

Journal of International Technology and Information Management

Volume 25 | Issue 1

Article 1

2016

Achieving Value Co-creation in IT Outsourcing


Szu-Yuan Sun

National Kaohsiung First University of Science and Technology

Li-Shan Chen

National Kaohsiung First University of Science and Technology

Follow this and additional works at: <http://scholarworks.lib.csusb.edu/jitim>

 Part of the [Business Intelligence Commons](#), [E-Commerce Commons](#), [Management Information Systems Commons](#), [Management Sciences and Quantitative Methods Commons](#), [Operational Research Commons](#), and the [Technology and Innovation Commons](#)

Recommended Citation

Sun, Szu-Yuan and Chen, Li-Shan (2016) "Achieving Value Co-creation in IT Outsourcing," *Journal of International Technology and Information Management*: Vol. 25: Iss. 1, Article 1.

Available at: <http://scholarworks.lib.csusb.edu/jitim/vol25/iss1/1>

This Article is brought to you for free and open access by CSUSB ScholarWorks. It has been accepted for inclusion in Journal of International Technology and Information Management by an authorized administrator of CSUSB ScholarWorks. For more information, please contact scholarworks@csusb.edu.

Achieving Value Co-creation in IT Outsourcing

Szu-Yuan Sun

**Department of Information Management
National Kaohsiung First University of Science and Technology
ROC**

Li-Shan Chen

**College of Management
National Kaohsiung First University of Science and Technology
ROC**

ABSTRACT

Over the past few decades, information technology outsourcing has become a widely used and researched means for enterprises to enhance their performance. As future collaboration is the most desirable outcome between enterprises and IT outsourcing vendors, the purpose of this study is to construct a new model to examine: 1) whether information technology outsourcing satisfaction impact future collaboration, 2) whether value co-creation impact outsourcing satisfaction, 3) which factors influence value co-creation, and 4) whether trust influence enterprises' commitments. This research assumes that: 1) trust predicts enterprises' commitments; 2) customer orientation and participation, service quality, communication culture, and enterprises' commitment predicts value co-creation; 3) value co-creation predicts information technology outsourcing satisfaction, 4) information technology outsourcing satisfaction predicts future collaboration. This model will allow enterprises and information technology outsourcing vendors to identify factors that can increase the chances for future collaboration. To achieve this goal, this research applied structural equation modelling, using Smart Partial Least Square (SmartPLS) software, as a method to empirically validate the model through a survey analysis containing 213 CEO or senior managers' opinions obtained through valid measurements. The actual sampling yielded 207 useful questionnaires with a valid response rate of 97%. The results of this article show that trust strongly positively influences normative commitment, continuance commitment, and affective commitment; seven factors of customer behaviours and beliefs (such as: customer orientation and participation, service quality, communication culture, normative commitment, continuance commitment, and affective commitment) positively influence value co-creation; value co-creation strongly positively influences information technology outsourcing satisfaction; and information technology outsourcing satisfaction strongly positively affects future collaboration. The implications of this study and future work are also presented.

Keywords : IT Outsourcing Satisfaction, Value Co-Creation, Service Quality, Trust, Employee Commitment, Customer Behaviour

INTRODUCTION

In dynamic enterprise environment, how to adopt enterprises' competitive advantages and create values with their information technology (IT) outsourcing vendors are important issues. IT outsourcing refers to the practice of shifting one or more organizational IT activities to an outside firm (Darmayanti & Cahyono, 2014; Dibbern et al., 2004). This process is often defined as value co-creations, because enterprises and IT outsourcing vendors all contribute to the creation of their identified core values. In recent years, the IT outsourcing market is burgeoning, but only few studies examined the relationships between enterprises and IT outsourcing vendors. However, in order to comprehend the value co-creation process, we must first understand the relationships between enterprises and IT outsourcing vendors. In this research, enterprises are deemed as the customers of IT outsourcing vendors while IT outsourcing vendors provide services for their customers. Therefore, it is valuable to examine which behaviors and beliefs of customers can contribute to their formation of values on the services they received, and what services IT outsourcing vendors can provide to customers influence the construction of their values (Kotlarsky, 2014).

It is commonly believed that, if IT outsourcing vendors try to achieve enterprises' goals by satisfying them, encourage enterprises to discuss their needs with them, and offer the services that are best suited to enterprises' problems (i.e., "customer orientation"; Ziggers & Henseler, 2016), it will be easier for enterprises to create values by IT outsourcing vendors. Moreover, if enterprises spend a significant amount of time sharing information about their needs and opinions with the IT outsourcing vendors during the service processes, often provide suggestions to the IT outsourcing vendors for improving the service outcome, and have a high level of participation in the service processes (i.e., "customer participation"; Chang & Taylor, 2016), enterprises probably will create values by IT outsourcing vendors. Most existing research on IT outsourcing were focused on customer-related aspects, because these aspects have a significant effect on service provider organizations, and regular communication between clients and providers is necessary. Therefore, clients are likely to discuss market developments and business needs with their service providers regularly (Liu & Deng, 2015; Plugge et al., 2013; Gonzalez et al., 2006).

When enterprises have problems, IT outsourcing vendors should be sympathetic and reassuring; IT outsourcing vendors also should have up-to-date equipment; and when they promise to do something within a certain time, they should fulfil their promises. All these aspects point to "service quality" (Quoquab, Abdullah, & Jihad, 2016). IT outsourcing vendors share ideas freely, build open communicative environments, and support enterprises' new ideas. Enterprises possibly can create values in such a way, which is "communication culture" (Lang, Subramanian, & Mavlanova, 2015).

Even if IT outsourcing vendors are to enterprises' advantages, enterprises do not feel IT outsourcing vendors will be right to leave them now, because IT outsourcing vendors will feel guilty, and IT outsourcing vendors can deserve enterprises' loyalties. Enterprises maybe can create values in these cases, which is "normative commitment" (Wallace, Chernatony, & Buil, 2011). It will be very hard for IT outsourcing vendors to leave enterprises right now, even if IT outsourcing vendors wanted to, and enterprises feel that IT outsourcing vendors have too few options to consider leaving them. Enterprises maybe can create values under such conditions that

is “continuance commitment” (Wallace, Chernatony, & Buil, 2011). Enterprises will also be very happy to spend the rest of their careers with IT outsourcing vendors, IT outsourcing vendors really feel as if enterprises’ problems are their own, and they feel strong senses of belonging to enterprises. Enterprises will create values, and that is “affective commitment” (Wallace, Chernatony, & Buil, 2011). Enterprises can be sure IT outsourcing vendors will meet their commitments; if problems arise, IT outsourcing vendors are honest with enterprises; and IT outsourcing vendors are well prepared for meeting enterprises’ demands efficiently, that is trust. Trust can predict normative commitment, continuance commitment, and affective commitment (Sanchez, 2010).

Value, its creation, and its appropriation are central concepts in management research (Pitelis, 2012) as well as in the research on alliances and networks (Pitelis, 2012; Capaldo & Petruzzelli, 2011; Dhanaraj & Singh, 2006; Dyer et al., 2008; Lavie, 2006; Moller et al., 2005). Value in economics can be formally defined as the willingness to pay from the end-customer’s perspective (Huang et al., 2015). Value co-creation refers to activities required to increase the amount of such values independent of the context and level of analysis. We believe that enterprises may be able to increase their value co-creation through IT outsourcing vendors. The current study focuses on value co-creation, IT outsourcing satisfaction, and future collaboration, which are all desirable outcomes for the cooperation between enterprises and IT outsourcing vendors. The major point is to enhance customer experience through value co-creation between clients and providers. If enterprises are satisfied with the IT outsourcing services provided, IT outsourcing vendors are good businesses to do enterprises with, and IT outsourcing services meet enterprises’ expectations, that is IT outsourcing satisfaction (Chan, Yim, and Lam, 2010).

If enterprises will welcome the possibility of collaboration with IT outsourcing vendors in additional projects in the future, be willing to work with IT outsourcing vendors in projects in the future, and be willing to collaborate with IT outsourcing vendors in projects, shall the opportunities arise, that is future collaboration (Wagner, Eggert, and Lindemann, 2010). As future collaboration is the most desirable outcome between enterprises and IT outsourcing vendors, the purpose of this study is to construct a new model to examine: 1) whether information technology outsourcing satisfaction impact future collaboration, 2) whether value co-creation impact outsourcing satisfaction, 3) which factors influence value co-creation, and 4) whether trust influence enterprises’ commitments.

THEORETICAL BACKGROUND AND RESEARCH MODEL DEVELOPMENT

This research assumes that customer orientation and participation, service quality, communication culture, normative commitment, continuance commitment, and affective commitment impacts value co-creation; value co-creation impacts IT outsourcing satisfaction; and IT outsourcing satisfaction impacts future collaboration. This research also examines if trust impacts normative commitment, continuance commitment, and affective commitment. Figure 1 presents the nomological model of this study. The following sections present the hypotheses regarding the links between the constructs.

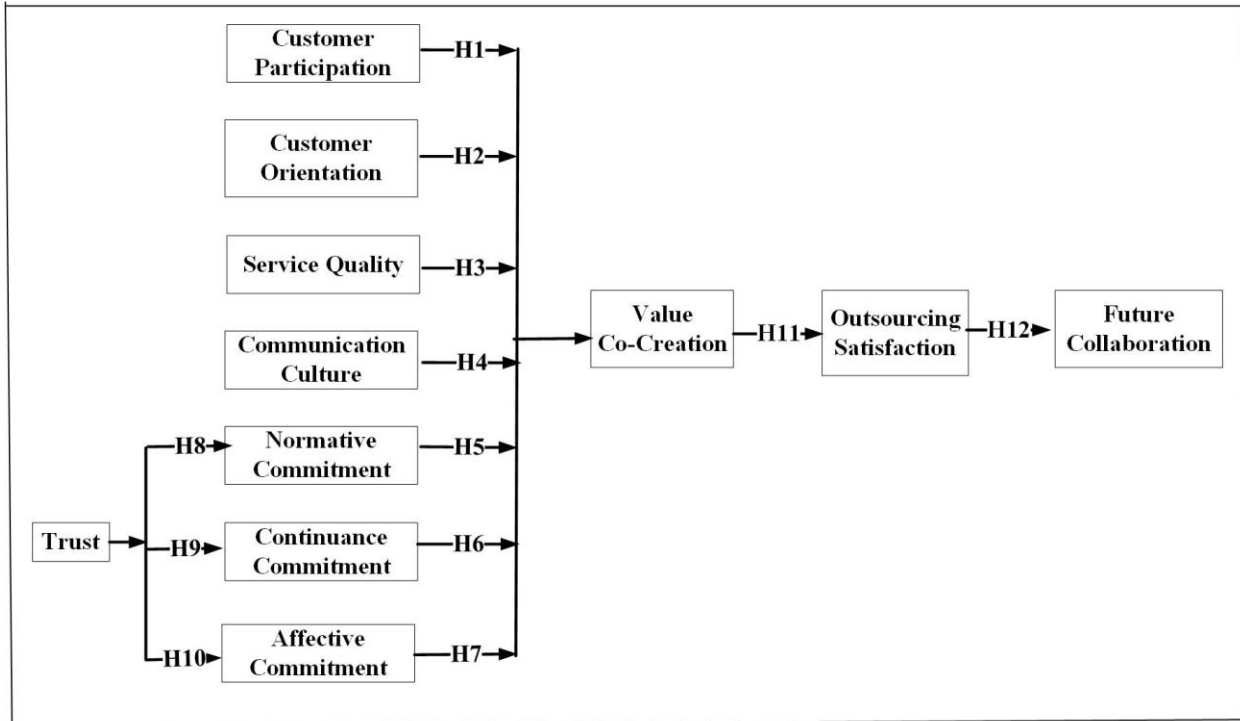


Figure 1. Nomological model

Customer Participation and Value Co-Creation

Customer participation may increase communication and relationship building between customers and employees (Zhang et al., 2015). According to health care literature (Wang et al., 2015), when patients work with doctors to incorporate their preferences and values, the level of care delivered is improved and empathetic, honest, and friendly interactions are encouraged, which produces relational values. From the service provider's perspective, employees may fulfill their social need for approval, when they co-create services with customers, similar to the way their perception of being valued by the organization enable them to satisfy their social needs for approval, affiliation, and esteem (Eisenberger et al., 1986). Thus, every interaction between employees and customers represents an opportunity to co-create relational values for both parties (Fleming et al., 2005). Illustrative comments from service employees, about camaraderie and social bonding with their customers, support this assertion (Gremler & Gwinner, 2000). Based on the above statements, hypothesis 1 is proposed as follows.

H 1: Customer participation has a positive impact on value co-creation.

Customer Orientation and Value Co-Creation

Customer orientation is based on customer-driven value creation (Lindblom et al., 2015; Korschun et al., 2014; Harris et al., 2014). At the firm level, Slater and Narver (1995) emphasized that market-oriented firms place the highest priority on profit creation, by maintaining superior customer value. Value creation has been defined as the customer's perspective of receiving the desired benefits from the salesperson and the company. Yeh (2015) suggested that customer orientation, at the individual employee level, is closely related to a 'concern for others' dimension. Therefore, highly customer-oriented salespersons are likely to

show higher concern for self and for others, whereas sales-oriented salespeople or those having low customer orientation would exhibit high concern for self, but low concern for others. Therefore, it is also likely that a customer-oriented salesperson is more likely to create value for customers, since she/he is likely to be more concerned for others (customers). Therefore, the following hypothesis is proposed.

H 2: Customer orientation is positively associated with value co-creation.

Service Quality and Value Co-Creation

Value is at the heart of what consumers pursue from a marketing exchange. While value is operationalized in different ways, the general definition of value is a consumer's perception of the subjective worth of some activity or object considering all net benefits and costs of consumption (Singh, 2015). Perceived quality will positively influence value, whereas price/cost will negatively influence value (Hellier et al., 2003). Logically, high quality is not a prerequisite for value because a reduction in quality can be offset by lower overall costs. However, research supports a positive relationship between quality and value (e.g., Choi et al., 2004; Cronin et al., 2000; Zins, 2001). Therefore, the following hypothesis is proposed.

H3: Service quality has a significant, positive effect on value co-creation.

Communication Culture and Value Co-Creation

Communication cultures and structures within the organization define what constitutes accepted communication behavior, which may facilitate or hinder the communication process (Littler, 2013; Brown, 1997; Adler, 1965). The structures of communication and integration of knowledge are essential to enhance the absorptive capacity (George & Jonathan, 2015). The communication climate is often regarded as an important factor affecting the communication process (Tsai, 2001). An open culture that views change as positive can facilitate communication and thus the learning process (Levinson & Asahi, 1995). The creation of new knowledge requires routines that simplify and facilitate communication, thus allowing employees to explore ways in which they can use existing knowledge or develop new knowledge (Zahra & George, 2000). Furthermore, structural, cognitive, behavioral, and political barriers may stifle the effective sharing and integration of knowledge. Therefore, the following hypothesis is proposed.

H4: Communication Culture has a positive impact on value co-creation.

Employee Commitment and Value Co-Creation

This study investigates the influence of employees' commitment to the organization on their adoption of brand values. Organizational commitment is a state of psychological attachment to the workplace (Boix & Svulik, 2013; Chen et al., 2002). We identify commitment as a critical variable for exploration owing to its influence on the employees' performance and appreciation of value adoption (Kimpakorn & Tocquer, 2009; Somers, 2009; Park & Rainey, 2007; Boyd & Sutherland, 2006). When employees are committed to the organization, they display greater social capital, where relationships are created on the basis of shared values (Park & Rainey, 2007).

The influence of the three-component model of commitment is helpful to appreciate the adoption of brand values. The three components of this model are an affective commitment or an emotional attachment to, identification with, and involvement in the organization (Demirtas & Akdogan, 2015), continuance commitment or an awareness of the costs associated with leaving the organization (McCallum & Forret, 2014), and normative commitment or a feeling of obligation to continue employment (McCallum & Forret, 2014). Employees who experience affective commitment continue to work for an organization, because they want to; those experiencing continuance commitment continue to work, because they need to; and those with a high level of normative commitment work, because they feel they ought to. Therefore, the following hypotheses are proposed.

H5: Normative Commitment is positively associated with value co-creation.

H6: Continuance Commitment is positively associated with value co-creation.

H7: Affective Commitment is positively associated with value co-creation.

Trust and Employee Commitment

Trust is expected to have a direct and positive impact on commitment, because trading relationships based on trust are usually highly appreciated by all involved parties. The fact that the parties act sincerely or credibly—and that they aim to protect, whenever possible, the interests and wellbeing of the counterpart—generally results, as shown empirically, in the generation of commitment (Hadjikhani & Thilenius, 2005). This supports the argument that, in the long term, distributors prefer to work with manufacturers they can trust and who will act sincerely and benevolently toward the relationship. This approach secures them against the risk of damages caused by the manufacturer in any actions taken (Ang et al., 2015). This leads us to suggest the following:

H8: Trust has a positive effect on the normative commitment.

H9: Trust has a positive effect on the continuance commitment.

H10: Trust has a positive effect on the affective commitment.

Value Co-Creation, Outsourcing Satisfaction, and Future Collaboration

The concept of value co-creation was developed by Prahalad and Ramaswamy (2004). They suggested that the value of a service or product is not created by the manufacturer/supplier solely, but it is co-created by the manufacturer/supplier and consumer of the product or service.

Outsourcing has emerged as a key trend in contemporary business environments and has migrated from the procurement of non-core, support services to virtually every activity of a firm (Griffith & Yanhui, 2015). Outsourcing is also considered to be a strategic priority (Holcomb and Hitt, 2007).

H 11: Value co-creation has a positive impact on outsourcing satisfaction.

Finally, the company's satisfaction with the collaboration influences the future of the relationship. Companies continue collaborations only if their current outsourcing experiences meet their expectations.

H12: Outsourcing satisfaction has a positive impact on future collaboration intentions.

RESEARCH METHODOLOGY AND DESIGN

Data collection and research design

This study was based on an online questionnaire and selected sample firms from the Information Management Association of R.O.C. (IMA), the International Service Industry Association of R.O.C. (CISA), and the International Trade Executives Association of R.O.C.. The survey participants were chief executive officers and senior managers of the sample firms from the following fields: Manufacturing sector (21.7%), Information Technology sector (12.6%), Food and beverage service sector (12.1%), others service sector (10.6%), Tourism sector (10.6%), Finance and insurance sector (9.2%), Medical Treatment & Health Care sector (8.2%), Logistic retailing sector (10.2%), and Trading sector (4.8%), and they evaluated selected items regarding a firm's outsourcing (Table 1). According to the sample plan, each sample company conducted the questionnaire survey, and the total planned sampling sample was 213. The actual sampling yielded 207 useful questionnaires and a valid response rate of 97%.

Measure	Items	Frequency	Percent	Items	Frequency	Percent
Gender	Male	155	74.9%	Female	52	25.1%
IT Outsourcing Frequency (per year)	Under 1(inclusive)	6	2.9%	3 – 6 (inclusive)	83	40.1%
	1 – 3 (inclusive)	90	43.5%	6 (or more)	28	13.5%
Industry Category	Manufacturing sector	45	21.7%	Finance and insurance	19	9.2%
	Information Technology	26	12.6%	Medical Treatment & Health Care	17	8.2%
	Food and beverage service	25	12.1%	Logistic retailing	21	10.2%
	Others service	22	10.6%	Trading	10	4.8%
	Tourism	22	10.6%			
IT Outsourcing Entrusted Amount (million, NT)	Under 5 (inclusive)	56	27.1%	100-500 (inclusive)	23	11.1%
	5-10 (inclusive)	50	24.2%	500-1000(inclusive)	19	9.2%
	10-50 (inclusive)	18	8.7%	1000 (or more)	9	4.2%
	50-100 (inclusive)	32	15.5%			
Turnover of Enterprise (Hundred million, NT, nearly 1 year)	Under 1(inclusive)	35	16.9%	10-15 (inclusive)	36	17.4%
	1-5 (inclusive)	60	29.0%	15-20 (inclusive)	23	11.1%
	5-10 (inclusive)	34	16.4%	20 (or more)	19	9.2%
IT Outsourcing Entrusted Item (Complex topics) (N=535).	Network	182	34.0%	Hardware Maintenance	90	16.8%
	Software (such as information systems, etc.)	179	33.5%	Cloud	84	15.7%

Table 1: Demographic information about the respondents.

The questionnaire was designed considering related works and experts' views. After the first draft was completed, a pre-test was undertaken with established leaders in outsourcing value co-creation in the IT industries to amend any part perceived to have a dubious presentation. Therefore, questionnaire recipients could understand the questions in the official survey, and a satisfactory completion of the questionnaire was ensured. All aspects were assessed using a five-point Likert scale from 1 = strongly disagree to 5 = strongly agree.

Analytical method

The data were analysed through the structural equations method, using the partial least squares (PLS) technique. This technique is designed to reflect the theoretical and empirical characteristics of social sciences and behavioral characteristics, wherein we often find theories with insufficient support or little information available. More specifically, we used Smart PLS 2.0 M3.

RESEARCH RESULTS

The structural equation modelling technique was used to test the hypotheses. SmartPLS software was used to analyse the data. We first examined the instrument (measurement model) to assess reliability and validity before testing the structural model using the level of significance of the path coefficients and variance explained (R-squared measures), as shown in Table 2.

Constructs		AVE	Composite Reliability	R Square	Cronbachs Alpha
Affective Commitment	AC	0.938	0.979	0.776	0.967
Communication Culture	CC	0.927	0.974		0.960
Continuance Commitment	CCT	0.909	0.968	0.649	0.950
Customer Orientation	CO	0.941	0.979		0.968
Customer Participation	CP	0.936	0.978		0.966
Future Collaboration	FC	0.962	0.987	0.823	0.980
Normative Commitment	NC	0.885	0.959	0.816	0.935
Outsourcing Satisfaction	OS	0.948	0.982	0.739	0.973
Service Quality	SQ	0.969	0.989		0.984
Trust	TR	0.924	0.973		0.959
Value Co-Creation	VC	0.875	0.954	0.973	0.928

Table 2. Descriptive statistics for the constructs

Measurement model

We assess the following parameters to test convergent validity: Cronbach's alpha, the composite reliability of constructs, average variance extracted (AVE), and R-square. As shown in Table 2, the Cronbach's alpha values of all constructs range from 0.928 to 0.984. Composite reliability values range from 0.954 to 0.989 and are above the benchmark value of 0.70, suggesting the acceptable degrees for the internal consistency of each construct. AVE values range from 0.875

to 0.969. The model explains most of the variation for these variables.

The square root of AVE must be greater than the correlations between the constructs. Thus, the square roots of AVEs (diagonal elements) are higher than the correlation between the constructs (off-diagonal elements), as shown in Table 3. These results support the discriminant validity of the scale used and indicate that the measurement model has satisfactory convergent validity.

Constructs		AC	CC	CCT	CO	CP	FC	NC	OS	SQ	TR	VC
Affective Commitment	AC	0.969										
Communication Culture	CC	0.856	0.963									
Continuance Commitment	CCT	0.864	0.775	0.953								
Customer Orientation	CO	0.843	0.917	0.795	0.970							
Customer Participation	CP	0.659	0.629	0.688	0.662	0.967						
Future Collaboration	FC	0.844	0.859	0.747	0.800	0.555	0.981					
Normative Commitment	NC	0.885	0.851	0.888	0.864	0.694	0.804	0.941				
Outsourcing Satisfaction	OS	0.905	0.864	0.773	0.863	0.588	0.907	0.852	0.974			
Service Quality	SQ	0.623	0.665	0.686	0.663	0.719	0.549	0.656	0.555	0.984		
Trust	TR	0.881	0.922	0.805	0.8989	0.644	0.836	0.904	0.889	0.661	0.961	
Value Co-Creation	VC	0.936	0.917	0.929	0.902	0.680	0.836	0.930	0.859	0.695	0.904	0.935

Table 3. Correlation among constructs and the square root of the AVE on Diagonals

Structural model

The structural model is assessed using the variance explained (R-squared measures) and the level of significance of the β and T values (Table 2). The R-squared results for the six dependent variables are high, particularly for affective commitment (0.776), continuance commitment (0.649), normative commitment (0.816), outsourcing satisfaction (0.739), future collaboration (0.823), and value co-creation (0.973), thus suggesting that the model has a high explanatory power and explaining 77.6%, 64.9%, 81.6%, 73.9%, 82.3%, and 97.3% of the variance in these dependent variables, respectively.

The results support H1, linking customer participation to value co-creation (β -Value = 0.007). Consistent with this, customer orientation is also positively correlated with value co-creation (H2; β -Value = 0.080). Service quality to value co-creation (H3) is supported (β -Value = 0.146, $p < 0.01$), as does communication culture to value co-creation (H4; β -Value = 0.268, $p < 0.001$). Normative commitment to value co-creation (H5) is supported (β -Value = 0.146, $p < 0.01$). Continuance commitment to value co-creation (H6) is supported (β -Value = 0.282, $p < 0.001$). Affective commitment to value co-creation (H7) is supported (β -Value = 0.089). Trust to normative commitment (H8) is supported (β -Value = 0.836, $p < 0.001$). Trust to continuance commitment (H9) is supported (β -Value = 0.806, $p < 0.001$). Trust to affective commitment (H10) is supported (β -Value = 0.851, $p < 0.001$).

Value co-creation positively impacts IT outsourcing satisfaction (H11; β -Value = 0.877, $p < 0.001$). IT outsourcing satisfaction positively impacts future collaboration (H12; β -Value = 0.907,

$p < 0.001$). These results can provide valuable reference information for managing and improving the performance of IT outsourcing. The main effect model is presented in Figure 2.

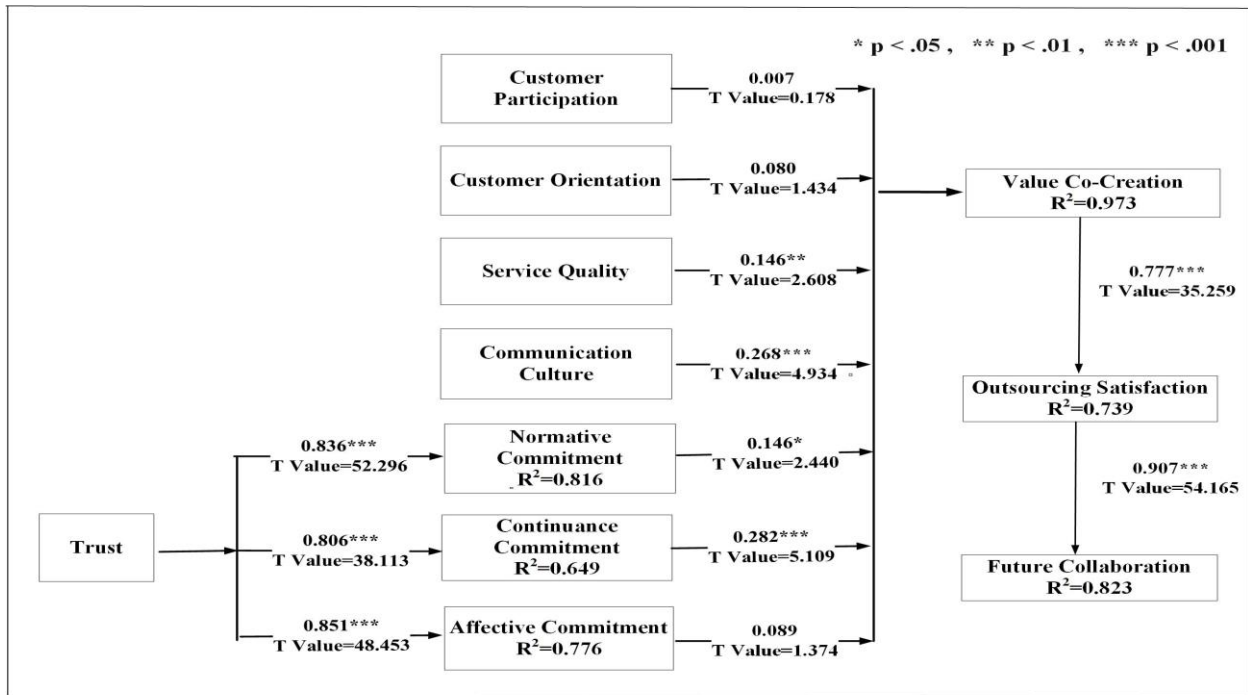


Figure 2. Interaction Effect Model

DISCUSSION AND CONCLUSION

Our goal in this research was to develop a new research model to investigate the associations among IT outsourcing satisfaction, value co-creation, and future collaboration. We found that 1) value co-creation has a strong impact on IT outsourcing satisfaction; 2) IT outsourcing satisfaction has a strong impact on future collaboration. Therefore, managers should adopt appropriate practices for leveraging IT outsourcing, as part of a value-creating strategy for the enterprise. Managing customer relationships is very important for IT outsourcing vendors and can be instrumental in creating enterprise value. The direct effects of the seven variables of customer behaviours and beliefs, such as customer participation, customer orientation, service quality, communication culture, affective commitment, continuance commitment, normative commitment, significantly influence value co-creation, IT outsourcing satisfaction, and future collaboration are revealed. Overall, based on the results of this study, a relational view in the study of the relational outsourcing vendors is developed. In addition, the role of value-based relationships is highlighted from the economic and relational perspective of enterprises and IT outsourcing vendors.

The implications of this study, we found that all the seven factors of customer behaviours and beliefs have a significant influence on inter-organizational value creation by studying IT outsourcing vendors. Furthermore, we determine the relationships between IT outsourcing vendors and enterprises on value co-creation, IT outsourcing satisfaction, and future collaboration. Indeed, customer participation, customer orientation, service quality,

communication culture, affective commitment, continuance commitment, and normative commitment enhance value co-creation; value co-creation enhance IT outsourcing satisfaction; and IT outsourcing satisfaction enhance future collaboration between IT outsourcing vendors and enterprises.

FUTURE WORK

This research provided empirical evidence that seven factors (customer participation, customer orientation, service quality, communication culture, affective commitment, continuance commitment, and normative commitment) affect value co-creation. We understand corporate top management values monitoring new opportunities which can enhance the enterprise's ability to solve social problems, the corporation believes in performing in a manner consistent with the philanthropic and charitable expectations of society, and the policies of the enterprise emphasize that its philanthropic behavior is a useful measure of corporate performance. That is social responsibility orientation. There are several studies indicating that it can impact value co-creation (cite). Top management is convinced of the long-term strategic importance of adopting participative decision making at both middle and senior management levels, the enterprise's philosophy emphasizes participative consensus building decision making based on consensus, followed by feedback of results of change for group evaluation and further action, and the enterprise's philosophy emphasizes reliance on responsible executives to make all product or service-related decisions concerning level of operations, marketing, etc. That is progressive decision making orientation, and there are several studies indicating that it can impact value co-creation. Enterprise has a definite plan for the development of social initiatives, measures the results of its social initiatives, and enables employees to dedicate part of their work time to participate in social initiatives. That is social planning, and there are several studies indicating that it can impact value co-creation. Enterprises are usually among the first in adapting their corporate practices which exceed current regulatory norms to changing social expectations. That is social position, and there are several studies indicating that it can impact value co-creation. It would be interesting for future research to examine if social responsibility orientation, progressive decision making orientation, social planning, and social position impact value co-creation, IT outsourcing satisfaction, and future collaboration.

REFERENCE

- Adler, J .H. (1965). Absorptive Capacity: The Concept and Its Determinants. Washington: Brookings Institution.
- Ang, J. S., Cheng, Y., & Wu, C. (2015). Trust, investment, and business contracting. *Journal of Financial & Quantitative Analysis*, 50(3), 569-595.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or fun? Measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644–656.
- Boix, C., & Svulik, M. W. (2013). The foundations of limited authoritarian government: institutions, commitment, and power-sharing in dictatorships. *The Journal of Politics*, 75(2), 300-316.
- Boyd, G., & Sutherland, M. (2006). Obtaining employee commitment to living the brand of the organisation. *South African Journal of Business Management*, 37(1), 9–20.

- Brandenburger, A. M., & Stuart, H. W. (1996). Value-based business strategy. *Journal of Economics & Management Strategy*, 5(1), 5–24.
- Brown, S. L., & Eisenhardt, K. M. (1997). The art of continuous change: linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly*, 42(1), 1-34.
- Capaldo, A., & Petruzzelli, M. (2011). In search of alliance-level relational capabilities: Balancing innovation value creation and appropriability in R&D alliances. *Scandinavian Journal of Management*, 27(3), 273–286.
- Chan, K. W., Yim, C. K., & Lam, S. S. K. (2010). Is customer participation in value creation a double-edged sword? evidence from professional financial services across cultures. *Journal of Marketing*, 74 (MAY), 48-64.
- Chang, W., & Taylor, S. A. (2016). The effectiveness of customer participation in new product development: a meta-analysis. *Journal of Marketing*, 80(1), 47-64.
- Chen, Z. X., Tsui, A. S., & Farh, J. L. (2002). Loyalty to supervisor vs. organizational commitment: relationships to employee performance in China. *Journal of Occupational and Organizational Psychology*, 75(3), 339–356.
- Choi, K. S., Cho, W. H., Lee, S., Lee, H. K., & Kim, C. (2004). The relationships among quality, value, satisfaction and behavioral intention in health care provider choice: a South Korean study. *Journal of Business Research*, 57(8), 913–921.
- Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retail*, 76(2), 193–218.
- Darmayanti, D., & Cahyono, H. (2014). The influence of perceived service quality, attitudinal loyalty and corporate social responsibility on repeat patronage intention in retail banking in Indonesia. *Journal of Business and Retail Management Research*, 8, 16–23.
- Demirtas, O., & Akdogan, A. (2015). The effect of ethical leadership behaviour on ethical climate, turnover intention, and affective commitment. *Journal of Business Ethics*, 130 (1), 59-67.
- Dhanaraj, C., & Singh, H. (2006). Orchestrating innovation net-works. *Academy of Management Review*, 31(3), 659–669.
- Dyer, J. H., Singh, H., & Kale, P. (2008). Splitting the pie: Rent distribution in alliances and networks. *Managerial and Decision Economics*, 29(2-3), 137–148.
- Eisenberger, R., Robin, H., Steven, H., & Debora, S. 1986. Perceived organizational support. *Journal of Applied Psychology*, 71(3), 500–507.
- Fleming, J.H., Coffman, c., & Harter, J.K. (2005). Manage your human sigma. *Harvard Business Review*, 83(7–8), 106–114.
- George, M., & Jonathan, M. (2015). Communication technology and culture: Analysing selected cultural dimensions and human development indicators. *International Journal of Technology Management & Sustainable Development*, 14(1), 17-28.

- Gonzalez, R., Gasco, J., & Llopis, J. (2006). Information systems outsourcing: a literature analysis. *Information and Management*, 43(7), 821–834.
- Gremler, D. D., & Gwinner, K.P. 2000. Customer-employee rapport in service relationships. *Journal of Service Research*, 3(1), 82–104.
- Griffith, D. A., & Yanhui, Z. (2015). Contract specificity, contract violation, and relationship performance in international buyer--supplier relationships. *Journal of International Marketing*, 23(3), 22-40.
- Hadjikhani, A., & Thilenius, P. (2005). The impact of horizontal and vertical connections on relationships' commitment and trust. *The Journal of Business & Industrial Marketing* 20(3), 136-147.
- Han, K., Oh, W., Im, K. S., Oh, H., Pinsonneault, A., & Chang, R. M. (2012). Value cocreation and wealth spillover in open innovation alliances. *MIS Quarterly*, 36(1), 291-325.
- Harris, E. G., Brown, T. J., John C. Mowen, J.C., & Artis, A. (2014). Exploring the role of productivity propensity in frontline employee performance: it's relationship with customer orientation and important outcomes. *Psychology & Marketing*, 31(3), 171-183.
- Hellier, P.K., Geursen, G.M., Carr, R.A., & Richard, J.A. (2003). Customer repurchase intention: a general structural equation model. *European Journal of Marketing*, 37(11/12), 1762–1800.
- Holcomb, T. R., & Hitt, M. A. (2007). Toward a Model of Strategic Outsourcing. *Journal of Operations Management*, 25(2), 464–481.
- Huang, K. F., Lin, K. U., Wua, L. Y., & Yu, P. H. (2015). Absorptive capacity and autonomous R&D climate roles in firm innovation. *Journal of Business Research*, 68(1), 87-94.
- Lacity, M.C., Khan, S.A., & Willcocks, L.P. (2009). A review of the IT outsourcing literature: insights for practice. *The Journal of Strategic Information Systems*, 18(3), 130–146.
- Lavie, D. (2006). The competitive advantage of interconnected firms: An extension of the resource-based view. *Academy of Management Review*, 31(3), 638–658.
- Lindblom, A., Kajalo, S., & Mitronen, L. (2015). Exploring the links between ethical leadership, customer orientation and employee outcomes in the context of retailing. *Management Decision*, 53(7), 1642-1658.
- Kimpakorn, N., & Tocquer, G. (2009). 'Employees' commitment to brands in the service sector: luxury hotel chains in Thailand. *Journal of Brand Management*, 16(8), 532–544.
- Korschun, D., Bhattacharya, C. B., & Swain, S. D. (2014). Corporate social responsibility, customer orientation, and the job performance of frontline employees. *Journal of Marketing*, 78(3), 20-37.
- Kotlarsky, J., Scarbrough, H., & Oshri, I. (2014). Coordinating expertise across knowledge boundaries in offshore- outsourcing projects: the role of codification. *MIS Quarterly*, 38(2), 607-627.
- Lai, F., Griffin, M., & Babin, B. J. (2009). How quality, value, image, and satisfaction create loyalty at a Chinese telecom. *Journal of Business Research*, 62(10), 980-986.

- Lang, G., Subramanian, R., & Mavlanova, T. (2015). Perceptions and use of anonymous communication across cultures. *Journal of International Technology & Information Management*, 24(1), 53-64.
- Levinson, N. S., & Asahi, M. (1995). Cross-national alliances and inter-organizational learning. *Organizational Dynamics*, 24(2), 50-63.
- Littler, J. (2013). The Rise of the “Yummy Mummy”: popular conservatism and the neoliberal maternal in contemporary British Culture. *Communication, Culture & Critique*, 6(2), 227–243.
- McCallum, S. Y., & Forret, M. L. (2014). Internal and external networking behavior an investigation of relationships with affective, continuance, and normative commitment. *Career Development International*, 19(5), 595-614.
- Liu, S. & Dengb, Z. (2015). How environment risks moderate the effect of control onperformance in information technology projects: Perspectives of project managers and user liaisons. *International Journal of Information Management*, 35(1), 80-97.
- Moller, K., Rajala, A., & Svahn, S. (2005). Strategic business nets-Their type and management. *Journal of Business Research*, 58(9), 1274–1284.
- Park, S. M., & Rainey, H. G. (2007). Antecedents, mediators and consequences of affective, normative and continuance commitment: empirical tests of commitment effects in federal agencies. *Review of Public Personnel Administration*, 27(3), 197–226.
- Pitelis, B. (2012). Clusters, entrepreneurial ecosystem co-creation, and appropriability: A conceptual framework. *Industrial and Corporate Change*, 21(6), 1359–1388.
- Plugge, A., Bouwman, H., & Molina-Castillo, F-J. (2013). Outsourcing capabilities, organizational structure and performance quality monitoring: Toward a fit model. *Information and Management*, 50(6), 275–284.
- Prahalad, C. K., & Ramaswamy, V. (2004a). The future of competition: Co-creating unique value with customers. Boston, MA: Harvard Business School Press.
- Prahalad, C. K., & Ramaswamy, V. (2004b). Co-creating unique value with customers. *Strategy & Leadership*, 36(3), 4–9.
- Quoquab, F., Abdullah, N. L., & Jihad, M. (2016). Investigating the effects of consumer innovativeness, service quality and service switching costs on service loyalty in the mobile phone service context. *Gadjah Mada International Journal of Business*, 18(1), 21-53.
- Sanchez, J. A. L. (2010). The impact of relational variables on value creation in buyer–seller business relationships. *Journal of Business-to-Business Marketing*, 17, 62–94.
- Saxe, R., & Weitz, B. A. (1982). The SOCO scale: a measure of the customer orientation of salespeople. *Journal of Marketing Research*, 19(3), 343–351.
- Singh, P. (2015). Comparison of Service Quality between Private and Public Hospitals: Empirical Evidences from Varanasi District in up. *Paradigm*, 17(1/2), 37-46.

- Singh, R., & Koshy, A. (2011). Does salesperson's customer orientation create value in B2B relationships? Empirical evidence from India. *Industrial Marketing Management*, 40(1), 78-85.
- Slater, S. F., & Narver, J. C. (1995). Market orientation and the learning organization. *Journal of Marketing*, 59(3), 63-74.
- Somers, M. J. (2009). The combined influence of affective, continuance and normative commitment on employee withdrawal. *Journal of Vocational Behavior*, 74(1), 75-81
- Tarí, J. J., Heras-Saizarbitoria, I., & Dick, G. (2014). Internal and external drivers for quality certification in the service industry: Do they have different impacts on success? *Service Business*, 8(2), 337-354.
- Tsai, W. (2001). Knowledge transfer in intra-organizational networks: effects of network position and absorptive capacity on business unit immolation and performance. *Academy of Management Journal*, 44(5), 996-1005.
- Valentina, N., & Passiante, G. (2009). Impacts of absorptive capacity on value creation. *An International Journal of Tourism and Hospitality Research*, 20(2), 269-287.
- Wagner, S. M., Eggert, A., & Lindemann, E (2010). Creating and appropriating value in collaborative relationships. *Journal of Business Research* 63, 840-848
- Wallace, E., Chernatony, L., & Buil, I. (2011). How Leadership and Commitment Influence Bank Employees' Adoption of their Bank's Values. *Journal of Business Ethics*, 101(3), 397-414.
- Wang, Y., Ma, S., & Li, D. (2015). Customer participation in virtual brand communities: The self-construal perspective. *Information and Management*, 52(3), 577-587.
- Yeh, Y. P. (2015). Exploring the effect of relational governance on retailer-perceived performance. *Eurasian Business Review*, 5(1), 1-22.
- Zahra, S.A. & George, G. (2000). Absorptive Capacity: A Review, Reconceptualization, and Extension. *Academy of Management Review*, 27(2), 185-203.
- Zhang, H., Lu, Y., Wang, B., & Wu, S. (2015). The impacts of technological environments and co-creation experiences on customer participation. *Information and Management*, 52(4), 468-482.
- Ziggers, G. W., & Henseler, J. (2016). The reinforcing effect of a firm's customer orientation and supply-base orientation on performance. *Industrial Marketing Management*, 52, 18-26.
- Zins, A.H. (2001). Relative attitudes and commitment in customer loyalty models: some experiences in the commercial airline industry. *International Journal of Service Industry Management*, 12(3), 269-294.

ACKNOWLEDGMENTS

This research was supported by the Ministry of Science and Technology of Taiwan, R.O.C. under Grants NSC 102 - 2410 - H327 - 031- MY2. The authors also wish to thank the anonymous reviewers for their helpful comments.

APPENDICES

Questionnaire		
Constructs	Measures	References
Customer Participation	I spend a lot of time sharing information about my needs and opinions with IT outsourcing vendor during the service process.	Chan, et al., 2010.
	I always provide suggestions to IT outsourcing vendor for improving the service outcome.	
	I have a high level of participation in the service process.	
Customer Orientation	IT outsourcing vendor tries to achieve my goals by satisfying me.	Singh, R., and Koshy, A. 2011.
	IT outsourcing vendor tries to get me to discuss my needs with him/her	
	IT outsourcing vendor offers the service that is best suited to my problems.	
Service Quality	When I have problems, IT outsourcing vendor should be sympathetic and reassuring.	Lai, et al., 2009. Parasuraman, et al., 1988.
	IT outsourcing vendor should have up-to-date equipment.	
	When IT outsourcing vendor promises to do something by a certain time, he/she would do so.	
Communication Culture	IT outsourcing vendor shares the ideas freely.	Valentina, N., and Passiante, G. 2009
	IT outsourcing vendor shares a very open communicative environment.	
	IT outsourcing vendor supports my new ideas.	

Questionnaire		
Trust	I can be sure IT outsourcing vendor will meet his/her commitments.	Sanchez, 2010
	Is honest with me if IT outsourcing vendor's problems arise.	
	IT outsourcing vendor is well prepared for meeting my demands efficiently.	
Normative Commitment	Even if IT outsourcing vendor is to my advantage, I do not feel he/she will be right to leave me now.	Wallace, et al.,2011
	IT outsourcing vendor will feel guilty if he/she leaves me now.	
	IT outsourcing vendor deserves my loyalty.	
Continuance Commitment	It will be very hard for IT outsourcing vendor to leave my organisation right now, even if he/she wants to.	Wallace, et al.,2011
	IT outsourcing vendor feels that he/she has too few options to consider leaving me.	
Affective Commitment	I would be very happy to spend the rest of my career with IT outsourcing vendor.	Wallace, et al.,2011
	I really feel as if my problems are IT outsourcing vendor's own.	
	I feel a strong sense of belonging to my organisation.	
Value co-creation	I will create my values, if IT outsourcing vendor services well.	Kunsoo, et al.,2012
	IT outsourcing vendor will create his/her values, if he/she services well.	
	I and IT outsourcing vendor will create values, if we believe each other.	

Questionnaire		
Outsourcing Satisfaction	I am satisfied with the services provided.	Chan, et al., 2010
	This IT outsourcing vendor is a good business.	
	The service of this IT outsourcing vendor meets my expectations.	
Future Collaboration	We would welcome the possibility of collaboration with this IT outsourcing vendor in additional projects in the future.	Wagner, et al., 2010
	We would be willing to work with this IT outsourcing vendor in projects in the future.	
	We would be willing to collaborate with this IT outsourcing vendor in projects should the opportunity arise.	

Szu-Yuan Sun

**Department of Information Management,
National Kaohsiung First University of Science and Technology,
1 University Road, Yenchao, Kaohsiung 824, Taiwan, ROC
sunny@nkfust.edu.tw.**

Dr. Szu-Yuan Sun is Full Professor of the Department of Information Management, College of Management at National Kaohsiung First University of Science and Technology, Kaohsiung, Taiwan. He received his Master's degree from the Arizona State University and Ph.D. in Information Management from the National Sun Yat-Sen University in Taiwan. His current research focuses on the IT outsourcing, e-learning, e-business, ERP, SCM, and mobile commerce. He has published papers in many international conferences, such as: International Conference on Electronic Business, PACIS, HICSS & AMCIS, and in the *Journal of Systems Development Management*, *Supply Chain Management: an International Journal*, *Behaviour & Information Technology*, *International Journal of Technology Management*, *Computers & Education* and *International Journal of Electronic Business Management*, etc..

Li-Shan Chen

**College of Management, National Kaohsiung First University of Science and Technology,
1 University Road, Yenchao, Kaohsiung 824, Taiwan, ROC
u0028905@nkfust.edu.tw**

Li-Shan Chen is current Ph.D. Candidate of College of Management at National Kaohsiung First University of Science and Technology, Kaohsiung, Taiwan. He majors in information management, and ever was a senior lecturer in the Department of Information Management at Fortune Institute of Technology. He has published papers in international conferences and Journals, such as: *International Journal of Organizational Innovation*.