Making the Case for Global Outsourcing: Cases of Business Complexities and Success

Alan D. Smith, smitha@rmu.edu

Sara Krivacek, sjkst166@mail.rmu.edu

ABSTRACT

As evident in the qualitative case studies of several major companies operating in the Pittsburgh area with global connections, as well as another international company with ties in the area. All the showcased companies have established high-levels of quality standards and implemented policies on order to remain competitive in an increasingly web-connected environment. Social media and empowered customers have significantly raised customer expectations of quality. Although there are similarities and differences in the approaches taken by management, they share the common goal of delivering a high-quality product and satisfying their customers. The majority of the case study concentrates on how both companies monitor quality, evaluate performance, train employees, and promote continuous improvement in order to achieve best business practices. The review of the literature on global IT outsourcing and analysis of the case studies provide evidence that economic development creates both short-term operation advantages through increased levels of efficiency as well as long-term social and cultural changes. Operational and strategic managers can use this information when making decisions on where to locate various aspects of their business. In some cases, it may make sense to outsource a particular task, but in other cases an organization may want to offshore particular tasks in order to keep control of the process. Some organization may not have a concern with keeping control over a process, but are forced to keep the process internal due to underlying agreements with their clients.

INTRODUCTION

Global Outsourcing

Since the Industrial Revolution, companies have grappled with how they can exploit their competitive advantage to increase their markets and profits. The model for most of the last century was a large integrated company that can own, manage, and directly control its assets. In the 1950s and 1960s, one of the dominant strategic directions was diversification to broaden corporate bases and take advantage of economies of scale. Even though expansion required multiple layers of management, companies believed that by diversifying they could protect their profits. In the 1970s and 1980s, companies that were trying to compete in the global marketplace were handicapped by a lack of agility and bogged down by bloated management structures. In an effort to increase flexibility and creativity, many of these large businesses decided to focus on their core strengths and outsource activities they deemed noncritical.

More and more companies are offshoring portions of their operations to various countries in order to gain a competitive advantage. Offshoring offers companies the opportunity to have certain tasks completed for less labor costs, while keeping control of the operations. As more companies join the offshoring initiative, the less beneficial offshoring becomes. Not only does an increased amount of overall offshoring decrease the competitive advantage, but the labor costs begin to rise due to lack of supply in workers. A number of authors have examined how the offshoring of processes and knowledge have been affected by economic development and changes in cultural norms; specifically, on how economic development and cultural changes affect the tenor, form, and outcomes of offshoring relationships (Ganesan, Malter, & Rindfleisch, 2005; Gereffi, Humphrey, & Sturgeon, 2005; Grandinetti, Nassimbeni, & Sartor, 2009; Ha, Li, & Ng, 2002; Hallén, Johanson, & Seyed-Mohamed, 1991; Handfield, 1994).

Outsourcing can be defined as the strategic use of outside resources to perform activities traditionally handled by internal staff and resources (Ahsan, Haried, Crosse, & Musteen, 2010; Handfield, 2006). Outsourcing can also be known as facilities management, as it is a strategy by which an organization contracts out major functions to specialized and efficient service providers who become valued business partners (Handfield, 2006). Companies have always hired contractors for particular types of work or to level their workload, and they have formed long-term relationships with firms whose capabilities complement or supplement their own. However, the difference between simply supplementing resources by subcontracting and actual outsourcing is that the latter involves substantial restructuring of particular business activities and can sometimes transfer staff from a host company (Handfield, 2006). Outsourcing was not formally identified as a business strategy until 1989. However, most organizations were not totally self-sufficient. Many outsourced those functions for which they had no competency internally. For example, publishers have often purchased composition, printing, and fulfillment services.

Outsourcing support services was the next stage. In the 1990's as organizations began to focus more on cost-saving measures, they started to outsource those functions necessary to run a company but not related specifically to the core business (Handfield, 2006). Managers contracted with emerging service companies to deliver accounting, human resources, data processing, internal mail distribution, security, plant maintenance and the like as a matter of good housekeeping. Outsourcing components to affect cost savings in key functions is yet another stage as managers sought to improve their finances. IT outsourcing was also a growing area during this time period. Advancing technologies saw the creation of self-service dashboards, which eliminated the occurrence of errors and discrepancies (Richter, 2011). In the beginning of the 21st century, there was a boom in technological developments which brought the history of outsourcing to greater heights. Not enough American students were into the technological education scene at the time and the highest jobs in demand were for IT specialists. There were more students overseas who were pursuing science and technological courses, thus the infrastructure to outsource IT was in place (Richter, 2011).

Over the past two decades, a significant number of researchers have published on the concepts of single sourcing, multiple sourcing, network sourcing, concurrent sourcing, strategic sourcing, and outsourcing. However, in spite of the widespread use of global sourcing and interest in various sourcing agreements, global sourcing has received minimal scholarly focus. Researchers have published literature on global outsourcing and formulates several propositions suggesting how global outsourcing influences an organization's performance and management decisions. The advancement of technology and increased business competition has facilitated, and impelled organizations to spread out their markets globally (Yavas, Leong, Vardiabasis, & Christodoulidou, 2011). Some of the most thriving companies often manufacture their products in Europe, U.S., and Asia and sell them globally. As one of this drift, international outsourcing has quickly taken place as a precondition for organizations contending in the current market. International outsourcing refers to the combination and harmonization of procurement prerequisites throughout global business units, seeking same products, methods, technologies, and providers. This procurement approach has broadened companies supply series to an international level.

There were several additional features that added to companies outsourcing in the early 2000s. The year 2003 was declared as the beginnings of the broadband age as sophistication in telecommunications continued. This allowed the business sector to explore the possibilities for outsourcing other types of jobs (Richter, 2011). The development of data storage was another driving force. Data storage not only drove down the costs of paper usage but likewise enhanced the possibilities of outsourcing more jobs with less of the known risks. In fact, this development in high tech data storage has driven down the costs of manpower due to outsourcing even further (Richter, 2011).

Future aspects of Outsourcing

We have seen where outsourcing has come from and what it has turned into. What does the future hold for outsourcing? To examine the potential scenarios, one must first focus on the nature of IT industry. IT outsourcing as a business is will continue to grow exponentially. The overall market potential will continue to grow, even as what gets outsourced keeps changing (Nagendra, 2012). Large corporations whose business is not in IT do not want to turn into IT hotbeds, so they will want to continue to focus on their core businesses such as retail, sporting goods, or apparel and let their IT partners provide the infrastructure and services. However, outsourcing is not what it was in the early 2000's. The mega deals have vanished. The average deal in 2000 was US$360 million, while more recently it is about third of that amount (Nagendra, 2012).

There are two reasons for this trend. First, smaller companies are getting a handle on outsourcing processes and are leveraging the cost benefits. Second, large companies are breaking down their outsourcing requirements and farming them out to different providers in a bid to minimize risk and increase savings (Nagendra, 2012). The global recession has increased the quantum of outsourcing as a response to short-term costs pressure. Providers have also had to innovate to bring down costs and provide better pricing models (Engardio, 2006). The biggest gain for outsourcers has been the emergence of an increasing number of standardized solutions from IT infrastructure, consulting, and service providers so that differentiation is clearly visible in performance and price (Engardio, 2006). Considering the dramatic changes forced by the recession, the future of outsourcing looks much more robust than ever before. Deal sizes are a matter of concern, but the number of businesses that can leverage outsourcing is bound to go north (Nagendra, 2012).

DISCUSSION

Evolution of Offshoring Operations

Youngsdale and Ramaswamy (2010) conducted research on the evolution of offshore operations while proposing a model for understanding evolutionary roles of offshore operations. This model is based on embedded knowledge which is reflected by the process and the extent of which customer contact is included in the process. The results of this research show that there are three different levels of knowledge capacity. The lowest level includes back-office processing centers or contact centers. The second level includes solutions, which includes the ability to use expertise along with intellectual property. The third level includes global service centers. These centers include full ranges of services and require highly collaborative work.

BUSINESS CASES

Case 1: U.S. Steel (USS)

The U.S. Steel Corporation (USS) is a company that has its global headquarters in Pittsburgh, PA and plays a major role in the local economy. The company employs people around the world and provides services to multiple countries. Global outsourcing has helped USS create most of this success and a unique competitive advantage. According to the company's website, "it is an integrated steel producer with major production operations in the U.S., Canada and Central Europe and an annual raw steelmaking capability of 27 million net tons" (Corporate Profile, 2012). USS has production facilities in Canada that is considered near shore outsourcing as well as facilities in the Slavak Republic that is far shore outsourcing. Production and finishing of raw materials is usually sent overseas due to the lower labor rates. Lower labor rates help the company to maintain a competitive advantage over rival firms within the steel making industry.

For most of its research and development, USS keeps that activity located within the area of the U.S. The main reason that companies keep research and development within the U.S. is because it is an activity that requires more education and special procedures. There is also a higher rate of patent and intellectual idea theft within other countries, thus creating a higher risk for the company that would offset the cheaper costs. Some of the benefits from USS outsourcing its production activities are that it has cut down on direct labor costs, allowing the company to focus directly on core activities that provide a competitive advantage. Additionally, USS is almost forced to outsource its labor to maintain a competitive advantage over rival firms within the steel industry. According to Clott (2004), “the basic business idea of outsourcing is that if a firm does not specialize in a certain function it will be beneficial to transfer control of the function to a specialist organization that will be able to offer better cost and quality” (p. 155). This idea is a general assumption throughout most industries and sectors of the economy.

Some of the disadvantages of using offshoring or outsourcing are a decline in operational efficiency. Even though labor may be cheaper overseas, the company may have to hire additional workers due to the fact that lack of technical know-how and education can create problems in the process. There is also an increased risk of product defects and lower quality because of the inexperienced workforce. In turn, the company may have to hire on additional managers and quality control tests that could negate most of the cost savings introduced by outsourcing the activity. When companies look at outsourcing overseas they should take into account labor ethics issues and if the outsourced employees are making a fair wage for the market they are located within. Many companies in the past have had public outcry over the treatment of their employees in other countries, such as Nike and Apple. Another downside that could be introduced by outsourcing is the public opinion of the company’s culture. USS is known for hiring many American employees, and if they shift most of their workforce overseas, it could create resentment towards the company. The public’s opinion of outsourcing is very negative in light of the recent market crash and higher unemployment rates, making it almost a social responsibility issue. The best way for companies to outsource is to do an analysis both externally and internally, come up with a good strategy, and then execute it.

In all, USS has used outsourcing as a means to lower costs and maintain its competitive advantage over rival firms within its industry. USS had to outsource certain activity functions overseas to maintain its competitive advantage. With one of the company’s core values being “focus on cost,” outsourcing has been a key driver in keeping labor costs down (Corporate Profile, 2012). With a low cost strategy now in play for USS, it should be able to continue its success for years to come all thanks to globalization and outsourcing.

Case 2: Alcoa Inc.

Alcoa Inc. pioneered the aluminum business over 125 years ago and maintains its status as a global leader in lightweight metals technology, engineering, and manufacturing. With 60,000 employees in 30 countries, it is the world’s third largest producer of aluminum. Having moved its corporate headquarters to New York City, Alcoa maintains its operational headquarters in Pittsburgh. However, the company does outsource operational tasks to other countries. Alcoa defines outsourcing as “the redistribution of tasks, whether it is product manufacturing or providing services” (McNeely, 2005). While outsourcing can simply be viewed as cheap labor, Alcoa views it as a significant part of supply chain management. The company finds that its employees across the globe are committed to high levels of achievement, thus ultimately adding value to customer relationships. Outsourcing processes are intended to help reduce management constraints, improve production planning, shorten order cycle times, and decreased finished inventory levels. The goal the company is trying to achieve is not cost-cutting but rather improving the value stream.

One specific example of outsourcing success can be found with Alcoa's renewed contract with Infosys BPO, a leading player in the outsourcing services sector. Infosys BPO covers services across Finance and Accounting as well as Knowledge Services processes. "Infosys BPO's engagement with Alcoa has reached a level of excellence and sustained performance that has helped enhance the competitive edge for Alcoa GBS; thereby enabling it to provide different types of services to Alcoa business units in a timely, accurate and cost-effective manner" (D'silva, 2011). This has translated into profitable business for the company and good relationships with existing customers. Alcoa does not shy away from the advantages of outsourcing and understands the benefits it can bring to bottom-line results.

The company has, however, faced issues with outsourcing in the past, interestingly within the U.S. For example, in 2012 there was a fire at a New York plant, requiring Alcoa to rebuild the roof of its caste house. Alcoa hired Fluor, a company based out of Irving, Texas to complete the work, causing concern among local labor unions and tribunal leaders. Local union workers did not understand why they would not be hired for the job since they possessed the skills to accomplish the work. As stated by Village Mayor James Hidy, "with 11% unemployment in the region, in St. Lawrence County particularly, we can't have people coming from out of state and taking jobs from people in this region. It's unacceptable" (Grant, 2012). Clearly this action caused tensions locally, not to mention creating a public issue.

Another very public issue is that of the US$384 million settlement of criminal and civil bribery charges against officials and federal agencies in Bahrain. "The Securities and Exchange Commission said that its probe found that Alcoa made more than US$110 million in illegal payments to Bahraini officials with influence over contract negotiations between Alcoa and a major government-operated aluminum plant" (Isidore, 2014). These bribes were done through a London-based consultant with ties to the royal family, thus violating the U.S. Foreign Corrupt Practices Act. As stated by Acting Assistant Attorney General Mythili Raman, "the law does not permit companies to avoid responsibility for foreign corruption by outsourcing bribery to their agents, and, as today's prosecution demonstrates, neither will the Department of Justice" (Isidore, 2014). This is not to say that instances like this will always happen as a result of outsourcing. However, companies need to be aware of international laws and regulations as well as the various parties conducting business.

Case 3: Mylan Inc.

Mylan Inc. is a global generic and specialty pharmaceuticals company located just outside of downtown Pittsburgh. With over 20,000 employees and 1,300 different products, Mylan has become a major force. Not only are that but products sold in 140 countries and territories. It is evident that Mylan embraces globalization and working in foreign markets, which has been accompanied by outsourcing certain functions. It was announced in the Spring that Mylan and Prosonix entered into a global licensing agreement for inhaled respiratory products used to treat asthma. As stated by Mylan President Rajiv Malik, "we are very excited to enter into this agreement with Prosonix as it represents another development milestone in our global respiratory franchise, one of our key strategic growth drivers, and strengthens our portfolio of difficult to develop and manufacture products. Further, Prosonix's expertise in the development of inhaled respiratory products perfectly complements the strength of Mylan's respiratory R&D capabilities" (Masangkay, 2014). Mylan is clearly outsourcing through the use of Prosonix's manufacturing and commercialization of the respiratory products, benefiting the companies as they will both have marketing rights in defined territories. This is the proper way to outsource in order to create a competitive advantage.

While more of an acquisition than outsourcing, Mylan has been taking the heat over the issue of inversions. An inversion is effectively a loophole in the tax system that allows for companies to reincorporate in other countries in order to lower corporate taxes and free up cash. However, "this maneuver has raised the ire of some legislators, who view it as a tax dodge, costing the federal government billions in revenue" (Sabatini & Boselovic, 2014). It is argued that shareholders will have to pay capital gains tax when their shares are exchanged for shares in the new parent company. Not only that but such business deals could actually hurt the American economy in terms of decreasing tax dollars being brought in and lack of job creation for Americans.

Case 4: Microsoft

Since Microsoft was formally launched in 1990, it has been the top leader in the industry for PC operating system software. In 1999, Microsoft was the most valuable company in the global marketplace. Them 16 years later, they released Windows 10 and in that year alone they generated over US$12 billion in profits. However, there is a 40% profit margin between the classic Office and the new cloud-based office. The cloud-based MS Office is not doing as well as the original was in terms of both market share and profits. Even though the company has been extremely successful, the stock prices have been relatively constant and steady for the past 18 years. Competitors like Google, Apple, and Amazon found new ways of computing from scratch and in return, their stock prices are higher than ever. Unfortunately, Microsoft failed to commercialize any category- defining products or services. Perhaps, this is because they have a top- down strategy process. The company They wanted to make it mandatory that any new product would need to strengthen the existing Windows Office franchise. Because of this, several things were invented and never launched (Ovide, 2013).

Since the 1990 launch of Windows 3.0, Microsoft has dominated the market, with a 90% market share of the PC market. By 1999, Microsoft was the most valuable company on the planet. In 2015, Microsoft generated US$94 billion dollars in revenue, and US$12 billion in profit.

Microsoft is a multinational technology company, headquartered in Redmond, Washington. Some of the most prevalent Microsoft products include: Xbox, the Microsoft surface touch computer, and the windows computer software. The company began dominating the computer operating system market by the mid-1980s. The company has made many large acquisitions, including the purchase of LinkedIn for US$26.2 billion in 2016, Nokia for US$7.2 billion in 2013, and Skype for US$8.5 billion in 2011. When Satya Nadella took over as CEO in 2014, the company scaled back its hardware focus, and began to focus more on their cloud computing system. This has helped the company's shares reach their highest point since late 1999.

Microsoft used to be dominant in the whole operating system market around the world. In March 2017, Android took the first place. Microsoft current global market share is 36.51%. But Microsoft is the first place with 37.11% market share in U.S. In the current desktop operating system market, Microsoft is the top one with 81.91% global market share and 63.16% market share in the United States. But in mobile market and tablet market, Microsoft does not have more than 1% market share neither in global nor U.S. markets.

As technology is prevalent in today's society, competing technology companies, like Microsoft, are working to make their products top of the line. The article discusses how Microsoft's stock prices have been depressed in comparison to companies like Google, Apple, and Amazon. One reason this is occurring is because Google, Apple, and Amazon all have category defining products (Guth, 2009). For example, Microsoft purchased LinkExchange's Keywords which is a search engine like Google. They had the opportunity to launch this, but the management within Microsoft did not foresee this model to be a successful online search and it was shut down. Google was then invented which has become the most popular search engine. Had Microsoft invested in the online search engine in the first place, they may be dominating the market today like Google. Secondly, after Apple launched their portable music player the iPod, Microsoft introduced their own digital music player which was called the Zune. This media product is now discontinued. In addition to the iPod, the CEO of Microsoft, at the time, Steve Ballmer decided to pull the plug on Microsoft's tablet computer called the Courier. His reasoning behind this was that he wanted to redirect the resources available to advance and create a new version of Windows. Unfortunately, this launch took two years and failed. While this was happening with Microsoft, Apple had sold more than 250 million of their iPads. Microsoft also did not have success in creating Office to run on Apple's mobile devices. Because Ballmer decided to focus more on Windows 8, they lost the opportunity to partner with the Apple. At this time, Apple was having great success in their iPhone Sales and owned more than 90% of the profits in the market and would have had the necessary funds to purchase a licensing fee for the Microsoft Office Suite on the iPhone.

Through all of the examples, it is relatively clear that other companies have created defining products to help them succeed. While Microsoft had the resources at their hands, they did not use them. Unfortunately, now the company is suffering with all of the successful companies who make them stand out and face a lot of competition. As stated in the article, Steve Ballmer said that his biggest mistake was not being more patient, and that factor can be seen in the provided examples above. It is important to invest the time and money into technology since it will continue to grow in the society we live in. Microsoft could have big competitive advantages over Google and Apple had they been more patient.

Since the end of Steve Ballmer's run as CEO, Satya Nadella since becoming the CEO of Microsoft has made some big changes in hopes of changing the original. One significant change he made was pulling the focus away from their Windows operating system and giving it more of a supporting role. In the past "new products were held back or shorn of certain features if these were thought to hurt the program" (Redmond, 2017). By putting less of a focus on Windows they could bring new innovative products to the table. At the end of the case we read, the author stated, "Under its new CEO, Microsoft is attempting to reinvent itself with a new "mobile first, cloud first" strategy" (p. 4). Since then Nadella has made good on his promise to reinvent Microsoft with this new strategy. For most of 2017 Microsoft was the top-rated of all enterprise-cloud vendors. Not only were they top-rated but in 2018 they are on Track to reach $20 billion in annual enterprise-cloud revenue making them possibly the first vendor to do so. Not only did Nadella improve Microsoft in that way but in the last few days of Steve Ballamer's time as CEO the market cap for Microsoft was US$302.2 billion dollars. However, 47 months after Nadella took over, Microsoft's market cap stood at US$681.6 billion (Evans, 2018).

Microsoft is a company that has been around for many years but in the last couple decades their innovation has become stagnant. After Steve Ballmer took over as CEO of the company, there have been many opportunities for this innovation, but many times their top-down management principles have prevented them from doing so. This essentially means that if the new projects were deemed not to be something that would strengthen the Windows-Office franchise then they would be out flanked by another more aggressive company. They have had instances of this for decades including when they had the first search engine and it was deemed not to be sustainable. Soon after Google was created (Guth, 2009), these instances have created a lack of innovation for the company that the new CEO Satya Nadella will look to turn around the innovative and financial prospects of the company.

The strategic recommendations include is be patient and concentrate on the long term. It has been shown that Microsoft was on the verge of releasing or completing, but instead shut down the processes due to various reasons ("Microsoft at middle age …" 2015). Unfortunately for Microsoft, another company like Google or Apple would come along and release essentially the same idea and make millions. With the new CEO, this needs to be something kept in mind. Next, the company should be willing to take risks. Microsoft's significant drop in Market share and for the most part, level stock price, some have credited it to their lack of innovation. Microsoft's lack of ingenuity with new products has dropped them out of the tech-heavy

NASDAQ-100. Microsoft is in dire need of a new, groundbreaking product/idea to reinvigorate the Microsoft name.

DISCUSSION

Short-Term Operational and Strategic Advantages of IT Outsourcing

Based on various academic literature reviews on outsourcing, which many were based on economic development, national cultural predispositions, and offshoring service and knowledge functions, the short-term operational and strategic advantages are well documented. What are less certain are the long-term consequences of offshoring/outsourcing activities. The academic reviews were primarily based on applied research which was completed by the various authors. This research was mostly positional in that the literature was based on opinions as well as facts with regards to how offshoring operations have changed over the years. Many companies may not be adequately sophisticated to acknowledge that administration costs are significant to the entire sourcing decision. While there are clearly pros and cons for companies to partake in global outsourcing, it is important to assess business situations on a case-by-case basis. In some instances, companies will experience significant cost savings, while in other instances outsourcing could actually be detrimental to profitability. Product quality and skilled labor must be balanced with training time and costs. Public relations and community welfare are other issues that must be considered.

In many instances, variables were too complex to find the best possible solution in a reasonable timeframe. The expert decision systems questioned the capability of the model to attain reasonable estimates for inventory and administrative operating costs. These estimates were extremely combined to be adequately obtained as separate expenses by most companies, and thus any approach to do so was considered as best estimates. Therefore, this is a key component of the assumptions put forward by researchers in their study. The landed-cost model was not dynamic which made it incapable of precisely calculating the inventory costs which are influenced by shipment time and lead time, a deliberation that is outside the purview of most companies. For the outcomes of the research to be accurate, they have to be discounted since they are incoherent with the purchase price variance values occasionally presented to the top executive. These aspects tend to increase the inconsistency and validity of the research findings unless these issues are included in the assumptions sections of the research (Zeng & Rossetti, 2003).

Long-term Operational and Strategic Advantages of IT Outsourcing

The review of these academic literature and studies also provide evidence that economic development creates long-term social and cultural changes. Operational and strategic managers can use this information when making decisions on where to locate various aspects of their business. In some cases, it may make sense to outsource a particular task, but in other cases an organization may want to offshore particular tasks in order to keep control of the process. Some organization may not have a concern with keeping control over a process, but are forced to keep the process internal due to underlying agreements with their clients.

As countries, such as China and India, continue to develop economically, it will become a give-take situation. The talent pool of individuals will become stronger as residence stay within the country rather than going to other countries for opportunities, education will continue to increase as economic conditions get better, and operation centers will be pre-developed which will make offshoring costs cheaper. The downside of this situation is the fact that as each country develops themselves, inflation rates will increase and drive up labor costs. As labor costs increase, the benefits of offshoring will diminish.

CONCLUSIONS

In dealing with evidence in making the case for global sourcing of IT, it was found that many of the research were clearly investigating the operations management technique of supply chain management (SCM). Choosing the proper location for which different aspects of a business will be completed is very important in any industry. This holds true for both small and large companies as well as companies that are looking to focus their efforts on where they should receive their supplies or where they should produce their goods and/or services. Evidently, it is very important for companies to monitor current economic situations when deciding whether or not to offshore processes. It is equally important for companies to continue to monitor economic conditions after making the decision to offshore processes. Just because a company has already had certain processes offshored for years does not mean that they need to continue to offshore the process if the costs do not make sense. By completing yearly analysis on what location makes the most sense for locating processing activities, a company can forecast future business decisions with regards to location. Performing factor weighting analysis on each location can help with this type of decision.

With regards to individualism I have found that employees are very loyal. The turnover rate has been very low. This can be attributed to various factors such as wage rate, schedule, or management, but I think the loyalty factor plays a major role and cannot be overlooked. When looking at the quality of work, I can definitely agree. Employees at my offshore location are very hesitant to submit any work that they are not 100% sure that it's correct. Although this can be viewed as a good thing, it can become quite frustrating when processes are held up due to the uncertainty. Overall, such a review provides good insight on how economic development has changed the way in which offshoring decisions should be made. There is little doubt that offshoring practices will be abruptly different in 20 years compared to where they are now. This assumption is made while focusing on the existing emerging markets.

Future Directions for Research

As can be seen in the USS, Alcoa, Mylan, and Microsoft examples, these companies have experienced outsourcing success and all have experienced outsourcing failures. There was a positive correlation between IS outsourcing and the 3 core focuses (e.g., job performance, work post, and required knowledge and skills), however the results were marginally significant at best. The future cannot be predicted, but companies can do their best to analyze both their current situations and that of the external environment in order to make the best possible decision. While the industrial perspective of IS outsourcing certainly is an important consideration, additional conclusive research must be coupled with this study in order to be relevant for real-life, operations management decision-making.

Acknowledgements:

The authors wish to thank the valuable contributions by the reviewers for their input into the final paper. Peer reviewing and editing are commonly tedious and thankless tasks.

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Keywords: business strategy, case study, e-commerce, e-service, global innovation centers, IT outsourcing, key performance indicators, risk management process.

Track: Business-to-Business Marketing

ID#: 1299