### EFFECTS OF PARTNERSHIP QUALITY ON OUTSOURCING SUCCESS FROM PERSPECTIVE OF SERVICE PROVIDERS: EMPIRICAL STUDIES ON TRANSLATION SERVICE ORGANIZATIONS IN CHINA

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## Abstract

Service outsourcing develops increasingly in some attractive outsourcing destinations, e.g. China, India, and ASEAN countries. However, most previous studies on the effect of partnership quality on outsourcing success focused mainly from the perspective of client organizations by ignoring their counterpart, service providers. This research analyzed this issue from the perspective of service providers by utilizing the theories of Resource-based Theory (RBT) and Resource Dependence Theory (RDT). Questionnaires from 173 translation service organizations in China were collected. The results showed that the factor of commitment in a partnership had positive effects on the outsourcing success, the antecedent factor of cooperation had positive effects on building trust and reaffirming commitment between the parties involved, and the antecedent factor of mutual dependence had positive effects on building trust and reaffirming commitment but a negative effect regarding potential conflict. Further, the factor of commitment had partial mediating effects on the relationship of cooperation and outsourcing success as well as the mutual dependence and outsourcing success. The conclusions drawn from the above results implied that the management of service provider organizations should improve in terms of partnership quality with clients so as to achieve greater outsourcing success.

Keywords: Partnership quality, Outsourcing success, Translation service organizations, Resource-based theory, Resource dependence theory



### Introduction

The emerging outsourcing industry has been generated under the environment of globalization featured with increasing social and economic interconnection for purposes of reducing the costs. optimizing product chain, and increasing competitive capacity of core-businesses. Developing countries, e.g. China, India, ASEAN countries have been affected by globalization through strengthening their manufacturing and service sectors, which helped drive the rapid growth of outsourcing (Chalamwong, 2014). Nowadays, outsourcing has assumed an increasingly important role in service industries, e.g. tourism industry, finance supporting, human resource management, language service etc. (Promsivapallop, Jones, & Roper, 2015) China and ASEAN countries are the most attractive destinations for developed countries' offshore service outsourcing (Tomiura, Ito, & Wakasugi, 2011). Translation services, as a necessary part of service outsourcing, has also developed significantly by functioning as a fundamental service of businesses' globalization and internationalization efforts. At the end of 2011, the output relating to the assistance and support from translation services in China produced a total value of US\$23.52 billion in the fields of international trade, absorbed FDI. investment abroad. international contracts, and cultural communications. respectively (Guo. 2012).

As a result, researchers have focused their attention more and more on this

fast-growing and industry that has been developing on a large-scale (Yao & Si, 2016). Some researchers focused on the translation documents management (Chen, 2015; Pu & Gao, 2014; Wang, Yan, & Zhang, 2011; Wang & Zhang, 2014). Others have studied the specific techniques utilized in the process of translation (Guan & Xiong, 2015; Serhani, Jaffar, Campbell, & Atif, 2011; Zhang, 2009). However, the nature of translation services has not been further explored, i.e. a kind of service outsourcing, which can be traced from the definition of translation management, in that 'it refers to a translation organization or system that provides translation services and value-added services by using its own resources a professional through translation process or work process, including major aspects-such as project management, process management, human resources management, client maintenance, quality management, risk control etc. (Guan & Xiong, 2015)

More and more researchers have started to pay more attention to aspects such as the success of outsourcing outside from economic ones arguing that the nature of the client-provider relationship is of high importance (Grover, Cheon, & Teng, 1996). researchers Some from developing countries, e.g. Thailand have conducted empirical studies and testified that the theories concerning more about economic aspects were not suitable for the conditions of developing countries (Promsivapallop al., 2015). et Considering issues of the partnership quality and outsourcing success, some



studies have been conducted (Lee, Huynh, Chi-wai, & Pi, 2000; Lee & Kim, 1999, 2003). However, very limited research has considered the service providers' viewpoint mainly due to the difficulty in conducting cross-cultural studies and generating unbiased findings, and yet successful outcome depends on both the client and provider (Mao, Lee, & Deng, 2008).

Based on the abovementioned perspectives and by reviewing the nature of outsourcing, i.e. the resource complementarity and alliance which indicate theories relating to resources should be studied. Furthermore, the studies on partnership quality should be investigated among relevant the organizations instead of individuals. Resource-based Theory (RBT), which mainly focuses on internal resources and Resource Dependence Theory (RDT), which focuses on the external resources of organizations, would both be suitable theories to implement when analyzing outsourcing issues. Although some researchers have adopted RBT to study issues relating to outsourcing (Espino-Rodríguez & Padrón-Robaina, 2006; Grant, 1991; Gurung & Prater, 2006), it's rare to combine RBT and RDT together analyze the effectiveness to of partnership quality on outsourcing success.

Thus, this research aimed to study how did partnership quality affect outsourcing success from the perspective of service providers. Another purpose of this study was to explore the specific effects of partnership quality on outsourcing success in developing countries, e.g. China. The findings of this research study have offered some pragmatic and pervasive suggestions to those outsourcing provider organizations and their clients for better cooperation from the perspective of partnership quality.

## Literature review

#### **Resource-based theory (RBT)**

Through further studies on previous research studies that have adopted a resource-based view (Wernerfelt, 1984), Barney paid attention to the competitive nature of resources which are not homogeneous and mobile in the market and then put forward his own review of resources. The two assumptions relating to firm-based resources are based on the foundation of the logic of RBT. (1) In the same industry, different firms can possess different resources. Such kind of heterogeneity assumption will lead to some firms taking advantage of their special resources in order to complete certain tasks better than others (Peteraf & Barney, 2003). (2) If the special resources that the firms possess are difficult to transact among other firms, then the firms who own resources can maintain their competitive status for a long time, i.e. the resource immobility assumption (Barney & Hesterly, 2012). As a brief conclusion, the logic of RBT is that if a firm possesses valuable resources that few other firms have, and if these other firms find it too costly or difficult to imitate these resources, then the firm controlling these resources can likely generate 'more economic value

than the marginal (breakeven) competitor in its product market', thus achieving a sustained competitive advantage (Barney & Clark, 2007).

## Resource dependence theory (RDT)

To understand the definition of RDT, the core concept of 'organizations' should be elaborated clearly. RDT defines organizations as settings 'in which groups and individuals with varying interests and preferences come together and engage in exchanges' and also recognizes the fact that 'once established, patterns of interaction are likely to persist' (Pfeffer & Salancik, 1978). There are five basic arguments of RDT: fundamental (1)the units for understanding intercorporate relations are organizations; (2) organizations are interdependent on other organizations; (3) uncertainty causes organizations to be upon each dependent other: (4)organizations take actions to manage external resources and continuously produce new interdependence; and (5) these new interdependences produce inter-organizational power which will affect certain organizational behaviors. RDT analyses inter-organizational behavior in terms of the requirements for survival and acquiring resources that affect the organization as a unit (Pfeffer, 1987).

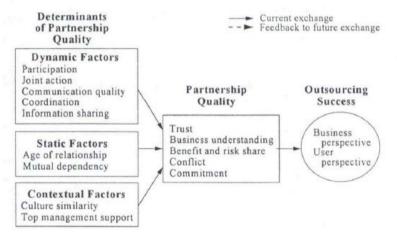
#### Model of partnership quality and outsourcing success

The original model of partnership quality and outsourcing success (See Figure 1) was created by Lee and his fellow researchers who have adopted the theories of Social Exchange Theory and Power-Political Theory from the social viewpoint (Lee & Kim, 1999). They argued that the social theories can explain the relationship between organizations through two mechanisms, i.e. trust and power. While social exchange theory used the concept of trust explain interactions between to participants, power-political theory relies on the power derived from offering valuable resources that few other sources can provide (Lee & Kim, 1999). Besides the social theories, management theories can also be applied in studying issues relating to outsourcing because it is a of resources distribution. process utilization. collaboration and optimization. Therefore, RBT which analyzes the issues relating to internal resources and capabilities of one organization and RDT which analyzes relationship between external organizations will be suitable for this study. The details of each variable and integration of RBT and RDT with these variables have been elaborated in the following Table 1.

In the research of Lee and his fellow researchers, they distinguished trust, business understanding, benefit and risk share, conflict and commitment as the components that comprise partnership quality. According to the study results, partnership quality is affected by several factors including participation,



communication quality, knowledge sharing, age of relationship, mutual dependence. and top management support (Lee & Kim, 1999). However, this model took partnership quality as a whole without specific analysis on each dimension involved, e.g. the relationship between participation and trust, or the relationship between trust and outsourcing success etc. Based on the abovementioned theories, i.e. RBT and RDT, and from the perspective of service providers, this research supposed the internal management, cooperation and mutual dependence have consisted the antecedent factors of partnership quality which affected its characteristic factors, i.e. trust, commitment and conflict, as a result, the outsourcing success should be influenced by all these factors. This research adapted the original model in which the relationship between each variable would be elaborated (see Table 1).



Source: Lee and Kim (1999)

Figure 1 Lee's model of partnership quality and outsourcing success

Constructs	Variables	Definitions	Integration with RBT/RDT			
Antecedent variables of Partnership quality	Internal Management	Stock of human capital, organizational capital and management capabilities including top management support to fulfil outsourcing assignments	RBT views organizations as collection of various types of resources and capabilities which result in competitive advantage when they are valuable, inimitable, rare and non-substitutable. Human capital and organizational capital are the two key resources one firm can possess. While management capabilities and top management support serve as a composite of several possible capabilities that one organization can generate and deploy (Lahiri & Kedia, 2009).			
	Cooperation	Process of working together to identify and implement the best possible solutions besides just adhering to requirements	According to the five arguments of RDT, organizations aim to decrease the uncertainty through mutual cooperation in which groups and individuals with varying interests and preferences come together and engage in exchanges (Pfeffer, 1987).			
	Mutual Dependence	Recognition by both partners in an exchange relationship that the relationship provides benefits greater than either partner could attain alone or with some other partner	RBT argues that if an organization possesses valuable resources that other organizations find it too difficult to imitate, then the organization has the power to control the relationship. What's more, RDT supports that organizations will tend to be influenced by those who control the resources they require (Pfeffer & Salancik, 2003).			
Characteristic variables of partnership quality	Trust	Degree of confidence and willingness between partners	RDT treats organizations as units to analyze inter-organizational behavior in terms of the requirements for survival and acquiring resources. The trust is the fundamental factor to influence inter-organizational behavior and relationship (Pfeffer, 1987).			
	Commitment	Degree of the pledge of relationship	Further studies of RDT show that the environment is the source of uncertainty which changes as how			

Table 1 Definitions of variables and integration with RBT/ RDT in this research



		continuity between partners	distributing of critical resources in the environment (Nienhüser, 2008).		
	Conflict	Degree of incompatibility of activities, resource share, and goals between partners	According to RDT, if one organization owns more resources, which means it has more power and less connections between other actors, thus the uncertainty will be reduced due to the decrease of conflicts (Pfeffer & Salancik, 2003).		
Dependent variable	Outsourcing Success	Meeting the clients' needs through satisfactory fulfilment of various contractual requirements	According to RBT, outsourcing should emerge successfully when the service providers capitalize on its heterogeneity resources to obtain competitive edge over rival organizations that are not able to generate, acquire, or effectively bundle and deploy similar useful resources (Lahiri & Kedia, 2009).		

## Hypotheses development

## Antecedent variables of partnership quality and trust

It has been argued that trust is an important aspect in the development and of inter-organizational success relationships (Anderson & Weitz, 1989; Hart & Saunders, 1997; Mohr & Spekman, 1994; Morgan & Hunt, 1994; Ring & Van de Ven, 1994; Zaheer, McEvily, & Perrone, 1998). Trust is a kind of belief that one party will fulfil the requirements through future actions to satisfy the other party (Zaheer & 1995) Venkatraman. and is not unnecessary for the governing of the relationship (McEvily, Perrone, & Zaheer, 2003).

Some factors consisting of internal management, namely human capital and organizational capital are the critical foundations to build trust. The background, employees' esp. the capabilities cultivated and educated through professional training is an important human capital which will facilitate the interactions with the clients further understanding of for the requirements from them. Level of capital investments including infrastructure and human capital is an essential factor to build up trust between the clients and providers among service outsourcing fields in that it will offer the clients more advanced technological and human supports and then achieve lasting trust from the clients (Kirilov, 2012).

Inter-organizational trust is built based on dynamic cooperation between organizations (Ganesan, 1994; Ring & Ven, 1989). When cooperation methods have been planned, structured, and routinized, the clients and the providers will know mutual expectations (Mohr & Sohi, 1996).

Mutual dependence is one of the characteristic of service outsourcing relationship in that there are unclear outcomes or even the specific steps to achieve them with potential disputes and opportunism. Trust between the clients and providers is the key to resolve problems generated from the partnership (Kale, Singh, & Perlmutter, 2000). Thus, the following hypotheses have been put forward:

H1a: The internal management of service provider organizations will have positive effects on the trust of their clients.

*H1b:* The cooperation of service provider organizations will have positive effects on the trust of their clients.

H1c: The mutual dependence of service provider organizations will have positive effects on the trust of their clients.

#### Antecedent variables of partnership quality and commitment

Commitment is a kind of relational norms which will direct both the service clients and providers to a long-term orientation. And in which the flexibility will encourage adjustments when changes occur in the environment, the other factor of solidarity will foster the partners to focus more on their common responsibilities and interests instead of their own purposes and benefits (Jap & Ganesan, 2000). When both parties are willing to and committed to this relationship, the behaviors of them will encourage ongoing contributions to the relationship (McKeen & Smith, 2001).

Good internal management with higherlevel human capital will generate more and more new ideas and knowledge. As a result, the providers can own the capabilities to serve their clients with further understanding of the requirements. standards, and future deliverables year-on-year (Budhwar. Luthar, & Bhatnagar, 2006; Mehta, Armenakis, Mehta, & Irani, 2006; Ramachandran & Voleti, 2004). Another important characteristic which can reflect good internal management is management capabilities, e.g. clearly illustrated norms, systems and structure, will allow providers to control and leverage the employees' behaviors in the aspects like transitioning, executing and business delivering processes and obtaining overall management of the whole service process (Martín-de-Castro, Navas-López, López-Sáez, & Alama-Salazar, 2006: Subramanium & Youndt, 2005).

Cooperative actions should be guided by mutual objectives (Anderson & Narus, 1990), which will result in successful working partnerships. In other words, if one partner's actions have been influenced by the other one's actions, this party will increase the need to participate in the issues of specifying roles, responsibilities, and expectations. The mutual dependence relationship has been inevitably influenced by the relative dependency suggested by Anderson and Narus (1984). The parties need each other's complimentary assets and skills to achieve their respective goals (Gundlach & Cadotte, 1994; Henderson, 1990; Kanter, 1994). Thus, the following hypotheses have been drawn out:

**H2a:** The internal management of service provider organizations will have positive effects on the commitment of their clients.

*H2b:* The cooperation of service provider organizations will have positive effects on the commitment of their clients.

*H2c:* The mutual dependence of service provider organizations will have positive effects on the commitment of their clients.

#### Antecedent variables of partnership quality and conflict

The traditional view (1930s to 1940s) argued that any conflict is harmful and must be avoided (Robbins, Millett, Cacioppe, & Waters-Marsh, 2001). However, it cannot deny that disagreements will exist in organizations even within successful partnerships (Anderson & Weitz, 1989).

The organizations who pay attention to internal management, e.g. creating some efficient mediating mechanisms can defuse and settle the disagreements instead of allowing conflict to negatively affect the partnership with their clients (Anderson & Weitz, 1989). Cooperation will lead to bilateral governance to the projects, which helps to curb opportunistic tendencies that may reduce the investments of resources both parties have put into. The clients and providers would like to get involved in the counterpart's activities in order to minimize the risks (Heide & John, 1990).

It should be noticed that mutual dependence is one of the criteria for effective inter-company relationships 1990: (Henderson. Kanter. 1994). Gundlach and Cadotte (1994) found that increasing dependence between exchange partners promotes cooperation rather than conflict. If the balance has switched to one party, then the other party will be judged as more dependent, which may generate some negative effects. Thus, in this research, we suppose that the higher the degree of mutual dependence, the lower level of conflict will happen. Therefore, we propose that:

**H3a:** The internal management of service provider organizations will have negative effects on the conflict of their clients.

H3b: The cooperation of service provider organizations will have negative effects on the conflict of their clients.

H3c: The mutual dependence of service provider organizations will have negative effects on the conflict of their clients.

## Partnership quality and outsourcing success



As the development of the researches on measurements of the outsourcing success, a variety of types have been incorporated such as business impact, user satisfaction, economic benefits, improvement. technology and commercial options (DiRomualdo & Gurbaxani, 1998; Saunders, Gebelt, & Hu, 1997). The consideration on the cost saving is not the only standard to judge the success, quality operationalization through organizational benefits is a trend that researchers pursue (Lee, Miranda, & Kim, 2004).

The perception of success eventually relies on the degree that one partner consider the comfort and trust with the other partner (Babar, Verner, & Nguyen, 2007; Carmel & Agarwal, 2006; Sabherwal, 1999). Trust supposes that a partner will undertake behaviors leading positive outcomes instead to of unexpected results (Han, Lee, & Seo, 2008). Commitment is viewed as a mutual belief that both partners will maintain an ongoing relationship and expect the common goals will be achieved (Han et al., 2008), thus, it is also

viewed as a cornerstone in long-term business relationships and a key factor which will influence the relational success (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994). Conflict occurs in all business processes like the goal planning, operation procedure, and contract execution (Kern & Willcocks, 2002). However, from a long-term orientation, working along with conflicts and resolving different problems will strengthen outsourcing relationships (Kern & Willcocks, 2002). Then the hypotheses have been supposed as follows:

*H4a:* The trust of service provider organizations on their clients will positively affect their business perspective of outsourcing success.

*H4b:* The commitment of service provider organizations on their clients will positively affect their business perspective of outsourcing success.

*H4c:* The conflict of service provider organizations on their clients will negatively affect their business perspective of outsourcing success.

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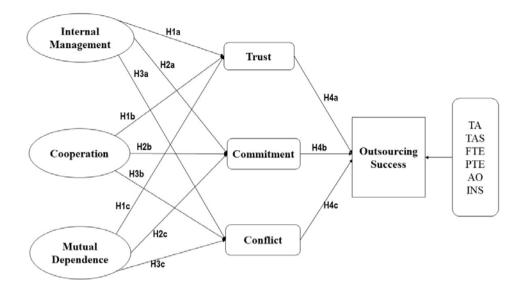


Figure 2 Conceptual model of this research

*Notes:* TA-Total assets, TAS-Total annual sales, FTE-Number of full-time employees, PTE-Number of part-time translators, AO- Age of organization, INS-Industries mainly serve for

## Methodology

#### Measurement development and estimating technique

All the variables (outsourcing success, trust, commitment, conflict, internal management, cooperation and mutual dependence) were measured by adopting a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The IBM SPSS Statistics version 21.0 and SmartPLS 2.0 were employed in this study.

#### **Outsourcing success**

Lee and his fellow researchers adapted the measurement aspect of the existing instrument (Grover, Cheon, & T.C.Teng, 1996) used to assess the degree of achieving strategic, economic, and technological benefits of outsourcing (Lee & Kim, 1999). This research adopted both measurements of them from the perspective of providers, thus, only business perspective has been applied.

## Characteristic variables of partnership quality

The items of trust were adapted from the perspective of providers (Mao et al., 2008) based on the original items (Lee &



Kim, 1999). The items of commitment were mainly adapted from the original ones (Lee & Kim, 1999) by adding another one (Goles & Chin, 2005). The items of conflict were mainly adapted from the original ones (Lee & Kim, 1999) by adding an additional one (Goles & Chin, 2005).

## Antecedent variables of partnership quality

The items of internal management were integrated the original items (Lee & Kim, 1999) with an additional one (Lahiri & Kedia, 2009). All items of cooperation were adapted from the original ones (Lee & Kim, 1999). The items involved in mutual dependence were adapted from the original ones (Lee & Kim, 1999) and the ones of other researches (Chu & Wang, 2012; Mao et al., 2008).

#### **Control variables**

The control variables involved in this study, i.e. registered capital, total annual sales, number of full-time employees, number of part-time employees, age of the organizations, and major industries served, were measured according to the current conditions of Chinese translation service organizations (Guo, 2012, 2015).

#### Sample and data collection

Since the original scales are all written in English, the questionnaire has been translated into Chinese for the convenience of completing in those organizations in China (Hult, Ketchen, Griffith, Finnegan, Gonzalez-Padron, Harmancioglu et al., 2008). The Chinese version has been translated into English one again and by comparing it to the original one that they have the same meaning.

There is no access to specific information about translation organizations in China as there are no publicly listed organizations that have disclosed their details to society (Guo, 2015). A selfestablished database containing basic information of 926 translation organizations in China was created. The author sent emails to the translation organizations one by one according to the database. The most important issue noticed is that the respondents must be executive officers such as client managers, project managers and general managers who have experience to deal with issues of partnership.

Finally, a total of 173 answered questionnaires were collected and were deemed as valid; these were from the original 926 translation organizations in which the questionnaires were distributed to, which accounts for a response rate of 18.68%. Because there has not been any similar previous studies, the Investigation and Report on Translation Service Industry in China-2014 issued by the official department of China Translation Association who has only collected 120 valid questionnaires around the whole country (Guo, 2015). The details have been listed as following Table 2. The result showed that most translation organizations in China are small-and-medium-enterprises. The registered capital of 122 organizations (70.5%) are below RMB1.000.000. which is also one of the characteristics of translation industry for it is not necessary



to invest a great in capital for developing. The number of staff also reflects such kind of condition for 130 organizations (69.4%) have less than 50 full-time employees. Most translation organizations are young entities with the age of establishment of below 5 years

(41.6%) and between 6-15 years (35.8%). The characteristic of small-andmedium scales of translation industry in China is outstanding and there is a great space for them to develop in the aspect of broaden the economy scales.

Items	Frequency	Percentage
1. Size of the organization (registered capital)		
< RMB500,000	64	37.0%
RMB500,001 -1,000,000	58	33.5%
RMB1,000,001 -5,000,000	26	15.0%
> RMB5,000,000	25	14.5%
2. Total annual sales of last year		
< RMB1,000,000	71	41.0%
RMB1,000,001-5,000,000	59	34.1%
RMB5,000,001 -10,000,000	18	10.4%
> RMB10,000,000	25	14.5%
3. Number of full-time employees (including full-time translators)		
< 20	75	43.4%
21- 50	45	26.0%
51 - 100	25	14.5%
> 100	28	16.2%
4. Number of part-time translators		
< 50	90	52%
51-150	36	20.8%
150-500	27	15.6%
> 500	20	11.6%
5. Age of the establishment		
< 5 years	72	41.6%
5 - 15 years	62	35.8%
16 - 25 years	22	12.7%
> 25 years	17	9.8%

6. Industries mainly serve for		
Energy suppliers	38	22.0%
Service suppliers in scientific research and IT	33	19.1%
Finance	22	12.7%
Manufacturing	28	16.2%
Education	15	8.7%
Entertainment	4	2.3%
Public departments	10	5.8%
Others	23	13.3%
Total	173	100%

### **Results analyses**

#### **Factor analyses**

The reliability of each item should be tested and constructed due to the fact that they have been adapted from pre-existing items. All of the Cronbach alpha coefficients of the results exceed the suggested value of 0.70 (Fornell & Larcker, 1981) and composite reliabilities are above 0.70 (Gefen & Straub, 2005), which means that the reliability of all variables is rated as satisfactory. Convergent validity is assessed in terms of average variance extracted (AVE) which should be above 0.50 (Fornell & Larcker, 1981). The results suggest acceptable convergent validity (see Table 3).

Variables	CR	AVE	Cronbach's a
Internal Management	0.933	0.567	0.923
Cooperation	0.936	0.532	0.927
Mutual Dependence	0.892	0.581	0.853
Trust	0.900	0.563	0.873
Commitment	0.937	0.714	0.918
Conflict	0.941	0.843	0.907
Outsourcing Success	0.933	0.608	0.920
o and one of a could be	0.700	0.000	0.920

Table 3 Reliability and convergent validity

Notes: CR-Composite Reliability, AVE-Average Variance Extracted

Discriminant validity is assessed mainly by comparing the square root of the AVE of each construct with the correlations between the focal construct and other constructs. A higher square root of AVE than the correlations with other constructs for each individual construct indicates discriminant validity (Fornell & Larcker, 1981) which has been shown in Table 4.

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	CF	СМ	СР	IM	MD	OS	TR
CF	0.918						
СМ	-0.263	0.845					
СР	-0.127	0.653	0.729				
IM	-0.001	0.510	0.727	0.687			
MD	-0.214	0.694	0.723	0.593	0.762		
OS	-0.259	0.706	0.712	0.532	0.633	0.780	
TR	-0.337	0.654	0.611	0.470	0.689	0.567	0.750

#### Table 4 Discriminant validity

**Note**: square root of the variance extracted is shown on the diagonal of each matrix in bold; interconstruct correlation is shown off the diagonal. CF-Conflict, CM-Commitment, CP-Cooperation, IM-Internal Management, MD-Mutual Dependence, OS-Outsourcing Success, TR-Trust

## Model evaluation and regression analysis

#### **Correlation among variables**

Bivariate correlations among variables are analyzed by using Pearson

correlation coefficients. This correlation analysis was performed to explore the one-on-one relationships between key variables. Results from correlation analysis are presented in Table 5.

	IM	СР	MD	TR	СМ	CF	OS	RC	TAS	FTE	РТЕ	YR	IN
IM	1												
СР	.721**	1											
MD	.570**	.698**	1										
TR	.402**	.529**	.639**	1									
СМ	.500**	.641**	.689**	.620**	1								
CF	005	116	223**	395**	260**	1							
os	.528**	.699**	.614**	.513**	.686**	261**	1						
RC	.046	.064	.013	083	.043	.081	.113	1					
TAS	.134	.181*	.105	010	.176*	.054	.134	.678**	1				
FTE	.044	.050	.032	.017	.063	043	.104	.592**	.605**	1			
PTE	.229**	.238**	.090	.036	.130	.096	.173*	.389**	.479**	.399**	1		
YR	.084	.106	.105	.057	.102	.052	.053	.385**	.509**	.535**	.407**	1	
IN	.098	009	067	.038	.024	024	.038	.051	049	002	.098	090	1

 Table 5 Correlation among variables

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

Notes: IM-internal management; CP-cooperation; MD-mutual dependence; TR-trust; CMcommitment; CF-conflict; OS-outsourcing success; RC-registered capital; TAS-total annual sales in last year; FTE-full time employees; PTE-part time translators; YR-years of establishment; INindustry mainly serve for

To check the possible problem of multicollinearity among all variables in each equation, the Variance Inflation Factor (VIF) statistics should be evaluated and the values in this research serious below 3.3 imply no multicollinearity issue (Hair Jr. Anderson, Tatham, & William, 1995).

#### **Regression analysis results**

The regression results showed that 6 hypotheses were significantly supported and the rest of other 6 ones were not significantly supported (see Table 6). The details of regression analysis results have been shown in Figure 3. Further, commitment has partial mediating effect on the relationship between cooperation and outsourcing success as well as mutual dependence and outsourcing success.

Hypotheses	Results
H1a: Internal management $\rightarrow$ (-) Trust	Not supported
Cooperation :H1b $\rightarrow$ Trust (+)	Supported
Mutual dependence :H1c $\rightarrow$ Trust (+)	Supported
H2a: Internal management $\rightarrow$ (-) Commitment	Not supported
Cooperation :H2b→Commitment (+)	Supported
Mutual dependence :H2c→Commitment (+)	Supported
H3a: Internal management $\rightarrow$ (+) Conflict	Not supported
Cooperation :H3b→Conflict (-)	Not supported
Mutual dependence :H3c→Conflict (-)	Supported
H4a: Trust $\rightarrow$ (+) Outsourcing success	Not supported
Commitment :H4b→Outsourcing success (+)	Supported
Conflict :H4c→Outsourcing success (-)	Not supported

The regression results can be concluded briefly as follows. The significantly supported H1b ( $\beta$ =0.293, p=0.029) and H1C ( $\beta$ =0.538, p<0.000) showed that cooperation and mutual dependence of service provider organizations positively affected the trust of their clients. The three factors of internal management, cooperation and mutual dependence together have explained 41.8% of the trust of the translation organizations to their clients. Trust establishing between partnership needs cooperative activities made by both partners to plan, decide and execute the operations.

Besides, the significantly supported H2b  $(\beta=0.374; p=0.001)$  and H2c  $(\beta=0.459; p<0.000)$  showed that cooperation and mutual dependence of service provider organizations positively affected the commitment of their clients as well. The three factors of internal management, cooperation and mutual dependence

together have explained 51.2% of the the commitment of translation organizations to their clients. Previous studies have supported that cooperation interdependence between the and outsourcer and the service provider increases, thus, greater trust and commitment were resulted in (Ali & Khan, 2014).

The significantly supported H3c ( $\beta$ =-0.421; p=0.006) showed that mutual dependence of service provider organizations negatively affected the conflict of their clients, which has testified studies conducted by other scholars (Goles & Chin, 2005; Lee & Kim, 1999). The three factors of internal management, cooperation and mutual dependence together have explained 6.2% of the conflict of the translation organizations to their clients.

The significantly supported H4b  $(\beta=0.568; p<0.000)$  showed that



commitment of service provider organizations positively affected the business perspective of their outsourcing success. The three factors of trust, commitment and conflict together have explained 48.3% of the outsourcing success of the translation organizations to their clients.

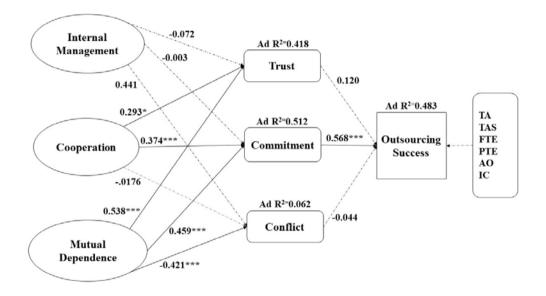


Figure 3 Regression analysis results

**Notes:** Ad  $R^2$ -Adjusted R Square, TA-Total assets, TAS-Total annual sales, FTE-Number of fulltime employees, PTE-Number of part-time translators, AO- Age of organization, INS-Industries mainly serve for. Unstandardized beta coefficients are reported; \*\*\* p < 0.001, \*\* p < 0.01, \*p < 0.05; Solid lines represent significant coefficients

#### **Mediating effects**

Following the procedure suggested by James, Mulaik, and Brett (2006), the mediating effects of partnership quality between antecedent factors and outsourcing success were tested. According to the opinions of Hair, Hult, G.T.M., Ringle, and Sarstedt (2014), the variance accounted for (VAF) is more suitable when applied to test the mediating effects between antecedent variables and dependent variable. The following Table 7 has shown the significant direct and indirect effects which are available to be calculated the mediating effects. The formula to calculate the variance accounted for (VAF) is shown as following Figure 4. If

the final percentage is below 20%, it is can be said that there is no mediating effect. If the final percentage is between 20% and 80%, it can be judged there is a partial mediating effect. Finally, if the percentage is above 80%, a full mediating effect should be concluded (Hair et al., 2014).

#### Table 7 Total effects

Relationship	Effect		
1. Mediating effect of CM on CP and OS			
$CP \rightarrow CM$ (direct effect 1)	0.3116**		
$CM \rightarrow OS$ (direct effect 2)	0.5823***		
$CP \rightarrow OS$ (indirect effect)	$0.228^{**}$		
2. Mediating effect of CM on MD and OS			
$MD \rightarrow CM$ (direct effect 1)	0.4638***		
$CM \rightarrow OS$ (direct effect 2)	0.5823***		
MD→OS (indirect effect)	0.3727***		

Notes: CP-Cooperation; CM-Commitment; OS-Outsourcing Success; MD-Mutual Dependence

Resource: SmartPLS 2.0

### VAF= direct effect 1\*direct effect 2 direct effect 1\*direct effect 2+ indirect effect



The results of calculating the two mediating effects are as follows: (1) The mediating effect of 44.31% has shown that commitment had a partial mediating effect on cooperation and outsourcing success. The cooperation of both the providers and clients enhanced the mutual understanding of the position and counterpart's the commitment made by the two partners. (2) The mediating effect of 42.02% has shown that commitment had a partial

mediating effect on mutual dependence and outsourcing success. Commitment played a role as a partial mediator effects between the of mutual dependence on the outsourcing success in that shared knowledge between the partners decreased two anv misunderstanding and even potential conflicts.

# Discussions and implications

#### **General discussions**

Cooperation affects the degree of trust. 'Mutual monitoring, especially in its initial stages, clearly emerges from project managers' deliberate reflection and implementation on of these communication processes' (Olohan & Davitti, 2015) was beneficial for the interactive and dynamic trust building between service provider organizations and their clients. Mutual dependence mainly relying on the knowledge sharing influences the degree of trust that service provider organizations have in their clients. The purpose to exchange and share knowledge is to understand each other and complete outsourcing assignments to a higher standard.

As what Henderson (1990) has been mentioned, commitment reflects how the parties view the relationship will be sustained over time. During the whole cooperative process, problems can be resolved through certain cooperation mechanisms established by the service provider organizations based on the mutual comprehension of commitment. Efficient cooperation improved both parties' willingness to devote their resources in order to sustain an ongoing relationship to achieve better commitment (Fontenot & Wilson, 1997). Previous studies argue that 'to improve user satisfaction. clients found that providers need to show more commitment' (Kern, 1997). However, mutual dependence which affects

commitment positively focuses more on the unavailability of alternative from the perspective of service providers.

Conflict is usually generated from misunderstandings on some issues through the process of outsourcing. Mutual dependence featured with frequent knowledge sharing reduced such kind of misunderstandings not only on the background knowledge relating to the outsourcing assignments, but also on the managerial ideologies of both the client organizations and provider organizations.

#### **Theoretical implications**

This study has implied that among the outsourcing providers, external resources are more important in terms of their surviving and developing. The factor of mutual dependence has played a key role in the relationships between antecedents characteristics. and ie mutual dependence and trust, commitment and conflict. Therefore, RDT is suitable to be applied analyze the interto organizational relationships and partnership quality specific in circumstances. Although the results have not been supported statistically, internal management should be deemed as an important internal resource which will affect the inter-organizational relationships accordingly and explore the potential applications of RBT.

#### **Managerial implications**

It's suggested for the managers that better partnership quality should be accessed through the following ways.

#### **Improve cooperation**

There are three important ways to improve cooperation between service providers and their clients. Firstly, because coordination ensures that client devote resources organizations to managerial decisions. concerning external physical assets, to effectively handle day-to-day operations. Managers are therefore encouraged to strive for the coordination with their clients via process integration. It is necessary for managers to analyze the conditions and features of each outsourcing assignments, thus devote appropriate resources in the relationships to effectively and efficiently services. Secondly, managers must understand that there should be open and frequent communication between service providers and clients because proper communication facilitates negotiation and the transfer of information and resolves possible conflicts in anv relationship. outsourcing Managers should therefore insist on timely and creditable communication channels. Thirdly, discussions on the plans will be beneficial the process of cooperation. Outsourcing strategies might not be viewed positively by service clients because of the fear of losing control over Thus, the roles and the process. responsibilities between service providers and clients should be defined clearly. Service-level agreements are effective guideline to govern the service provider-client relationships.

#### Establish mutual dependence

Service provider organizations should build up the mutual dependence with their clients. On one hand, managers can work on different fronts, such as investigating a client's market and industry characteristics, knowing the procedure of a client's operations, or investing in the relationship through long-term and frequent communications. Managers should work with the clients to mutually adjust the plans and actions of each other to match outsourcing tasks and relationships by taking advantage of the client's complementary resources and leveraging them by considering how the outsourcing service capabilities. operating procedures, and business processes can be aligned. On the other hand, knowledge sharing can improve information processing capabilities in complex and uncertain situations. Thus, managers should enhance the level of knowledge sharing in order to increase information resources between the partners and improve the visibility of the cooperation process, which leads to flexibility and responsiveness in the service outsourcing.

#### Mitigate conflicts

Some effective conflict resolutions that managers can now adopt: seeking solutions that work for both partners instead of blaming each other; being transparent about all relevant knowledge for better understanding of the counterpart's conditions: actively protecting each other's commercial interests for long-term cooperation; ensuring appropriate communication

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methods and efficient coordination mechanism.

#### Foster commitment

The performance of contract and resolution of conflict are the two fulfil important aspects to the commitment. One of the essential job for those client managers, project managers or even general managers is how to push their clients to perform the prescribed agreements, promises and supports. Managers should foster commitment in terms of encouraging more integrating activities such as the sharing of longrange plans, benefit and risk sharing, mutual problem solving and information exchange.

#### **Conclusion and limitations**

This research has studied the effects of partnership quality on outsourcing success from the perspective of service providers, e.g. translation organizations in China. The theories of RBT and RDT have been adopted to form the theoretical base to analyze internal and external resources and environment on the level of inter-organizations. The model of partnership quality and outsourcing success has been conducted and modified from the perspective of service providers. Commitment has great influence compared to other factors of trust and conflict. The indirect relationships of cooperation and outsourcing success and mutual dependence and outsourcing success mediating through commitment also highlight the important role commitment plays in the whole translation outsourcing procedure.

Some aspects have not been studied and should be focused on in future studies. For example: (1) this study was only conducted from the perspective of outsourcing service providers without their counterparts' perspectives taken into consideration simultaneously: (2) adopted the research mainly a quantitative method without a qualitative approach or mixed methods. It can be considered that obtaining the deep and specific opinions from some of the respondents could not be achieved on all occasions.

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