

## IT OUTSOURCING PARTNERSHIPS: EMPIRICAL RESEARCH ON KEY SUCCESS FACTORS IN BULGARIAN ORGANIZATIONS\*

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*Outsourcing has recently developed as an overall business strategy in the search for global competitiveness. As a part of this process, IT outsourcing is widely spread in the Central and Eastern European countries. The objective of the paper is to identify the key factors affecting the success of IT outsourcing partnerships on the basis of an empirical study conducted in Bulgaria. The paper presents selected results from a survey of outsourcing relations considering the development of successful strategic partnerships in IT outsourcing practices. According to its results, the most influential factors of these partnerships' success are the level of achievement of partnership goals, top management commitment, and the level of effective communication. In addition to this, a trustful sharing of information and knowledge between partners can build a competitive synergy for achieving goals which otherwise cannot be accomplished separately by the organizations themselves. The key factors contribute to the strengthening of IT outsourcing partnerships and to the improvement of the organizational performance of both partners.*

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## **1. INTRODUCTION**

IT outsourcing is among the prevalent practices in the global business today. It becomes an overall managerial strategy in the search for global competitiveness nowadays. It is found that business organizations decide to transfer IT services to other firms identified as “vendors” not only because of cost-related advantages – outsourcing of knowledge-intensive work also takes place in the organizational areas of core competency like applied research & development. The rationale behind outsourcing of knowledge-intensive services is to form alliances through which to take advantage of, or to add value by, the mature practices of outsourcing partners and to benefit from the complementary skills of outsourcing vendors (Smuts et al., 2010).

According to many authors outsourcing is a reasonable consequence of the globalization and the partnership between the participating actors is of key importance for the overall efficiency and competitiveness of business activities (Bergkvist & Fredriksson, 2008). If the internal IT operations are not a core competence of an organization, outsourcing some of the IT functions is considered as a way of coping with the constant technological evolution and the pressure for constant increase of the internal IT competence.

A common understanding of the typical offshore outsourcing implies a transfer of business activities and/or processes by client organizations, i.e. outsourcers to specialized overseas providers, i.e. vendors, with a primary motive of operating costs reduction. With the advance of time, however, the motivation has expanded its range involving also a focus on outsourcer’s core competences, enhancing product quality and business flexibility, reducing time to market, sharing risk, etc. and the objectives of IT outsourcing have been converted from routine tasks such as help-desk, data entry, standardized IT functions, etc. to complex analytical work, product design and development activities (Lahiri & Kedia, 2011).

Outsourcing has progressed in a strategic way where collaboration and partnership between the client and vendor are targeted to the achievement of mutual goals – which is especially valid for IT outsourcing. From this point of view, a long-term relationship based on trust and cooperation is required in order to gain a sustainable competitive advantage. Many authors have identified that the excellence of outsourcing partnership is crucial to ensure long-term success, although in many cases the partnering organizations lack the capability to achieve such an excellence (see a review by Ishizaka & Blakiston, 2012).

The **objective of the paper** is to explore some key factors affecting the success of IT outsourcing partnership. An approach for empirical study of these effects is suggested using survey data about outsourcing partnerships between Bulgarian vendor organizations and their clients, i.e. outsourcers. The survey considers issues related to the key factors of the development of a successful strategic partnership in IT outsourcing. In the framework of this study, the success of IT outsourcing partnership is related to the satisfaction with the benefits from outsourcing activities gained by a partner organization in effect of implementing an outsourcing strategy. Satisfaction is achieved when the results match the objectives and expectations from the partnership.

## 2. IT OUTSOURCING IN CEE COUNTRIES

It is widely recognized that IT businesses in Central and Eastern European (CEE) countries execute IT outsourcing deals, focusing on complex and knowledge-intensive processes, software engineering, and R&D. Such operations require substantial expertise and innovation which is provided by the available young and talented IT professionals in this region (Kaila, 2011). At the end of 2009, the software development and IT outsourcing services industry in CEE countries successfully overcame the challenges of 2008-2009 recession and returned to its growth trajectory. Year 2009 was the most problematic when the industry showed a 2-5% decrease in the IT outsourcing service volume. This industry utilized the downturn to restructure the business processes within companies and to improve the quality of operational management processes. The next period (2010-2011) showed growing demand to IT outsourcing in the CEE region realizing a noteworthy market growth of 15-20%. This way the volume of CEE outsourcing market reached 5 billion USD in 2010 and was expected to reach more than 6 billion in 2011 (CEEEOA, 2012).

The trends in IT outsourcing market development in Central and Eastern Europe (CEE) have been reviewed by various authors and organizations. As a general reflection, a clear advantage of the CEE region is the availability of adequately educated multilingual “pool of talent” that is geographically close and can be recruited at relatively lower costs. This way, many companies from the developed countries turned their attention to the CEE high-tech providers, particularly software developers and information system companies. There is no doubt that the IT sectors in CEE countries still have a considerable potential to become preferable nearshore locations for Western European businesses as well as offshoring destinations for North American companies due to the high quality of products and services and a better understanding of business needs, as compared to the Asian IT outsourcing centers (CEEEOA, 2012).

### **3. THEORETICAL FRAMEWORK**

The main orientation of the research in the area of outsourcing of high technology services is towards several aspects of vendor-client interrelations. Various studies find a relative parity between the importance of the informal aspects of these relations such as personal trust and the formal aspects formulated in the outsourcing contract (Poppo, 2002). In order to achieve strategic partnerships, however, it is necessary that both aspects of these relations are emphasized (Kern & Willcocks, 2001). According to the study by Kern & Willcocks (2001), the strategic vision and the technical capacity shape not only the formal structuring of contract relations but also the development of inter-personal relations. The factors influencing the success of the outsourcing partnerships that can be highlighted are: the high degree of synchronization between the client and the vendor; team working; balance of control function; clear responsibilities of the partners; the degree of flexibility and intensity of the transferred processes (Goles, 2001). The latter author derived several important factors characterizing the vendor organization: technical competencies; knowledge of the subject area and the specifics of client's operations; competences for coordination and management of partner relations.

It is assumed that the system of key competences of the vendor appears to be "complementary" in respect of the competences of the client organization. This can be explained by the fact that the vendor organization makes efforts to build its own technologic infrastructure, know-how, and capacity by which to substantially increase the efficiency of realization of a set of high technology services. A strategic partnership presumes sharing of the value added between the vendor and the client generated through the attainment of the comparative advantages. This is realized by a complex of both formal and informal relations between units of the organizational structures of partner organizations. It is important for applied research to determine the key factors that have a major impact on the positive outcomes for both outsourcing partners not only in the short-run but in a strategic perspective.

Previous research on the topic is based mainly on the use of large questionnaires providing information about motivation and effects of outsourcing practices. In general, their results are reported in a quantitative format (see a review by Ishizaka & Blakiston, 2012). Although IT outsourcing practices are broadly studied from various points of view, relatively little attention in research literature is paid to the factors affecting the strategic relationships and the value adding processes within the outsourcing partnership. For example, Kinnula & Juntunen (2005) consider the outsourcing partnerships

where the relationship success factors were evaluated from the point of view of both parties. Two categories of resulting factors are identified: (i) those concerning the formation phase of a relationship, and (ii) those concerning a mature relationship. Albeit the interest regarding the key success factors is growing, there is still a scarcity of empirical evidence for the specifics and the degree of their impact on the success of IT outsourcing partnerships.

## 4. METHODOLOGY

### 4.1. Research Model

The analysis is structured in the framework of a specifically developed **model of key success factors** (MKSF) which reflects the achievements of research in IT services outsourcing in the last decade (Beulen et al., 2011; Barthélemy, 2003; DeLone & McLean, 2003; Kern & Willcocks, 2001). It provides an abridged presentation of the interrelations between the key characteristics of IT outsourcing partnerships which determine its success or failure. At the same time, MKSF is also intended to stipulate practical implications since it helps the applied researchers and IT managers to better understand the nature of an IT outsourcing partnership and to identify which factors are the most influential one in respect of its overall success. The model incorporates the following key factors:

#### 1) Top management commitment

No partnership can be successful without a clear engagement of the top management of both partners in the outsourcing partnership goals. Client organizations (outsourcers) should assume that the dedicated management requires a strategic understanding of outsourcing partnership goals as well as capabilities for sophisticated negotiation and mediation (ITBE, 2010). Executive leadership and its commitment are recognized as an important factor for a successful IT outsourcing arrangement (Donald et al., 1991; Iakovou & Nakatsu, 2008). In an outsourcing setting the managers need to consider strategies for ensuring the discipline of the outsourcing relationship by developing such a governance structure that goes far beyond the typical operations and processes.

*Hypothesis 1 (H1). The degree of success of an outsourcing partnership is positively related to the degree of commitment of top management.*

## 2) Common aims and objectives

This feature is considered as important factor of the outsourcing partnership as it presumes “goal symmetry” between the outsourcer and vendor organizations. Both parties should be responsible for adding value to the relationship by stimulating them to better focus on organizational and cost efficiency (Kishore et al., 2003). Having such a strategic arrangement, partners are able to transfer not only peripheral but also core business processes. Having clearly identified common organizational goals both parties should benefit from external input which is expected to provide a long-term impact on the success of the relationship.

*H2. The degree of success of an outsourcing partnership is positively related to the establishment of common aims and objectives.*

## 3) Bidirectional transfer of knowledge (BTK)

BTK emerges when optimal (in terms of quantity and quality) information necessary for the realization of the service is provided through the channels of effective communication between the partners. The knowledge could have two forms: implicit i.e. informal, tacit, and explicit i.e. formal (Nonaka & Takeuchi, 1995). Special attention should be put on the way in which organizations “learn” from their partners as this appears to be one of the means for the development of key competences. The following research hypothesis is formulated in respect to this factor:

*H3. The degree of success of an outsourcing partnership is positively related to the degree of effectiveness of BTK.*

## 4) Achievement of the contracted mutual goals as results of outsourcing partnership

Another key factor in the model is the degree of achievement of results set as contract goals in the outsourcing agreement. This degree should reflect the divergence between the actual benefits and the relative costs that the client organization would have to spend without the realization of the particular partnership (Anderson & Narus, 1990). A research hypothesis regarding this factor is also formulated:

*H4. The degree of success of an outsourcing partnership is positively related to the degree of achievement of contracted goals.*

#### 5) Mutual trust

The third key factor reflects the intensity of the informal relations between partner organizations having to a great extent a psychological dimension. The degree of trust between the partners compensates any potential drawbacks of the formal contracting and the lack of strong defense clauses in the outsourcing agreement (Lee & Kim, 1999). This factor reflects the flexibility of the cooperation and the orientation to mutual correctness based on the understanding that the interests of the partner organization should be respected (as far as “the success of the partner works for our own success”). The following research hypothesis is raised in respect to this factor:

*H5. The degree of success of an outsourcing partnership is positively related to the degree of mutual trust between the partners.*

#### 6) Security assurance of outsourcing partnership

The existence of security assurance is an important factor for the success and sustainability of the outsourcing partnership that is likely to provide a strategic nature of the partnership. Unlike the mutual trust, that is of informal nature, the availability of security assurance has entirely formal character as far as it is incorporated in the outsourcing agreement. These warranties should be provided by special clauses in the contract. As a base precondition for the provision of reliable assurance is a targeted negotiation process before the finalization of the contract i.e. the decision to form the outsourcing partnership. The following research hypothesis regarding this factor is raised:

*H6. The degree of success of an outsourcing partnership is positively related to the degree of security provided in the agreement.*

#### 7) Interdependence between client and vendor organization

This factor reflects the degree of dependency of the activities of client organization from the operations of the vendor organization supplying a high technology service as a subject of the outsourcing agreement. This interdependence has a clear bidirectional nature – often in practice the vendor organization is strongly dependent on the realization of contracted service. It is particularly valid in cases when the vendor is serving one key client or diversification of the vendor services/client was not achieved.

*H7. The degree of success of an outsourcing partnership is positively related to the degree of interdependence between the operation of the client and the vendor organization.*

8) Shared values within the outsourcing partnership

The sustainability and the strategic nature of outsourcing partnerships are expected to reflect the sharing of common values, principles, and cooperation ideas as elements of the organizational cultures of partner organizations. As a result of the formation of the outsourcing partnership, transformations of organizational cultures have often taken place in both client and vendor organizations.

Along with the direct net benefit of the agreement having immediate effect on the economic status of the partner organizations, the sharing of common values and the exchange of organizational and managerial know-how has a significant, although indirect, long-term effect on the operation of the organizations. The research hypothesis regarding this potential factor states that:

*H8. The degree of success of an outsourcing partnership is positively related to the degree of sharing of common values between the partner organizations.*

9) Human resources competence

IT outsourcing allows the client organizations to refocus on their core business activities as they obtain the necessary IT competence from the vendor. This way, the strategic effect emerges from the focus on the core operations assuming the availability of a reliable IT service.

The enhanced IT staff expertise of the vendor appears to be a critical factor of the partnership success. Client companies rely on the outsourcing for long-term intellectual value which is found to be more beneficial than outsourcing for cost-cutting in the short run (Manning, 2008).

*H9. The degree of success of the outsourcing partnership is positively related to the competence of human resources in vendor organization.*



## 10) Effective communication

Last but not least, effective communication between outsourcing partners is assumed to be of crucial importance for the successful relationship. This factor is emphasized widely in the literature as a core determinant of the outsourcing partnerships' success since it amplifies the level of understanding and the adequate information exchange (Kannan, 2007; Berger & Lewis, 2011). It is typically considered that communications concern mainly the client organization that should provide facilitating information to the vendor. However, the opposite is also of importance since the client decreases its degree of control over the outsourced services and functions. This way, an ineffective communication from the vendor can obstruct the outsourcing relationship.

*H10. The degree of success of the outsourcing partnership is positively related to the level of effectiveness of the communication between the partners.*

The **degree of success** of outsourcing partnership is the main dependent (response) variable in the MKSF. It is however commonly considered as quite difficult for operationalization and empirical measurement as far as it is of multidimensional nature. For example, Lee & Kim (2003) define the success of partnership as the degree of satisfaction of the needs of client organization from the services provided by the vendor organization. Other points of view are also applicable, e.g. that which characterizes the outsourcing partnership success by the degree of achievement of the overall (pan-organizational) comparative advantage through outsourcing of all or part of ICT functions of the client organization.

In fact, there is quite a wide range of factors influencing outsourcing success that are identified and suggested in the specialized literature (Lee & Kim, 1999; Kinnula & Juntunen, 2005; Lahiri & Kedia, 2011; Ishizaka & Blakiston, 2012). MKSF incorporates a selection of determinants that are most frequently explored and attracted special attention in previous researches. It should be noted that some of them are often presented in a conceptual manner which allows a particular specification for the purpose of any empirical study. The ten factors of MKSF were chosen in order to reflect – as much as possible – the economic, organizational and cultural specifics of the business environment in the country.

Additionally, the selection of these factors was supported by the results of the pilot interviews conducted in 2008 (Alexandrova, 2011). During the pilot

survey managers and experts were asked to value the success factors under exploration and to indicate those that were most influential in the context of their own experience in IT outsourcing relations.

#### **4.2. Survey and Data Sources**

The present study is based on the results obtained by in-depth interviews conducted in the period 2008-2011. This integrated approach of case study and survey research conveyed empirical information from key experts and managers that are familiar with the IT outsourcing practices. The subject of the study was the analysis of the key success factors influencing the formation and development of strategic outsourcing partnerships between Bulgarian vendor organizations and their clients (foreign companies).

The units of the survey were defined as organizations, having two or more IT outsourcing projects realized or, currently working for 2+ international client organizations. Because of the specific character of these organizations the sample was selected by the purposive sampling method using information from the websites of the Bulgarian Investments Agency, the CEEOA, ITO catalogue of IT outsourcing companies in the CEE region, etc. The respondents in respective organizations hold key managerial or expert positions at various levels and are directly responsible for the accomplishment of outsourcing partnerships.

Initially, 85 representatives from companies involved in IT outsourcing have been contacted by telephone. However, only 57 of them agreed to participate in the scheduled in-depth interviews and provided a valid observation. The length of the interviews varied between 40 and 90 minutes, since these interviews were semi-structured and a discussion with the respondent developed in some cases. This was inspired in situations when especially interesting issues have been considered throughout the interview. The survey provided valuable insights into the nature of the IT outsourcing relationship – motivations, evaluations, problems, reasons and causal effects, etc.

For the purpose of data collection a specialized instrument for empirical study of outsourcing partnerships was developed at the earliest stage of research (Alexandrova, 2011). The emphasis was put mainly on the characteristics of the partnership itself rather than on the characteristics of these organizations. A pre-designed questionnaire was used to record targeted data by 20 questions, although additional relevant information was asked during the in-depth

interview. These questions allowed the operationalization of the response variable and the determinants of outsourcing partnership as defined in the model. The concept indicators extracted by the respective sets of items (derived from the survey) have been verified and prepared for further data processing and analysis of results.

The operationalization of the concept indicators in our survey was performed through a multivariate (multi-item) method where for each factor several (1 to 4) questions were provided. For the standardization of the primary data, a unified 7-rank Likert scale for the answers was adopted which allowed the summarization of the answers on the items to extract one empirical measure (variable) for each concept indicator. Rank 7 was chosen to code the opinion expressed at the maximum level of the scale e.g. maximum degree of agreement with a statement and rank 1 to code the minimum level of the scale.

The success of an outsourcing partnership was evaluated by the degree of matching between the goals planned and the results actually achieved. This evaluation was required with respect to four key dimensions: (1) realizing the expected financial benefits; (2) meeting the deadlines; (3) actually executing the tasks; (4) providing the required service quality. Caution is required here since the evaluation of the results achieved may diverge from the points of view of the vendor and client organizations. In our case the evaluation results obtained by the survey reflect the position of the vendor organizations.

### **4.3. Sample Overview**

A set of characteristics was obtained for each sampled organization in order to describe its profile – legal status (type of firm), size (number of employees), type of the main activity, foreign participation in its capital, etc. According to their legal status, shareholding and limited liability companies prevail (about 43% for each of them) and about one tenth are the single-owner limited liability companies.

The size of organizations determined by the number of the employees also varies considerably – about one third (34%) are big enterprises (over 250 persons according to Bulgarian Law on SMEs); only 10% are micro-enterprises (up to 10 employees); the rest of respondents fall under the “Small and Medium-Sized” enterprises category. In the same time, about two thirds of the respondents declare that they regularly hire part-time personnel.

A typical feature of many Bulgarian IT companies is the presence of foreign shareholders: about 29% of the firms involved in the survey are mixed-capital enterprises and about 16% are companies entirely owned by a foreign investor. This undoubtedly provides these organizations with options for transfer of contemporary managerial and technological know-how in businesses with high-tech applications. About 40% of the organizations classify their main activity as “being in the software industry” (software development and/or implementation-at-client) and about 25% have operations in database management services, back offices or call centers IT support, etc.

Table 1. Share of operations related to the components of IT outsourcing at the respondent organizations

Outsourced components	Share of operations related to outsourcing			Total
	Over 40% to 60%	Over 60% to 80%	Over 80% to 100%	
	21.1	40.4	38.6	100.0
IT infrastructure	–	–	13.6	5.3
Shared hosting	33.3	26.1	31.8	29.8
Application service provision	50.0	65.2	41.0	52.6
Application hosting	16.7	8.7	13.6	12.3
<b>Total</b>	100.0	100.0	100	100.0

With IT infrastructure outsourcing, the service provider is involved in the operation and maintenance of the service customer’s IT systems, e.g. it takes responsibility for the customer’s computer and/or communications systems. “Shared hosting” is related to the provision of data management services by a specialized provider which can be partially or fully standardized e.g. platform operations.

Another typical form of IT outsourcing is the “application service provision” (Kern et al., 2002) where some applications – predominantly *standardized* software – are outsourced to an external provider as part of a special agreement. The provider deals with the development, operation and maintenance of the software and is responsible for its utilization e.g. CRM software.

A special case of IT outsourcing is “application hosting” where an already *customized* software is implemented by the provider to suit the needs of a specific customer (the so called “one-to-one” approach). Table 1 presents the distribution of the categorization of respondents into the general IT outsourcing

categories according to the share of outsourcing services in their total annual operations.

## 5. RESULTS AND DISCUSSION

Before analyzing the correlations between the composite variables, a scale reliability analysis was performed in order to evaluate the degree of internal consistency of the multi-item constructs.

All scales show adequate reliability since the Cronbach alpha for each composite variable exceeds or is slightly below the value of 0.7 (table 2 presents the results for each set of items finally chosen for the derivation of respective variable).

*Table 2. Results on the scale reliability evaluation*

	<b>Cronbach's Alpha</b>
1) Top management commitment	0.882
2) Common aims and objectives	0.745
3) Bidirectional transfer of knowledge	0.797
4) Achievement of the contracted mutual goals	0.693
5) Mutual trust	0.850
6) Security assurance of outsourcing partnership	0.925
7) Interdependence between client and vendor organization	0.680
8) Shared values within the outsourcing partnership	0.759
9) Human resources competence	0.703
10) Effective communication	0.915
11) Partnership success	0.783

The results regarding the success dimensions reflect the evaluation opinions of the representatives of vendor organizations (Fig.1).

As a whole, the evaluation is favorable as no "low" and "very low" degrees of achievement evaluations by any dimension are observed. The degree of realization of the financial goals is found to be "moderately high" and "high" for almost 80% of the vendor companies and about three fourths of the respondents evaluate in a similar way the degree of completion of the tasks.

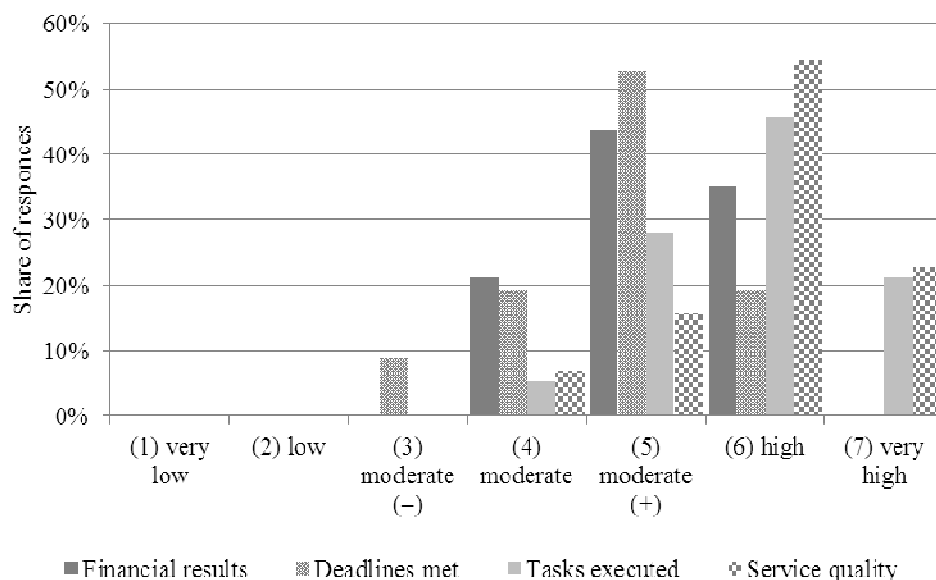


Figure 1. Distributions of respondents on the evaluation scale regarding each of the dimensions of success of outsourcing partnerships

Moreover, regarding the latter item about one fifth declare that the degree of achievement of the goals is very high which is comparable with the result on the “service quality” dimension. The compliance with the contracted deadlines was evaluated as having the lowest level of achievement where almost two thirds of respondents define the degree as “moderately low” (9%) and “moderate” (19%). As stated above, caution is advised, since the evaluation of success i.e. achievement of results may diverge from the points of view of the vendor and client organizations.

The model of key success factors is depicted on Fig.2, which presents the empirical results for the correlations between the variables. They are obtained as Pearson correlation coefficients measured for the composite success variable and the composite variable for each factor. Considering the hypotheses related to the potential interrelation between each factor in the model and the level of success of outsourcing partnership, the following results were obtained.

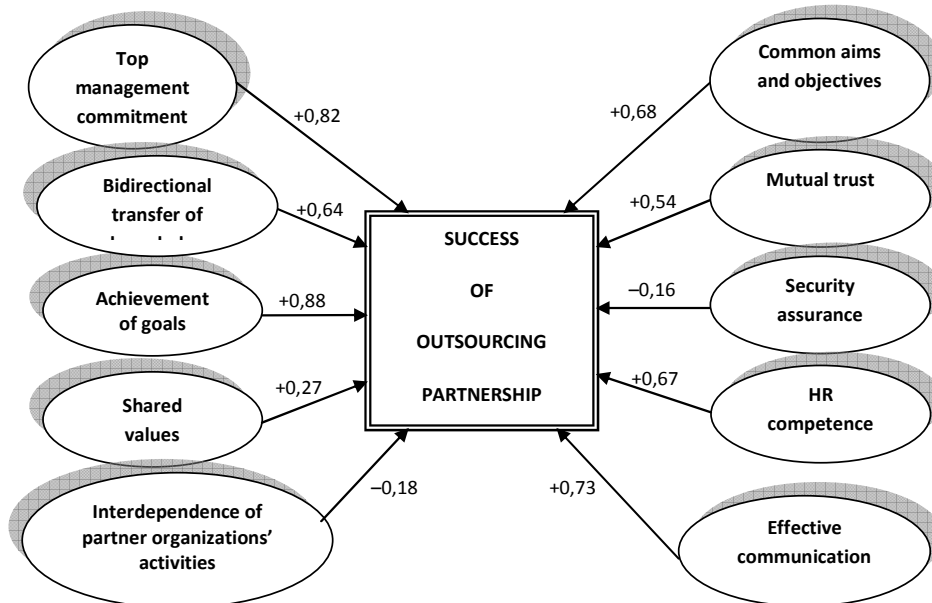


Figure 2. Estimated correlation coefficients in the MKF of the outsourcing partnership success

Strong evidence is observed in support to the hypotheses for a presence of a positive relation to the success of IT outsourcing partnership regarding:

- H1. Commitment of top management (strong positive correlation: 0.82).
- H2. Establishment of common aims and objectives (moderate positive correlation: 0.68).
- H3. Effectiveness of the bidirectional transfer of knowledge (moderate positive correlation: 0.64).
- H4. Degree of achievement of contracted goals. The highest estimated correlation (over 0.88) provides evidence of the strongest effect of this factor on the level of partnership success.
- H5. Degree of mutual trust (moderate correlation: 0.54). This unconvincing result could be due to simultaneous influences and moderating effects of other variables which should be further analyzed by specific multivariate methods.

H9. Competence and expertise of human resources (moderate positive correlation: 0.67).

H10. Degree of effective communication between partner organizations (strong positive correlation: 0.73).

Substantial evidence is not provided observed in respect of the hypotheses for a relation to the IT outsourcing partnership success regarding:

H6. The hypothesis about the relation with formal security assurance is not confirmed – the correlation is not significant and its negative sign (–0.16) could be ignored. At this stage we can conclude that the formal warranties included in the outsourcing agreement do not directly contribute to the level of success of the partnership. The results show that other factors such achievement of contracted goals and effective communications between partners, have the strongest impact on the partnership success variable.

H7. The same result is obtained regarding the interrelation between the degree of success and the interdependence of the operation of vendor and client organizations (weak negative correlation: –0.18). Here the analysis is to be further clarified in order to offset any moderating effects.

H8. In light of the evidence of the very low correlation (0.27) it can be concluded that the degree of success of outsourcing partnership is not substantially related to the degree of sharing of common values between partner organizations.

As Fig. 2 shows, seven out of the ten hypothesized key factors contribute (in one extent or another) to the overall success of the IT outsourcing partnerships evaluated by the participants in the study. However, the impact of potential factors like “formal security assurance”, “interdependence of operations”, and “common values” is not clearly supported by this survey’s results. It is still a challenge for a more comprehensive analysis that could evaluate the structure of this multivariate interrelation.

The model constructed for the purpose of this study is predominantly explorative in its nature. It adopts the “relational view” to the analysis of the impact of potential key success factors on IT outsourcing partnership success. The results indicate that emphasizing the most influential factors (e.g. top



management commitment, achievement of contracted goals, effective communication) can assist the managers of IT outsourcing projects to pursue a superior relational performance. The study also highlights the importance of several other factors such as: establishment of common aims and objectives, effectiveness of the bidirectional transfer of knowledge, mutual trust, and competence of human resources for the successful realization of such partnerships, as evidenced by the survey participants. A particular result reveals the importance of an informal setting (degree of mutual trust) opposed to a formal one (security assurance by formal/contracted means) in respect to the partnership effectiveness. This result implies that, at this stage of development of IT outsourcing in Bulgaria, mutual trust is promoted by mechanisms of top management commitment, effective inter-partner communication, mutual visiting and trainings, and some degree of cultural blending.

## 6. CONCLUSIONS

The current study employs findings of previous research in social exchange theory although the topic involves a variety of theoretical insights and interdisciplinary implications. The contributions of the study can be identified in the following directions:

- to build a specific model of key success factors of an IT outsourcing partnership based on the preliminary theoretical justification;
- to suggest an approach for quantification of the expected causal relationship between each factor and the degree of partnership success;
- to provide support by empirical evidence from a particular country in order to identify which determinants could be considered key success factors.

This study can be treated as a step in the testing a methodology, through which a justified evaluation of the characteristics of IT outsourcing partnerships can be obtained. Along with the evaluation of the status of these partnerships, the development and application of this methodology could support the identification of the perspectives for advancement of the outsourcing of high technology services as well as provide a basis for comparison of local practices with the world experience in this area.

This paper attempts to contribute to the existing research in the IT outsourcing in the CEE region by exploring key success factors of outsourcing relationships in respect to their strategic orientation and overall attainment. It should be noted that part of the survey was conducted during the first years of the global crisis which naturally affected many of the responses and

evaluations. From this point of view, a future perspective of research in the field should emphasize more on the effects (favorable or adverse) of the crisis on the development of IT businesses in the CEE region. A promising direction for the future research is also to consider the IT outsourcing in the CEE countries as one of the channels for the development of knowledge economies in the region, as a fundament for achieving global competitiveness.

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**PARTNERSTVA U OUTSOURCINGU INFORMACIJSKE TEHNOLOGIJE:  
EMPIRIJSKO ISTRAŽIVANJE KLJUČNIH ČIMBENIKA USPJEHA U  
ORGANIZACIJAMA U BUGARSKOJ**

**Sažetak**

U posljednje se vrijeme outsourcing razvio kao poslovna strategija kojom se teži postizanju konkurentnosti. Kao dio ovog procesa, outsourcing informacijske tehnologije se uvelike proširio zemljama središnje i istočne Europe. Cilj ovog rada je identificiranje ključnih čimbenika uspjeha koji utječu na partnerstva u outsourcingu informacijske tehnologije, i to na temelju empirijskog istraživanja, provedenog u Bugarskoj. U radu se prezentiraju izabrani rezultati, koji proizlaze iz anketnog istraživanja uspješnih strateških partnerstva u outsourcingu informacijske tehnologije. Prema dobivenim rezultatima, najutjecajniji čimbenici za uspjeh navedenih partnerstava su: stupanj postizanja ciljeva partnerstva, posvećenost top menadžmenta i razina učinkovitosti komunikacije. Osim toga, podjela informacija s povjerenjem i poznavanje partnera mogu kreirati singergiju, na temelju koje se dostižu ciljevi, koje pojedini partneri inače ne bi mogli dostići. Identificirani ključni čimbenici doprinose jačanju partnerstva u outsourcingu informacijske tehnologije i unapređenju organizacijskih performansi obaju partnera.