

Ireland: An Outsourcing Perspective

Student Faculty Research Project

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Abstract

Background and Rationale:

Companies are choosing Ireland as their prime destination for outsourcing and offshoring due to many favorable factors such as time zone and availability of quality labor. Personnel at offshoring facilities in Ireland were surveyed to identify critical success factors related to the partnership between the offshored facility and the host company.

Methods:

An online survey and interviews of personnel at offshored facilities in Limerick and Dublin, Ireland. The survey template was adapted from Lee and Kim's (2005) research study and was based primarily on two theories. Mixed results from the pilot study survey formed the basis for the personal interviews administered in Ireland.

Results and Conclusions:

The recent economic downturn necessitates a solid understanding of critical success factors for offshoring ventures. Personal interviews provided added insight into the critical success factors.

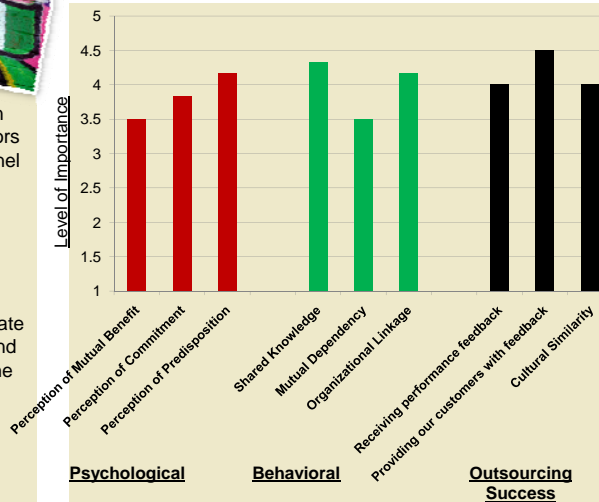
Introduction

In this ever shrinking world, Globalization has led various companies to offshore to countries where the labor and production costs are significantly lower. Gaining popularity among multinational companies, Ireland has been chosen to be a 'middleman' for the following reasons:

- Trust regarding intellectual property rights
- Availability of labor
- Location
- Cultural affinity with US educational and legal systems.
- Time difference
- Comparably cheaper than other European and other US locations
- Government Support

Why this topic for research:

- Be interesting to find out the vendor's perspective on it.
- No similar articles were found on this topic.



Literature Review

Summary of theories used in Lee and Kim's Research

-Expanded previous work by Henderson, who identified the need to build effective working relationships between line managers and IS managers.

PIC: Partnership in Context

Psychological

- Longevity
- Stability
- Interdependency of relationship

PIA: Partnership in Action

Behavioral

- Shared Knowledge
- Mutual Dependency
- Organizational linkage

-The study failed to address the link between the variables in the partnership on the firm's performance

-2 theories then highlighted the importance of the qualities of partnership, specifically in an outsourcing relationship setting.

Behavioral –Attitudinal Theory - Kappelman and McLean.

- Aware that PIA determines PIC, the variables of PIA are therefore also subset of PIC.
- Previous studies based on just the behavioral theory which did not distinguish between behavioral and psychological perspectives generally produced mixed results.
- Producing the Behavioral – Attitudinal theory, a psychological insight is now added to how our behaviors are influenced by our thoughts and how it affects outsourcing partnerships.

Theory of Reasoned Action - Fishbein and Ajzen

- Suggests that attitudes and beliefs shape behavioral intentions and consequently behavior itself.
- These behaviors then lead to observed consequences.



Research Methodology

This research survey was targeted toward personnel (preferably in an IT department) in Ireland companies.

- Searched Ireland companies through popular search engines.
- Searched from a job seeker's perspective. By doing so, it could mean that the results would include businesses that are looking outsourcing offshore and would require suitable representatives for the job.
- Accessed the university's online library for articles with names of Ireland companies in them.
- Filtered names through an online search to see if they were into outsource offshoring and had an online contact.
- Obtained contacts through Library Reference
- Went to Ireland for presentations and interviews

How we Modified and Administered our Survey:

- We modified a survey instrument developed by Lee and Kim (2005). Their research 'Understanding Outsourcing Partnership: A Comparison of Three Theoretical Perspectives' encompassed the same goals but was targeted at Korean Companies.

Validity and Reliability Test

The five-point Likert-style questionnaire that was developed by Lee and Kim was cited by 15 other research papers.

Discussion and Conclusion

Interviews conducted with vendors in Limerick, Ireland, indicate stronger emphasis placed on cost-effective factors that would benefit Ireland rather than an emphasis on the partnership relationship between the two parties.

- Cost effective - Benefit Ireland's economy

- Companies were chosen for outsourcing relationships based on how effective they would be in transitioning Ireland from a manufacturing to a knowledge-based economy.
- The focus is shifting towards higher quality service industries