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## Introduction

Outsourcing is gaining popularity in both the public and the private sector. During the mid-1990s, outsourcing was considered a viable solution to attaining cost control and improving production efficiency (Mani, Barua, & Whinston, 2010). Because of this perception, many companies started incorporating outsourcing in their business strategies and plans. As a result of the success that have been recorded in using outsourcing, many corporations are turning to outsourcing to support a range of functions ranging from logistics to customer relations. Companies cite different reasons for turning to outsourcing. The reasons are generally related to their rationale of turning to outsourcing. Some of the reasons include quality, performance, cost, access to special applications and technical skills and supplier pressure (Bardhan, Mithas, & Shu, 2007). Whereas outsourcing was initially a premise of the private sector, the public sector is recording significant increase in the use of outsourcing. In the past, outsourcing in the public sector was limited to contracts such as maintenance, food and security services. Recent trends however reveal that the public sector is finding it necessary to follow the commercial trends in outsourcing many functions including Information Technology (IT) (Hickman, & Olney, 2011). Outsourcing is currently considered a vital strategic avenue to businesses as they endeavor to remain competitive in the global economy.
Outsourcing involves the transfer of ownership of a process from the buyer to the supplier. The major drivers to outsourcing prior to the 1990s were cost effectiveness in accessing computing skills, system development skills, access to IT skills and access to special functional capabilities. Production of IT hardware moved offshore in the 1990s that led to price reductions (Whitaker, Mithas, & Krishnan, 2010). This change in production dynamics resulted in reduction in prices, which bettered the availability of IT resources to small-scale businesses. Currently small and medium sized companies can afford technology solutions at lower costs. It is thus apparent that the growth in outsourcing has been driven by change in the technological environment and acceptance of strategic alliances (Babin, Briggs, & Nicholson, 2011).
The aim of the study is to determine the impact of IT outsourcing on the performance of businesses in the market. The businesses that the study will focus on are the ones where the outsourced information technology is being used to serve the customers directly. Outsourcing customer-facing technologies has been shown by researchers to have potentially negative implications. It has been argued that by outsourcing customer-facing technologies, the business will be giving out its competitive advantage. With cutting edge competition that is experienced in the market, no business would be in a position to leave their competitive advantage unguarded. Technologies which are used to interface with customers are vital and are considered to be the source of competitive advantage; they should not be outsourced. This is the problem that many businesses have when it comes to outsourcing. Another issue is that businesses should be able to understand what their customers want. They should take stock of the grievances and complaints from the clients. They should then act upon these issues to the satisfaction of the clients. This process should not be left to third-parties because they do not understand the customers. Outsourcing therefore does not fit here. On the other hand, some researchers are of the view that the outsourcing customer facing technologies has similar positive benefits as any other form of outsourcing (Jain, Simon, & Poston, 2011). There is therefore greater contradiction among researchers on the impact of IT outsourcing when the technology is customer facing. The application of resource and knowledge-based views of organizations shows that such differences are likely and should be expected considering the differences in clients’ expectations and perception of value. Importantly, there has been a significant increase in the levels of IT awareness in the general population. Awareness of technology is a vital requirement in harnessing customer-facing technologies and affects the gains that businesses can make by outsourcing such technologies. The changes are likely to affect the potential gains that businesses can attain by outsourcing customer-facing technologies. As a result, the potential gains from outsourcing customer-facing IT change with time and is therefore an ongoing area of research. Additionally, there is no consensus on the overall impact of outsourcing customer facing technologies and the factors that have to be considered to ensure that such outsourcing is beneficial. This is because most studies focus on general outsourcing and the impact of outsourcing in general. The general population is businesses that outsource whereas the leaders in this study are strategists. Knowledge developed by the study will help the leaders in determining what to expect from outsourcing customer-facing technologies and foster research in the area.

## Purpose of the Study

The purpose of the mixed research is to develop a clear picture of the impact of outsourcing customer facing information technologies on the market performance of businesses. The study will develop a framework and a clear picture of the conditions where outsourcing customer facing information technologies have positive impact and the conditions where the effects are negative. This paper will update the social exchange theory in which issues that concern the clients and relationship of the business with other businesses will be looked (http://www. google. co. ke/url? sa= t&rct= j&q= outsourcing%20%2Bbase%20theory&source= web&cd= 1&ved= 0CCgQFjAA&url= http%3A%2F%2Fciteseerx. ist. psu. edu%2Fviewdoc%2Fdownload%3Fdoi%3D10. 1. 1. 96. 6507%26rep%3Drep1%26type%3Dpdf&ei= LhcZT\_PPKcnh8AOAnci4Cw&usg= AFQjCNEjG7c4HkYJ\_U3beWJ4mfx-uByN-w) The study findings will help develop theory and inform organizational leaders when considering outsourcing customer facing information technologies by highlighting the factors that they must consider and assess. This will ease some of the complexities and challenges that organizational leaders often face when seeking to outsource customer facing information technologies.
A mixed research design will be used in the study. Strategic management and the factors that affect the success of a strategy and adoption of a technology are areas that have been widely researched. A mixed research design combines both qualitative and quantitative designs. A mixed research design has been adopted due to the nature of the study. First, the area of study is dynamic in that customer skills are continuously changing, and are characterized by varying and in some cases polarized views. A quantitative research design incorporates the use of scientific techniques and therefore results in findings that are less prone to polarization. On the other hand, outsourcing within businesses is often carried out for strategic reasons. Ignoring the strategic aspect of outsourcing and the related literature will reduce the reliability and relevance of the findings. As a result, incorporation of theories and empirical findings on outsourcing from a strategic perceptive is vital in the study. This introduces a qualitative aspect of the mixed method design that will be addressed using open-ended surveys. Open ended surveys are good as they allow the respondents to express themselves. With these, the respondents will be in a position to give detailed reports. There will also be the use of interviews. In this method, interviewees will be in a position to give more details of questions which had not been asked.
The variables that will be included in the study are impact on market performance and customer facing IT outsourcing. The former is the dependent variable whereas the latter is the independent variable. Other factors that will be considered include the volume of processes outsourced, the nature of the processes outsourced and organizational factors such as internal support and coordination with the third party service provider. The variables that will be considered here include performance of organizations, extent of outsourcing, positive impact of outsourcing, and negative impact of outsourcing.
The study will be limited to determining the effects of outsourcing customer facing information technologies. These are technologies that direct impact on the nature of services that customers' access and have a direct bearing on how they perceive the overall quality of the product or service. Such technologies include support, Internet banking and customer relationship management. The study will consider between 20 to 50 organizations that outsource within the US.

## Research Questions

The aim of the study is to determine the nature of the impact of outsourcing customer facing information technology on firms’ market performance. As a result, both the positive and negative impact of outsourcing customer-facing technologies on market performance will be determined and compared. This is a quantitative research question that compares positive and negative effects. The question is also relational since it compares the negative and positive impact of outsourcing customer-facing technologies on market performance.

## RQ1. Does outsourcing customer facing information technology have positive or negative impact on market performance of firms?

RQ2. What are the factors that influence the impact of outsourcing customer facing information technology on firms’ performance?
Within businesses and strategic environments, the need to explore opportunities (problems) to determine their causes and drivers is critical. Businesses that appreciate and embrace the need to explore problems and opportunities are better placed to formulate and implement relevant strategies. Knowing the actual impact of outsourcing customer-facing information technologies on firms’ performance is important in alerting businesses on the overall role of outsourcing these processes. However, understanding the factors that determine the degree of impact of outsourcing customer facing information technology is vital in informing the strategic formulation and implementation processes. Due to the exploratory nature of the question, it is likely to remain constant throughout the study. The question aims at determining the internal and external factors that influence the impact of outsourcing customer facing information technology on firms’ market performance.

RQ3. What are the similarities and differences between the firms that have similar impact of outsourcing customer facing information technology on firm performance?
Comparison of firms that record similar market performance outcomes when outsourcing customer facing information technology is important in determining the factors that determine the levels of success that can be attained.
Based on the assumption that the factors affect firms’ market performance in a cause-effect manner, grouping firms with similar performance (negative and positive) can help determine the intragroup similarities and inter group differences.
The question will help determine the relationship between firms that record similar market performance and explore the similarities and the differences. Exploration of the differences and the similarities gives the question a qualitative dimension thus it is a mixed design. The use of a mixed question is aimed at enriching the findings. The qualitative dimension of this research question is aimed at exploring the actual differences and similarities thereby ensuring that the knowledge is of strategic importance. Additionally, these findings if triangulated with findings from the second research questions can help improve the overall accuracy of the research question. The intra-group differences can be direct or indirect factors influencing the impact of customer facing information technology on firms’ market performance.

## Hypotheses

H10. There is no statistically significant evidence that outsourcing customer facing information technology does not have a positive impact on firms’ market performance.
H1a. There is statistically significant evidence that outsourcing customer facing information technology has a positive impact on firms’ market performance.
H20. There is no statistically significant evidence that firms that record similar market performance do not have more similarities than differences.

## H2a. There is statistically significant evidence that firms that record similar market performance have more similarities than differences.

Brief Review of the Literature
Few firms have the ability to stay ahead of technology through their individual efforts. As a result, outsourcing relationships with vendors have become widespread. Firms no longer outsource repetitive and specialized services only rather in some cases, entire business processes are outsourced (Qu, Pinsonneault, & Oh, 2011). As of 2000, over half of all information technology services in North America had been outsourced (Gulla, & Gupta, 2009). Questions on outsourcing benefits and the limits of its benefits have emerged with increase in outsourcing entire business processes. There is convergence among researchers on the effect of outsourcing on firm performance. On one hand, outsourcing has been shown to increase efficiency, result in cost reductions, foster innovation and improve access to new and specialized technologies (Gulla, & Gupta, 2009). However, other researchers argue that outsourcing could lead to hollowing of corporations and depreciation of their capabilities. Access to new technology does not necessary translate to internalization and subsequent leveraging within the market. Therefore, even though external partners may offer technology, the improved access cannot substitute for internal learning or guarantee that a firm can utilize and deploy the technology within the industry and the market.

## New Technology Adoption

Access to technology and its effective utilization is a vital issue when firms adopt new technologies to better their business processes such as information technology. This is because the use of such technologies requires their assimilation into ongoing firm processes and their adoption by customers. Firms must understand the nature of interaction between a new technology and its work processes in order to reconfigure the technology to fit its actual needs. The degree to which the assimilation of a technology results in the development of new routines and capabilities within a firm may explain the difference in benefits and gains from outsourcing across firms. Additionally, access to technology does not guarantee its successful deployment in the market. For firms to enjoy benefits from certain technologies such as online reservation and banking systems its customers must adopt the technology. The perspective adopted in analyzing the effect of outsourcing is vital and affects the perceived predictors of success. Studies from an innovation perspective assert that customer traits and technology characteristics are the major predictors of successful adoption of new technologies via outsourcing. On the other hand, service technology literature emphasizes on improved understanding of customers’ technology adoption.
Understanding the conditions under which technology enhances or hurts performance is an area of interest to both managers and researchers on organizational strategy. The resource-based view supports the notion that outsourcing is beneficial if other firms provide valuable capabilities. However, firms should be cautious when using outsourcing when the valuable capabilities require learning through developing path dependent knowledge stocks within the firm (Abu-Musa, 2011). Thus, outsourcing may be beneficial to a firm if it is deployed in a manner that allows the firms to enrich their knowledge stocks, fill gaps in technology portfolio and tap into specialized resources (Weigelt, 2009). These capabilities enhance performance through improving speed to market and widening the variety of products. Outsourcing can minimize pitfalls from local search and competency traps by introducing firms to new technologies and knowledge. Such pitfalls result in core rigidness and missed opportunities by restricting firms to their existing capabilities. In this way, outsourcing allows firms to strengthen their capabilities and performance beyond the levels that they can attain via internal efforts alone.

## Resource-based View and Knowledge-based View

Knowledge-based view (KBV) and Resource-based view (KBV) are the two main theories that underpin the study. The key tenets of the resource-based view of an organization involve the identification of firms’ key resources. The next step is determining if the identified resources meet the VRIN (valuable, rare, in-imitable and Non-substitutable) criteria. A resource is valuable if it enables a firm to use a value-creating strategy by either reducing weaknesses or outperforming the competitors. Being rare by definition is a quality that a resource must possess to be of value. In-imitable valuable resources under the control of only one firm are a source of competitive advantage (Maier, Hädrich, & Peinl, 2009). If competitors are unable to perfectly duplicate the strategic asset then the competitive advantage can be sustained. Causal ambiguity, which is the main cause of in-imitability, is likely to occur for knowledge based and socially complex resources. As a result some researchers are of the view that knowledge based resources are the foci of the resource-based perspective.
Non-substitutable resources that are rare and valuable are also vital. Competitors’ ability to counter firms’ strategy using a substitute drives down prices. In some cases, the prices can be driven down to discounted future rents thereby resulting in zero economic profits. Organizations are advised to care for and protect the resources that display the VRIN characteristics due to their potential in improving organizational performance. A resource must possess all the five VRIN characteristics to be a potential source of sustainable competitive advantage. This implies that the VRIN characteristics are individually necessary through not sufficient conditions for sustained competitive advantage.
The resource-based view highlights knowledge as a vital resource and this has given rise to the knowledge-based view of organizations. Under KBV, knowledge is the key reason for the existence of firms and is potentially the most strategically important resource (Falkenreck, 2010). Knowledge can be tacit (embedded in people) or explicit (knowledge that can be articulated to others). In strategy implementation, both tacit and explicit knowledge are important though some researchers argue that tacit knowledge is of greater strategic value since it is embedded in people and is therefore difficult for competitors to replicate. Experts’ tacit knowledge is rare and immovable and thus satisfies all the VRIN characteristics sufficient for generation of sustainable competitive advantage (Lu, & Sexton, 2009). Furthermore, whereas tacit knowledge may be difficult for competitors to replicate, it poses similar challenges to the firms that possess this knowledge. This is because firms often have limited understanding of how they perform certain activities and the embedded knowledge that makes the performance special.

## RBV, KBV, and Outsourcing

RBV asserts that the valuable capabilities are firm specific and develop with changes in a firm. Valuable capabilities are vital for the development of competitive advantage and tend to be path dependent and accumulate with time through learning and deliberate in investments that help organizations develop their expertise. Based on these, there is basis for concern that outsourcing can result in hollowing of companies and therefore the depreciation of their internal capabilities. Some researchers are of the view that vertical integrations can help minimize some of the risks associated with outsourcing (Wang, Gwebu, Wang, & Zhu, 2008). Since outsourcing shifts in investment in knowledge building activities from firms to their suppliers, the process of learning through experience is slowed down in the client organizations. The ability to integrate and apply external knowledge is thus vital in determining the nature of the effects of outsourcing on firms’ integrative capabilities and performance in the market. From the knowledge-based view, this ability is dependent on the tacitness of knowledge on a new technology and the interdependence of activities in a firm (Abu-Musa, 2011). It is worth noting that whereas explicit knowledge can be managed easily by firms, tacit knowledge requires context specific understanding and therefore tends to be sticky to the owners and the context within which it is accumulated. Supplier relationships involving the transfer of tacit knowledge fail more often than those involving the transfer of codified technology (Ramachandran, & Gopal, 2010). This finding is consistent with the hypothesis. In fact, outsourcing can only result in the development of tacit knowledge if it is embedded in the technology being outsourced. This is because when the technology is tacit, vertical integration allows for its transfer via shared language and experiences within organizations (Wang, Gwebu, Wang, & Zhu, 2008).
Interdependence of activities that are required for the integration of new technology with internal processes influence the overall potential benefit associated with information technology outsourcing. Within organizations, interdependent activities need ongoing communication, mutual adjustments by the actors and knowledge exchange between the entities involved in the processes (Goo, Kishore, Rao, & Nam, 2009). Outsourcing in general is likely to be beneficial if the activities involves are characterized by low interdependence, are sequential in nature and can easily be divided into separate sub-activities. This is however not the case for information technology within the modern organizations. Due to the strategic and operational role of information and technology within the modern organization, IT is characterized by high levels of interdependence. The significant costs savings attained by Nike and Reebok when outsourcing their shoe manufacturing is attributed to the relatively low interdependence and sequential nature of the known process of shoe manufacture (Goo, Kishore, Rao, & Nam, 2009).
The application of RBV and KBV to outsourcing shows that IT outsourcing impact on an organization is dependent on access to relevant technology and firm’s ability to integrate externally sourced technology with its internal processes. From this is evident that access to a new technology via outsourcing does not guarantee a firm that it will be able to leverage the technology in the market. The performance benefits that a firm gains from technologies that directly affect its clients are dependent on the extent to which the customers have adopted the technology (Goo, Kishore, Rao, & Nam, 2009). The failure of technologies in the market has been traced in several instances to lack of customer’s adoption, which results in inability in the part of the adopting firm to demonstrate the value, relevance, and benefits that a technology has with respect to its customers.
Ease of use and usefulness of a technology are the two factors that are most influential and affect the degree to which customers can accept new technologies (Wang, Gwebu, Wang, & Zhu, 2008). However, since the perceived risks, learning costs and cost savings associated with a given technology varies across firms, it is important to understand the reasons that push some clients into opting out. This understanding enables firms to target their communication, training and customer instructions to addressing concerns that are specific to their clients. This in turn improves the value that customers perceive when using a technology. For customers to adopt a new technology at high rates, firms must ensure that their technology and its application meet the specific needs of their clientele. This implies that the impact of outsourcing IT for customer facing technologies can be assessed by the extent to which their customers use the new technology.

## Potential Negative Effects of Outsourcing

Outsourcing may negatively affect the performance of a firm in the market. Outsourcing as a strategy is expected to have both positive and negative potential that are influenced by the need for outsourcing, company needs and the way outsourcing is planned and executed. For banks to realize the cost savings associated with internet banking, their customers need to use their internet knowledge. Tailoring the technology attributes and communication to the clients’ needs is dependent on a set of tacit, interdependent processes such as the collection of information from customers, processing the technology perception and acting upon the developed knowledge (Goo, Kishore, Rao, & Nam, 2009). Executing these tacit processes in an iterative manner such that learning about a new technology and obtaining customer feedback iterate is vital in fitting a new technology to the needs of the customers. However, large scale outsourcing for instance the outsourcing of entire processes reduces the extent to which firms gather and apply customer knowledge to fit the features offered by a technology. This factor negatively affects the rate of adoption of new technology by clients.
Variability in customers’ preferences, service level requests, the effort they are likely to direct to learning and the level of service quality they expect from technology services complicate the process of tailoring technology applications to clients’ tastes and expectations (Abu-Musa, 2011). This variability reduces the process of fitting technology to customers’ needs to successive approximation and trial and error learning. Advance planning and standardization are some of the common challenges associated with such processes. As a result, increase in technology outsourcing results in frequents updates and renegotiation of contracts to fit new knowledge on customer preferences (Goo, Kishore, Rao, & Nam, 2009). Renegotiations are time consuming and may interfere with the adaptation of a technology to customers’ needs. Furthermore, the introduction of an extra party between the firms and its customers may reduce the extent to which customers’ needs are reflected in the technical applications (Wang, Gwebu, Wang, & Zhu, 2008). As a result, increased outsourcing of information technology is likely to results in decline in market performance.
The use of IT in the delivery of services is affected by service characteristics. Since customers interact with technology with the process of service delivery, they are a key input factor in the production process. This active role played by customers complicates the separation of service delivery into independent sub-activities that can be executed by different holders of technology and customer knowledge. To reduce service failures, firms must be close to their customers to learn how they interact with technology and develop clear definitions of the role of customers in the production process.

## Knowledge Gaps

KBV and RBV if applied to outsourcing shows that some of the issues raised by researchers relating to the potential negative effects of outsourcing have valid theoretical basis. The importance attached to tacit knowledge in research on outsourcing information technology is mirrored by KBV. The implementation of outsourcing in most organizations fails to develop tacit internal knowledge due to the overreliance on the outsourcing companies. This third party companies develop the tacit skills at the expense of the outsourcing companies and share this skills with any company that seeks their services. The implications is that tacit skills associated with the implementation of a given information processes are no longer unique to organizations rather they are shared thereby losing their ability to generate unique competitive advantage . This raises questions on the strategic value of outsourcing information processes in setting where other companies are also outsourcing their information technology processes.
Though the impact of outsourcing in general and outsourcing information technology have been explored in great detail, research on outsourcing customer facing information technology is limited. There has been significant increase in outsourcing internet banking services and support services in US (Weigelt, 2009). This approach to outsourcing has a direct bearing on the customers’ perception of value and quality of services being offered by a client and can therefore directly affect market performance of a firm. This area ought to be researched further to ensure that the increased outsourcing of customer facing technologies and its impact is understood.

## Impact on performance

Sometimes when services are outsourced, the manager is able to concentrate on key company issues that enable better service delivery and profitability in those areas. The IT manager should evaluate the importance of the service to be outsourced to the company. If the service will foster profits and increase the share value without paying great attention to it, then it is prudent to outsource the service and give the IT manager an opportunity of concentrating on other company issues.
Activities whose operational costs are getting out of control may be considered for outsourcing. It is important for the IT manager to identify such activities and advice the management the benefits of outsourcing such tasks. For example if the company discovers that it’s spending more on employing programmers, it can consider outsourcing programming services. Also if the information technology section has a lot of projects, inadequate personnel and budget that is higher than the contribution to the company, a contracted outsourcing agreement will force management to prioritize their needs and control such an area.
In summary, it is important to undertake a thorough evaluation of the impact of outsourcing and the value it will add to the firm. The IT manager should evaluate each advantage and disadvantage to determine the degree of effect to the company. If advantages outweigh disadvantages then it will be beneficial to outsource services, otherwise the company will make losses in case disadvantages outweigh advantages.

## Research Method

Constructivism is similar to other post-positivism philosophies such as interpretivism in terms of their methodological and philosophical persuasions that sensitize concepts (Creswell, & Clark, 2010). Understanding the complex world of the lived experience from the views of those that have lived in it is another major similarity between these philosophical stances. Constructivism is a theory about knowledge and learning that defines knowledge as socially and culturally mediated, non-objective, developmental and temporary. The temporary nature of knowledge is in accord with the nature of the study in that customers’ knowledge of technology is changing rapidly and therefore the potential impacts of outsourcing customer facing information technology are dynamic. Constructivism as a critic of objectivism does not embrace the creed that humans can know of external reality (Bergman, 2008). Under constructivism, the only reality known to humans is that represented by the human though. As a result, reality is independent of the human thought even though meaning and knowledge are human constructions. As a result, constructivism generally focuses on the constructed reality.
Constructivism proposes new definitions of knowledge and truth based on inter-subjectivity rather than classical objectivity and viability. In addition, constructivism as a post-positivist philosophy allows for the construction of knowledge from multiple perspectives and sources. Triangulation of different viewpoints is considered vital in understanding phenomena. In addition to relevance to the nature of the research problem, the choice of the philosophical stance is guided by the mixed research design that has been adopted from the study. The design, which involves triangulation of information from different sources and focus on internal and external organizational factors, seeks to develop the truth based on inter-subjectivity. This is evinced by the use of qualitative techniques that are generally subjective.
Another important post-positivism philosophy is the critical realism. This theory distinguishes epistemology from ontology by stating that reality is independent of human thinking. The events that are observed by humans are controlled by some actions that we cannot observe (Fox, 2009). This therefore calls for our understanding of the structures that generate such unobservable events. This knowledge can be used to understand the experimental contexts as it allows the distinction of events and their causes. During an experiment, an individual only creates the conditions necessary for the experiment, which is observable. Meanwhile, the outcome of the experiment is caused by the fundamental laws and mechanisms that are not observable to us. The central idea of critical realism is that natural and social reality should be understood as an open stratified system of objects with casual powers (Morton, 2006). These stratifications include the domains of real, actual and empirical. Domains of empirical include the observable experiences while the domains of actual include the actual undertakings that have been produced by machinations. On their part, the domains of real include the mechanisms that have produced the real events (Dobson, Jackson, & Myles, 2007).
Post-positivism theory can find its application in both social and natural sciences albeit in different situations. Human activities that are constantly dynamic generate and shape the culture and society. It then follows that the latter also changes proportionately in accordance to changes by the former. However contrary to natural laws, rules of culture and society have their applicability limited to certain locations and time. Besides, the social structures are open and visible to be controlled in a laboratory set up. Because of this, the critical realism theory lacks predictability power. This therefore calls for an in-depth understanding of any social situation by exploring and getting in-depth information on the observables and investigating the mechanisms behind any event. Subsequently the theory could be applied in research to unwind the complex social events by ignoring any other impending explanations. In the information systems, however, it could be used to find out the manner in which information is used by organizations and determine the apparent net reimbursement from using an information system (Fox, 2009).
Subjectivism as another theory of the post positivism reality is the belief that reality is not firmly absolute. Instead it is a fluid, plastic or any indeterminate realm that is subject to alteration either in part or whole by the consciousness of the perceiver. This consciousness may include his or her feelings, wishes or whims. Based on this doctrine, man of a particular nature, dealing with a universe of a specific nature can in one way or another live and act. He can also achieve his goals, notwithstanding the facts of reality, which in this case might be the nature of the universe. Metaphysically, the theory suggests that reality is independent to human consciousness. In this case reality is the object while the human consciousness is the subject. In epistemology however, facts of reality are not important for man to arrive at knowledge but rather an appropriate consultation of his contents of consciousness, being the ones with the power to make reality conform to their dictates. These are merely feelings, which, according to the theory are the creator of facts that are therefore men’s key instrument of cognition. This theory also disowns the existence of a ‘ general truth’. In retrospect, truth can only be so in one’s own perspective since it differs from consciousness to consciousness. Therefore, what person A considers to be the truth does not necessarily imply to person B (“ BBC - Ethics - Introduction to ethics: Subjectivism”, n. d).
The validity of research results could be determined through the use of a range of research methods and approaches. This can be achieved through the triangulation theory. It ensures that weaknesses and biases that normally arise from the use of only one of the methods such as questionnaires and observations are overcome appropriately. It allows researchers to collect both quantitative and qualitative data from both primary and secondary sources (“ BISSTO – Research – Triangulation”, n. d.).
A mixed research design will be used in the study. The choice of a mixed research design is based on its relevance to the nature of the study compared to the use of qualitative or quantitative designs alone. A look at the research questions shows that they differ in their design. There is a quantitative, qualitative and mixed research questions in the study. The use of either qualitative or quantitative design is therefore not enough to capture the nature of the research question. A mixed research design offers the benefits associated with qualitative and quantitative designs and minimizes the weaknesses associated with either design. The mixed design ensures that the richness of qualitative designs and techniques is complimented by the structure of quantitative techniques.
The study involves both qualitative and quantitative inquiry. A mixed design allows for the incorporation of both forms of inquiry. Furthermore, the area of study is characterized by polarized views and findings on the impact of outsourcing customer facing information technology on firms’ market performance. The existence of different perspectives creates a problem in developing reliable findings. A mixed design allows for the use of triangulation, which allows for the incorporation of different perspectives and findings in constructing the truth. Thus, the nature of the problem being studied is a vital factor in the choice of a mixed research design.
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Mixed research designs are effective in cases where inquiry involves the discovery and understanding of the causes of a phenomenon (Ridenour, Benz, & Newman, 2008). The study seeks to determine the factors that influence the impact of outsourcing customer facing information technology on firms’ market performance. As a result, the study involves discovery and understanding of the causative factors to an observed phenomenon. This is one of the reasons for the adoption of a mixed research design.
The study will involve several firms that outsource their customer facing information technology such as internet banking, support and customer relationship management. Furthermore, the study will only be limited to public companies. This is because public companies are required by law to divulge their financial performance, which makes it possible to access data on market performance. Since information on the number of publicly traded companies is available in the stock exchange, power analysis will be used to determine the minimum sample size. A minimum of fifty companies will be included in the sample. A convenience sample will be used. The choice of companies that will be included in the sample is based upon their willingness to participate in the study. The researcher will contact companies to determine if they outsource customer facing information technology and seek permission to carry out the study from relevant company authorities. In seeking permission, the researcher will divulge information on the aim of the study, the research question and the procedures that will be used.
The study will involve the use of both qualitative and quantitative data collection techniques. Additionally, the study will use both secondary and primary data. The first step in data collection will be determining the year in which each of the participating company started outsourcing its customer facing information technology. The next step will be determining the market performance five years prior to and five years after the companies started outsourcing. For companies that have outsourced for less than five years, data collection will involve determining their market performance within the years that they have outsourced and the five years before they started outsourcing.
The next step involves collection of data from peer reviewed journal articles. The aim of this step is to determine the factors that have been highlighted as potentially influencing the effect of outsourcing on organizations. Data collected in this stage will inform the researcher on the issues that need to be considered when seeking data on factors that determine the effects of outsourcing customer facing information technology on market performance. The selection of the information sources in this phase is vital in determining the validity and reliability of the findings. Therefore, a criteria focusing on relevance, peer review and date of publications (within the last five years) will be used in selecting the data sources.
The last step in data collection will involve the use of structured interviews. Findings from the review of literature on factors that influence the impact of outsourcing will be used in structuring the interviews. The interview will essentially be concerned with determining the state of these factors within the participating companies. Findings from the structured interviews will help develop input that is vital in answering the third research question. The use of structured interviews allows for structuring the findings in a manner that allow for easy comparison. Every participating company will be represented by one interviewee who is deemed to be in a position to answer questions relating to outsourcing in the company, external factors and internal variables.
Data analysis will involve the use of qualitative and quantitative techniques. Quantitative techniques will be used in answering the first research question and will involve the use of statistical analysis. For each company, average market performance for the five year prior to and after outsourcing will be calculated. These paired readings will then be mapped in a line graph. Additionally, two-sample t-test and ANOVA analysis will be used to compare the average market performance prior to and after outsourcing customer facing information technology. To improve the accuracy of the findings, SPSS statistical analysis package will be used.
The next step will involve a critical analysis of literature. Data and findings from the literature sources will be coded in themes relating to factors that influence the success and failure of outsourcing within organizations. This step is important in answering the second research question. The last step will involve triangulating the findings from the first two processes with the findings from the structured interviews. This step is important in answering the third research question.

## Operational Definition of Variables

The use of Internet and information technology has transformed the way companies do business through improving the existing processes. That is, companies can outsource some of its internal functions to an outside firm that specialize in those functions.
Through outsourcing another party can be delegated authority to provide services under a business contract drafted between the parties involved. It is nearly impossible for a firm to manage all of its processes solely by depending on its own staff. Outsourcing this services enable a firm to concentrate on other core values and efficiency and hence offer more services and goods to their customers.
Reduction. It is important in reduction of pitfalls from local search and proficiency traps by introducing firms to newly available technologies and knowledge. These pitfalls may result in core rigidness and missed opportunities by restricting firms to their existing capabilities in this way; it allows firms to strengthen their capabilities and performance beyond the levels that they can attain via internal efforts alone. This is an interval variable type since it can quantitatively be measured on its impact on the performance through the output that could have been realized.
Presence and type. Another variable is the presence of technology and the type of the technology: that is, the technologies that have a direct impact on the nature of service that customer access. However as much as the technology is available, its awareness of technology is a vital requirement in harnessing customer-facing technologies and affects the gains that businesses can make by outsourcing such technologies. The changes are likely to affect the potential gains that businesses can attain by outsourcing customer-facing technologies. As a result, the potential gains from outsourcing customer-facing IT change with time and is therefore an ongoing area of research. Additionally, there is no consensus on the overall impact of outsourcing customer facing technologies and the factors that have to be considered to ensure that such outsourcing is beneficial. Moreover market performance and customer facing IT outsourcing also need to be considered. This can be considered to be an ordinal variable where by its degree of influence can be measured upon the outcome of the whole process.
Internal Support. Internal support and coordination with the third party service provider whereby both parties should agree under a business contract that incorporates services and level agreements with respect to cost, quality and the time needed to deliver the specific services.
Risks. Similarities involved in outsourcing include risk which is the major drawback with outsourcing. For instance when you outsource an Information System, security risks may arise both from a communication and from a privacy point of view. However there is also some differences which may arise during outsourcing which may the size of the processes outsourced between different organizations or business firms may vary and hence its impact on outsourcing customer facing information technology on firm and performance.
Furthermore, there is no statistically significant evidence that outsourcing customer facing information technology does not have a positive impact on firms’ market performance through various researches provided statistical evidence is not provided in any of the sources proving the significance of outsourcing

## Measurement

The study will focus on market performance within five years prior to and after the companies started outsourcing their customer facing information technologies. The measure that will be used for market performance is the portfolio return. Under this approach, the average annual return for the five year will be calculated. The use of portfolio return involves the calculation of the Treynor value and incorporates consideration on the systematic risks assumed in investment. A five-point Likert type scale will be used in measuring the state of the factors. The input of the interviewee will be evaluating the state and providing a score. To validate the use of this self-developed tool, Cronbach’s alpha and intergroup and intragroup reliability scores will be calculated. These values are important to not only ascertaining the validity and reliability of the instrument used but also for the entire study. Coding will be coded in themes relating to whether they are external on internal factors influencing the impact of outsourcing.

## Summary

The paper proposes a mixed design study that will determine whether the outsourcing of customer facing information technology has positive or negative impact on firms’ market performance. In addition, the study will explore the factors that determine the nature of the impact of outsourcing customer facing information technology. Data collection will involve secondary and primary data. Findings derived from the study will be of great strategic importance to managers and will help fill the gap on the market value of outsourcing customer facing information technology.
Research strategy aids in coming up with a framework that is used for gathering and analyzing the data that have been obtained during the research process (Bryman and Bell, 2007). Bryman and Bell (2007) further they underscore the significance that is attached with the right choice of research strategy that is used as it helps to reveal various dimensions of research and processes. Moreover, the significance of choosing the suitable approach lies in “ expressing casual connections between variables; generalizing to larger groups of individuals than those actually forming part of the investigation; understanding behavior and the meaning of that behavior in its specific social context and having an over-time appreciation of social phenomena and their interconnections” (Bryman and Bell, 2007, p. 40).
Nevertheless, as pointed by Saunders, Lewis and Thornhill (2007, p. 135), it must be observed that no strategy can be kept in a superior position than the other. In addition, “ right choice strategy institutes from research question, objectives, existing knowledge, availability of time and resources and own philosophical underpinning”.
An organization can choose from many research strategies options. One of the commonly used is surveys, experimental strategy, historical research, action research, and ethnography.

The peculiarity between quantitative and qualitative methods are the basis for the growth of research strategies, philosophies, strategies and data collection techniques applied. Bryman and Bell (2007) assert that the distinction aids in developing of an umbrella consisting of various business research practices and issues.

## Summary

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