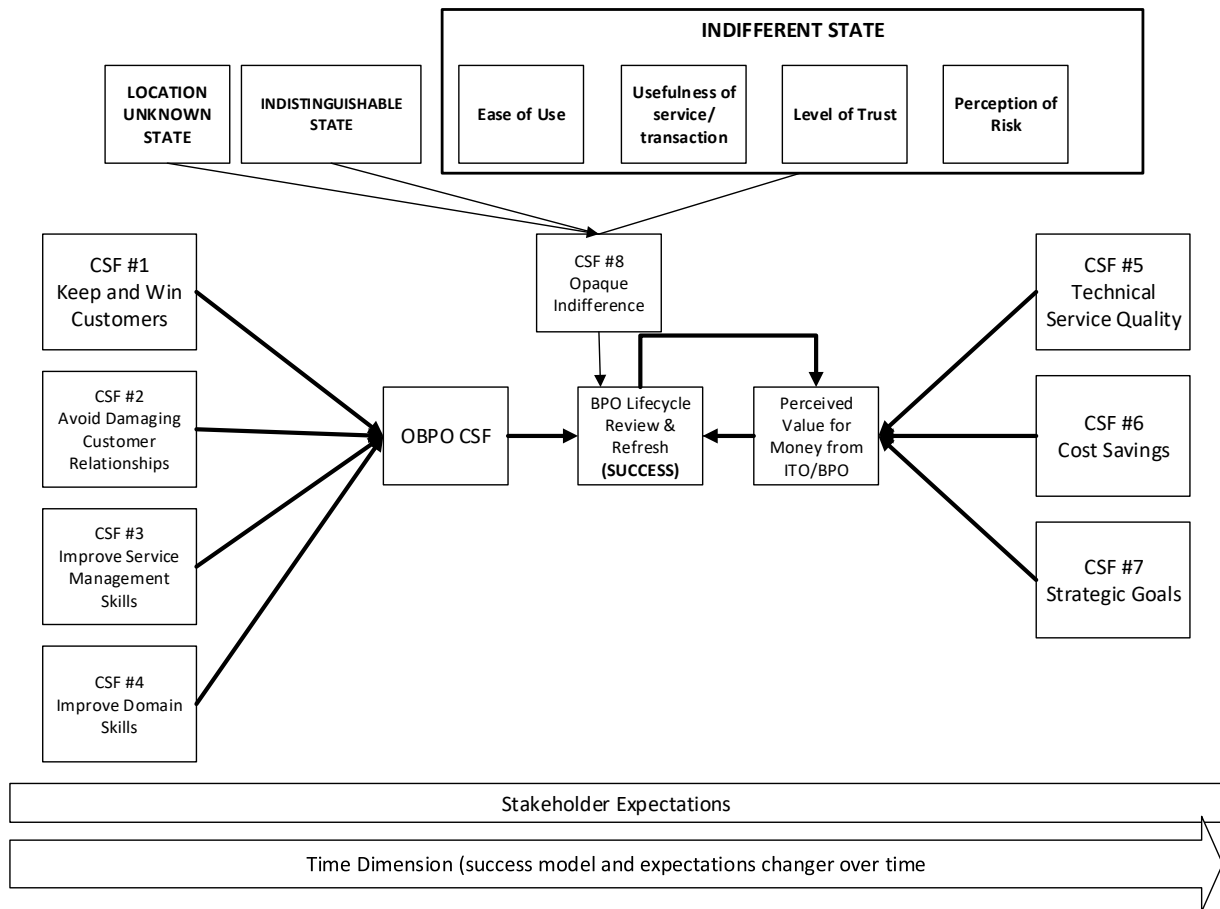
6.3.2 Question #2 – What is an appropriate CSF Model?

The research identified two existing models for OBPO success incorporating CSF hierarchies and business success models for ITO/BPO. A third model for Opaque Indifference is proposed in this research. An appropriate CSF model for OBPO debt collection, therefore, must incorporate the CSF of Opaque Indifference. An appropriate CSF model for OBPO debt collection is created by linking all three models:

1. Figure 3-2 Hierarchy of CSF (Bullen et al., 1981; Cullen et al., 2014; Oshri et al., 2015);
2. Figure 3-3 Business Success Model for ITO/BPO (Wreford et al., 2012); and
3. Figure 5-5 The Opaque Indifference Model.

Figure 6-2 CSF Model for OBPO Debt Collection incorporates the components of Opaque Indifference CSF as: **Location Unknown State**; **Indistinguishable State**; and **Indifferent State** (consisting of Ease of Use, Usefulness of Service/Transaction, Level of Trust and Perception of Risk).

Figure 6-2 CSF Model for OBPO Debt Collection



The incorporation of the Opaque Indifference CSF complements other CSF relevant to an OBPO CSF model for the OBPO debt collection industry setting.

6.3.3 Question #3 – How applicable is theory from IS Outsourcing

Five theories (Transaction Cost Economics, Agency Theory, Core Competency Theory and, Social Exchange Theory and Institutional Theory) from three reference theory categories (Economic Theories, Strategic Theories and Organisational Theories) were applied to the theoretical framework in this research. This is consistent with the simplification of the approach to the diverse theories in the outsourcing literature (Dibbern et al., 2004; Strasser et al., 2015). The research found that these theories from Information Systems outsourcing were directly applicable to the OBPO debt collection industry as detailed below:

1. Economic Theories: Transaction Cost Economics (TCE); Agency Theory (AGT)

The dominant extant theory for IS outsourcing is **TCE**. The three elements of TCE are asset specificity, uncertainty and frequency which are used to determine appropriate governance

structures for transactions. TCE was applicable to the different forms of OBPO debt collection operating model (GIC, Hybrid and Third-Party) by predicting the elements of the “make or buy” decision and the governance structures to support those models. Asset (or knowledge) specificity affected the services selected to be offshored and the investments made; GIC is a high investment compared to utilising a Third-Party model. Transaction frequency or volume of debt influenced contracting and renegotiation periods. Uncertainty relating to offshore locations, and their associated risks, and the reduced ability to predict environmental changes, influenced investment decisions and affected transactional costs. The frequency of transactions within TCE is reflected in contract periods and renegotiation periods.

The CSF associated with TCE from Table 6-1 Indian OBPO Debt Collection CSF are #3 Improve Service Management Skill (investments in knowledge specificity), #4 Improve Domain Skills (investments in knowledge specificity), #5 Technical Service Quality (investments in asset and knowledge specificity) and #6 Cost Savings (the make or buy decision).

AGT explains where the boundary of administrative control exists for an organisation between owners and their agents. Specifically, how the conflict of interests between owners and agents can be monitored and minimised. The research found that the relationship between Principal and Agent, present in OBPO debt collection, in terms of contractual formation, monitoring, alignment of interest and respective duties to each other interests represented defined boundaries of administrative control. The contracts, monitoring arrangements, alignment of interest and respective duties is easier to manage in the common administrative control of common ownership of GIC than in a third-party relationship.

The CSF associated with AGT from Table 6-1 Indian OBPO Debt Collection CSF are #1 Keep and Win Customers (the duty to act in the interest of the principal), #2 Avoid Damaging Customer Relationships (the duty to act in the interest of the principal), #7 Strategic Goals (the duty to align strategic goals between agent and principal) and #8 Opaque Indifference (to make the presence of the agent consistent with the expectations of the consumer of services from the principal).

2. Strategic Theories: Core Competency Theory (CCT)

CCT posits that organisations should focus on those competencies which are valuable, difficult to imitate and are the foundation of future value. This applies to both the client organisation as well as the outsourcer. The research found that CCT was applicable to considerations of

strategic alignment between the onshore debt collection operation and the CSF of the domain skills of the OBPO debt collector. The ongoing skills and capabilities of the onshore debt collection operation to support the debt collector's core competencies in regulatory compliance, technical knowledge and management affected the decisions about which services were offshored and those which were retained onshore.

The CSF associated with CCT from Table 6-1 Indian OBPO Debt Collection CSF are #3 Improve Service Management Skill (skills and capabilities), #4 Improve Domain Skills (skills and capabilities), #5 Technical Service Quality (skills and capabilities) and #8 Opaque Indifference (consumers and regulators are indifferent to the location of the provision of the service).

3. Organisational Theories: Social Exchange Theory (SET): Institutional Theory (INT)

SET describes elements of trust between counterparties and the value placed upon future economic exchanges. The prospective value of future economic exchanges moderates what would otherwise be a tendency to price gouge or shirk. The research found that SET influenced the relationship between contracting parties in each of the engagement models (GIC, Hybrid and Third-Party) with respect to future benefits arising from working together. SET constructs of reciprocity also influenced the behaviour of "promises to pay" by debtors and the recovery strategies of debt collectors ("if you pay this instalment by Friday then I won't issue a legal summons").

The CSF associated with SET from Table 6-1 Indian OBPO Debt Collection CSF are #1 Keep and Win Customers (in the expectation of future economic exchanges), #2 Avoid Damaging Customer Relationships (in the expectation of future economic exchanges), #6 Cost Savings (avoidance of gouging or shirking in the expectation of future economic exchanges) and #7 Strategic Goals (alignment of goals in the expectation of future economic exchanges).

INT explains how companies within one industry setting come to resemble each other over time. From the research, OBPO debt collectors operate in a structured field with three engagement models which is consistent with INT. The research finding regarding Opaque Indifference as a CSF supports the INT prediction that in a highly structured industry differences between organisations will be minimal. As a result, an OBPO debt collector's success is linked to minimising their differences with onshore debt collectors.

The CSF associated with INT from Table 6-1 Indian OBPO Debt Collection CSF is #8 Opaque Indifference (the service provision is consistent or acceptable to consumers with structured industry),

6.3.4 Question #4 – Are the CSF likely to change over time?

The research found that CSF change over time and give rise to different managerial behaviours. For any CSF model to be meaningful, it needs to be applied at an appropriate time to drive correct managerial behaviours. The application of outsourcing phases (Architect Phase, Engagement Phase, Operate Phase and Regenerate Phase; see Section 3.4.1) to the OBPO success model provides a structure to consider how the CSF may change over time. Additionally, the Institutional Theory structuration process for the OBPO debt collection industry provides explanatory power for CSF changes to assume the form and characteristics.

The findings of this research were that the CSF for OBPO collection changed between 2008 and 2017. The early stage CSFs in the exploratory case study were focussed on setting up of an internalised GIC but as the scope of operations expands the CSF become more sensitive to consumption beyond organisational boundaries; factors other than logistics became important. The effects of internal resistance within an onshore organisation also diminished over time and less emphasis was put on the senior managers being seen to be supportive of an offshore initiative as a CSF beyond the Engagement Phase.

6.3.5 Question #5 – Are the CSF dependent on the country sending work?

The findings do not appear peculiar to OBPO debt collection from India. The literature and the case study interviewees provided commentary on similar CSF in other jurisdictions such as the Philippines, China and Vietnam. It is reasonable to conclude that beyond jurisdictional logistical, regulatory and resource considerations of outsourcing in general, other jurisdictions would share the same CSF; including OIM.

6.4 Alternative Explanations of Major Findings

Opaque Indifference as a CSF for OBPO debt collection from India may reflect an intolerance of diversity in the home country or low levels of immigration. The findings, therefore, may vary from home country to home country depending upon these attributes. For example, an OBPO debt collection firm collecting debts from a country which has a large immigrant Indian

population may find striving for Opaque Indifference to be of limited value as the debtor Indifferent State may already have been achieved.

Another alternative explanation for the major finding may be that the Indian accent and cultural understanding of Western countries are particularly poor resulting in communication and cultural difficulties in providing OBPO debt collection services.

Debtors may expect the service provision to be homogenised globally and reject any service that does not replicate their previous experience. Global debt collection may be an example of a highly structured organisational field with irresistible forces of isomorphism (Institutional Theory) to which Western debtors have become accustomed.

6.5 Research Implications

The results of this research have implications for OBPO researchers and practitioners by contributing to understanding and applying theories and practices to promote an increasing acceptance of OBPO. Outsourcing and OBPO research has focused on firms that outsource a process for internal consumption within their firm. This means that the end consumer of a product or service, where a part of that process or service has been performed offshore, has not been exposed to direct interactions with OBPO providers; typically, internal staff have been exposed to those interactions as part of a back-office service or development function. This early research focus reflects the initial stages of an outsourcing cycle representing architect and engagement phases in an industry which was in the process of maturing. OBPO providers operating in various industry settings increasingly interact directly with home country service consumers. Research demand can be expected to increase for theories to explain and predict how end consumers will interact and respond to direct OBPO service on behalf of a home country firm. The OIM is a theoretical development in explaining the conditions to inspire successful end consumer acceptance of OBPO. This shifts the focus of outsourcing research towards understanding the point of consumption of OBPO services rather than the process of outsourcing setup and management. The process of outsourcing setup and management is becoming commoditised with providers offering similar services as the OBPO industry matures.

6.5.1 Implications for Scholarly Understanding

The OIM seeks to explain and predict end user acceptance of OBPO by rendering an OBPO service indistinguishable, unknown (or unknowable in the case of highly fragmented OBPO service provision between locations) and indifferent to an end consumer.

As seen in Section 6.3.3 the use of complementary economic theories (TCE, AGT), strategic theories (CCT) and organisational theories (SET) in the research model strengthen the research findings for the CSF. The maturation of OBPO and the identification of the OIM as a CSF, supported by the Institutional Theory, is a predictable extension of mimetic isomorphism to the extent that consumers of service, to the extent that it matters to them, the same as the other providers in the structured field even if they are quite different.

The OIM may be explained as creating the circumstances for, or avoiding confronting the question, of social legitimacy of an OBPO provider. The dominant theoretical conceptualisation of social legitimacy is Institutional Theory (DiMaggio et al., 1983; Kshetri, 2007). Within an established organisational field, Institutional Theory predicts that radical innovations will be suppressed to conform to what is perceived to be the most successful organisational structure or set of processes. The change over time in the CSF for OBPO in the debt collection industry, and beyond, is that in the process of maturing within a global industry setting the most successful organisational structure or set of processes resembles an onshore debt collection model. In terms of the phases of CSF development, this suggests that maturing OBPO providers, regardless of industry setting, are in the latter stages of the Operating and Regenerate Phases of outsourcing which is management attention, and CSF, are focussed. These OBPO providers are increasingly aware that they share a common industry and regulatory environment which is in a process of structuration as described by Institutional Theory. The predicted response from Institutional Theory is a powerful tendency towards isomorphism for an industry. Institutional Isomorphism is focused on obtaining and maintaining social legitimacy and political power within an organisational field to survive. Corporate Social Responsibility is as an additional contributor to social legitimacy to operate is relevant to Opaque Indifference and is expected to become a more prominent research area as interactions between end consumers and OBPO providers increase.

6.5.2 Implications for Professional Practice

The OIM affects the operations of marketing, branding, advertising, social media management, accent training, cultural training, offshore process selection and automation of OBPO providers. The OIM requires OBPO practitioners to consider how these managerial responses may be combined to achieve the OIM “States” of Location Unknown State, Indistinguishable State and Indifferent State. One response is an increased investment in service design and service management; the process by which cross-disciplinary methods and tools are combined to create a superior end consumer experience (Stickdorn et al., 2011). Unlike manufacturing, which is goods orientated, services have the customer present in the production system. The customer’s experience within the production system should be the primary focus of the service provider practitioners in onshore and offshore environments and be driven by the five principles of consumer service experience: 1) theme the experience; 2) harmonise the impressions with positive cues; 3) eliminate negative cues; 4) mix in memorabilia; and 5) engage all five senses (Fitzsimmons & Fitzsimmons, 2013, p. 11). The achievement of the OIM “States” is consistent with eliminating the negative cues of being an OBPO provider for an end consumer of services. The investment required for service design and management is significant and is likely to be more easily managed within a GIC setting which, in turn, will see the return to prominence of GICs. OBPO providers can be expected to set up their corporate entities in Western countries as their own investment in service design and management. These onshore entities then become their public onshore “face” to onshore consumer. The work is then directed to their GICs offshore and by doing so, achieves Opaque Indifference for their services.

6.6 Limitations of the Research

This research is limited by the limitations of the case study method. Case studies are limited by (Eisenhardt, 1989b; Yin, 2009);

Physical requirements – case selection was limited by the time and cost involved in travelling to India. The low public profile and reclusive nature of the OBPO debt collection industry meant that access to a wide range of executives within the selected cases was limited. Only a small number of OBPO debt collectors were agreeable to participating in the research.

Multiple data collection sources - multiple data collection sources were used such as existing literature, a questionnaire, semi-structured interviews, public information available on the case

studies selected and corporate filings. The relative quality within each one of these collection sources varied by jurisdiction and by interviewee.

Inability to generalise – the small number of case studies restricts the potential generalisability of the research findings. The examination of the OBPO debt collection industry limits the ability to generalise to other industry settings.

Lack of rigour - the qualitative nature of the interview process and subjective coding of those interviews has less rigour than empirical studies. The opportunity to revisit earlier case studies considering additional information is restricted, so more information may be gained from some case studies and less from others, notwithstanding the use of a standardised interview script. Some interviewees did not agree to their interviews being recorded while others did so the quality of notetaking may not have compensated for the absence of complete transcriptions of the interviews.

Took too long – the final three case studies were undertaken six years after the exploratory case study so this could affect the findings. This may make the first case significantly different to the final three case studies. The length of time, however, may have been an advantage supporting the longitudinal growth in knowledge over time.

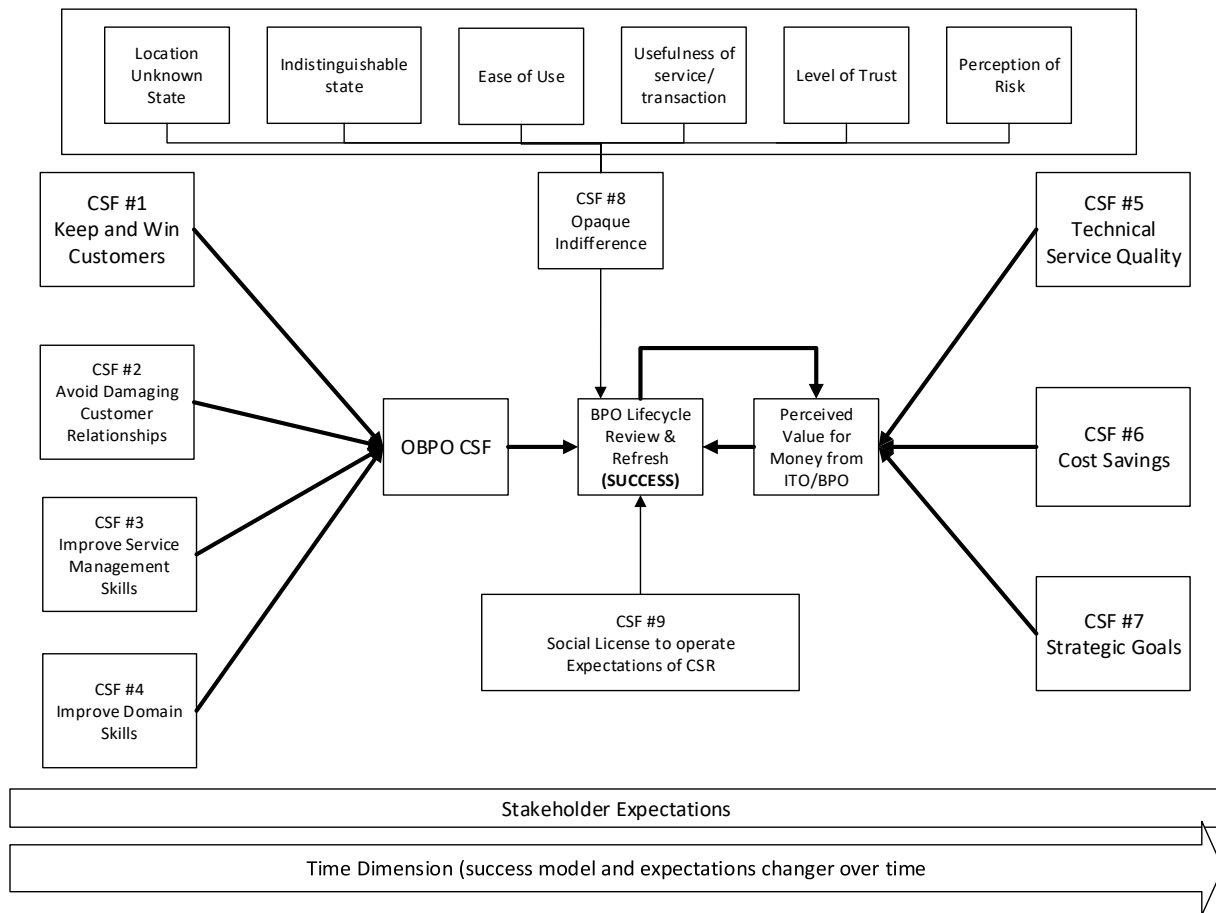
Unable to confirm causal relationships - case studies can lead to the development of theory but are unable to support the testing of causal relationships.

6.7 Future Research

This research study has developed a theoretical Opaque Indifference Model through an inductive process; see Figure 3-1 Locating the theory in research (Creswell, 2013). Future researchers can test, or verify, the theoretical OIM by testing hypotheses or research questions based on the OIM in OBPO debt collection industry settings and other industry settings. This future research would require variables to be derived from the theoretical OIM which are then measured, or observed, to verify the OIM.

Another future research path is the influence of CSR on the OIM. This concept was explored in a paper by the Researcher in 2013 (Wreford et al., 2013). Extending and verifying the OIM with CSR, as CSF #9, supports an expanded view on emergent issues of social legitimacy of OBPO providers. A possible CSR model from the paper appears in Figure 6-3.

Figure 6-3 Future Extension of CSF Model for OBPO Debt Collection with CSR



The effect of service design and service management on achieving Opaque Indifference is a potential extension of this research. Service design and service management create positive consumer experiences which affect the type of social legitimacy that Opaque Indifference seeks to create in end consumers.

6.8 Summary

The primary objective of this research was to identify the CSF that affect OBPO debt collection from India. This research developed an OIM as a CSF for OBPO debt collection success. Creating Opaque Indifference so that end consumers accept OBPO service providers, has potential for applicability beyond OBPO debt collection. As the global economy becomes more integrated, with an increasing range of services provided directly to end consumers, across national boundaries, by a variety of providers, then issues of OBPO social legitimacy grow. The effect of the loss of social legitimacy is first world economy jobs going offshore

has evolved into populist anti-offshoring end consumer political movements following the GFC.

Figure 6-4 - U.S./Western Consequences: Loss of control of business operations/capabilities (cartoon licensed from CartoonStock.com) (Lacity & Rudramuniyaiah, 2009a)



Businesses in the developed world, trying to survive in a post GFC environment by reducing costs by offshoring, now must negotiate new challenges in seeking OBPO success as their customers might boycott their services regardless of price competitiveness or service quality if they offshored.

“Often in newspapers on one side I see articles saying we will all be ruined because of the aging demographic and then on the other side articles saying isn’t it shocking that we are using off shore resources and outsourcing. No one makes the logical connection between the two”

AI Interview

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Appendix 1 Personal Motivations for this Research

This study had its nascent beginnings in the mid-1990s when I first encountered the World Wide Web. In 1989 I joined the Australian Computer Society. The Australian Computer Society was an early user of the Internet for the exchange of email and file transfers between its members and various hosted sites. I thought at the time the Internet would facilitate business to business efficiencies, but its use within the broader community would be limited as the technologies and knowledge required to access the Internet was, at that time, arcane.

My first use of the web browser Mosaic in 1995 changed all that. I was inspired to explore what I thought would be a profound change to the nature of work, business and consumer behaviour that would flow from the accessibility of this technology. At the time, I was a partner in an international chartered accounting practice (I was responsible for technology consulting within the Australasian region) having previously worked in information technology as a programmer, systems analyst and Information Systems auditor as well as a mechanical engineer, accountant, banking analyst and business owner.

It seemed to me at the time that the reduction in the cost in coordinating economic specialists (such as labour and suppliers) to near zero via the Internet would lead to changes in corporate forms and a significant expansion of global productive capacity as the pool of accessible resources was expanded. I also thought that the cost of price discovery would also fall to near zero which would lead to an expansion of global commerce by the behaviour of individual consumers accessing a global marketplace; which hitherto had been curated for them by retailers in their local market place. Any notion of price premium which could be charged by a supplier simply because of consumer ignorance would disappear.

What further informed my opinion was that one of my clients was running a very large and complex business spread across Australia which directly employed a staff of 13 people with the rest of the services being provided by outsourced specialists. I was attracted to the simplicity and profitability of the business model which was successful without having taken full advantage of the emerging coordinating capacity of the Internet and data networks. This highly successful business model affirmed for me the enormous expansion of productivity available from of a properly constructed BPO model.

I set out to find as much as I could about Internet enabled electronic commerce. My search lead me to Professor Bernard Glasson who had set up a joint venture in Perth, Western Australia between Curtin University and a local bank to research electronic commerce. I enrolled in the

first cohort of a Master's program in electronic commerce run by Professor Glasson with a total of about seven students enrolled.

My area of research interest was the micro-segmentation of business processes within electronic markets for the trading of corporate securities. In 2000, along with a fellow student from the Master's program, I floated an electronic commerce business focused on healthcare on the Australian Stock Exchange (ASX) and became the CEO. The business was headquartered in Western Australia with clients in Australia, Singapore and Malaysia. To support the operation of this business an offshore software development and support centre was set up in Singapore with programming staff sourced from Chennai and Bengaluru in India. Operating this IT enabled service from Singapore as a GIC centre provided me with some insights as to the practical operations of OBPO, accessing and arbitraging Indian labour models into onshore markets and what were the key elements of success in OBPO.

I subsequently applied some of these lessons when I floated a second ITES company on the ASX in 2002. This business was focused on purchasing portfolios of impaired unsecured debt from Australian credit providers at a discount to the face value of the debt and then seeking to recover as much of the debt as possible. A period of significant growth in the business required the sourcing of additional labour resources to recover the debt which had been purchased. Importantly the increased cost and reduced availability of labour during this natural resource boom period in Australia inspired the search for alternative resources by exploring the potential of OBPO for debt collection.

GE Capital was one of the clients who sold debt to the company. GE Capital was itself operating offshore business processing centres in India. An invitation to tour the GE GIC facilities in India was secured. Because of this tour and by leveraging the experiences with Indian labour from the previous Singapore development centre the company set about constructing a GIC OBPO centre in Bengaluru, India; which ultimately grew to about 800 employees.

My previous research experience with Curtin University and a desire to better understand the circumstances of OBPO lead to a collaboration with Curtin University in 2005 as the industry partner for an Australian Research Council (LP 0564581) grant to research offshore outsourcing to India and its ramifications for Australian business. During this research, led by Professor Graham Pervan, my interest with respect to the area of debt collection and what the success factors for offshore BPO might be was inspired, along with my earlier interests with

respect to the general nature of work in a global environment where the cost of coordination was being reduced to near zero by the Internet which was leading to an increase in the division of labour.

I wanted to understand what the CSF were for this kind of operation in India? What were the theories that could be applied to facilitate a better understanding of Offshore BPO? Were there any general lessons to be learned with respect to the broader context of work and sourcing strategies?

Arthur Koestler said that many Westerners have travelled to India to “look at the predicament of the West from a different perspective, a different spiritual attitude”(Koestler, 1960). My personal journey to India has certainly left me with a distinct perspective on the globalisation of work and a different attitude to the dimensions of the division of labour reflecting the spirit of our times.

Appendix 2 Using Google Scholar and Publish or Perish

Google Scholar (Harzing & Van der Wal, 2008)

Google scholar provides an online search tool to search for scholarly literature. From one place, searches across many disciplines and sources can be initiated. The material searched can be filtered for articles, theses, books, abstracts and court opinions from academic publishers, professional societies, online repositories, universities and other websites. Google Scholar finds relevant work across the world of scholarly research.

Features of Google Scholar

- Searches all scholarly literature
- Identifies related works, citations, authors, and publications
- Locates the complete document through scholarly databases or on the web
- Provides contemporary citations with recent developments in any area of research

Google Scholar ranks documents by assessing the full text of each document, where it was published, who it was written by, as well as how often and how recently it has been cited in other scholarly literature.

Publish or Perish (Harzing, 2007)

Publish or Perish is a software program that retrieves and analyses academic citations. It uses Google Scholar and (since release 4.1) Microsoft Academic Search to obtain raw citations, then analyses these and presents the following metrics:

- Total number of papers and total number of citations
- Average citations per paper, citations per author, papers per author, and citations per year
- Hirsch's h-index and related parameters
- Egghe's g-index
- The contemporary h-index
- Three variations of individual h-indices
- The average annual increase in the individual h-index

- The age-weighted citation rate
- An analysis of the number of authors per paper.

If an academic shows good citation metrics, it is very likely that he or she has made a significant impact on the field. If an academic shows weak citation metrics, this may be caused by a lack of impact on the field, but also by one or more of the following:

- Working in a small field (therefore generating fewer citations in total);
- Publishing in a language other than English (LOTE - effectively also restricting the citation field);
- Publishing mainly (in) books.

Although Google Scholar performs better than the Web of Science in this respect, it is still not very good in capturing LOTE articles and citations, or citations in books or book chapters. As a result, citation metrics in the Social Sciences and even more so in the Humanities will always be underestimated as in these disciplines publications in LOTE and books/book chapters are more likely than in the Sciences.

Metrics

In addition to the various simple statistics (number of papers, number of citations, and others), Publish or Perish calculates the following citation

Hirsch's h-index

An index to quantify an individual's scientific research output. It aims to provide a robust single-number metric of an academic's impact, combining quality with quantity.

Egghe's g-index

Aims to improve on the h-index by giving more weight to highly-cited articles.

Zhang's e-index

The e-index, complements the h-index for excess citations. The e-index is the (square root) of the surplus of citations in the h-set beyond h^2 , i.e., beyond the theoretical minimum required to obtain a h-index of 'h'. The aim of the e-index is to differentiate between scientists with similar h-indices but different citation patterns.

Contemporary h-index

Aims to improve on the h-index by giving more weight to recent articles, thus rewarding academics who maintain a steady level of activity.

Age-weighted citation rate (AWCR) and AW-index

The AWCR measures the average number of citations to an entire body of work, adjusted for the age of each individual paper.

Individual h-index (original)

Aims to divide the standard h-index by the average number of authors in the articles that contribute to the h-index, to reduce the effects of co-authorship.

Individual h-index (PoP variation)

Normalizes the number of citations for each paper by dividing the number of citations by the number of authors for that paper, then calculates the h-index of the normalized citation counts.

Multi-authored h-index

This method uses fractional paper counts instead of reduced citation counts to account for shared authorship of papers, and then determines the multi-authored hm index based on the resulting effective rank of the papers using undiluted citation counts.

Average annual increase in the individual h-index

Calculates the average annual increase in the individual h-index to:

- Remove to a considerable extent any discipline-specific publication and citation patterns that otherwise distort the h-index.
- Reduce the effect of career length and provides a fairer comparison between junior and senior researchers.
- The hI_{annual} is an indicator of an individual's average annual research impact, as opposed to the lifetime score that is given by the h-index or hI_{norm} .

Appendix 3 Citation Analysis to 2015

Table A3- 1 Extended Citations Analysis

#	Reference	Citation Number	Year	Citation / Years
1.	YIN, R. K. 2009. <i>Case study research: Design and methods</i> , Sage publications.	96,856	2009	16,143
2.	BARNEY, J. 1991. Firm resources and sustained competitive advantage. <i>Journal of management</i> , 17, 99-120.	41,081	1991	1,712
3.	EISENHARDT, K. M. 1989. Building Theories from Case Study Research'. <i>Academy of Management Review</i> , 14, 532-550.	31,003	1989	1,192
4.	FRIEDMAN, T. L. 2005. <i>The world is flat</i> , Farrar, Straus and Giroux.	10,786	2005	1,079
5.	HOFSTEDE, G. H. 1984. Culture's Consequences: International Differences in Work-Related Values.	29,079	1984	938
6.	NAHAPIET, J. & GHOSHAL, S. 1998. Social capital, intellectual capital, and the organizational advantage. <i>Academy of management review</i> , 23, 242-266.	11,930	1998	702
7.	HAMMER, M. & CHAMPY, J. 1993. Reengineering the corporation: A manifesto for business revolution. <i>Business horizons</i> , 36, 90-91.	13,954	1993	634
8.	WILLIAMSON, O. E. 1991. Comparative economic organization: The analysis of discrete structural alternatives. <i>Administrative science quarterly</i> , 269-296.	7,015	1991	292
9.	MILES, R. E., SNOW, C. C., MEYER, A. D. & COLEMAN, H. J. 1978. Organizational strategy, structure, and process. <i>Academy of management review</i> , 3, 546-562.	10,342	1978	280
10.	CROPANZANO, R. & MITCHELL, M. S. 2005. Social exchange theory: An interdisciplinary review. <i>Journal of Management</i> , 31, 874-900.	1,953	2005	195
11.	WILLIAMSON, O. E. 1999. Strategy research: governance and competence perspectives. <i>Strategic management journal</i> , 20, 1087-1108.	1,861	1999	116
12.	DIBBERN, J., GOLES, T., HIRSCHHEIM, R. & JAYATILAKA, B. 2004. Information systems outsourcing: a survey and analysis of the literature. <i>ACM SIGMIS Database</i> , 35, 6-102.	1,202	2004	109
13.	PRAHALAD, C. & HAMEL, G. 1990. The core competence of the corporation. <i>Boston (MA)</i> , 235-256.	2,454	1990	98
14.	ENGEL, E., FISCHER, R. & GALETOVIC, A. 2013. The basic public finance of public-private partnerships. <i>Journal of the European Economic Association</i> , 11, 83-111.	185	2013	93
15.	DIMAGGIO, P. J. & POWELL, W. W. 1991. <i>The new institutionalism in organizational analysis</i> , University of Chicago Press Chicago, IL.	1,947	1991	81
16.	HENNART, J. F. 1988. A transaction costs theory of equity joint ventures. <i>Strategic management journal</i> , 9, 361-374.	2,135	1988	79
17.	GLASER, B. G. 2008. Conceptualization: On theory and theorizing using grounded theory. <i>International Journal of Qualitative Methods</i> , 1, 23-38.	544	2008	78
18.	BENJAMIN, R. & WIGAND, R. 1995. Electronic markets and virtual value chain on the Information Superhighway. <i>Sloan Management Review</i> , 36, 62-72.	1,375	1995	69
19.	JEYARAJ, A., ROTTMAN, J. W. & LACITY, M. C. 2006. A review of the predictors, linkages, and biases in IT innovation adoption research. <i>Journal of Information Technology</i> , 21, 1-23.	594	2006	66

#	Reference	Citation Number	Year	Citation / Years
20.	LACITY, M. C., KHAN, S. A. & WILLCOCKS, L. P. 2009. A review of the IT outsourcing literature: Insights for practice. <i>The Journal of Strategic Information Systems</i> , 18, 130-146.	379	2009	63
21.	POPPO, L. & ZENGER, T. 1998. Testing alternative theories of the firm: transaction cost, knowledge-based, and measurement explanations for make-or-buy decisions in information services. <i>Strategic management journal</i> , 19, 853-877.	1,045	1998	61
22.	LACITY, M. & WILLCOCKS, L. 1998. An Empirical Investigation of Information Technology Sourcing Practice: Lessons From Experience. <i>MIS Quarterly</i> , Vol.22, pp.363-408.	1,019	1998	60
23.	WILLIAMSON, O. E. 2005. The economics of governance. <i>American Economic Review</i> , 1-18.	597	2005	60
24.	HOLCOMB, T. & HITT, M. 2007. Toward a model of strategic outsourcing. <i>Journal of Operations Management</i> , Vol.25, pg.464.	473	2007	59
25.	FEENY, D. F. & WILLCOCKS, L. P. 1998. Core IS capabilities for exploiting information technology. <i>Sloan management review</i> , 39, 9-21.	986	1998	58
26.	EMERSON, R. M. 1976. Social exchange theory. <i>Annual review of sociology</i> , 335-362.	2,139	1976	55
27.	HART, P. & SAUNDERS, C. 1997. Power and trust: critical factors in the adoption and use of electronic data interchange. <i>Organization science</i> , 8, 23-42.	941	1997	52
28.	BARNEY, J. B. 1999. How a firm's capabilities affect boundary decisions. <i>Sloan Management Review</i> .	766	1999	48
29.	DAVENPORT, T. H. 2005. The coming commoditization of processes. <i>Harvard Business Review</i> , 83, 100-108.	476	2005	48
30.	LACITY, M. & HIRSCHHEIM, R. 1993. <i>Information Systems Outsourcing: Myths, Metaphors and Realities</i> , Chichester, Wiley.	993	1993	45
31.	CHRISTENSEN, C. M. 2006. The ongoing process of building a theory of disruption. <i>Journal of Product innovation management</i> , 23, 39-55.	397	2006	44
32.	LACITY, M. C., WILLCOCKS, L. P. & FEENY, D. F. 1996. The Value of Selective IT Sourcing. <i>Sloan Management Review</i> , 37, 13-25.	817	1996	43
33.	BELASSI, W. & TUKEL, O. I. 1996. A new framework for determining critical success/failure factors in projects. <i>International journal of project management</i> , 14, 141-151	796	1996	42
34.	MILLER, D. 1986. Configurations of strategy and structure: Towards a synthesis. <i>Strategic management journal</i> , 7, 233-249.	1,179	1986	41
35.	ARON, R. & SINGH, J. V. 2005. Getting offshoring right. <i>Harvard Business Review</i> , 83, 135.	395	2005	40
36.	LACITY, M. C., KHAN, S., YAN, A. & WILLCOCKS, L. P. 2010. A review of the IT outsourcing empirical literature and future research directions. <i>Journal of Information Technology</i> , 25, 395-433.	197	2010	39
37.	LACITY, M. C. & HIRSCHHEIM, R. 1993. The Information Systems Outsourcing Bandwagon. <i>Sloan Management Review</i> , 35, 73-86.	865	1993	39
38.	LOH, L. & VENKATRAMAN, N. 1992. Determinants of information technology outsourcing: a cross-sectional analysis. <i>Journal of management information systems</i> , 7-24.	887	1992	39
39.	HAGEL, J. I. A. S., M. 1999. Unbundling the Corporation. <i>Harvard Business Review</i> , pp.133-141.	602	1999	38

#	Reference	Citation Number	Year	Citation / Years
40.	ARNOTT, D. & PERVAN, G. 2005. A critical analysis of decision support systems research. <i>Journal of Information Technology</i> , 20, 67-87.	376	2005	38
41.	CARMEL, E. & AGARWAL, R. 2002. The Maturation of Offshore Sourcing of Information Technology Work. <i>MIS Quarterly Executive</i> , Vol. 1, pp 65-79.	478	2002	37
42.	AUBERT, B. A., RIVARD, S. & PATRY, M. 2004. A transaction cost model of IT outsourcing. <i>Information & Management</i> , 41, 921-932.	397	2004	36
43.	DAFT, R. L. 1978. A dual-core model of organizational innovation. <i>Academy of Management Journal</i> , Vol.21, pp.193-210.(Daft, 1978)	1,327	1978	36
44.	CHECKLAND, P. & HOLWELL, S. 1998. Action Research: Its Nature and Validity. <i>Systemic Practice and Action Research</i> , 11, 9-21.	602	1998	35
45.	DOH, J. P. 2005. Offshore outsourcing: implications for international business and strategic management theory and practice. <i>Journal of Management Studies</i> , 42, 695-704.	351	2005	35
46.	GRIMPE, C. & KAISER, U. 2010. Balancing internal and external knowledge acquisition: the gains and pains from R&D outsourcing. <i>Journal of Management Studies</i> , 47, 1483-1509.	174	2010	35
47.	KOTLARSKY, J. & OSHRI, I. 2005. Social ties, knowledge sharing and successful collaboration in globally distributed system development projects. <i>European Journal of Information Systems</i> , 14, 37-48.	333	2005	33
48.	BARTHELEMY, J. 2003. The seven deadly sins of outsourcing. <i>The Academy of Management Executive</i> , Vol.17, pp.87-100.	398	2003	33
49.	GALLIERS, R. D. (ed.) 1991. <i>Choosing Appropriate IS Research Approaches: a revised taxonomy.</i> , Amsterdam: North-Holland.	791	1991	33
50.	FUDENBERG, D. & TIROLE, J. 1985. Pre-emption and rent equalization in the adoption of new technology. <i>The Review of Economic Studies</i> , 52, 383-401.	987	1985	33
51.	HOETKER, G. & MELLEWIGT, T. 2009. Choice and performance of governance mechanisms: matching alliance governance to asset type. <i>Strategic Management Journal</i> , 30, 1025-1044.	193	2009	32
52.	LEWIN, A. Y. & PEETERS, C. 2006. Offshoring work: business hype or the onset of fundamental transformation? <i>Long Range Planning</i> , 39, 221-239.	277	2006	31
53.	LACITY, M., WILLCOCKS, L. & FEENY, D. 1995. IT Outsourcing: Maximise Flexibility and Control. <i>Harvard Business Review</i> , Vol.73, pp.84-93.	596	1995	30
54.	KERN, T. & WILLCOCKS, L. 2000. Exploring information technology outsourcing relationships: theory and practice. <i>The Journal of Strategic Information Systems</i> , 9, 321-350.	443	2000	30
55.	HOFSTEDE, G. 1994. The business of international business is culture. <i>International business review</i> , 3, 1-14.	615	1994	29
56.	SABHERWAL, R. 1999. The role of trust in outsourced IS development projects. <i>Communications of the ACM</i> , 42, 80-86.	468	1999	29
57.	GONZALEZ, R., GASCO, J. & LLOPIS, J. 2006. Information systems outsourcing: A literature analysis. <i>Information & Management</i> , 43, 821.	260	2006	29
58.	HOETKER, G. 2005. How much you know versus how well I know you: selecting a supplier for a technically innovative component. <i>Strategic Management Journal</i> , 26, 75-96.	285	2005	29

#	Reference	Citation Number	Year	Citation / Years
59.	FARRELL, D. 2005. Offshoring: Value creation through economic change. <i>Journal of Management Studies</i> , 42, 675-683.	284	2005	28
60.	NADKARNI, S. & HERRMANN, P. 2010. CEO personality, strategic flexibility, and firm performance: the case of the Indian business process outsourcing industry. <i>Academy of Management Journal</i> , 53, 1050-1073.	141	2010	28
61.	KERN, T. & WILLCOCKS, L. 2002. Exploring relationships in information technology outsourcing: the interaction approach. <i>European Journal of Information Systems</i> , 11, 3-19.	365	2002	28
62.	WILLIAMSON, O. E. 1976. Franchise bidding for natural monopolies-in general and with respect to CATV. <i>The Bell Journal of Economics</i> , 73-104.	1,073	1976	28
63.	MANI, D., BARUA, A. & WHINSTON, A. B. 2010. An empirical analysis of the impact of information capabilities design on business process outsourcing performance. <i>Management Information Systems Quarterly</i> , 34, 5.	137	2010	27
64.	COOK, K. S., EMERSON, R. M., GILLMORE, M. R. & YAMAGISHI, T. 1983. The distribution of power in exchange networks: Theory and experimental results. <i>American journal of sociology</i> , 275-305.	859	1983	27
65.	ANG, S. & CUMMINGS, L. L. 1997. Strategic response to institutional influences on information systems outsourcing. <i>Organization Science</i> , 8, 235-256.	479	1997	27
66.	GREWAL, R., COMER, J. M. & MEHTA, R. 2001. An Investigation into the Antecedents of Organizational Participation in Business-to-Business Electronic Markets. <i>Journal of Marketing</i> , vol.65, pp.17-33.	362	2001	26
67.	BULLEN, C. V. & ROCKART, J. F. 1981. A Primer on Critical Success Factors.	923	1981	26
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Appendix 4 The Debt Collection Process

Receipt of Data

The receipt of debtor information from a credit provider is usually by electronic data transfer. If a contingent debt collection process is to be undertaken then information provided consists of contact details, original credit origination information, the nature of the breach and the amount owing including interest, fees and/or any other charges.

The original credit information identifies for the collector which regulatory environment will be applicable for the recovery process—for example different regulations govern consumer debt versus those which are applicable to commercial debt. The contact details are usually the last known address but can contain updated information from inquiries made by the original credit provider.

The date of credit origination and the date of breach can affect the regulatory environment as credit or recovery laws may have changed during the period between credit origination and the date of the breach. The date of credit origination and/or the date of breach can also be subject to statutes of limitation as to demanding repayment or potential recourse to the courts.

In the case of debt purchase, original contract information including signatures and other relevant information will be provided or will be capable of being provided should a debtor requested. This reflects the nature and the change of ownership of the debt. An important part of this process is that the debtor is advised in writing to the last known address that the debt for which they are obligated has been assigned to a third-party; along with the contact details of the third-party.

Data Analytics

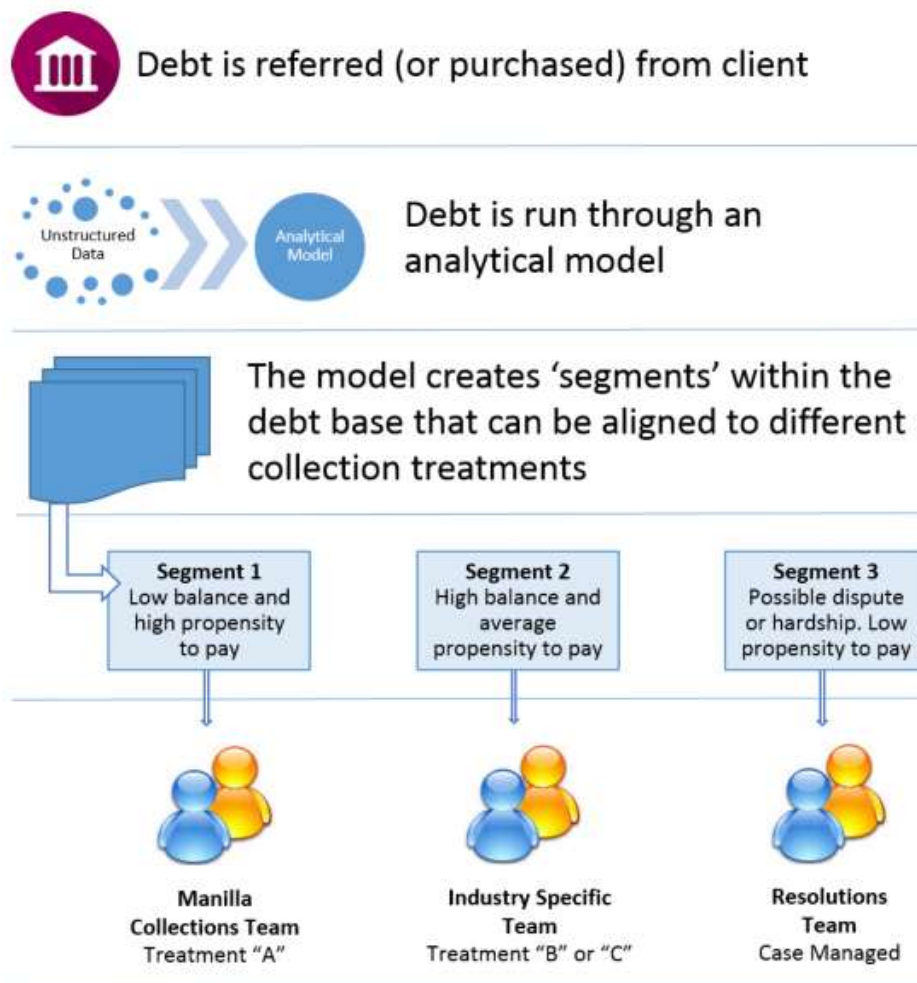
Data analytics is used to both value debt purchase portfolios as well as to determine the most effective debt collection strategies. Large debt collection firms may have hundreds of thousands of debtors, information on previous collection success, access to credit reference information, age and income profiles and geographic information. This information provides a rich pool for data analysis so as to predict likely outcomes from various collection strategies including discounted offers to settle a debt with the debtor, as well as the amount at which a debtor could maintain an arrangement to pay or the likelihood of success with legal enforcement. Debt collection calls can be captured and analysed in real time for keywords or phrases which may then direct the debt collection agent on the call to respond differently to the

debtor based upon screen prompts; or it may generate intervention or handoff of the call to another specialist debt collection agent.

The adoption of data analytics and real-time analysis has become a differentiator between large-scale sophisticated debt collectors and the traditional small or local debt collection operator; though a small local debt collector in a small town is not always disadvantaged by an absence of scale as they are likely to possess significant knowledge about the circumstances of the debtor including the capacity to repay.

Data analytics is also used to support the allocation of work within the division of labour for the debt collector. Attributes of debt collection agents (including past success, education, accent, cultural familiarity and training) may have them allocated to specialist functions such as skip tracing, high-value debts, negotiations and administrative functions.

Figure A4-1 Debt segmentation and treatment example (Australian Competition and Consumer Commission, 2015)



Right Party Connection

The debt collection process begins with establishing communication between the debt collector and the debtor. The data analytics process provides input to the selection of the best contact strategy between the debtor and the debt collector.

The principal tool used for this is the telephone. The generation of outbound calls from the debt collector is controlled by “diallers” or more correctly called predictive diallers. Predictive diallers generate calls in sequence provided by data analytics input which have processed the business rules for collection and routed calls to debt collection agents once someone answers; busy signals and answering devices are screened out. This significantly increases the productivity of debt collection agents as it generates a constant feed of new calls being presented to them at the same time as the details of the debtor are displayed on their computer

screens to them. The use of predictive diallers has also become a differentiator between large-scale sophisticated debt collectors and the traditional small or local debt collection operator.

Having established a call the debt collection agent must identify that the person answering the call is indeed the debtor or whether the person answering the call can provide information as to how the debtor may be contacted (or not as they are no longer at that address or that the debtor is not known to the person answering the call). This is one of the more difficult parts of the debt collection call as privacy regulation restricts the amount of information that can be provided to the person answering the call until their identity has been confirmed; to do otherwise by way of disclosing that a debtor owes money and that this is a debt collection call will represent the potential disclosure of personal and sensitive information to a third party. In most Western jurisdictions, this would represent a breach of privacy regulation.

Emails

Email communication with the debtor can be effective as a follow-up to telephone communications or to a letter. An email without supporting documentation can be dismissed as spam. Email addresses which have not been provided directly by the debtor as part of the credit application process or continuing disclosure process to the credit provider also run the risk of breaching privacy provisions where the identity of the email recipient as the debtor has not been confirmed. This is because the existence of a debt may be disclosed to an email recipient who is not the debtor or has a shared email account.

A method used with email communication is to prompt the debtor to contact the debt collector “with respect to an important financial matter” or “your name is”. This method is not particularly effective as the debtor may reasonably ignore the communication as “phishing”; a method used to initiate contact with an email recipient with a view to identity theft or fraud.

Email can be very effective for subsequently prompting a debtor for payment, providing receipts for payments received and dealing with queries from debtors as to balance owing as well as other matters.

SMS (Short Message Service) Messages

SMS messages to mobile phones are principally used to remind debtors about payment arrangements which are about to fall due. As a primary method of contact SMS is limited as it is not possible to have identified the debtor beforehand without potentially breaching the credit provider’s obligation to protect the debtor’s privacy.

Skip Tracing

Skip tracing is the term used to describe locating a debtor with a debtor is no longer at the last known address. A debtor may be located by using a variety of electronic databases, telephone enquiries, Internet search engines, social media and field agent calls.

Many debtors seek to avoid repaying debts by evading debt collectors until sufficient time has elapsed to invoke limitations by statute as to repayment; this is known “statute barred debt”. In Australia, a creditor must begin court action to recover a debt within six years of the date: on which the debt became due; or the last payment was made; or that the debtor admitted in writing that they owed the debt.

Field Calls

Field calls undertaken by agents of the debt collector is part of the skip tracing process, to determine what assets the debtor may have for seizure, to complete a financial circumstances questionnaire or to make an arrangement to pay. As a field call is significantly more expensive than contacting a debtor by telephone so it is used for larger value debts or where other attributes the debtor would suggest that this is a more effective collection method.

Negotiation

Having successfully contacted and identified a debtor the negotiation process begins. The first step in this process is to advise the debtor of the amount owing, the reason why this amount is owed and to whom. The acknowledgement by the debtor of this obligation is a critical step in any successful recovery strategy as it resets the date from which the statute barring of debt is calculated. It is important that the debt collector understand the current financial situation of the debtor with respect to their income, expenses, assets and other repayment obligations. This information is usually collected over the telephone or by having the debtor complete a questionnaire themselves or is administered by a field agent undertaking a field call.

Debt recovery negotiation strategies vary from debtor to debtor based upon attributes of the debtor and the value of the debt. A younger debtor may be encouraged to explore the extent to which older family members may be able to assist them in repaying the debt. A debtor with a reliable income stream may be encouraged to enter into a repayment arrangement. A debtor with assets but low income may be encouraged to sell some assets in order to repay the debt.

The negotiation process can be difficult as the debtors will have many reasons as to why they are unable to pay or why they have missed honouring previous promises to pay. This can be

quite stressful and confronting for both the debtor and the debt collection agent; particularly where the debt collection agent seeks explanations for the debtor having failed to honour previous promises which may have been made personally to the debt collection agent.

To encourage early payment a debt collection agent may offer a discount to the full amount owing if a debt is paid within an agreed timeframe (this induces debtor anxiety at the risk of losing the discount and inspires a greater propensity to pay)

Self-Service

Self-service arrangements using webpages reduces the administrative cost of dealing with debtors in a post negotiation phase. Enquiries that a debtor may have about whether a payment has been received, the current balance outstanding or when the next payment is due can be easily dealt with. This can reduce the stress on the debtor by not having to make repeated contact with a call centre. Web chat can also be used as an adjunct to self-service arrangements where additional levels of support may be required from time to time to navigate the self-service interface.

Payment

The primary objective of debt collection activity is to achieve full payment of the debt and all associated collection costs as quickly as possible. When contact was made with the debtor a demand for such a full payment is made.

The debt collector will usually support multiple channels for payment so as to minimise objections from the debtor that the processes are administratively too difficult. This will include electronic funds transfers, direct deductions, credit cards (the use of credit cards may be forbidden for certain types of debt in some jurisdictions i.e. the use of one credit card to pay a debt on another credit card), PayPal, deposits at postal agencies or other agents accepting payment.

The value of the debt and the size of expected payments can influence the channels for payment selected as they can be varying costs for channels; a postal agency payment at a retail counter is typically more expensive than an electronic funds transfer for example.

Arrangements to Pay

Most debtors become subject to debt collection processes as a result of having insufficient cash flow to pay their debt obligations. A demand from a debt collector is unlikely to remedy the debtor having insufficient cash flow. As a result most debtors seeking to clear their debt enter

into an arrangement to pay; where regular payments are made over a period of time. Arrangements to pay are most successful where they are automatic, at a level which can be sustained without putting the debtor at risk of default on other obligations, convenient and low administrative cost.

Default on Arrangements to Pay

Where debtors default on arrangements to pay a number of actions may result. If a default is an isolated event then contact will be made with the debtor to determine what caused the default, how it may be remedied and how it may be avoided in future. Debtors are usually encouraged to contact the debt collector ahead of the default if the debtor knows they will have insufficient funds to make the payment. Where a debtor persistently defaults on arrangements to pay then alternative recovery action is usually considered based upon the value of the debt and other attributes of the debtor; this may include taking legal action for the civil enforcement of the obligation. This route is expensive and time-consuming with the result uncertain; in some cases, a court may order a repayment arrangement which is worse than other options that the debt collector may have chosen otherwise.

Legal Action

Legal action to recover debts is generally avoided because of the expense and the uncertainty of debt recovery. There are certain circumstances, however, where the value of the debt or attributes of the debtor may cause this method to be used. A debtor with significant income, assets, well-known business profile with a history of debt avoidance may be sent direct to legal recovery action rather than a negotiated outcome.

A judgement made by a court will usually extend the time available in which a debt can be recovered and provide for other enforcement opportunities such as the seizure of assets and/or real property by sheriffs or other officers of the court. In some jurisdictions, low value debts cannot be recovered by legal action but are referred to statutory mediation without the capacity to recover costs.

Seizure of Assets

Seizure of assets can vary depending upon the nature of the original credit contract or buy orders issued by courts. A credit contract for motor vehicle may contain a condition that the motor vehicle can be repossessed by the credit provider's agents (debt collector) in the event that default occurs and notice has been provided to the debtor.

Where a court has issued an order to seize assets this is usually undertaken by sheriffs, bailiffs or other record court appointees as agents of the state. The hiding or relocation of assets by a debtor can be a criminal offence in some jurisdictions.

Disputes

Various jurisdictions mandate the debt collectors have both internal dispute resolution (IDR) processes as well as external dispute resolution (EDR) processes. This is in addition to independent regulatory dispute processes or recourse to the courts by debtor.

Appendix 5 Information Sheet to Research Participants



INFORMATION SHEET TO RESEARCH PARTICIPANTS

1. Aims of the Research Project.

The Research Project is a doctoral research program conducted under the auspices of Curtin University; a university located in Perth, Western Australia. The overall aim of this research is to determine the Critical Success Factors affecting the use of offshore Business Process Outsourcing of debt collection to India by the global debt collection industry.

2. What is required of Participants?

Participants will take part in a structured interview to identify those things which, based upon their experience and knowledge of providing offshore debt collection services from India, may be Critical Success Factors. This interview is not expected to take longer than 40 minutes.

Where Participants are requested to complete a survey questionnaire it is not expected to take longer than 20 minutes.

3. Confidentiality & Security of Information.

All information provided by Participants will be kept confidential and no identifying information will be published. Information stored on computer systems will be encrypted and capable of access only by the Researcher and Research Supervisory Staff from Curtin University. Any identifying information will be destroyed at the conclusion of the project; currently anticipated to be by 2015.

4. Participation is voluntary.

Participation in this Research Project is voluntary. Participants are at liberty to withdraw at any time without prejudice or negative consequences. A Participant does not have to provide a reason to withdraw from the Research Project.

5. Risks and Benefits to Participants.

No risk has been identified for Participants other than the opportunity cost of the time spent being interviewed or surveyed.

Benefits to Participants are most likely to be realised by the Critical Success Factors being published at the conclusion of the Research Project which in turn may lead to greater use of Indian offshore debt collection.



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6. Contact details for further information.

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7. Contact details of the Human Research Ethics Committee (Secretary) should participants wish to make a complaint on ethical grounds:

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8. This study has been approved under Curtin University's process for lower-risk Studies (Approval Number IS_14_16). This process complies with the National Statement on Ethical Conduct in Human Research (Chapter 5.1.7 and Chapters 5.1.18-5.1.21). For further information on this study contact the researchers named above or the Curtin University Human Research Ethics Committee. c/- Office of Research and Development, Curtin University, GPO Box U1987, Perth 6845 or by telephoning 9266 9223 or by emailing hrec@curtin.edu.au.



School of Information Systems

SURVEY QUESTIONNAIRE

A Survey of the Profiles, Attributes and Expectations of Foreign Companies to Indian Offshore Business Process Outsourcing

NB. This survey is part of an Australian-government supported project which is funded by an Australian Research Council Industry Linkage Grant. The project aims to assist Australian companies in their decision making about offshoring their business processes. Your participation will be most valuable in providing up-to-date and accurate information about these activities and will be warmly appreciated. All respondents who provide their contact details will receive an executive summary of the results as soon as the analysis is completed.

General Instructions

- Please answer all the questions
(It should take 5 to 10 minutes, depending on the detail of the replies)
- Please add any comments about the questionnaire at the end

WE GUARANTEE THAT ALL RESPONSES WILL BE TREATED IN CONFIDENCE AND THAT NO PARTICIPANTS WILL BE IDENTIFIED

Thank you for participating in this survey

Please send your completed questionnaire to Professor Graham Pervan by email, fax or post:

Email: Graham.Pervan@cbs.curtin.edu.au

Fax: +618 9266 3076

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BACKGROUND INFORMATION

1.	What is your current position in the organisation?	
2.	How long have you been in this position?	
3.	In what industry does your organisation principally operate?	a) Manufacturing <input type="checkbox"/> b) Financial Services <input type="checkbox"/> c) Retail <input type="checkbox"/> d) Information Technology <input type="checkbox"/> e) Pharmaceutical <input type="checkbox"/> f) Health <input type="checkbox"/> g) Government <input type="checkbox"/> h) Business Services <input type="checkbox"/> i) Other _____
4.	In which country is your parent company based?	
5.	How many staff are employed by your organisation? a) In India b) Outside of India	a) _____ b) _____
6.	Does your organisation currently undertake any Offshore Business Process Outsourcing in India as a BPO service client ?	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.	Does your organisation currently undertake any Offshore Business Process Outsourcing in India as a BPO service provider ?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<p><i>If you answered NO to Q6 and Q7 then please skip to Q19.</i></p>		

LOCATIONS FOR OFFSHORE BUSINESS PROCESS OUTSOURCING

8.	Does your organisation undertake Offshore Business Process Outsourcing in India using: a) a third party provider b) a joint venture entity c) a captive servicing entity d) other <i>(Please describe)</i>	a) Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> b) Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> c) Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> d) _____
9.	Where in India do you undertake Offshore Business Process Outsourcing? <i>(Please describe City, State)</i>	_____ _____ _____
10.	Does your organisation undertake Offshore Business Process Outsourcing in another country other than India?	Yes <input type="checkbox"/> No <input type="checkbox"/> _____

	If so, which other countries? <i>(Please describe)</i>	_____
11.	How long has your business been undertaking Offshore Business Process Outsourcing in India?	a) ≤ 1 year <input type="checkbox"/> b) > 1 & ≤ 2 years <input type="checkbox"/> c) > 2 & ≤ 3 years <input type="checkbox"/> d) > 3 & ≤ 4 years <input type="checkbox"/> e) More than 4 years <input type="checkbox"/>

SERVICES PROVIDED

12.	What types of services are provided?	a) back office services <u>only</u> <input type="checkbox"/> <i>(Go to Question 13)</i> b) customer services <u>only</u> <input type="checkbox"/> <i>(Go to Question 15)</i> c) <u>both</u> back office and customer services <input type="checkbox"/> <i>(Go to Question 13)</i>
13.	What type of back office services are provided? (You may check more than one box.)	a) Information Technology <input type="checkbox"/> b) Financial Services <input type="checkbox"/> c) Human Resource Management <input type="checkbox"/> d) Payroll <input type="checkbox"/> e) Logistics Management <input type="checkbox"/> f) Other _____ _____
14.	If you answered (a) to Q13 then what type of IT back office services are provided? (You may check more than one box.)	a) Systems development <input type="checkbox"/> b) User support <input type="checkbox"/> c) Telecommunications/networking <input type="checkbox"/> d) Operations/infrastructure management <input type="checkbox"/> e) Project management <input type="checkbox"/> f) IS/IT planning <input type="checkbox"/> g) Other _____ _____
15.	What types of customer services are provided? (You may check more than one box.)	a) Information Technology <input type="checkbox"/> b) Financial Services <input type="checkbox"/> c) Human Resource Management <input type="checkbox"/> d) Payroll <input type="checkbox"/> e) Logistics Management <input type="checkbox"/> f) Other _____ _____

16. If you answered (a) to Q15 then what type of IT customer services are provided? (You may check more than one box.)	a) Systems development <input type="checkbox"/> b) User support <input type="checkbox"/> c) Telecommunications/networking <input type="checkbox"/> d) Operations/infrastructure management <input type="checkbox"/> e) Project management <input type="checkbox"/> f) IS/IT planning <input type="checkbox"/> g) Other _____ _____
17. What proportion of services require Indian based staff to speak directly to customers or staff based outside of India on a regular basis?	_____ %
18. Is a language other than English used for written and/or voice communication? If yes, what other languages are used? (Please describe)	Yes <input type="checkbox"/> No <input type="checkbox"/> _____ _____

DECISION TO OFFSHORE

19. What do you think are the most important factors influencing decisions to locate Offshore Business Process Outsourcing? Please circle one influence level for each factor.	<p style="text-align: center;">Scale (Circle your answer)</p> <p style="text-align: center;">← Least Influence Most Influence → Don't Know</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"></td> <td style="width: 10%; text-align: center;">1</td> <td style="width: 10%; text-align: center;">2</td> <td style="width: 10%; text-align: center;">3</td> <td style="width: 10%; text-align: center;">4</td> <td style="width: 10%; text-align: center;">5</td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> </tr> <tr> <td>a) changes in technology?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>b) changes in competitors?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>c) expectations from clients?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>d) lowering of costs?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>e) changes in regulations?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>f) business expansion?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>g) availability of labour?</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>h) other (Please describe)</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>..... </p>		1	2	3	4	5			a) changes in technology?	1	2	3	4	5		<input type="checkbox"/>	b) changes in competitors?	1	2	3	4	5		<input type="checkbox"/>	c) expectations from clients?	1	2	3	4	5		<input type="checkbox"/>	d) lowering of costs?	1	2	3	4	5		<input type="checkbox"/>	e) changes in regulations?	1	2	3	4	5		<input type="checkbox"/>	f) business expansion?	1	2	3	4	5		<input type="checkbox"/>	g) availability of labour?	1	2	3	4	5		<input type="checkbox"/>	h) other (Please describe)	1	2	3	4	5		<input type="checkbox"/>
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h) other (Please describe)	1	2	3	4	5		<input type="checkbox"/>																																																																		
20. Is your organisation likely to expand its operations in India over the next 12 months?	Yes <input type="checkbox"/> No <input type="checkbox"/>																																																																								

Thankyou for participating in this survey.

Are you able to participate in follow up surveys and/or case studies?

Yes

No

If yes, please complete the following section or post your business card (*your details will be separated from the questionnaire and remain confidential for use only by the Curtin University Research Team and not be provided to any third parties*):

Name: _____

Organisation: _____

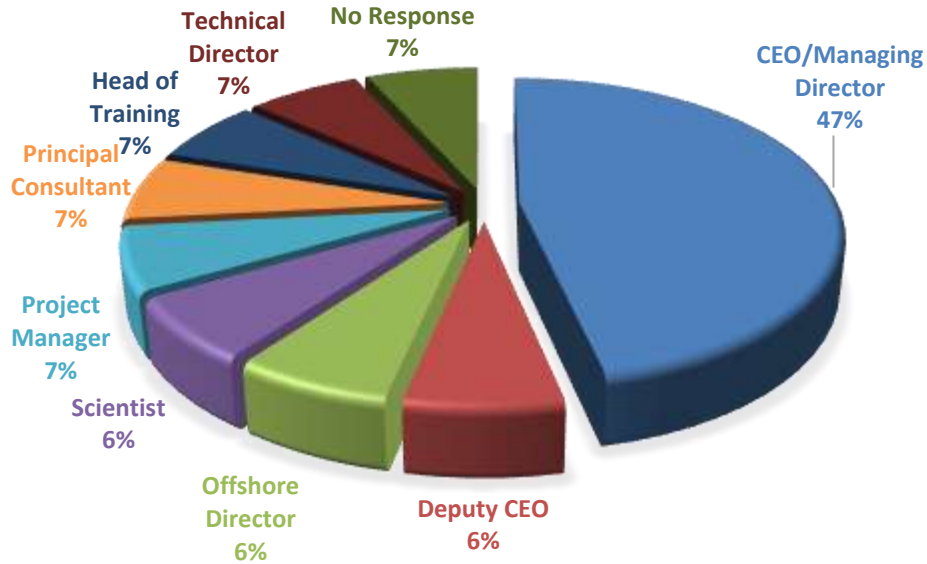
Address: _____

Email Address: _____

PLEASE FEEL FREE TO ADD ANY FURTHER COMMENTS ABOUT THE OFFSHORING OF BUSINESS PROCESSES IN THE SPACE BELOW.

Appendix 7 Survey Questionnaire Results – October 2005

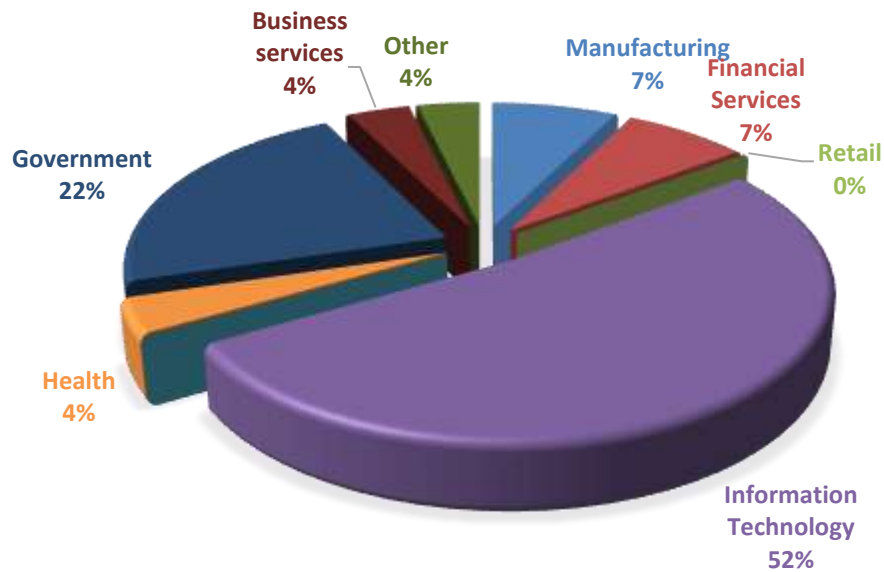
Question: 1 What is your current position in the organisation?



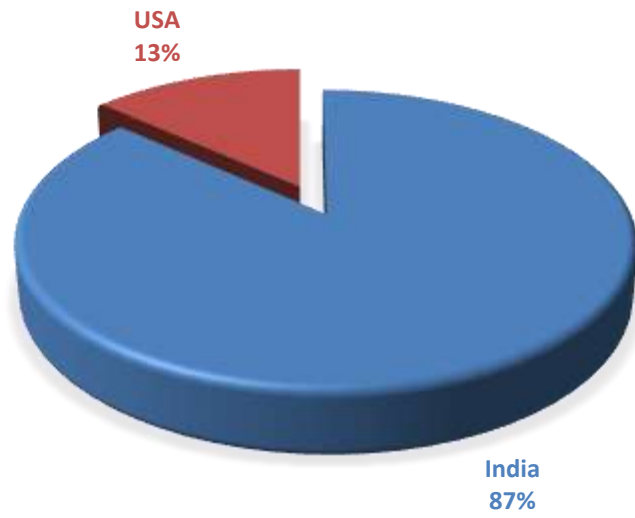
Question: 2 How long have you been in this position?

Average Length of service = 4.5 years

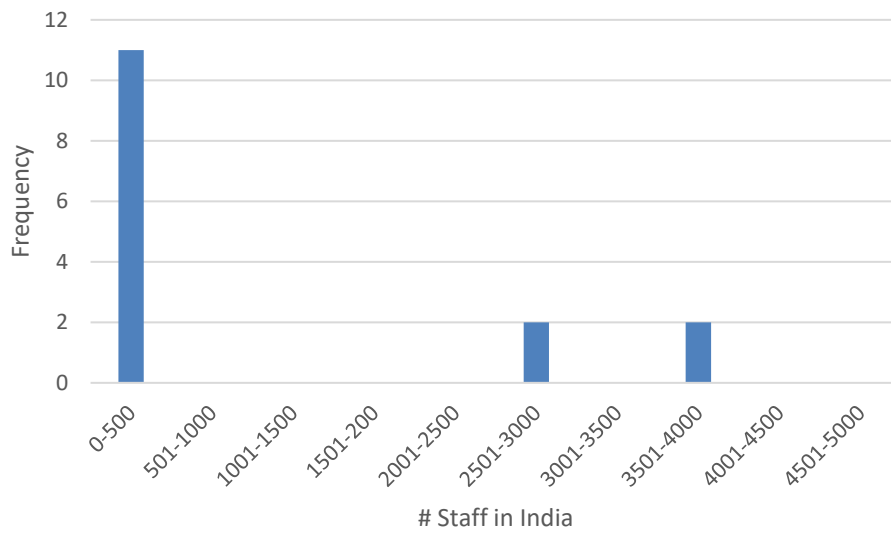
Question: 3 In what industry does your organisation principally operate?



Question: 4 In which country is your parent based?



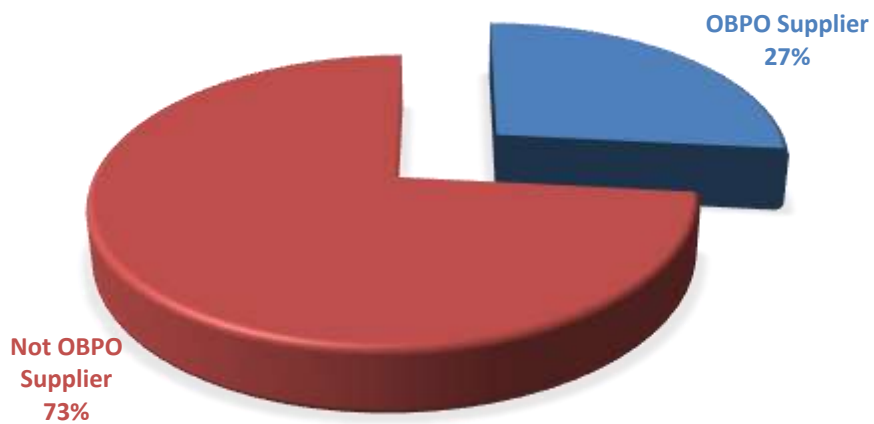
Question: 5 How many staff are employed by your organisation? a) In India b) Outside of India



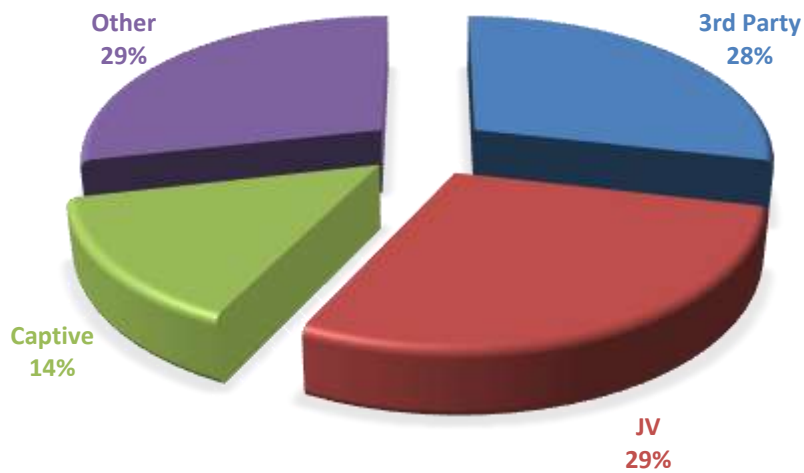
Question: 6 Does your organisation currently undertake any OBPO India as a BPO client?



Question: 7 Does your organisation currently undertake any offshore business process outsourcing India as a BPO service provider?



Question: 8 Does your organisation undertake OBPO in India using: a) a third-party provider; b) a joint venture entity; c) a GIC servicing entity; d) other



Question: 9 Where in India do you undertake OBPO?

Bangalore, Hyderabad and Chennai

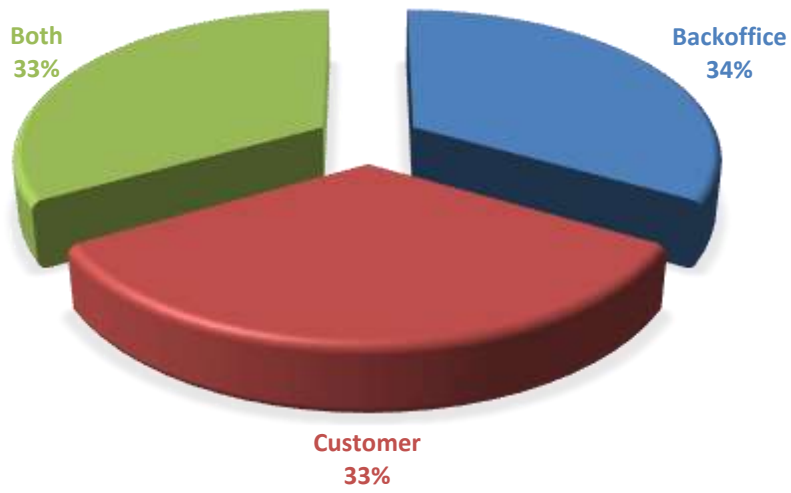
Question: 10 Does your organisation undertake OBPO in another country other than India? If so, which other countries?

One respondent provided OBPO from other countries (UK, USA and India)

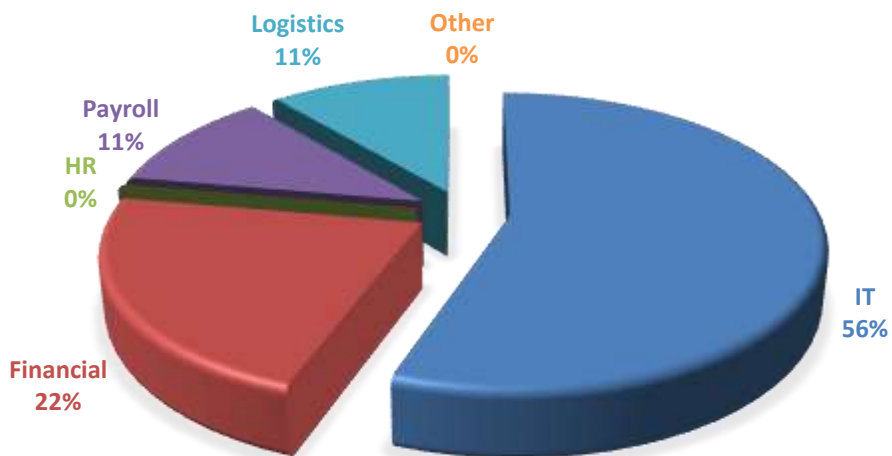
Question: 11 How long has your business been undertaking OBPO in India?

Average length of time = 3.5 years

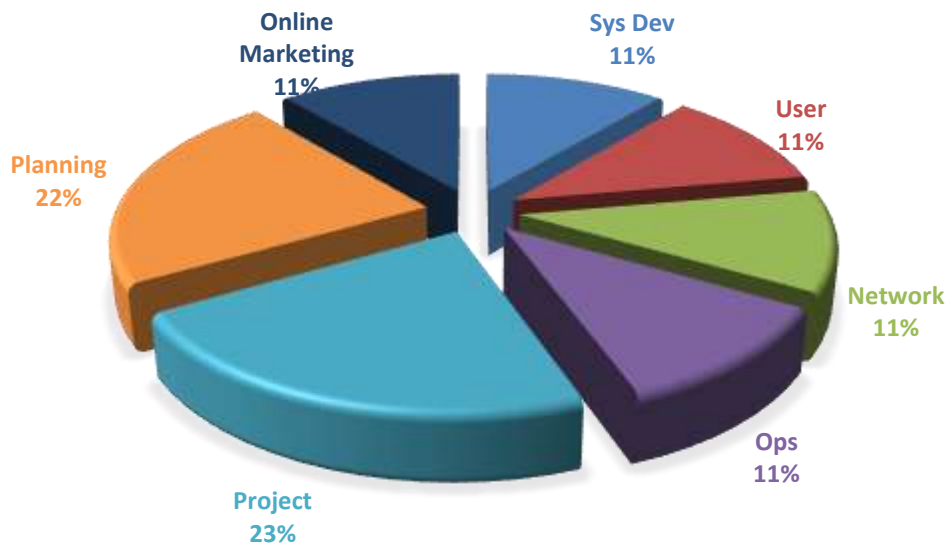
Question: 12 What types of services are provided?



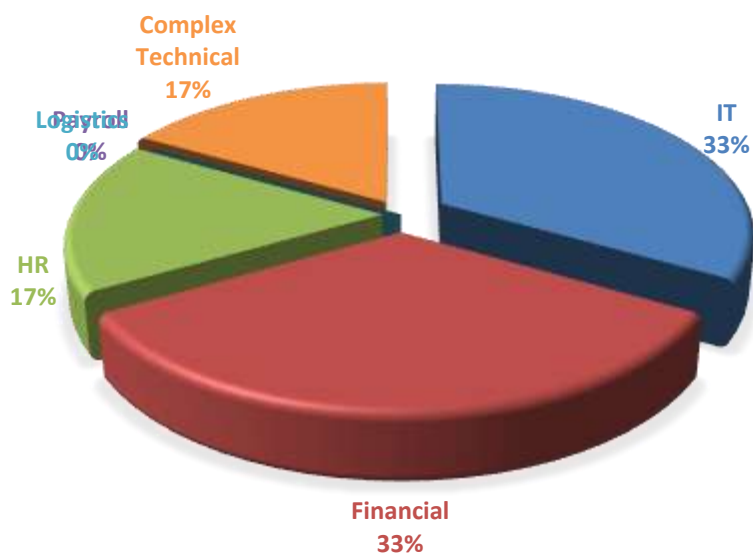
Question: 13 What type of back-office services are provided?



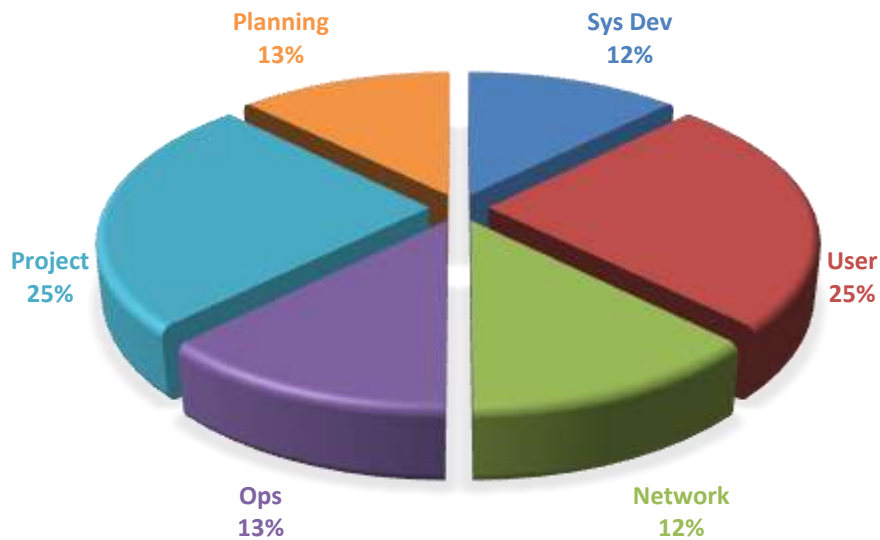
Question: 14 What type of IT back-office services are provided?



Question: 15 What types of customer services are provided?



Question: 16 What type of IT customer services are provided?



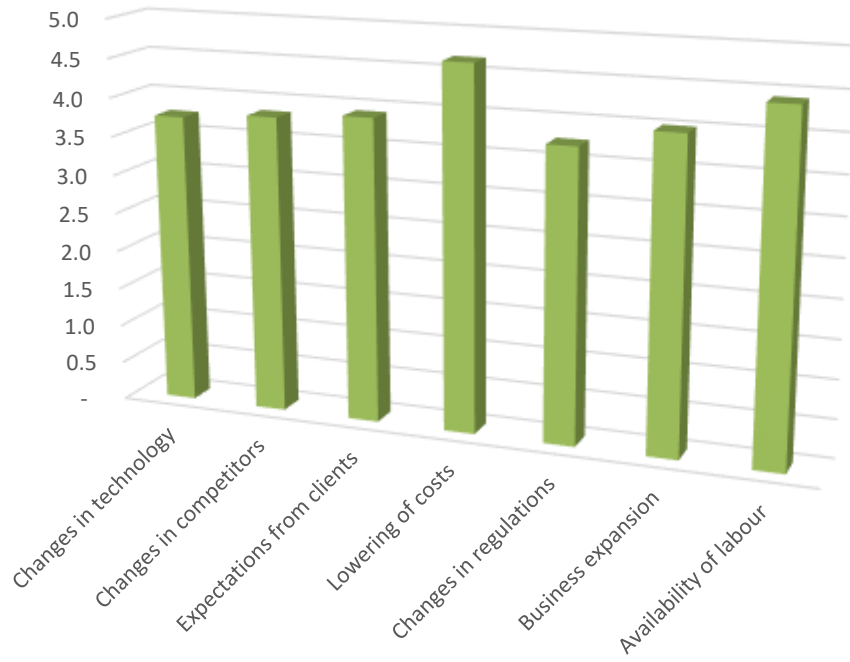
Question: 17 What proportion of services require Indian based staff to speak directly to customers or staff based outside of India on a regular basis?

Average proportion of staff = 66%

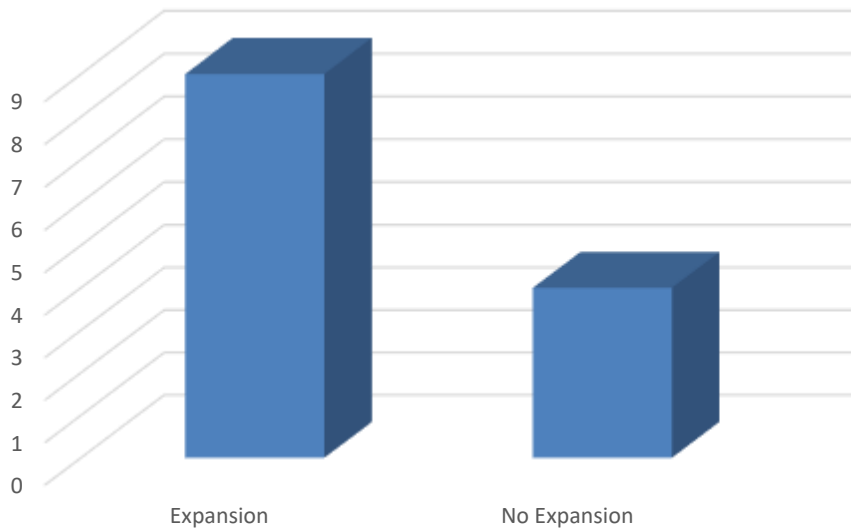
Question: 18 Is a language other than English used for written and/or voice communication? If yes, what other languages are used?

Other languages used are German, French and Japanese

Question: 19 What you think the most important factors influencing decisions to locate OBPO?



Question 20: Is your organisation likely to expand its operations in India over the next 12 months?



Appendix 8 Case Study Structured Questionnaire

1. Respondent Personal Details

- a. What is your job title?
- b. What are your primary positional function(s)?
- c. How long have you been with the company?
- d. Have you worked at other company sites inside or outside of India?
- e. How many years experience have you had in similar roles or companies?
- f. To whom do you report and how do you report to them?
- g. Who reports to you and how do they report to you?

2. About the Industry

- a. From your observations what are the most important issues/factors facing the industry at the moment?
- b. Do you think that these issues/factors will change in the future?
- c. Have these issues/factors had a direct impact on you (or are likely to)?
- d. Where do you think the industry will be in five years time?

3. About the Company

- a. Can you describe the ownership structure of the company (private, public, foreign, state-owned, etc)?
- b. Has the ownership or capital structure of the company changed?
- c. What do you understand to be the strategic objectives of the company?
- d. Have these objectives changed over time so far as you aware?
- e. What kind of services or products does the company offer and have these changed over time?
- f. Which of these services or products, if any, have you been directly involved with and in what capacity?

4. Measures of Success

- a. At the company level, how does the company measure success?
- b. In your current position, how does the company measure success?
- c. How do you measure the success of those who report to you?
- d. Have any of these measures changed over time? If so, how?
- e. What do you consider as the most important factors to allow the company to succeed?
- f. What do you consider to be the most important factors to allow you to succeed in your position?
- g. What do you consider to be the most important factors to allow those reporting to you to succeed in their positions?

Appendix 9 Sample Interview Transcript



School of Information Systems

INTERVIEW

Critical Success Factors in the Offshore Business Process Outsourcing of Debt Collection to India

Interviewer Name:	John Wreford
Respondent:	N1
Title:	Director
Organisation:	Indian Branch International BPO Organisation
Date:	9am 28 October 2014
Length of Interview:	30 mins

1. Respondent Personal Details

a. What is your job title?

The questions have a structured format. They are relatively straight forward and they can relate in your responses to your current roles and/or previous roles. It would be helpful if any observations that you make you tie back to a particular function that you might have been performing. So if we can begin I understand that you are currently the CIO for xxxxxx India.

And prior, I understand you were working at xxx xxxx as well.

That's correct and also at xxxx xxxx, as a commercial manager at several locations.

At xxx xxxx I was in the BPO

b. What are your primary positional function(s)?

Currently CIO but BPO previously. At xxx xxxx, BPO was a function where we used to provide services on accounting, compliance and income. I used to lead the delivery on financial accounting which started with accounts payable, accounts receivable. Then I moved on to compliance where we were delivering governance systems covering for both controls, SOX compliance where we used to document risk and control matrix by positions.

c. How long have you been with the company?

Five years current and previously five years

d. Have you worked at other company sites inside or outside of India?

Yes.

e. How many years experience have you had in similar roles or companies?

15 years

f. To whom do you report and how do you report to them?

Chief Executive Officer previously divisional manager

g. Who reports to you and how do they report to you?

In the BPO role 450 people. In the compliance role 100

2. About the Industry

a. From your observations what are the most important issues/factors facing the industry at the moment?

Yes. Choosing the primary one is for India that any voice based processes there are of course training courses to train people on the accent – even when we are conversing I am sure you are finding it difficult to follow me at some point. That is one thing which is on the voice side. But on the other side, if you look at it, India is geographically is widely spread and the infrastructure is not as great in all parts so it would be probably be an issue as the other cities are catching up. Bangalore is a hub of BPO but infrastructure is crumbling. That is one issue which comes up. In terms of connectivity, vpn I don't see too much of an issue if you are The two pieces I am that I am particularly interested in exploring and you have addressed part of them. With respect to voice and accent and the training of people it would seem that, and certainly in other interviews that I have conducted, that the availability of people with appropriate voice and accent capability is becoming more limited.

Yes that is the reason why if you wanted voice then other countries are catching up. The non-voice is expanding where they deliver on accounting, and other services where voice is not required but technical delivery is.

Just exploring that piece a little bit more. In terms of outbound calls has it been your experience that the destination client, be it in the United States or Australia or other places, responds badly to voice orientated services or they just don't understand what is being said or is it a cultural mismatch?

Most Indian speaking accents are difficult and the words that are used may not be very appropriate for the customer so they don't actually give the right message and you have a poor call. Of course there are many training institutes to training people and telling them what to use and what not to use. The main issue is in the voice industry is the continuity of service is very, very limited. You have an industry which is very, very hard. The attrition rates are very high. So you need to continuously have the need for new people and the voice obviously has to be in the day time of the destination country. The US, the timing here would be operating in the night. So they don't prefer operating in the night on a longer term basis. They will operate for six months

or one year at which they try to get something which is a day job. Then for the attrition rate for the voice industry is very, very high. That is one problem.

And that attrition rate is in and around the unsociable hours that are required.

That's it

That's interesting. In terms of some of the factors that you have called out as in poor infrastructure, potentially hours of the day and similar. Do you think looking forward for the next five years that some of those things will change or there are events which are driving different kinds of change?

No – I think there is a push from the Government - there is a lot Indians working in this industry. There will be an improvement over the next few years. I think the Philippines is catching up. The attrition part for the voice I don't think will improve.

Just from conversations which you probably have with colleagues – do you think that more voice activity will leave India and that India will have more non-voice as a proportion of activities?

That's right.

When you have been hiring staff to work within a BPO operation are there any particular attributes that you look for in the hiring of staff?

When you are hiring staff you are basically look at their educational levels in terms of their accounting knowledge and their ability to understand the books they will be looking at it. Their ability to explain what they are doing in written English because actually the communication with clients. They need to be able to request what they want. I will give you some examples. An accounts payable clerk when someone looks at an invoice but he is not able to see in where it is written the invoice number "x" with no PO. That will be the issue. The Indian will look at the invoice and stare and stare to see where it is. They have to exclude it until the Purchase Order number so and so is not available in the ERP. We look for people who can articulate what they want in written English. If they are able to do that then it easier for them to get on and deliver.

So for testing for that capability as a pre-employment test do you conduct formal tests for capability?

Yes – there are two kinds of test. One on written English where you use scenarios where you have to write – that is essential, like the example I gave you – where they have to ask for that clarification and explain what they want. On the accounting side there are a basic questions such as what is double entry, what is a chart of accounts

Sure – in terms of incentives and measures of success which might drive incentive outcomes would staff, in your experience, assigned specific key performance indicators and be rewarded or bonus on those particular outcomes?

It depends on certain levels. At the lowest level it is a number game. They use the number of invoices processed, how many collections have they made and accuracy – all that has overall incentives for you to look at with a theoretical time is given for each of those activities and then you look at the actual time it was performed in. So if he has done 100% or above then he gets to bonus. There is penalty for any errors that a done which affects the reward that he gets. At the next level where they look at what are the improvements in processes and are there any innovations that he can develop to make things better. A continuous parameter which is important.

That's interesting

And the higher levels. The executive management level it is a combination of business development and the improvement in performance. What have been the improvements that they need to bring in to improve and then specifying and agree the process timetable. The other is what the client thinks. For example if we are doing collections performance. So how do I reduce the number of outstandings for the client? What are the reasons? For example you want to set up a voice centre. Where do you want to set up? How do you want to run it? How will that help in reducing the outstanding debt? So this is an engagement at the director level.

b. Do you think that these issues/factors will change in the future?

I think there is a push from the Government - there are a lot Indians working in this industry. There will be an improvement over the next few years. I think the Philippines is catching up. The attrition part for the voice I don't think will improve. Higher value work will be sought out. We never speak directly to the clients customers.

c. Have these issues/factors had a direct impact on you (or are likely to)?

When you are hiring staff you are basically look at their educational levels in terms of their accounting knowledge and their ability to understand the books they will be looking at it. Their ability to explain what they are doing in written English because actually the communication with clients. They need to be able to request what they want. I will give you some examples. An accounts payable clerk when someone looks at an invoice but he is not able to see in where it is written the invoice number "x" with no PO. That will be the issue. The

Indian will look at the invoice and stare and stare to see where it is. They have to exclude it until the Purchase Order number so and so is not available in the ERP. We look for people who can articulate what they want in written English. If they are able to do that then it easier for them to get on and deliver.

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d. Where do you think the industry will be in five years time?

The initial look at it when it started it was the basics. How will I ensure that the transaction is processed accurately and in time? Nothing much beyond that. Now it is much more about understanding the client and how do I add value to the client. That is a clear change. Initially when it started it was only about labour arbitrage and reducing costs. For a period there were many competitors doing the same thing and that was a given client focus. Value add has come in. Are you bringing any real process change, other measures which make the client much better and are you sharing the value that you have gained with the client. That is more of the continuous improvement and what alignment and that's the reason why it will continue to change as a valuable contribution that you are making for the client.

3. About the Company

a. Can you describe the ownership structure of the company (private, public, foreign, state-owned, etc)?

Foreign public consulting, technology and outsourcing company

b. Has the ownership or capital structure of the company changed?

No

c. What do you understand to be the strategic objectives of the company?

Growth in high value BPO, ITO and consulting work

d. Have these objectives changed over time so far as you aware?

No

e. What kind of services or products does the company offer and have these changed over time?

They have not changed over time. Services are consistent with high value BPO, ITO and consulting work.

f. Which of these services or products, if any, have you been directly involved with and in what capacity?

BPO

4. Measures of Success

a. At the company level, how does the company measure success?

It depends on certain levels. At the lowest level it is a number game. They use the number of invoices processed, how many collections have they made and accuracy – all that has overall incentives for you to look at with a theoretical time is given for each of those activities and then you look at the actual time it was performed in. So if he has done 100% or above then he gets to bonus. There is penalty for any errors that a done which affects the reward that he gets. At the next level where they look at what are the improvements in processes and are there any innovations that he can develop to make things better. A continuous parameter which is important.

And the higher levels. The executive management level it is a combination of business development and the improvement in performance. What have been the improvements that they need to bring in to improve and then specifying and agree the process timetable. The other is what the client thinks. For example if we are doing collections performance. So how do I reduce the number of outstandings for the client? What are the reasons? For example you want to set up a voice centre. Where do you want to set up? How do you want to run it? How will that help in reducing the outstanding debt? So this is an engagement at the director level.

b. In your current position, how does the company measure success?

c. How do you measure the success of those who report to you?

The initial look at it when it started it was the basics. How will I ensure that the transaction is processed accurately and in time? Nothing much beyond that. Now it is much more about understanding the client and how do I add value to the client. That is a clear change. Initially when it started it was only about labour arbitrage and reducing costs. For a period there were many competitors doing the same thing and that was a given client focus. Value add has come in. Are you bringing any real process change, other measures which make the client much better and are you sharing the value that you have gained with the client. That is more of the continuous improvement and what alignment and that's the reason why it will continue to change as a valuable contribution that you are making for the client.

d. Have any of these measures changed over time? If so, how?

Shift from basic activities to adding value to the client and measuring that value

e. What do you consider as the most important factors to allow the company to succeed?

we have not found any client who was unhappy with the BPO. Outside of that, as a country, many of them were surprised at how they were unable to walk about... that actually rattled a few guys. I think on the real work side I have not found anyone who was unhappy.

f. What do you consider to be the most important factors to allow you to succeed in your position?

Bringing real change to our clients which adds enormous value in which we can share. Where the client ceases to think of us as merely cost arbitrage.

Appendix 10 NVivo Coding Example

The qualitative data analysis software tool QSR NVivo 11 for Windows (Plus Edition) was used to code the case study interviews. NVivo supported the organisation, coding and reporting of the interview results. An example of a coding sheet extract for an interview is seen in the Figure A-10 below.

Figure A-10 1 NVivo Coding Sheet Example

CSF			Improve Service Management	
Name	Sources	References	References	Coverage
Improve Service Management	4	7	Internal\20140929 - [redacted] - 3 references coded	[3.40% Coverage]
Vision	0	0	Reference 1 - 0.57% Coverage	
Information exchange	1	1	series voice accent training for the agents	
Attitude	1	1	Reference 2 - 1.22% Coverage	
Keep and Win Customers	4	15	ready recourse to escalation in the call to a collector from the same country as the debtor	
Be a trouble shooter	0	0	Reference 3 - 1.62% Coverage	
Turn any contact into something positive	0	0	Elements which have been added include skip tracing success (feeds into right party connect) and inputs to credit bureau.	
Treat customers the way you like to be treated	0	0	Internal\Extras - 3 references coded	[1.27% Coverage]
Develop an ability to listen	0	0	Reference 1 - 0.34% Coverage	
Be reliable and keep promises	1	1	Difficult to invest in training and labour quality	
Take ownership of issues	1	1	Reference 2 - 0.51% Coverage	
Keep customers informed	1	1	The Philippines is a better accent and cultural fit for the West than India	
Copy the professional in the team	1	1	Reference 3 - 0.42% Coverage	
Know SLA	1	1	Productivity is higher in India but voice is better elsewhere	
Don't be satisfied with second best	1	1	Internal\Regcol Interviews - 6 references coded	[0.92% Coverage]
Technical Service Quality	3	16	Reference 1 - 0.22% Coverage	
The technology and skills defined in the ser	0	0	Reference 2 - 0.16% Coverage	
Cost Savings	5	17	The staff that we were getting were less skilled than the staff we had	
The level of total costs reduction compared	1	2	Reference 3 - 0.21% Coverage	
Improve Domain Skills	5	18	I had some experience with the Indian labour model	
Self-training	1	1	Reference 1 - 0.22% Coverage	
External training	1	1	Reference 2 - 0.16% Coverage	
Knowledge sharing	1	1		
Mentoring	1	1		
Participate in internal customer projects	1	1		
Strategic Goals	5	20		
Alignment and achievement of strategic go	1	3		
Avoid Damaging Customer Relationships	5	21		
Other	5	24	<ul style="list-style-type: none"> The people working for us had never spoken to an Australian before. 	

Figure A-10 shows the CSF nodes in NVivo cross-matching to the codes applied to the interview records