Review

Antecedents of the Outsourcing Relationship: A Systematic Review

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Abstract. Recently, the advancement in business competition is increasing. Outsourcing has become an important strategy in the organizations. Most of the outsourcing objectives are for cost-saving and focusing on the main activities in the organization. To realize the importance of outsourcing, the goal of this research is to explore the key theoretical views that are related to Business Process Outsourcing (BPO) and Information Technology Outsourcing (ITO) relationships which BPO and ITO, which are the same, means that others are responsible for the non-core work but is a different part of the work. Therefore, this research is interesting in terms of seeing the different perspectives of outsourcing. The research articles in the ScienceDirect database from 2000 to 2018 with related domains were collected using related keywords such as BPO, ITO, outsourcing performance, and outsourcing contract duration. After all relative papers were collected, they are categorized into four major topics including (1) Understanding in outsourcing, (2) Related costs in outsourcing, (3) Outsourced long-term relationships, and (4) Internal control systems in outsourced projects. Based on our systematic review, this study summarized the current trends of research in the concerned areas, together with significant findings that can be applied, integrated, or compared with this study.

1. Introduction

The impact of rapid changes in the industries has led to countries' confrontation with changes and adaptations in politics, economics, and people's livelihoods. Moreover, the business and industrial sectors need to change their strategy and operational guidance to survive, and to operate with stable growth. Dealing with changes in the global marketplace and being flexible to cope with global operations has become an important part of many corporate strategies [1]. In the present conditions, business competition is relatively high. In general, businesses compete in four aspects: innovation, speed, quality, and cost-effectiveness. Businesses are mostly familiar with the cost. Most businesses focus on mass production that includes expanded production lines and does not consider the cost of unnecessary work. As a result, high costs may cause problems [2].

Most enterprises need to modify various aspects, such as quality, work process, and efficiency. 'Information Technology' (IT) has also changed quickly. Thus, management processes have been changed to maintain business survival including the profits of organizations. However, both public and private organizations have hired the outside sources preparation processes to achieve their business objectives, to save costs and increase the core competencies of business innovation and subsequent changes. The concept of hiring from outside sources is known as 'Outsourcing'.

Outsourcing has become one of the important strategies. It is the most popular trend over the years making most organizations focusing on cost-saving and focusing on their main activities [3] and 'Electronic Data System' (EDSs) development [4]. Most companies use outsourcing for the operations of all supporting task sections such as warehouse management, compliance, human resources, logistics, customer contact, etc. [4]. Bryce and Useem [5] found that outsourcing can be defined as using products or services of third parties related to the main work or main activities of the organization. Outsourcing schedule is the transfer of activities and processes within the company to a third-party to perform or be responsible including the risk-sharing of results that will occur from the outcomes [6].

In the 1950s, outsourcing was officially introduced but became widely used in the 1980s. Developments of technologies, communication advancements and organizational restructuring are key driving forces of business competition causing the organization to have a good outsourcing process management for a competitive advantage [7].

As discussed above, it is undeniable that technologies have made the BPO easier, more convenient, and faster. There is a research shows that, in the early 1950s, computers began to be suggestion: According to the study, the usage of computer was popularized since the early 50's. Companies have considered whether to use their internal resources to meet their IT, including 'Information Systems' (IS), and to consider the use of services from external resources as well [8]. Carey [9] argued that IT is an activity that can lead the company toward dependency and contact with their suppliers. Therefore, the company should consider outsourcing this part.

'Information Technology Outsourcing' (ITO) had become a widespread trend [10], resulting in an annual volume of business in the order of USD 100 billion in 2000 [11]. The theory succeeds in keeping up with the pace of the globalization by responding adequately to consumers' needs and improving operational efficiency [12]. ITO is a business that has been recognized for over two decades. It has grown in the last few years and has driven the growth of the service providers and IT software sectors in many countries such as the UK, the US, and Germany [13].

In response to increasing outsourcing rates, companies or organizations should have an efficient management system. Long-term outsourcing contracts are an important issue. Nowadays, outsourcing in neighboring countries includes countries around the world. Companies or organizations should try to preserve their clients [14].

Still, there are problems in the outsourcing area. Thus, it is necessary to gather literature related to outsourcing. The findings show that most research mentioned only a few related topics. "Understanding in outsourcing" is a topic with massive attention. This study categorized the literature into three subtopics. After discussing the research design in Section 2, the identified topics were described in Section 3.

2. Research Design

2.1. Data Collection

This study conducted a systematic literature review using the academic journal articles published and indexed in the ScienceDirect database. The target articles were the ones published from 2000 to 2018. The selected research publication period was chosen because Chaichomphu [15] showed that outsourcing trend started from manufacturing outsourcing in the 1970s, ITO has been inaugurated in the 1980s, and the BPO has been started in 2000. This study emphasizes BPO. The search result found 14,565 articles. This study reviewed the collected article titles, journal titles, abstracts, publication years, authors and their countries/institutions, research methodology, results, and conclusions. The related domains, such as BPO, ITO, outsourcing performance, and outsourcing contract duration, were used to gather the literature.

After reviewing using keywords, there are 65 related research articles. Based on the systematic review procedure, this study summarized the current trends of research publications in the related areas, together with significant findings that can be applied, integrated, and compared with other studies.

2.2. Analysis Method

This study followed a systematic review methodology based on Jongserijit and Moonmuang [16]. First, the nature of the problem is determined because this may lead to different research. An ideal research problem should consist of three components: variables for study, population, and results. This study focused on research articles published in academic journals related to outsourcing. Our goal is to analyze the literature of outsourcing studies to present "*Which research methods are used the most?*", "*What's topics and scope of research that are most interesting*" and "*What are these educational gaps?*". Second, for data collection, this study searched in many sources including reports from people who have already done review articles or from other sources, such as specialized journals, etc. One important instruction of the data collection procedure is screening the data obtained from the collection. Microsoft Excel 2016 is used for collecting and summarizing the data. The numbers and proportions of the collected research articles are presented to show the data trends. EndNote X9 is used to manage the reference documents.

3. Current Trends in Outsourcing Research

Despite the increasing acceptance of BPO practices, the management of BPO's commitment to employment is still unclear. The data were collected in the form of before-during-after outsourcing stages for decision making. Outsourcing is an ever-growing industry. An article published by Plotkin [17] stated that, in 2017, 31% of all outsourced IT services were hired, and the number was probably ascended to 43%. In 2019, there was an increasing trend in outsourcing worldwide. Technology and innovation businesses, organizations and industries with social responsibility and data security customers utilized more outsourcing for customer satisfaction.

There are 15 different countries based on their affiliations in the collected research articles, with 14% unidentified, as shown in Fig. 1.
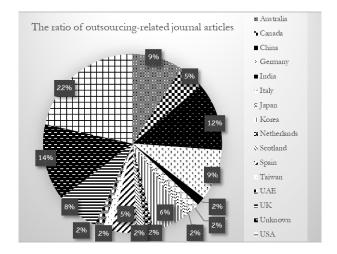

Fig. 1. Percentage of outsourcing articles in each country.

Figure 1 shows that a country with the highest percentage (22%) of outsourcing research articles is the US. Despite focusing on BPO in popular media, in the mid-1980s, the organization's problems indicated an issue of compatibility between IS and organizational goals [18-20]. More than 90 percent of the large companies in the US have BPO/ITO. Allen and Chandrashekar [21] showed that the rate of outsourcing had been climbed from 8.2% in 1997 to 9.4% in the next year. ITO became one of the elements in seeking a larger IT. The organization can be traced back to 1989 in the late 90's report. Allen and Chandrashekar [21] defined BPO as a "*new big wave of business*". There was continuous research development over the years to reflect the theoretical changes and practices including a deep understanding of the business impact caused by outsourcing. At the same time, risk management in ITO was still the most popular topic.

ITO's situation in the future of the UK is reported by Garfinkel [22], which revealed that ITO spending was forecasted to reach USD 3.8 trillion in 2019, up from USD 3.2 trillion in 2018. The lack of skilled technical engineering personnel within the organization is one of the main reasons. One survey showed that more than 70% of the UK organizations would face a shortage of talented personnel during the next 12 months.

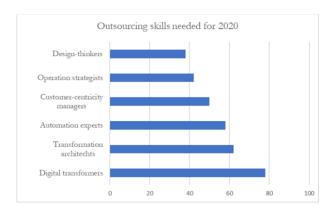Figure 2 presents the expected outsourcing skills needed for 2020 [23].

Fig. 2. Outsourcing skills needed for 2020 [23].

In the next Sub-section, an overview of the results found from the literature review is presented. Four topics are illustrated: (1) understanding in outsourcing, (2) related costs in outsourcing, (3) outsourced long-term relationships, and (4) control systems for outsourced project performance.

3.1. Understanding in Outsourcing

3.1.1. Outsourcing overview

Based on the goal of this research is to explore the key theoretical views that are related to BPO and ITO relationships. The result that we found show in the following details.

BPO can be defined as assigning at least one non-core process to a third party to manage the process to achieve the objectives of the client company, as well as to spread responsibility and risk [24-29].

ITO is the assigning third-party vendors to supply IT products and services, including the practice of transferring IT assets, staff, and management responsibility for delivery of services which previously was carried out within the organization [4, 10, 26, 30].

The success of BPO and ITO is measured in several ways including the general perception of customers about the success of a project or relationship quality, performance, and business resources [31, 32]. Moreover, decision-making is the most concerned issue of outsourcing [33].

Although the trend of BPO growth is high including the benefits of business management as mentioned above, there are some studies that found the high rate of BPO failure [34-36]. Hirschheim and Lacity [37] found many contract extensions or terminations. Previous studies [29, 36] showed that the key reason for these failure rates was the challenge associated with managing outsourcing relationships.

First, ITO emphasizes IT performance [38]. On the other hand, BPO is more complex and can extend the scope of employment beyond the technical focus of the ITO project. The objectives of the BPO tend to focus on improving business efficiency, which includes reducing delivery costs, fast business transformation, and innovation [39]. Numerous researches have demonstrated the -benefits of BPO [29, 40, 41], such as accessibility to resources, cost-benefit, innovation, and high-quality service.

Second, the knowledge needed to apply is completely different between BPO and ITO. In general, the integration of knowledge in ITO is a *"goal-focused"* while BPO focuses on *"process-focused"* [42].

Third, the BPO does not have a definite beginning and ending [36, 43, 44].

Finally, the research of ITO and BPO emphasized the importance of satisfaction and the determination to succeed in outsourcing [29, 36, 44]. Satisfaction tends to be unsustainable [45-47]. However, the contract is more stable action than evaluating satisfaction. It reflects a more comprehensive and tighter assessment of customer intentions in fulfilling agreements and developing relationships with outsourcing [29, 48].

Outsourcing has grown because many organizations have transferred responsibility to outsourcing. For example, human resource outsourcing, transportation outsourcing, contracted outsourcing with customers, etc. [49] The success of outsourcing depends on the cooperation knowledge sharing and learning between companies about *how to develop and revise process operations?* and *how to support each other to achieve the organizational goals?* Gerbl et al. [3] emphasized the understanding of location distance decision and regulatory model options for BPO decisions. They tried to fill this gap by increasing understanding about how organizations choose to outsource between nearby and offshore vendors (i.e., location distance options) [50]. Similarly, Bunyaratavej et al. [51] studied a parity perspective of the house on the host country factors. They found a company tends to operate offshore because of its low wage location [51]. Besides, among different business processes, it was found that the influence of surroundings, nature of the company, work technique and privacy, and specific actions are the potential factors that can affect the company's corporate governance model [52]. Some researchers confirm that the distance of the location and the options of the management style depending on appropriateness between various factors of the organization, location, and characteristics of external production processes, including risk assessment [1].

The attractiveness of location influences the choice of the governing model to better understand the Dunning's electric paradigm [53]. With the '*Performance Metrics and indicators*' (PMM), it can be used to make decisions about outsourcing. Gunasekaran et al. [54] presented a classification of PMM in decision-making before-, mid-, and after-outsourcing, based on both economic and non-economic considerations. Graf and Mudambib [55] improved the understanding of decision-making on BPO-related locations using the past theories and researches on location attractions. Also, there are some examples of key considerations for location-distance decisions such as the availability of advanced telecommunications, resource management, expenses, quality of labor, labor cost, government financial incentives, and good transport access [56].

ITO helps generate multi-billion dollars for industries [56]. Cullen and Willcocks [57] predicted a large agreement that involves a complex process may be seen as one-third of the cause of failure. Most commercial publications supported this prediction. There are also a variety of suggestions that can bring success. For example, a suggestion that "*outsourcing-selection*" is more successful than "*outsourcing results*", 80% of the IT budget should be assigned by an individual supplier [58, 59]. Despite the additional costs of contract management and maintaining relationships at a high level, Rouse and Corbitt [60] reported that the likelihood of people involved in the selection of employment was insignificant for cost savings or business flexibility.

The company's activities outside of IT cost savings/risk (transaction costs perspective), or their core competencies can be considered as Lacity et al.'s study [61]. Due to the increasing importance of outsourcing, it is necessary to understand *why certain services are produced internally?* and *why some services require outsourcing?* Earle [62] concluded that ITO was able to cause some risks including lack of IT personnel, job control trouble, failure of organizational learning, and damage to the creative ability. Lacity et al. [63] showed the ITO classification was not only efficiency (i.e, project efficiency, customer performance, business efficiency and customer satisfaction) and quality relationships (i.e., the trust and working relationships of customers, service providers

relationships) but also the ability (i.e., an ability to manage human resources, service providers, the ability to manage customer relationships, and the technical and methodical abilities of both customers and service providers). Lacity et al. [64] showed that BPO processes were more diverse by including customer efficiency (e.g., cost and/or profit reductions), relationship quality, effective governance, effective knowledge sharing (i.e., the ability to manage business processes for both customers and service providers), and customer /service provider alignment.

3.2. Related Costs in Outsourcing

3.2.1. The core theory

The ability to follow strategies and the control of economic transactions between companies is based on the *'Theory of Transaction Cost Economics' (TCE)* and the *'Agent Theory'*.

Williamson [65, 66] defined *"transaction"* as the transmission or negotiation of goods or services between organizations. A transaction refers to the administration, negotiation, monitoring, and enforcement costs. Transaction costs are divided into two steps: the first one is before-contract costs which include the third-party exploration costs and contract costs (i.e., negotiation and contract drafting) and the second one is after-contract costs, which include monitoring/application costs, adjustment costs, bond (i.e., costs for the vendor to work comply with contractual obligations) and dissolution costs (i.e., costs of contract termination). The frequency of the transactions, the uncertainty included in those transactions, and the specificity of the assets of the transaction. These three aspects are developed into TCE which establishes appropriate regulatory guidelines for outsourcing.

The *Agency Theory* developed by Jensen and Meckling [67] describes the corporate governance mechanisms supported by human behavior and organizations that predict management motivation for misconduct, such as creative accounting for transfer economic benefits. This theory assumes that business owners are not able to manage a business alone and have to assign someone else to manage the business. This theory demonstrates the relationship between departments that occur between two parties. The principle is the delegated person and the representative is the delegated individual. As long as the representative decides to invest in order to get the most return, the company will receive the maximum benefit for the shareholders. The relationship between shareholders and executives is considered effective. However, when the interests and objectives of shareholders and executives are inconsistent, agency problems arise.

Researchers and practitioners, including those involved in outsourcing, also admitted that ITO has some risks and sometimes leads to unexpected results, in contrast to the expected benefits. The essential target of the research related to outsourcing risks is to examine management measures against risk factors related to ITO

operations. Transactions, customers, and suppliers are the three main factors causing risk for ITO, observed from TCE [68]. Using risk management perspectives [69], it is possible to establish strategic directions for expanding the scope of ITO research. Previous studies [70] examined the risks associated with potential innovations from outsourcing strategies and used confidential views, collaboration, and networks to analyze. They used examples of ITO to be a focal point if there is an increased risk of changing traditional strategies and discussing certain measures that clients can apply to control these risks. Nevertheless, it has not yet been confirmed *how to protect the data after the ITO contract?*. This problem poses relevant challenges, such as identifying suitable indicators for negotiating security levels, customer and contractor views, and guarantees. Security and reliability issues underpin the relationship, outsourcing, and the concept of *'Protection Level Agreements'* (PLA) that are appropriate in this setting. Hoecht and Trott [71] offered some mathematical methods and models for risk analysis. They also created an incentive contract for ITO.

In conclusion, the economic perspective has two important core theories (i.e., TCE and the Agency Theory) with the same principles about the financial control mechanism in order to make outsourcing appropriate. Anyway, only the Agency Theory has involved with human and organizational behavior and human relations.

3.2.2. Contracting Costs, host vs. home country outsourcing

The contract cost for the home country is varied according to the contract of the host country. These costs include efforts to negotiate contracts and drafts [47]. They can be increased when organizations encounter problems in obtaining relevant information to negotiate agreements. They include evaluating the assets and behavior of partners [93]. Besides, the imbalance of information that increases in cross-border transactions requires investment to find more information [72, 73].

Dekker et al. [73] examined the outstanding forms of cross-border collaboration - outsourcing strategies of companies in the host country in which they operate - and compared contract options with those done for relationships. In similar home countries, they have compiled survey data from the Japanese company that has domestic outsourcing and a Japanese company that has overseas outsourcing. The results showed the complexity of the contract does not contrast between domestic countries and similar overseas countries. Nevertheless, following their assumptions, the host country's contract has a shorter duration, greater restoration requirements, less flexibility, and a relatively high contract cost.

3.3. Outsourced Long-term Relationships

According to research, the *'duration'* of a relationship refers to the actual duration of the ongoing ITO relationship between customers and vendors specified in

the contract [35]. The true duration of a relationship may be greater, less than or equal to the contract period depends on the specified condition in case of renewal the contract or terminated the contract prematurely. A multi-theoretical perspective is used to explore the time-specifying factors of the outsourcing relationship [35].

The focal point in the previous studies is looking at the success of the outsourcing project in three areas: (1) External process/operational efficiency, (2) Goals (e.g., cost reduction), and (3) Realization [74]. Compared to the other two sides, the term of the BPO contract duration is a simple and significant for measuring success [75]. The period often reflects the expectations and performance perceptions, which demonstrates '*perceived performance*' between the client and the vendor. Mani et al. [41] showed that '*timing*' is an important factor in long-term action.

Koo et al. [76] found that the learning organization of many vendors hires from the view of social relationships. '*Social relationships*' have some concepts explaining the relationship between the 'organization and the social organization facilitating' and 'organization learning blocking'. Their research examines that the two different relationship structures, the one vendor models and the multiple vendor model, concluded that they involve two types of organizational learning: self-seeker organization and exploration organization [76]. Also, they examined the importance of three dimensions: (1) Structure (i.e., main functions and non-core functions), (2) Efficiency (i.e., relative to transactions), and (3) Cognition (i.e., business value compared to IT capabilities).

Interdependence and the scope of work that they can trust each other are the two key-factors to identified the long-term orientation in the relationship between client and vendor [77].

Each company must have methods or concepts that explain *why companies need to act accordingly for a competitive advantage*? that is a long-term outsourcing relationship a.k.a. '*Strategic perspective*' [78]. In a previous study [79], the '*Resource-Based Theory*' (RTB), which is one of the company's strategic perspectives, showed the company's competitive advantage as an IT capability cannot be imitated. For this reason, the IT capabilities of a company must be precious, and hard to imitate or substitute. With the conform and characteristics of strategic capabilities, the researcher has shown that it is possible to imitate or substitute IT products/services because there are still vendors who want to produce products at a low cost due to the economy of scale. Therefore, they need to abide by the standards rather than pay attention to differences or uniqueness.

Moreover, based on Huber [80], another strategic perspective is the '*Organizational Learning Theory*' which suggested that IT capability is necessary for continuous learning about the differences in IT products/services. Cohen and Levinthal [81] stated that the learning of clients from the ITO contract is ineffective, unless that specific method is well-managed to support learning and maintain knowledge. Therefore, with or without client learning, there may be a certain direction of satisfaction with the

relationship for the benefit of competition and dependence on a developed vendor in the future. The vendor development can affect the duration of the relationship [82].

In addition, software manufacturing companies, both large and small sizes, accepted outsourcing in all software related tasks. Therefore, software maintenance outsourcing has become the most popular choice in the software industry. Software companies are looking to maintain and support their activities for competitive advantage [83]. Karabulut et al. [83] offered and recommended methods for reliable and cost-effective maintenance. There are two methods of maintenance activities. The pros and cons of both methods (i.e., maintenance activities are employed by one or more external organizations and maintenance activities within the company) are discussed and analyzed for risks.

In conclusion, the company is unable to take action if there are insufficient resources resulting from inappropriate strategic operations. A company, therefore, needs to take action according to the strategic perspective of the company and dependence on external resources, as well as better management. Nevertheless, the organization's outsourcing strategy depends on the level of activities that are focused on, including the process of controlling the activities between the organizations to value-added [65].

3.4. Control Systems in Outsourced Project

Table 1 illustrates the variables used to define the outcome orientation, the results from research related to BPO and ITO, and key findings.

'*Controlling*' the relationship in outsourcing means that the client company controls the actions of the vendor company to achieve the desired goal [87-89]. In some situations, formal control system constructs a certain operation to control and show more transparency which may affect relationships and strengthen controlling scheme between organizations. A useful initiative concept for studying internal control in outsourcing relationship is to consider what a single internal control company has been conceptualized.

Control systems are categorized in various ways: formal control compared to process control and outcome control. Mechanisms are operated with organic controls. Control systems consist of formal controls and informal or societal controls. Within the formal controls, Ouchi [89] and Eisenhardt [90] distinguished between controlling results and controlling behavior. Controlling results can be the measurement and monitoring of the results of operations or behavior. Behavior control includes regulation and standard operating procedures, and identify and check the behavior of people. As mentioned by Ouchi [89], controlling results are said to be appropriate in situations that can be measured at high levels and the ability to program low workloads. At the same time, behavior control is suitable for situations of low ability to measure values in cases. As the potentiality to measure

results and programmability is high, either behavior control or outcome control may be used.

Process control and behavior control are the two perspectives of formal controls. Process control and behavioral control are used by customers to assess the effectiveness of the vendor following the methods and procedures specified by the vendor [91]. Outcome control is used by the client to evaluate the effectiveness of the vendor to the extent that the final goal and achieve the desired goal, regardless of process control [92]. Process control describes *how to achieve the desired results*? while the outcome control explains *what to do in an external project*. There is a research that shows a decisive relationship between formal controls and performance [92].

They discovered the conflicts about the capability of process control and outcome control in external outsourcing projects [91, 92]. Therefore, more evidence is needed in order to be aware of process controls and outcome controls that affect the performance of third parties. For example, Tiwana argued [92] that the outcome control has a positive effect on the performance of the outsourcing project due to the hardness of using process control.

Respectively, the results of outcome control may be better and more reliable than process control in external outsourcing projects.

The nature of social relationships is based on the concept of supported organizational relationships with social organizations or blocked the flow of knowledge and organizational learning. It is an examination in the context of social interactions that help companies cope with resource shortages while meeting their goals of reducing vulnerabilities and uncertainty and independence [84-86].

The necessity to acquire valuable knowledge and effective means to increase the understanding of organization learning from a social perspective and combining existing knowledge with the ever-changing business environment (i.e., '*dynamic business environment*').

There are a lot of previous studies discussing the controls on outsourcing projects. An important point is the outcome orientation.

A case study of Ahmed [106] analyzed the actual benefits sought and received from the '*Employment of Engineering and Facility Management*' (EFM). Burdon and Bhalla [107], according to a study in collaboration with the major outsourcing service providers of EFM in Australia and Southeast Asia and a consulting company studied the case of outsourcing in Shanghai, China. The research showed that the hotel industry settled in the area tried to implement outsourcing. However, it was not always successful. Shanghai hotel manager investigated and analyzed the relationships between various factors in the outsourcing between hotel ownership and managerial work. As a result, the research shows that, in China, outsourcing is incomplete. There are some laws that interrupted the outsourcing [108]. This finding also challenged the value of primary logic including non-core work which is the basis for outsourcing. Moreover, they also challenged the value of the main/minor logic as a basis for outsourcing. The

research [109] also identified the influence of political motivation on outsourcing, which is an important area for additional research.

4. Discussion

This study attempts to gather research articles related to outsourcing within the study scope. Although many types of researches provide a different definition of outsourcing, the overall definition and working principles including the purpose of outsourcing have no difference. Outsourcing has become increasingly popular. The success of companies and organizations requires good outsourcing management while maintaining the relationships in long-term contracts.

ITO has shifted from relatively straight forward concepts to the complex concepts in the last 15 years, from the combination of options and complex permutations. The number of outsourcing-related research publications has expanded in recent years with more research methodologies. This is the reason why this research examined and reflected on the employment ITO. Initially, the strategies and concepts of the hiring process were modified. Based on this issue, the framework for outsourcing that focuses on the initial implementation and maintenance of the process has been developed. The aim is to use outsourcing theories for the next step in industrial practice.

On the contrary, there is still insufficient evidence to understand the complexity of the hiring decision such as distance, location and options, regulatory style and contract cost for host, and home subcontractors. For the contracts, clients should try to properly specify vendors the overall purpose of the particular outsourcing specification. In particular, there must be a respectable and well-managed vendor whose main objective is to maintain a reputation. The connection between the customer and the service provider begins when the contract is negotiated. This connection is an important component of service delivery during the contract period. In order to create effective relationships, good communication is necessary; it is resulting in successful outsourcing management and achieving goals efficiently.

Some researchers created the models to easily understand the outsourcing or guidelines for more effective BPO management. Still, there are challenges in their models. During the test of empirical model, the hypotheses require additional customization and additional operations, with the necessary measurements for each model. Possibly, combining secondary data and surveys may be the best way to move forward.

There are many international types of researches highlighting outsourcing with various research methods. The statistics create room for advice on national bias and cross-cultural relations. So, it is reasonable to assume that outsourcing can indicate the increasing economic role of IT businesses. Considering the confusion of outsourcing decisions, the gap in this research may be filled by future studies.

Table 1. Literature review about the key characteristic of outsourcing outcomes in the ITO and BPO.

	Outcome orientation	Variables from ITO research	Variables from BPO research	Key findings	References
1	Performance: Contractual governance	Contract size; control mechanism; contract type.	Control mechanisms.	Both BPO and ITO outcomes are influenced by an elaboration in contract.	[93-95]
2	Performance: Transaction and organizational characteristics	Transaction attributes (uncertainty, measurement difficulty); Decision characteristics (top management commitment, evaluation process of outsourcing decisions); Client firm characteristics (Client experience with outsourcing).	Similar variables.	BPO literature reports no significant influence of transaction attributes, decision characteristics, or client characteristics on outsourcing outcomes.	[96, 97]
3	Relationship quality: Relational governance	Trust; prior client/supplier working relationship; relationship quality	Relationship specific investments;	Both the BPO and ITO literature identify three key factors related to relational governance: communication, effective knowledge sharing, and a partnership view.	[98, 99]
4	Capability: Client firm	Client's technical and methodological maturity capability; client's ability to understand and adapt to cultural differences; client's ability to mitigate risks.	Client's ability to manage the business process in-house	Both BPO and ITO literature show that the client's ability to manage suppliers affects.	[100-102]
5	Capability: Service provider firm	Service provider's technical and methodological capability; supplier's domain understanding.	Similar variables.	A service provider's human resource management capability has been found to be a key determinant of outsourcing outcomes in both BPO and ITO. BPO research has not examined the influence of a service provider's domain understanding on BPO outcomes.	[103-105]

5. Limitations and Directions for Future Research

First, this research was conducted in a specific research database, ScienceDirect. Despite its reputation, there are many other research database. This study's data collection may result in incomplete information. From Sub-Section 2.1, data extraction shows that the results of all research data related to outsourcing consisting of 14,565 journal articles. Although this study found an important relationship between the variables as included in this review study, this research has limited scope for the specific search selection such as outsourcing performance and outsourcing contract duration. Therefore, the selected results narrowed down to 65 journal articles.

Second, this review study does not specify the categories of outsourcing but it would rather touch on a broader sense. Diving into a certain category of outsourcing could be an interesting topic for future study.

Finally, future research may study from some different perspectives as proposed by this study's findings. The proposed interesting BPO/ITO research problems include: *"How the company identifies the operational activities, decision variables and performance measures that provide the input to the outsourcing strategies?" "How the company measures outsourcing satisfaction?" "How the company manages their outsource?" and "Why the company see the necessity/unnecessity to outsourced?".* In addition, it is necessary to consider the scope, type, and size of the industries, companies, and organizations.

6. Conclusion

Many research articles have studied the outsourcing of companies and the reasons for outsourcing to enable the organization to focus on the main activities that help them develop a continuous competitive advantage appropriately.

This research conducted systematic reviews in order to understand the current trends and discover the potential issues and research questions for future study. Based on the conclusion of this research, the outsourcing process involves continuous decision making all over the outsourcing contract life cycle. The last one is about the determination of important outsourcing outcomes because finding an outsourcing company in a highly competitive situation is challenging. So, maintaining outsource contract duration is the most important in outsourcing management strategy.

Acknowledgements

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