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Jae Yong Lee
Samsung Electronics, jy41.lee@samsung.com

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The Construction of Client Organizations and Contract Structures in Outsourcing within Dynamic Contexts

Jae Yong Lee
Samsung Electronics
jy41.lee@samsung.com

Abstract
This explorative study investigates how bureaucratic public sector client organizations deal with information technology (ITO) and business process (BPO) outsourcing in terms of internal management. Through contextual and micro-level analyses, the research found that client organizations appear to work at transforming outsourcing-related strategy, contract structure, and their own organizations, which are interrelated, in the context of five IT governance concerns: strategic alignment, delivery of business value, performance management, risk management, and control and accountability. The paper provides rich data on how the organizations decomposed and recomposed existing bureaucratic structures and processes. Contrary to expectations, explicit distinctions, such as cultural disparity and differences between ITO and BPO, did not sufficiently explain the core phenomena regarding outsourcing and client organizational change. Instead, institutionalized human behaviors were strongly involved with these processes. Overall, the research supports Kallinikos’s formal organization perspective for explaining outsourcing as an enabler of organizational change, and provides an enriched outsourcing configuration framework for disaggregating and studying, and for practitioners helping to manage, outsourcing arrangements in depth.

Keywords
Outsourcing, Organization Change, Outsourcing Configuration, Outsourcing Management, Bureaucracy, and Formal Organization

1. Introduction
This explorative research investigates how bureaucratic public sector client organizations and private sector third-party suppliers deal with information technology outsourcing (ITO) and business process outsourcing (BPO) in terms of IT governance. Outsourcing is routinely used by contemporary organizations that depend on large information systems (IS) to do back office work and deliver internal or external goods and services. Lacity and Willcocks (2006) defined ITO as “the handing over of IT-related assets, resources, activities and/or people to third party management to achieve agreed performance outcomes” (p. 1). On the other hand, Wüllenweber and Weitzel (2007) defined BPO as “the combination of application development and maintenance outsourcing, IT infrastructure outsourcing and outsourcing of business activities which are not IT supported like business process redesign” (p. 2).
This research makes a case that the internal management of such outsourcing deserves considerable focus, despite its relative neglect, as an organization-embedded component of the governance and management of organizations. It suggests that this aspect of a business be tackled at a more holistic and governance level rather than through an atomistic and technological approach focusing only on the IT components.
Few scholars view outsourcing as an organizational component and explore relative phenomena in the context of organizational governance among human behaviors, IS, and structural components of outsourcing arrangements. More particularly, even fewer have done this over time and in the light of changes in what are dynamic contexts. To do this, through the theoretical lenses of outsourcing and organization studies, this paper aims to understand the phenomena involved in outsourcing practices, organizational changes, and their underlying social context in terms of bureaucratic client organizations.

2. Literature review and theoretical perspective

ITO-specific literature and other IS work regarding organization change was examined first. Three literature reviews by outsourcing researchers were examined before setting up a classification system for prior studies (Dibbern et al. 2004; Gonzalez et al. 2006; Lacity et al. 2009). In the three literature review articles named above, there was no specific research or taxonomy on ITO and client organization change. On the other hand, I investigated literature addressing the topic more directly. Archive analyses using EBSCOhost Business Source Premier and ScienceDirect databases identified 55 articles in 13 selective journals between 2000 and 2007 that contained the words “outsourcing” as well as the secondary terms “organization,” “management,” and “innovation” in their titles, abstracts, or keyword lists.

A common weakness in these 55 articles was the lack of consideration of the factors involving clients as they apply to organizational change. In particular, most studies were primarily interested in the construction of contracts, while client organizations, their structures and their ability to absorb and initiate change seemed to be regarded as constants. On the other hand, IS and organization change are common subjects of IS research. By analysing prior literature, Galliers and Baets (1998) presented four forces that are drivers and mechanisms behind organization transformation triggered by IT adoption: IT, organizational behavior, corporate strategy, and cognitive psychology. Therefore, it is surprising that ITO-specific research that focuses on organizational change has rarely been done.

An alternative approach to exploring this subject can be found in organization studies. For example, bureaucracy remains a conventional theoretical framework in organization studies, although the salience of Weber’s modern bureaucracy model has been frequently criticized by those espousing the need to focus in contemporary organizations on the “post-bureaucratic or network organization” (Courpasson & Reed 2004; du Gay 2005). As du Gay (2005) suggested, those critiques can be overcome or re-contemplated if the concept of bureaucracy were accepted as an institution.

In fact, Weber’s original concept included bureaucracy as an aspect of institution (Casey 2004). However, overemphasis on stable structural arrangements of organization caused bureaucracy to be partially understood as only an organizational form. As an institution, bureaucracy could be understood in the wider contexts of social, political, and economic domains (e.g., Courpasson 2000; Kärreman & Alvesson 2004; Salaman 2005; Thompson & Alvesson 2005). Even in literature regarding post-bureaucracy, Black and Edwards (2000) admitted the existence of traditional organizational orders within virtual organizations.

Among these research strands, Kallinikos (2006) used bureaucracy as an inclusive term with both an institution and an organizational form in modernity. He provided the following definition of bureaucracy—formal organization, in his term:

> Social entities (most notably firms and public agencies) that operate under a specific regime of rules and regulations, as the outcome of the jurisdictional responsibility granted to them through legal, administrative or political processes. (p. 125)
On the other hand, while admitting that outsourcing and subcontracting are implicated in the development of new network organizations, Kallinikos (2006) insisted on the continuous existence of embedded bureaucratic orders, providing the following insight:

Even though network relationships may be formalized in a variety of contracts, the network lacks jurisdictional responsibility which would lend it a formal status. For as far as profit appropriation is associated with the corporate form (Kraakman 2001), and work is predominantly carried out in institutional settings regulated by employment contracts (no matter how flexible or time limited) it is difficult to think of networks as an alternative to formal organization. Unless the network is constituted as a unit of jurisdictional responsibility (which would require its transformation into some sort of formal organization) it is destined to remain no more than a social arrangement or practice; a strategy, as it were, for the reallocation of resources in a highly volatile economy within which information and communication processes assume primary importance. (p. 119)

In addition, he suggested that non-inclusive involvement of individuals in organizations is a characteristic of formal organization. He pointed out the importance of the labor contract as the legal-institutional order constituting this relationship. In this respect, outsourcing suppliers can be conceptualized as being non-inclusively involved with client organizations via outsourcing contracts that separate the inclusive roles from those of non-inclusive third parties.

Kallinikos’s (2006) formal organizational perspective suggested that there is a juxtaposition of a contract-based relationship and underlying traditional bureaucratic orders, such as centralization, standardization and specialization.

3. Research question and methodology
The research questions were motivated by the findings of the critical literature review, my own professional experience, and a related pilot study. This research was a trial to make up for the lack of outsourcing studies on client organization. There have been no organization studies and no significant empirical studies thoroughly addressing this issue specific to outsourcing IT.

Therefore, the following provisional questions were addressed:

- How do bureaucratic organizations relate to and deal with outsourcing in a dynamic context?
- What are the structures of bureaucratic client organizations and the organizational changes occurring in tandem with the pursuance of outsourcing?
- What are the contextual features and social processes shaping the underlying choices and modes of management undertaken by client organizations regarding outsourcing?

I selected a longitudinal comparative case study as a research strategy. According to Pettigrew (1997), this method reveals recurrent patterns in processes and provides the opportunity to explore holistic explanations within and between cases; however, this is not large cross-sectional comparative research to achieve generalized and representative results. On the contrary, this is an intensive and interpretive case study to explore social processes, underlying contexts, and human behaviors in two organizations. Involved theories were not employed to be tested but used as the criteria of exploration (Agerou & Walsham 2000). In addition, generalized implications should be understood as tendencies rather than predictions, as suggested by Walsham (1995).
On the other hand, participant observation, interviews, and document analysis were employed as data collection methods. I used a semi-structured interview style, which may require improvisation and an incomplete script (Myers & Newman 2007). The first case examined was the ITO of e-government procurement (e-GP) system of the Public Procurement Service of Korea (PPS). Since I had participated in the project as a government official from 2000 to 2006, participant observation was a main data collection method. The second case was the BPO of the Teachers’ Pensions Scheme (TPS) administration of the Department of Children, Schools and Families (DCSF) of the British government. The primary data collection method was the interview.

4. Analytical framework

After establishing the research questions and a theoretical perspective, I developed an analytical framework called the processual analysis-informed multidimensional outsourcing configuration framework that was constructed from the four frameworks described in this section.

First, Pettigrew (1997) developed processual analysis as a research method for studying organizational change. He viewed social reality as a dynamic process; hence, phenomena regarding organizational change cannot be explored without considering longitudinal aspects of human activities, structures, and contexts. Accordingly, he presented an applicable longitudinal field research framework in his early writings. Pettigrew (1985) advocated four components of holistic, contextualist analysis: namely, external context, internal context, process, and outcome. In 1990, he added content as an independent domain, describing process, contexts, and content as “how, why and what” questions, respectively.

Second, Cullen et al. (2005) defined an IT outsourcing configuration framework as “a high-level description of the set of structural choices made in crafting IT arrangements of IT outsourcing” (p. 359). This is taxonomy of IT outsourcing structural characteristics. These authors provided seven attributes of the framework and many options that lead to the specific decision within each attribute, as described in Table 1.

Third, a lifecycle perspective of the sourcing process was proposed as the framework for managing outsourcing processes (Cullen et al. 2006). This perspective is employed here to provide a sequential taxonomy that has been commonly observed in outsourcing phenomena. The lifecycle consists of four phases and nine attached building blocks with a total of 54 key activities.

Lastly, IT governance is an emerging research area within IS studies. Many have decried the lack of academic research (e.g., Willson & Pollard 2009). The term IT governance as used in the literature has both narrow and broad dimensions depending on the source (Winniford et al. 2009). The narrow dimension is business and IS alignment and the appropriation of decision rights regarding IT (e.g., Weill & Woodham 2002). However, the broad concept of IT governance tackles wider issues of IT-related governance concerns. From this point of view, Webb et al. (2006) developed the following definition of IT governance:

IT Governance is the strategic alignment of IT with the business such that maximum business value is achieved through the development and maintenance of effective IT control and accountability, performance management and risk management. (p. 7)
### 1. Scope grouping
- **Service scope**: The nature of the work, aligned with the traditional segmentation of an IT function
  - **Entire service scope**: Outsourcing of entire service scope
  - **Selected scope**: Outsourcing of selected service scope in terms of service segmentation or the degree of outsourced activities
- **Recipient scope**: The groups that have been identified to receive specific outsourcing services
  - **All business units**: Standardized outsourcing service to all business units
  - **Business unit self select**: Different service specifications based on the customized business requirement of each business unit
- **Geographic scope**: The physical locations that have been identified to receive particular outsourcing services
  - **All geographies**: Integrated services from one site
  - **Geography self select**: Different service delivery sites responding to regional business environment

### 2. Supplier grouping
- **Prime supplier**: Single service provider that provides all outsourcing services, no subcontracting
- **Best of breed**: Multiple suppliers, each providing unique services, as well as overlapping services
- **Panel**: Multiple service providers providing similar services under continuous competition

### 3. Financial scale
- **Relative**: The % of operating spend represented by the outsourcing portfolio
- **Absolute**: The per annum value of the outsourcing portfolio

### 4. Pricing framework
- **Lump sum/ fixed price**: Lump sum price over specified parameters
- **Unit-based**: Price per specific transaction unit
- **Cost-based**: Actual costs plus a percentage mark up or fixed management fee

### 5. Contract duration
- **Single term**: Fixed one term deals
- **Rollover terms**: Fixed initial term with options to extend
- **Evergreen term**: No define contract expiry date, either party can invoke various termination rights

### 6. Resource ownership
- **Infrastructure**: Supplier/s provides asset and facilities
  - **Onsite**: Supplier/s provides labor and assets
  - **Service & facility**: Supplier/s provides facility and labor
  - **Asset buy-in**: Supplier/s provides assets only
  - **Facility host**: Supplier/s provides facility only
  - **Labor**: Supplier/s provides workforce and/or management only
  - **Total outsourcing**: All resources are provided by supplier/s

### 7. Commercial relationship
- **Arms-length**: Independent parties for which the relationship is solely transactional
- **Value-added**: Independent parties with a combination of arms-length contract/s and shared business initiatives
- **Co-sourced**: Independent parties providing a mix of service labor and assets, with integrated end accountability
- **Equity**: Related entities providing services to one another or through a combined entity

<table>
<thead>
<tr>
<th>Attribute (Options)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Scope grouping</strong></td>
<td>What services are provided to whom, and where</td>
</tr>
<tr>
<td><strong>Service scope</strong></td>
<td>The nature of the work, aligned with the traditional segmentation of an IT function</td>
</tr>
<tr>
<td><strong>Entire service scope</strong></td>
<td>Outsourcing of entire service scope</td>
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<tr>
<td><strong>Geography self select</strong></td>
<td>Different service delivery sites responding to regional business environment</td>
</tr>
<tr>
<td><strong>2. Supplier grouping</strong></td>
<td>How many suppliers provide the outsourced services</td>
</tr>
<tr>
<td><strong>Prime supplier</strong></td>
<td>Single service provider that provides all outsourcing services, no subcontracting</td>
</tr>
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<td><strong>Best of breed</strong></td>
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<td>The financial value to the organization using Relative and Absolute dimensions</td>
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<td>The % of operating spend represented by the outsourcing portfolio</td>
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<tr>
<td><strong>Absolute</strong></td>
<td>The per annum value of the outsourcing portfolio</td>
</tr>
<tr>
<td><strong>4. Pricing framework</strong></td>
<td>The method by which the payment to the supplier/s is calculated</td>
</tr>
<tr>
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<td>Lump sum price over specified parameters</td>
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<tr>
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<tr>
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<td>Agreed length of the contract</td>
</tr>
<tr>
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<tr>
<td><strong>Rollover terms</strong></td>
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</tr>
<tr>
<td><strong>Evergreen term</strong></td>
<td>No define contract expiry date, either party can invoke various termination rights</td>
</tr>
<tr>
<td><strong>6. Resource ownership</strong></td>
<td>Which party controls and/or owns the various service delivery resources (assets, facilities and labor)</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Supplier/s provides asset and facilities</td>
</tr>
<tr>
<td><strong>Onsite</strong></td>
<td>Supplier/s provides labor and assets</td>
</tr>
<tr>
<td><strong>Service &amp; facility</strong></td>
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</tr>
<tr>
<td><strong>7. Commercial relationship</strong></td>
<td>The high-level organization to organization nature of relationship structure</td>
</tr>
<tr>
<td><strong>Arms-length</strong></td>
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</tr>
</tbody>
</table>

**Table 1**: Attributes and affiliated options of IT outsourcing configuration

This research employs the broad IT governance concept to inform the multidimensional outsourcing configuration framework in the area of context regarding IT outsourcing-related decisions as described in Table 2.
<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic alignment</td>
<td>Focusing on ensuring the linkage of business and IT plans; on defining, maintaining and validating the IT value proposition; and on aligning IT operations with enterprise operations</td>
</tr>
<tr>
<td>Delivery of business value through IT</td>
<td>Executing the value proposition throughout the delivery cycle, ensuring that IT delivers the promised benefits against the strategy, concentrating on optimizing costs and proving the intrinsic value of IT</td>
</tr>
<tr>
<td>Performance management</td>
<td>Tracking and monitoring strategy implementation, project completion, resource usage, process performance and service delivery, using, for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting</td>
</tr>
<tr>
<td>Risk management</td>
<td>Risk awareness by senior corporate officers, a clear understanding of the enterprise’s appetite for risk, understanding of compliance requirements, transparency about the significant risks to the enterprise, and embedding of risk management responsibilities into the organization</td>
</tr>
<tr>
<td>Control and accountability</td>
<td>Leadership, control, and direction from those persons within an organization with authority to govern</td>
</tr>
</tbody>
</table>

Note: Most definitions follow those of ITGI (2007), except regarding the issues of control and accountability, which were defined by Webb et al. (2006).

Table 2: Elements of IT governance

The analytical framework of this research draws upon the sources outlined above. A common feature of these is their heuristic value, meaning that they do not address algorithmic rules, for example, that selective outsourcing is better than total outsourcing; instead, they are an analytical scheme one can use to conduct empirical research.

A critical limitation of using these models as an analytical framework is the lack of focus on organizational arrangements. To deal with this issue, a multidimensional outsourcing configuration framework informed by processual analysis was reinvented as the analytical framework. It was necessary to create the following two elements.

- **Organization arrangements**: formal organizational arrangements, such as organization form and staffing
- **Processes and activities**: a set of authority allocations and implementation procedures, and activities for service management.

I define the multidimensional outsourcing configuration framework as “a high-level description of the set of outsourcing and organization arrangement decisions and their dynamic relationships in terms of strategy, contract structure and organization construction”. Figure 1 illustrates how this framework is constructed.

Phenomena related to outsourcing and organizational change need to be comprehensively analyzed in terms of three dimensions: strategy, contract structure, and organization construction. Among these, a strategy is formed by four decisions from the outsourcing configuration framework: scope grouping, financial scale, resource ownership, and commercial relationship. Researchers have observed that strategy building takes place in the architectural phase of the sourcing lifecycle. On the other hand, contract structure is determined by three decisions: supplier grouping, pricing framework, and contract duration. Contract structuring comes up during the engagement phase. Finally, organization construction refers to the decisions concerning organizational arrangements, processes, and activities. This occurs during the operational phase. All of these choices are evaluated within a contract term or at the end of the term as activities in the regeneration phase.

On the other hand, relevant IT governance concerns as contexts for specific decisions were conceptually confirmed by the pilot study for this paper. For example, two organizational construction-related decisions can be explained by all IT governance concerns, whereas the resource ownership decision is strongly associated with control and accountability concerns.
5. Empirical investigation

5.1 PPS’s ITO

PPS is the central procurement organization of the Korean government. Going beyond its original contractor’s mission, PPS developed a nationwide e-GP system in September 2002 as an application service and integrated e-GP portal for all public organizations, from central and local governments to state-owned enterprises. Its annual transaction volume reached $56.6 billion in 2008 (USD1 = KRW1,114), involving 39,000 public organizations and 150,000 suppliers. The number of tender notices published through it was 330,000 in 2008 (PPS 2009). Until 1999, when there was only a small central e-GP system, as few as 21 in-house IT experts were able to manage it with the support of a small number of external operators and there were still only 24 staff members in 2005. Increasing the number of in-house staff was not allowed because doing so ran counter to the trend of government reform characterized by downsizing and privatization (Cheong 2008; Song 2004). Inevitably, outsourcing was adopted in 2003.

PPS aimed to develop in-house capabilities through organization and outsourcing contract transformation in 2005. In-house IT experts had had trouble defining their roles considering the outsourcing circumstances. Duplicated procedures and vague roles and responsibilities defined for employees of PPS and suppliers were recognized as the causes of this problem. There were acrid disputes among those advocating one of two opposing positions. Most IT experts argued that technological and supervisory work was required and that the in-house capacity needed to be increased, but others suggested that outsourcing management should be altered to be more performance-driven and that in-house capabilities should be developed to focus more on service management than technology.
To summarize, there was a substantial change in the organizational and contract structure. Essentially, this meant cutting off the direct intervention of in-house staff, increasing the flexibility of the contract and organizational structure, and focusing on service level assessment. Following the descriptions in Table 1, within strategy dimension, co-sourced options were changed to arms-length in commercial relationship and from labor buy-in to onsite in resource ownership. Within contract structure dimension, those changes included best-of-breed replacing sole supplier in supplier grouping, hybrid of lump-sum fixed and cost-based pricing instead of pure lump-sum fixed in pricing framework, and prolonged contract duration from 1 year to 3 years.

The most significant changes appeared in the organizational construction dimension as illustrated in Figures 2 and 3.

The rationale of the organizational form was changed from a business domain-based sub-system (e.g., e-bidding, Internet shopping mall) to an IT infrastructure library (ITIL)-based process unit (e.g., service desk, incident management, problem management). ITIL is the international standard of IT service management authenticated by the International Standard Organization (ISO). Before 2005, the e-GP service operation within PPS had been a hierarchical bureaucracy that was copied by the outsourcing suppliers; however, it was transformed to a horizontally arranged ITIL process-based bureaucracy. Instead of vertical responsibility within a business domain from the collection of user requests to the test of released functions, process managers were put in charge of specific processes across all business domains within the IT service management (ITSM) system. This was originally designed in the strategy dimension and supported by the contract structure transformation, as those were interrelated. This is an appropriate example showing the aspect of decomposition and recomposition of bureaucracy suggested by Kallinikos (2006).
Institutionalized human behaviors are critical. Some hierarchical structure remained within each process because internal experts cannot imagine outsourcing everything. Instead of covering all processes, an alternative was to keep in-house responsibility in selective processes, such as problem management, but most existing staff urged that supervisory work should be maintained for all processes of any depth.

5.2 DCSF’s BPO
Outsourcing of TPS administration is managed by DCSF, which deals with child and family services and education. TPS administration outsourcing was first awarded to Capita Hartshead in 1996 as a seven-year contract. The company was awarded a second contract following competitive tender in 2003. The initial contract had a budget of $27 million (GBP1 = USD1,586) for the first year, but the cost was reduced to $14 million in 2003 (Capita, 2003). This dramatic cost saving was achieved after a staff reduction, which was mainly enabled by IT innovation under BPO. Through Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements, there were 479 staff transfers from the DCSF to Capita in 1996; however, the number of staff members decreased to 250 under the next contract (Capita 2008). TUPE is an important part of UK labor law, which “preserves employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer.” (BIS 2009). The remaining individuals are still working for other pension-related contracts that were brought into the same site by the company. This policy was originally accepted by DCSF to gain advantages from both cost reduction and employment stability.

The background of this deal was the British government policy of privatization. Since then, DCSF has facilitated performance assessment-based outsourcing management. Featured
chosen options of the configuration framework are total ownership (resource ownership), arms-length (commercial relationship), lump-sum fixed price (pricing framework), rollover (contract duration), etc. In the organization construction dimension, divisions were separated into policy and contract management, and processes and activities were handled through regular meetings and informal relationships between DCSF and the supplier.

A common concern of those in DCSF as well as PPS is the loss of in-house capability as represented by the following statements made by a DCSF senior officer.

There’s no doubt, in financial terms our value has increased over the life of BPO contracts. The level of service that is available to members has improved very considerably…. In terms of have we lost anything? Of course, if there is a concern, it’s that as some of us get older and move on, the actual expertise within the department on pension’s issues will diminish.

Respondents emphasized the role of experienced older and incumbent officers who gained abundant knowledge when they were young. Those who were transferred to the supplier played a great role in achieving a soft-landing of the deal, and those who remained at DCSF were fine client staff members who were good at the businesses. Therefore, they worried about the decrease of such experienced staff members within both groups. To solve this problem, DCSF has refined its communication channels, audit systems, performance assessment skills, etc. However, younger staff showed slightly different stances. To them, the work of each part is exclusively allocated. For example, administrative work is no longer the mission of DCSF. In fact, the operational knowledge accumulated by employees of the supplier surpassed that of DCSF workers. This shows how different institutionalized human behaviors affect the recognition of phenomena. Seniors were focusing on the integration of policy and administration works based on their own experiences.

6. Implications
Through contextual and micro-level analyses, the research found evidence that client organizations appear to work at transforming outsourcing-related strategy, contract structure, and their own interrelated organizations in the context of five IT governance concerns. For example, deciding to be a policy-centered department, DCSF chose total ownership and arms-length relationship options to meet its strategic alignment concerns. On the contrary, positioning e-GP management as a core competency, PPS altered its related choices to arms-length, onsite, best-of-breed, etc. Human behaviors and social contexts were strongly involved in these processes.
The comparative study revealed three standards emerging as rationales for the decisions of the client organizations when they moved to outsourcing: core vs. non-core perception of outsourced functions, high vs. low supplier switching costs, and high vs. low variability of business and applied IT. For example, PPS recognized e-GP as its core function, so it denied total outsourcing. In addition, high variability was the cause of implementing a customized system that relied on a specific developer company rather than using packaged software. PPS tried to develop complicated procedures to manage the relationship with suppliers because it is hard to switch vendors.
Against expectations, explicit distinctions, such as cultural differences between two government environments and differences between ITO and BPO, did not sufficiently explain the core phenomena regarding outsourcing and client organizational change. In practice, core/non-core perception was found to be the key shaper of the decisions about related
structures and human behaviors. Overall, the research provides an enriched and extended outsourcing configuration framework for disaggregating and doing further research, and for practitioners helping to manage, it provides in-depth outsourcing arrangements. This paper makes up for the lack of studies on the structure of bureaucratic client organizations’ processes of change in the context of outsourcing. The survival of bureaucratic orders in an outsourcing relationship is shown by Kallinikos’s perspective in theory and the result of two empirical investigations. In addition, the outsourcing-related research can be strengthened by the theoretical underpinnings and in-depth case study findings produced by this paper.

This research proposes and confirms the applicability of two methodological instruments. The first one is the employment of the longitudinal case study as a research strategy for outsourcing studies; second, this provided two well founded analytical frameworks extendible to other outsourcing-related research and also demonstrated their applicability. These are the processual analysis-informed multidimensional outsourcing configuration framework and standards for outsourcing environment classification drawn from an empirical investigation. These frameworks can be used by other researchers in the areas of outsourcing and organizational change in a contextual manner. Researchers can put their own data into the multidimensional configuration framework and analyse different outsourcing environments using the criteria of core/non-core, switching costs, and business and technological variability. To meet the length stipulations for the conference paper, the larger description of the case studies was omitted here. Readers can refer to the author’s unpublished PhD thesis (Lee 2010) if they require more information.

During the research, I identified some areas requiring further. The first and simplest of these is the application of the analytical framework to other organization settings. The processual analysis-informed multidimensional outsourcing configuration frameworks have considerable potential for universal use in outsourcing-related longitudinal research. Second, similar frameworks can be developed in other domains of the outsourcing field. For example, IS development outsourcing may be a feasible area in which to apply a similar approach. Another important candidate for research is the development of human resources and organizational capability.

References


