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Effective Business Strategies to Mitigate Outsourcing Failures

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This is to certify that the doctoral study by

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has been found to be complete and satisfactory in all respects,
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Walden University
2025

Abstract

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by

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MBA, Ellis University, 2011

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Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

Business leaders' lack of effective outsourcing strategies often results in operational inefficiencies, such as increased costs, reduced profitability, and decreased organizational performance. Addressing this issue is critical to improving business outcomes and ensuring competitive advantage in a globalized market. Grounded in the analytic balanced scorecard theory, the purpose of this qualitative single case study was to explore the effective strategies business leaders in the IT department at a large educational institution in Los Angeles, California use to address outsourcing failures. The participants were three business leaders who successfully employed effective strategies to mitigate outsourcing failures. Data were collected from semistructured interviews, company archival documents, and field notes and were analyzed using thematic data analysis. Four themes emerged: effective communication, vendor selection and relationship, training and business culture, and clear contract terms and finance. A key recommendation for business leaders is to establish guidelines and resources for adequate training and cultural awareness to mitigate outsourcing failures and enhance productivity. The implications for positive social change include the potential to improve business performance, thereby fostering job creation, facilitating knowledge transfer, supporting environmental sustainability initiatives, enhancing social amenities and welfare, and advancing the socioeconomic development of underserved communities.

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Dedication

To Ian, Jacqueline and Mackenzie, you are my inspiration and my greatest pride. Every step of this journey has been driven by my desire to set the best example for you—to show you that through perseverance, hard work, and faith in your abilities, you can achieve anything you set your minds to. My hope is that this endeavor will inspire each of you to embrace your unique potential and strive to become the best possible versions of yourselves. Being your father is my greatest honor, and I dedicate this achievement to you with all my love.

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Section 1: Foundation of the Study

The United States has made considerable strides in outsourcing partnerships. However, challenges still exist. Hence, business leaders should employ effective business strategies to mitigate outsourcing failures. Business leaders engaged in outsourcing should implement proactive strategies to mitigate failures and realize benefits (Iqbal et al., 2020). Effective outsourcing strategies play a pivotal role in fostering the sustained competitiveness of well-established firms (Paek et al., 2019). Building partnerships that incorporate various expertise would promote innovation and productivity while giving an organization a competitive edge (Hong & Kim, 2020).

Tackling complex outsourcing business models remains essential; foreign outsourcing partners bring diversity that enhances an organization’s value (Prajapati et al., 2020). Businesses seeking to address outsourcing challenges successfully should ensure their strategies align with market needs and resources owned by the outsourcer (Paek et al., 2019). Adopting effective business strategies tailored to reduce outsourcing failures ensures organizations can foster an environment that leverages diversity for sustained success in external partnerships (Delen et al., 2019). This study explored the effective strategies business leaders use to mitigate outsourcing failures.

Background of the Problem

The global outsourcing sector has grown substantially as organizations depend on external vendors or service providers to manage diverse functions, including information technology (IT) services, customer support, manufacturing, and back-office operations. Outsourcing enables organizations to utilize external knowledge and skills effectively, reduce costs, and enhance overall operational effectiveness (Damanpour et al., 2020). A primary obstacle in outsourcing is potential communication disruptions, mainly when collaborating with distant teams or vendors in disparate geographical areas (Winkler et al., 2008). Disparities in language, culture, and time zones could hinder effective communication and comprehension, resulting in misunderstandings, delays, and less than optimal outcomes. Conflicts may arise if the terms and conditions of the outsourcing agreement are inadequately defined or if there exists a lack of transparency and trust among the parties involved (Magnani et al., 2019).

If outsourced services fail to meet expectations or do not align with the organization's objectives, a firm could experience diminished customer satisfaction, decreased brand loyalty, and a potential loss of competitive advantage (Lahiri et al., 2022). Thus, it is essential to acknowledge the potential hazards associated with collaborating with vendors who might possess inadequate capabilities, have limited financial stability, or have uncertain long-term viability (Delen et al., 2019). Notwithstanding the considerable amount of research conducted on outsourcing, there is a significant need to understand specific business strategies organizations could implement to mitigate outsourcing failures (Delen et al., 2019). This study seeks to uncover and investigate effective business strategies that business leaders could employ to mitigate outsourcing failure.

Problem and Purpose

A gap exists in outsourcing strategy, which has led to a growing consensus that organizations should seek to manage their outsourcing and offshoring decision-making efficiently (Ishizaka et al., 2019, p. 4188). For instance, Delen et al. (2019) observed a 40% failure rate in outsourcing when analyzing 30 information technology outsourcing (ITO) contracts, with a total cost of $106 million. The general business problem was that outsourcing failures such as increased costs, decreased profitability, supply chain issues, and reduced customer service are likely due to incorrect strategies. The specific business problem was that some business leaders lacked effective business strategies to mitigate outsourcing failures.

The purpose of this qualitative single case study was to explore effective strategies to mitigate outsourcing failures. The target population included business leaders in the IT department at a large educational institution in Los Angeles, California who have demonstrated effective outsourcing failure mitigation strategies that resulted in successful outcomes. The findings of this study might contribute to positive social change by identifying the positive outcomes of outsourcing, such as lower pricing for products passed onto customers due to reduced expenses. Business leaders could use outsourcing to maximize profits, conduct strategic social responsibility, create shared value, and create positive social change for buyers, suppliers, and society.

Population and Sampling

Qualitative researchers use purposeful sampling to uncover general and specific information about a research topic (Ezer & Aksüt, 2021). Criterion sampling is a purposeful method employed in qualitative research, often chosen based on specific criteria related to research questions or objectives (Ezer & Aksüt, 2021). Purposeful sampling allows researchers to select participants based on characteristics or experiences which will benefit the study (Denieffe, 2020).

According to Yin (2018), researchers should select at least two participants if using a case study design. I selected three participants with significant insight from the IT department at a large educational institution to provide accurate answers to my research question. This sample population for this research met several study criteria, including (a) being employed as project manager or higher (e.g., program manager, vendor manager, director, etc.), (b) working in vendor management for at least 5 years, (c) being accountable for making high-level outsourcing decisions, and (d) developing effective strategies to prevent outsourcing failure. Researchers should plan to devise a thorough screening process to select only the most qualified participants to answer the research question (Schoch, 2020). I used a screening process to select the most qualified participants for this study.

Nature of the Study

The three research methods available for academic studies are qualitative, quantitative, and mixed methods (Creswell & Creswell, 2022). I used the qualitative research method for this doctoral study to explore effective business strategies to mitigate outsourcing failures. Researchers often apply qualitative research when the problem is not well understood, and there is an existing desire to explore the problem thoroughly (Creswell & Creswell, 2022). In quantitative studies, the researcher uses standardized surveys or experiments to collect numeric data and conduct the studies within a structured environment to allow the researcher to control study variables, environment, and research questions (Braun et al., 2021). Qualitative surveys offer something unique in qualitative data collection methods: an opportunity to capture diverse perspectives, experiences, or sense-making on any subject matter (Braun et al., 2021).

Qualitative researchers can use integrative reviews to allow researchers to analyze previous research from diverse vocabularies, paradigms, and traditions and form new insights from this analysis that make sense of existing research and create frames of reference for future research (Köhler et al., 2023). Since these concepts align with the purpose of this study, I selected the qualitative method over the quantitative method. Mixed methods research is an approach that combines qualitative data collection and data analysis within a single study (Creswell & Creswell, 2022). Mixed methods research was also deemed unsuitable for this study due to its quantitative component.

Some commonly used qualitative design approaches are narrative research, ethnographic research, phenomenological research, and case study research (Creswell & Creswell, 2022). Researchers use a narrative design to extract a storyline from the participants using structured interviews consisting of open-ended questions to narrate personal life stories; thus, a narrative design was unsuitable since this research focuses on a specific business problem. Researchers use ethnographic designs to understand cultures by immersing themselves and studying the individuals within that culture (Yin, 2018). Since this study aimed to understand a specific business problem and not gain a cultural understanding, an ethnographic design was deemed unsuitable.

Researchers use a phenomenological design to understand the essence of experiencing a phenomenon by a particular group of people (Alhazmi & Kaufmann, 2022). I did not select a phenomenological design because understanding the personal meanings of an experienced phenomenon was not the focus of the study. The case study approach allows in-depth, multi-faceted explorations of complex issues in their real-life settings (Creswell & Creswell, 2022). A single case study design allows the exploration of a specific phenomenon; it facilitates an evaluation and description of the phenomenon within a defined, contemporary context that does not necessitate the researcher to control behavioral events (Yin, 2018). A single case study design was deemed the most suitable research method to gain a profound understanding of the effective strategies to mitigate outsourcing failures within an organization of particular interest.

Research Question

What effective business strategies do business leaders in information technology companies use to mitigate outsourcing failures?

Interview Questions

1. What business strategies do you use to mitigate outsourcing failures?
2. How do you assess the effectiveness of the business strategies you use to mitigate outsourcing failures?
3. What challenges did you encounter in using the business strategies to mitigate outsourcing failures?
4. How did you overcome the challenges you encountered in the client-vendor relationship when mitigating outsourcing failures?
5. How important was effective communication in mitigating outsourcing failures?
6. What impact has cultural awareness and sensitivity training had on mitigating

outsourcing failures?

7. What additional information can you provide on business strategies to mitigate outsourcing failures?

Conceptual Framework

The analytic balanced scorecard method (A-BSC) is the conceptual framework for this study. De Felice et al. (2015) introduced the A-BSC method as a framework that incorporated Kaplan and Norton's balanced scorecard (BSC) and the analytic hierarchy process (AHP) as an integrated and multicriteria tool that business leaders use to monitor and improve outsourcing performance. Kaplan and Norton's BSC is a multiple-perspective framework for performance assessment. The AHP is a decision-making tool business leaders use to prioritize multiple performance perspectives to generate a unified metric (De Felice et al., 2015).

Kaplan and Norton's BSC model was developed in 1992 as a framework for measuring business performance using financial and non-financial data (Kaplan & Norton, 1992). Kaplan and Norton devised the BSC framework based on four perspectives—financial, customer, internal, and organizational capacity (Kaplan & Norton, 1992). The four perspectives in the BSC denote that no solitary measure can give a broad view of an organization's health and performance. In the 1970s, Saaty developed the AHP, a structured technique for organizing and analyzing complex decisions (De Felice et al., 2015). The AHP method helps prioritize decision alternatives and might be the most widely used technique for multicriteria decision-making. The AHP method allows business leaders to identify probable decisions and rank them based on potential outcomes.

De Felice et al. (2015) stated that the A-BSC framework incorporates determining all relationships between the four perspectives of the BSC and uses the AHP to obtain a hierarchy structure. Using the AHP improves the BSC by using multicriteria methods to analyze relationships among the BSC's four perspectives (De Felice et al., 2015). In the context of this study, business leaders could evaluate outsourcing operations by using the A-BSC framework to analyze the BSC's four perspectives and then use AHP to prioritize decisions based on potential improvement outcomes. This research explored the business leaders' ability to make effective decisions to mitigate outsourcing failures. For this reason, the integrated A-BSC method was a suitable framework to develop comprehensive solutions to the research question.

Operational Definitions

Analytic balanced scorecard (A-BSC): The A-BSC is a framework that incorporates Kaplan and Norton's BSC and the AHP as an integrated and multicriteria tool used to monitor and improve outsourcing performance (Keshavarznia & Wallace, 2023).

Analytic hierarchy process (AHP): The AHP is a decision-making tool used to prioritize multiple performance perspectives and to generate a unified metric (Keshavarznia & Wallace, 2023).

Business process outsourcing: Business process outsourcing is outsourcing business process services to external vendors (Hansen et al., 2019).

Domestic sourcing: Domestic sourcing transfers outsourced activities previously executed internally to an external vendor partner within the same country (Bruccoleri et al., 2019).

Information technology outsourcing (ITO): ITO describes the outsourcing of informational technology services to external vendors (Hansen et al., 2019).

Key performance indicators (KPIs): KPIs are units of measurable value that demonstrate how effectively an organization is achieving its objectives (Sutanto et al., 2021).

Knowledge process outsourcing: Knowledge process outsourcing describes the outsourcing of knowledge-based services such as research and development to external vendors (Hansen et al., 2019).

Nearshoring: Nearshoring is relocating previously offshored activities near a firm's core location (López Ramírez et al., 2022).

Offshoring: Offshoring is delegating business practices and tasks once performed in-house to overseas countries (López Ramírez et al., 2022).

Service level agreement (SLA): An SLA discusses selected parameters as a precondition to business initialization (Badshah et al., 2020).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are ideas or claims accepted as valid without evidence (Saunders et al., 2019). An assumption is a premise or proposition that forms the basis of an argument, theory, or decision-making process, but it was not necessarily proven to be true. As the researcher, my first assumption about this study was that effective business strategies mitigate outsourcing failures. My second assumption was that effective leadership strategies, which mitigate outsourcing failures, incorporate business models that include outsourcing best practices. Third, I assumed that business leaders participating in this study would answer all interview questions truthfully and honestly. Finally, I assumed that participating business leaders would schedule their virtual, audio-only, Zoom sessions within two to three weeks of receiving the interview request.

Limitations

Limitations are potential weaknesses in the study, unforeseen by the researcher, which can adversely affect research outcomes (Saunders et al., 2019). My objective for conducting this study was to interview business leaders responsible for outsourcing decisions to discern the most effective business strategies that mitigate outsourcing failures. The first limitation was that some business leaders might not be forthcoming due to the reluctance to share proprietary business practices. In competitive markets, revealing proprietary business strategies could aid rival firms. The second limitation was product and service variability. Due to product variability, I generalized effective business strategies that are considered universal irrespective of the outsourcing firms' product or service offerings. The third limitation was that all interview participants came from the same organization. Including business leaders from other firms might provide different answers to the research question. The fourth limitation was that strategies used by business leaders to mitigate outsourcing failures might vary due to organizational structure, thus making data saturation challenging. The final limitation was that the findings from this study might not apply to industries not engaged in outsourcing activities.

Delimitations

The delimitations of a study are restrictions in scope that facilitate data collection. Delimitations are due to choices made by the researcher. Unlike limitations, which are issues which the researcher addressed after the completion of a study and cannot control, delimitations are what a researcher includes and excludes to make a project manageable and focused on the research question (Coker, 2022). I selected three delimitations for this doctoral study. The first delimitation was that the participating business leaders work in the IT department at a large educational institution, which excludes the experiences of other industry executives who have implemented business strategies to mitigate outsourcing failures. The second delimitation relates to my decision to include business leaders directly responsible for making outsourcing decisions. The final delimitation was interviewing business leaders from a single institution. These criteria ensured that the identified business strategies were effective in mitigating outsourcing failures.

Significance of the Study

Contribution to Business Practice

Firms outsource primarily to reduce costs, access resources, and focus internal resources on more strategic work. Firms outsource non-core processes to vendors to reduce costs and increase efficiency (De Felice et al., 2015). Outsourcing and other strategies that promote profitability set the groundwork for positive business outcomes. This study might serve as a practical strategy development guide for firms embarking on their first outsourcing endeavors to mitigate potential failures.

Outsourcing or offshoring is an essential and critical strategic approach in complex, dynamic, and competitive global supply chains (Ishizaka et al., 2019). Strategy development is essential to a firm's organizational structure (Linden & Rosenkranz, 2019). Firms use benchmarks to compare their performance against competitors' best practices (Kaplan & Norton, 1992). The strategies identified within the context of this study might help U.S. firms develop outsourcing failure mitigation strategies that align with their organizational culture and performance benchmarks. Effective strategies that utilize KPIs could lead to best practices and help mitigate outsourcing failures.

Organizations familiar with KPIs might benefit from identifying those supporting outsourcing business models. From a top-down leadership perspective, understanding the KPIs ensures lower-level employees have clear targets for actions, decisions, and improvement activities contributing to the company's mission (Kaplan & Norton, 1992). Business leaders should understand which KPIs complement their firms' organizational structure and align with their corporate objectives, such as improved performance, increased profits, and reduced expenses.

Implications for Social Change

Outsourcing, or delegating specific business functions to external vendors or service providers, could bring about multifaceted social transformation. People often consider outsourcing solely as a means to reduce expenses and streamline organizational processes; however, the effects extend beyond simple economic considerations and play an integral part in shaping society. Firms using responsible outsourcing strategies could foster job creation and economic development, promote ethical business practices, support environmental sustainability goals, engage in social responsibility and knowledge transfer, and establish collaborative stakeholder relationships. This could contribute to an inclusive society where economic development aligns with social well-being and sustainable development goals. The following section presents an expanded breakdown of the positive social change benefits associated with outsourcing.

Job Creation and Economic Development

Employing sound strategies allows organizations to increase the success of their outsourcing initiatives, leading to increased business growth and profitability and creating job opportunities within both their organization and external vendors or service providers (Jayaraman & Liu, 2019). These job opportunities contribute significantly to local economic development while decreasing unemployment rates and improving the overall well-being of individuals and communities.

Promote Ethical Business Practices

Employing effective strategies to mitigate outsourcing failure often necessitates using ethical business practices. Organizations prioritizing ethical conduct and social responsibility when building outsourcing relationships can create positive societal change. Adhering to labor standards, guaranteeing fair wages and working conditions, and supporting suppliers or vendors who share similar ethical values are examples of ethical business practices by organizations prioritizing ethical conduct in their outsourcing relationships. Organizations that embed ethical values within their operations promote the fair treatment of workers while encouraging responsible business conduct across supply chains.

Support Environmental Sustainability

Successful outsourcing strategies also include considerations of environmental sustainability. Organizations that prioritize eco-friendly practices when selecting vendors and outsourcing operations could make a positive difference by reducing their ecological footprint. Organizations promote sustainability by selecting vendor partners with strong environmental credentials, encouraging sustainable resource management, increasing energy efficiency, and reducing waste—actions that help mitigate damage while contributing to environmental sustainability (Jeronimo et al., 2019).

Social Responsibility and Community Engagement

Implementing effective strategies to prevent outsourcing failures could enable organizations to improve their social responsibility and engagement with local communities through initiatives like supporting local suppliers, investing in community development projects, and engaging in corporate social responsibility activities. Organizations can contribute toward positive social change by meeting societal needs, supporting causes, or cultivating inclusive growth through involvement with local communities (Taghipour et al., 2022).

Knowledge Transfer

Outsourcing relationships often include knowledge transfer between organizations and vendors. Organizations could use effective outsourcing strategies to facilitate the transfer of internal and external expertise, novel technologies, and best practices to partners. Knowledge transfer has positive social change ramifications by strengthening vendor capabilities, supporting growth initiatives within them, and disseminating knowledge within an industry context (Zhu & Chen, 2021). Consequently, knowledge transfer leads to individual skill development or capacity building within individuals or communities, eventually leading to participation in higher-value activities and increased employability for those involved (Zhu & Chen, 2021).

Collaboration and Stakeholder Relations

Successful outsourcing initiatives require strong collaboration and the effective management of stakeholder relationships. Organizations could build trust with stakeholders by adopting strategies that encourage collaboration and open communication while strengthening partnerships and improving stakeholder relations. Positive stakeholder relationships contribute to social change by increasing transparency, fairness, and accountability while increasing mutual understanding, facilitating cooperation, and creating long-term relationships that benefit the organization and broader communities (H. Huang et al., 2023).

Firms could go beyond cost savings and efficiency gains by recognizing and embracing the potential positive social change outcomes of outsourcing. Organizations could become agents of change, supporting economic development, ethical practices, environmental sustainability, social responsibility, knowledge sharing, and stakeholder engagement. Thus, organizations could contribute to a more inclusive and sustainable society by implementing responsible outsourcing strategies.

A Review of the Professional and Academic Literature

This qualitative single case study explored how organizational leaders employ effective business strategies to mitigate outsourcing failures. This study could contribute to existing knowledge while providing valuable insights to optimize outsourcing strategies. More specifically, the goals of this study were to:

- Discover critical factors that contribute to outsourcing failures.
- Assess existing literature related to strategies to mitigate outsourcing failures.
- Establish a conceptual framework designed to mitigate outsourcing failures.
- Validate and refine the framework by interviewing industry experts.
- Offer organizations practical outsourcing strategies to limit or eliminate risks.

Firms depend on outsourcing vendors' specialized knowledge to receive high-quality products and services. Unfortunately, outsourcing endeavors often experience considerable hurdles and risks that lead to failure—often at both ends—including communication breakdowns, quality deficiencies, cultural differences, legal and contractual disputes, and dissatisfaction with outsourced services. Inadequate quality assurance procedures might lead to subpar performance, product defects, or service deficiencies, adversely affecting customer satisfaction and overall performance (Lahiri et al., 2022). Despite the potential hazards of outsourcing, organizations utilize outsourcing strategies to minimize or share risks with the outsourcer coming from external factors such as governmental, legal and economic resulting from operating a business and keeping up with changes that happen during the course of business, which can be expensive, challenging, and taxing to the limited resources of that business (Touma, 2020). The current literature frequently emphasizes partner selection, contract administration, and risk management, but a gap exists regarding a comprehensive understanding of outsourcing success and identifying and recognizing failures (Delen et al., 2019).

A literature review includes articles from academic journals specializing in leadership, organizational behavior, and business operations for an in-depth examination of the subject matter and to meet its goals. I organized the subtopics of this literature review into five sections. The first subtopic expanded on the A-BSC method as a strategic approach to mitigating outsourcing failures. This analysis shed light on its efficacy as a conceptual framework. The second subtopic assessed the contrasting theories surrounding the A-BSC method. By reviewing literature related to A-BSC, I gained a broader knowledge of its theoretical foundations and an improved nuanced analysis of its practical implications. The third subtopic explored the nature and dynamics of business outsourcing through research into academic articles. This examination gave insight into its complex relationships, core aspects, and dynamics.

The fourth subtopic investigated and identified factors contributing to outsourcing failures. Reviewing relevant materials, I explored operational hazards such as communication gaps, cultural differences, inadequate risk assessments, and contract management issues contributing to failed outsourcing initiatives. Finally, the fifth subtopic explored strategies to mitigate business outsourcing failures. This section explored literature demonstrating successful approaches business leaders adopted to mitigate business outsourcing failures. Critical areas for discussion include pre-outsourcing considerations such as vendor selection processes, transparent contract negotiations, and thorough due diligence processes. I also highlight how critical strong relationships between outsourcing partners, efficient communication channels, and robust governance frameworks could help to ensure long-term success.

Outsourcing has become integral to modern business operations, providing organizations with cost savings, specialized expertise, and increased flexibility. However, outsourcing is not immune from failures or difficulties that could significantly erode a company's bottom line and reputation. Therefore, identifying effective business strategies to mitigate outsourcing failures has become a top priority for organizations worldwide. I used this literature review to assess the existing knowledge regarding outsourcing failures and identified key strategies that have successfully mitigated risks. By reviewing scholarly articles, research papers, and industry reports across disciplines, this literature review provided an extensive overview of practical ways organizations could use to navigate the complexity of outsourcing and decrease their chances of failure.

In this literature review, I define outsourcing. I explore the effectiveness of outsourcing in today's globalized business environment before exploring possible causes of failure, such as communication gaps, cultural differences, and inadequate risk assessments. Organizational leaders should better anticipate outsourcing pitfalls and implement plans to counter those hazards by understanding their sources. Next, I identify various effective business strategies organizations could implement to avoid outsourcing failures, including pre-outsourcing considerations like vendor selection processes, transparent contract negotiations, and executing due diligence. Furthermore, I explore the literature emphasizing the significance of creating solid relationships with outsourcing partners while creating efficient communication channels and robust governance frameworks to ensure long-term success. Lastly, I highlight the significance of ongoing monitoring and evaluation in outsourcing relationships. Organizations manage outsourcing relationships by communicating critical KPIs, maintaining SLAs, and executing regular performance reviews to track progress and identify improvement areas.

Ideally, I structured this literature review to provide organizational leaders with valuable insights and practical advice for improving their outsourcing strategies by synthesizing existing knowledge on these subtopics. The findings could help organizations reduce risks associated with outsourcing contracts while improving operational efficiencies and creating competitive advantages in an ever-evolving business environment. This literature review also serves as a foundation for further investigation, exploring effective business strategies to mitigate outsourcing failures. By consolidating existing knowledge in this field, this literature review offers invaluable insights for organizations looking to optimize their outsourcing practices and increase chances for positive outcomes.

I utilized the Walden University Library, EBSCOhost, and ProQuest to source the articles used in this literature review. I used specific key terms and phrases and utilized Google Scholar for cross-referencing to find articles related to the study topic. Key search terms included, but were not limited to, *outsourcing*, *outsourcing strategies*, *outsourcing failures*, *mitigating outsourcing failures*, *outsourcing success*, *outsourcing best practices*, *outsourcing impacts*, *outsourcing leadership*, *organizational behavior*, *nearshoring*, *offshoring*, *reshoring*, *the balanced scorecard*, and *the analytic balanced scorecard*.

Expansion of Conceptual Framework

The BSC method, initially proposed by Kaplan and Norton in 1992, has gained significant global recognition and adoption among organizations as a comprehensive framework for measuring and managing performance. Specifically, Kaplan and Norton asserted that senior executives understand that their organization's measurement system strongly affects managers' and employees' behavior. The BSC framework further affirmed that executives understand that traditional financial accounting measures, like return-on-investment and earnings-per-share, can give misleading signals for continuous improvement and innovation activities in today's competitive environment (Kaplan & Norton, 1992). Organizational leaders use the BSC to align business activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals (Kaplan & Norton, 1992).

Organizations should carefully select KPIs for each performance perspective to make the BSC framework practical (Kaplan & Norton, 1992). Assessing the financial perspective involves reviewing performance KPIs relating to profit and loss. The customer experience is measured using KPIs focused on customer satisfaction. The effectiveness of internal processes is assessed by evaluating KPIs related to business efficiency. Organizational capacity is assessed by evaluating KPIs and measuring a firm's knowledge and innovations. If an organization's customers, internal processes, and organizational capacity are optimally aligned, these amalgamations should result in excellent financial performance. Business leaders implementing the BSC could find it helpful to identify the connection between organizational capacity, efficient business processes, customer value, stakeholder satisfaction, sustainability performance, and market and financial outcomes (De Felice et al., 2015).

Nevertheless, within the current dynamic business environment, the conventional BSC might encounter certain constraints regarding its ability to offer comprehensive analysis and profound insights for effectively addressing complex challenges and uncertainties. Acknowledging these constraints, De Felice et al. (2015) proposed the A-BSC, which expands upon the initial BSC framework by integrating sophisticated analytical methodologies and a more comprehensive set of performance indicators. De Felice et al.'s A-BSC allows business leaders to gain deeper insights into their performance and make data-driven decisions. The A-BSC seeks to integrate financial and non-financial measures of an organization's performance against strategic goals to create a holistic and accurate performance assessment. De Felice et al. recognized that simply measuring is not enough and introduced analytics to drive more profound insights and support informed decision-making.

De Felice et al.'s (2015) approach uses technologies like big data analytics, artificial intelligence and machine learning to reveal patterns, trends, or correlations that would otherwise go undetected with traditional methods. De Felice et al. recommended adding new performance dimensions to provide a more nuanced account of organizational success. The A-BSC integrates customer, internal process, learning, and growth perspectives with finances for more holistic evaluation and strategy development.

The A-BSC also uses predictive analytics to forecast future outcomes.

Organizations can use predictive models to forecast performance indicators and proactively adjust their strategies by analyzing historical data and employing statistical modeling techniques. This forward-thinking approach augments the effectiveness of the BSC method by enabling timely interventions and adapting to changing market dynamics. De Felice et al. (2015) recognized that effective communication of performance information is equally essential to the analysis. Organizations can communicate insights at various levels to promote transparency, foster alignment, and drive data-driven decision-making across the enterprise by using intuitive visual representations such as dashboards and scorecards. In the following subsections, I discuss the detailed breakdown of components within the A-BSC.

Integration of Advanced Analytics

The primary distinguishing characteristic of the A-BSC lies in its incorporation of advanced analytics within the performance measurement process. By incorporating advanced technologies such as machine learning, artificial intelligence, and big data, firms can analyze extensive data from diverse sources, including internal systems, customer feedback, and market trends. A data-driven methodology enables a deeper understanding of factors influencing performance, empowering organizations to identify complex patterns, emerging trends, and potential correlations that may not be easily detected with conventional methods.

Predictive Modeling for Future Outcomes

The A-BSC emphasizes the use of predictive modeling. Organizations could use statistical techniques and historical data to make models that predict future performance.

The predictive models help companies to make intelligent choices and prepare for what is ahead. Predictive models offer significant insight into possible outcomes, allowing for proactive modifications to strategies and operations (Vafaee Najar et al., 2021). Using predictive modeling helps organizations forecast changes in customer demand, market trends, and resource needs before they happen. It assists them in making knowledgeable choices and gaining a competitive edge. Predictive modeling allows organizations to quickly modify their strategy to fit the always-changing market conditions.

Expanded Performance Dimensions

The A-BSC extends beyond the of conventional dimensions the BSC, namely financial, customer, internal process, and learning and growth perspectives. De Felice et al. (2015) suggested incorporating supplementary performance dimensions to establish a more comprehensive perspective on organizational achievement. The expanded dimensions include various aspects such as environmental sustainability, social responsibility, innovation capabilities, employee well-being, and ethical considerations (De Felice et al., 2015). By integrating these dimensions, organizations could enhance the congruence between their strategies and broader societal objectives, environmental preservation, and ethical behavior.

Enhanced Communication and Reporting

The A-BSC also emphasizes proficient communication and accurate reporting of performance metrics. Both the BSC and A-BSC use dashboards to communicate goals and objectives. Dashboards give managers a centralized overview of their business and indicators to make sound decisions within their area of responsibility (Mailat et al., 2019). This visual methodology enhances intercommunication throughout different hierarchical tiers within the organization, encouraging openness and cultivating consensus toward mutually agreed-upon goals. Moreover, the use of dashboards facilitates the involvement of key stakeholders, resulting in cooperative decision-making processes and enhanced performance monitoring.

Agility and Adaptability

In an ever-changing and unpredictable business environment, the ability of an organization to be agile and adaptable is essential for achieving long-term success. Integrating advanced analytics and predictive modeling within the A-BSC enables organizations to effectively and promptly address dynamic shifts and obstacles (Victor & Farooq, 2023). Data-driven insights allow decision makers to identify potential risks and opportunities early, facilitating timely interventions and adjustments. As a result, organizations can maintain a competitive advantage over their rivals, take advantage of emerging trends, and navigate through uncertain circumstances with increased assurance.

Strategic Alignment and Performance Accountability

The A-BSC emphasizes the significance of maintaining strategic alignment across the entire organization. Victor and Farooq (2023) opined that including a more comprehensive array of performance dimensions within the framework promotes a more holistic perspective on organizational objectives and strategies. Organizations implementing this comprehensive approach facilitate the coordination of various departments and stakeholders to achieve common goals, promoting a culture of cooperation and responsibility for achieving desired outcomes.

In summary, the A-BSC introduced by De Felice et al. in 2015 expanded on the original BSC method by incorporating advanced analytics, predictive modeling, and a broader range of performance dimensions. As a conceptual framework, the A-BSC uses data-driven insights to enable organizations to make more informed decisions, anticipate future outcomes, and align their strategies with dynamic market conditions. Moreover, the emphasis on visualizations and reporting enhances the communication of performance metrics, fostering transparency and enabling critical decision-making at all levels of the organization. Research shows that the integrated A-BSC framework is a valuable performance analysis tool and allows decision makers to achieve a more realistic and accurate representation of business problems (De Felice et al., 2015).

Mitigating Outsourcing Failures with the A-BSC Framework

The A-BSC method can assist in mitigating outsourcing failures by providing a framework to measure and manage outsourcing performance. A few ways the A-BSC approach can support successful outsourcing include clarifying objectives, identifying critical KPIs, data collection and analysis, performance evaluation and reporting, and continuous improvement.

Clarifying Objectives

In the A-BSC method, the emphasis on the significance of setting clear objectives when outsourcing is crucial. When aligning outsourcing goals with overall strategic objectives, organizations benefit from setting measurable and clear objectives to work toward reaching desired results together. Lee (2020) highlights that strategic and effective management is critical for achieving goals.

Identifying Critical KPIs

Selecting appropriate KPIs is critical in measuring the success of outsourcing initiatives. The A-BSC method assists organizations in selecting a balanced set of KPIs covering financial, customer, internal process performance, and learning and growth perspectives. Organizations can closely track outsourcing activities while quickly detecting deviations or potential issues early by carefully monitoring performance metrics. Xiqiao et al. (2022) stated that executives typically create KPIs, which assign quantitative values to critical business goals, to evaluate an organization's performance.

Data Collection and Analysis

The A-BSC method emphasizes robust data collection and analysis. Organizations engaged in outsourcing should establish effective mechanisms to collect relevant information from their internal operations and any third-party vendor partners. This data could include financial metrics, customer satisfaction scores, operational performance indicators, or other relevant datasets. Organizations can use advanced analytics techniques to gain insight, spot trends, or proactively address emerging challenges. Setiawati (2021) used data collection and analysis to conclude that outsourcing human resources functions positively and significantly affect employee performance.

Performance Evaluation and Reporting

Regular evaluation and reporting are vital in outsourcing partnerships. The A-BSC method recommends using dashboards and scorecards to present performance information visually to promote effective dialogue between organizations and vendors. Using dashboards and scorecards prompts the creation of data-driven decisions to address any issues, track progress, or improve performance. PR Newswire (2020) posited that outsourcing vendor efficiency lies in their ability to increase process efficiency, reduce costs and facilitate more informed decision-making through benchmarking, analytics, and automation - but this can only happen with regular performance evaluation and reporting.

Continuous Improvement

The A-BSC method fosters an atmosphere of continuous improvement by regularly reviewing objectives, KPIs, and other performance data to identify areas for enhancement and take corrective actions. Organizations use this iterative process to adapt their outsourcing strategies, optimize processes and strengthen relationships with outsourcing partners over time. Tay and Aw (2021) highlighted that managers could maximize savings from suppliers by implementing continuous improvement initiatives that encourage cost savings, enhance processes, and facilitate informed decisions on whether a product should be manufactured internally or purchased to lower the total cost of ownership. Overall, the A-BSC method offers a structured method for measuring and managing outsourcing performance. Organizations can avoid outsourcing failures by aligning objectives, selecting appropriate KPIs, collecting and analyzing data, evaluating performance, and promoting continuous improvement efforts, thereby increasing the overall success of their initiatives.

Related and Contrasting Theories to the A-BSC Framework

De Felice et al. (2015) introduced the A-BSC method as an organizational performance measurement and management tool. This methodology emphasizes integrating financial and non-financial indicators for a broad perspective of an organization's performance. While A-BSC does have merits, alternate theories that compete with it have emerged. Some related and contrasting theories include the theory of constraints, dynamic capabilities theory, stakeholder theory, and data envelopment analysis. The following sections discuss some theories related to and contrasting with the A-BSC.

Theory of Constraints

Eliyahu M. Goldratt's theory of constraints (TOC) offers an alternative method for performance measurement and management, proposing that organizations focus on identifying constraints limiting performance before removing or addressing them to maximize throughput by eliminating system bottlenecks (W. T. Huang et al., 2021). Compared with A-BSC methods that look at various indicators simultaneously, TOC narrowly focuses on those critical constraints impacting performance (W. T. Huang et al., 2021). TOC was not selected as a framework for this study due to its limited scope and inability to address the broader dimensions required to answer the research question.

Dynamic Capabilities Theory

Teece introduced the dynamic capabilities theory (DCT) in 1997 to assess an organization's ability to adapt and respond quickly in ever-evolving environments, with companies creating dynamic capabilities as part of a strategy for success (Helfat, 2022). Teece stated that firms should develop these abilities to gain and sustain a competitive edge. Unlike the A-BSC method, this theory emphasizes strategic flexibility in learning innovation (Helfat, 2022). The A-BSC method aligns outsourcing strategies with long-term business goals. In contrast, DCT focuses more on adaptability and innovation, making it less suitable for analyzing the structured, measurable outcomes critical to outsourcing decisions; therefore, DCT was deemed unsuitable as a conceptual framework for this study.

Stakeholder Theory

Introduced by Freeman in 1984, Stakeholder Theory asserts that organizations must consider all relevant stakeholders when crafting strategies and assessing performance. Freeman et al. (2021) stated that Stakeholder theory has gained traction with scholars in the field of business, ethics, and society. Stakeholder theory incorporates environmental and social impact indicators when measuring management processes. In contrast, the A-BSC method acknowledges stakeholders' value, while the Stakeholder Theory prioritizes different stakeholders' interests (Bosse et al., 2019). Unlike A-BSC's multi-faceted approach, Stakeholder Theory emphasizes balancing the interests of various stakeholders, which, while significant, is less directly applicable to the structured, performance-driven analysis required for outsourcing decisions; therefore, Stakeholder Theory was not selected as the conceptual framework for this study.

Data Envelopment Analysis

Data envelopment analysis (DEA) is an operations research-based performance measurement technique that quantifies the relative efficiency of decision-making units. This analysis is done by comparing an organization's efficiency levels against benchmarks and using this approach to evaluate performance (Xu et al., 2021). In contrast, the A-BSC attempts to combine qualitative with quantitative indicators in its evaluation approach, thus emphasizing efficiency less. DEA focuses primarily on operational efficiency, which may overlook the broader strategic and qualitative factors critical in outsourcing decisions; therefore, DEA was not chosen as a conceptual framework for this study.

Researchers must consider the unique methodologies of each performance measure when reviewing them. Each approach has strengths and limitations for organizational use. When selecting and implementing a performance measurement framework, firms should consider their context, objectives, stakeholder requirements, and any necessary modifications or customization.

The Nature of Business Outsourcing

Business outsourcing has become an increasingly prevalent trend in today's globalized economy, enabling organizations to focus their energy on core functions while outsourcing non-core functions to external service providers. This literature review examines critical aspects of mitigating outsourcing failures, such as developing a conceptual framework, understanding the nature of business outsourcing, factors responsible for outsourcing failures, and strategies to mitigate outsourcing failures.

Firms outsource for various reasons, often for cost reduction and efficiency improvement. Outsourcing non-core activities to outside vendors allows organizations to utilize economies of scale and access specialized expertise at lower labor costs in offshore locations while remaining profitable (Hu et al., 2022). Elhoushy et al. (2020) stated that the impact of perceived benefits on the managers' desired levels of outsourcing is often mediated by the current outsourcing. Business outsourcing takes many forms, from information technology outsourcing (ITO), business process outsourcing (BPO), knowledge process outsourcing (KPO), and manufacturing outsourcing (Hansen et al., 2019). ITO refers to contracting out IT functions such as software development or technical support, while BPO refers to outsourcing whole processes within businesses like HR, finance, or customer service (Hansen et al., 2019). Knowledge process outsourcing involves contracting out knowledge-intensive tasks like research or analytics, while manufacturing outsourcing involves shifting production activities to an external workforce (Hansen et al., 2019).

Organizations can realize many advantages through outsourcing activities. Business leaders realize cost savings through reduced labor and infrastructure expenses. Additionally, outsourcing allows firms access to specialized skills and resources while improving service quality, time-to-market acceleration, and operational efficiencies (Thomas, 2021). Outsourcing enables firms to focus on core competencies while improving strategic flexibility and stimulating innovation. Moreover, outsourcing offers several advantages but comes with specific challenges. Negotiating relationships with external vendors, protecting data security, and overseeing quality can take considerable time (Kirubakaran et al., 2023). At the same time, cultural differences, legal compliance issues, and losing control of critical processes can emerge during an outsourcing venture.

Outsourcing Success

Firms must identify critical success factors (CSFs) to succeed when outsourcing (Sandhu et al., 2018). The CSFs contribute to the decision-making process for selecting the appropriate outsourcing [vendor] partner (Sandhu et al., 2018). In the context of this study, the primary objective when outsourcing is mitigating failures. Therefore, success in this study denotes mitigating failures by utilizing efficient strategies to promote outsourcing success.

Lee (2020) highlighted that a written contract is essential in managing and governing an outsourcing relationship. The two major outsourcing approaches are offshoring and domestic sourcing (López Ramírez et al., 2022). The difference between the two approaches relates to the outsourcing firm's proximity to its vendor partner. Offshoring is delegating business practices and tasks once performed in-house to overseas countries (López Ramírez et al., 2022). Domestic sourcing is the transfer of activities previously executed internally to an external vendor partner within the same country. Offshoring also includes captive offshoring, whereby a firm relocates some of its activities to an overseas nation but remains part of the original company (Bruccoleri et al., 2019). Domestic sourcing includes nearshoring, which involves relocating previously offshored activities near a firm's core location. When nearshoring, the firm checks the proximity between the two businesses to eliminate deagglomeration impacts (Piatanesi & Arauzo-Carod, 2019). I reviewed previous scholarly resources on offshoring and domestic sourcing strategies that promote outsourcing success in the following subsections.

Offshoring

Mukherjee et al. (2023) stated that offshoring entails the relocation of business functions from the home economy to various host countries. Lee (2020) observed that firms are increasingly partnering with overseas suppliers due to rapid advances in transportation and communication technology. As a result of this offshoring trend, there are ongoing debates regarding the effects of offshoring on domestic employment rates and business merits. Morganti and De Giovanni (2022) stated that a firm's sustainability initiatives drive offshoring decisions and government interventions. Andersen et al. (2019) opined that offshoring increases a firm's productivity and reduces costs by sourcing cheap labor from overseas nations. Noble and Vaidyanathan (2022) stated that outsourcing [offshoring] strategies allow client organizations to focus on their core competencies and enable them to shift their investments and resources to strategic business areas. Hummels et al. (2018) advised that an effective measurement for offshoring success should ask three questions:

1. What are the intermediate inputs (tasks) for production?
2. What are the imported inputs?
3. Which are the internally produced inputs?

Offshoring can also introduce efficiency and innovation of non-core competencies within a firm, stimulating job creation and a renewed dedication to core competencies. Researchers have conducted multiple studies on outsourcing decision-making. Business leaders who make offshoring decisions should consider measures essential for positive outcomes. Offshoring involves many risks [and potential failures], but business leaders could mitigate these risks through vendor certification. Ishizaka et al. (2019) stated that vendor certification is an effective measure for reducing outsourcing failures. Gopalakrishnan and Zhang (2019) investigated vendor certification's direct and indirect effects and realized it promotes vendor growth. Other researchers have opined that vendor certification deters innovation, and since innovation is essential for long-term growth, vendor certification limits success (Gopalakrishnan & Zhang, 2019). Despite the apparent contradiction, vendor certification programs have positive and negative impacts. The duality of vendor certification programs requires firms to manage them carefully to mitigate failures.

Business leaders should explore strategies to reduce political risks because they substantially affect offshoring success. Hansen et al. (2019) investigated the impact of political risks on offshoring decision-making. Specifically, Hansen et al. used a transactional-cost economics lens to report how political risks significantly affect information technology, business process, and knowledge process outsourcing. Hansen et al. insisted on strengthening institutional and regulatory factors to increase service offshoring success. Researchers confirmed that a positive relationship between offshoring transactions and institutional and regulatory factors promoted success at the end of the study (Quittner, 2004). Business leaders should perform a political risk assessment as part of a risk management plan prior to the execution of offshoring contracts to mitigate failures.

Routine evaluation of vendor performance is another critical aspect to ensure outsourcing success. Ishizaka and López (2019) determined that the performance of offshore service providers is vital to reducing costs and promoting success. Ishizaka and López suggested using a cost-benefit analytic hierarchy process sort (AHPSort) method to evaluate vendor performance. The AHPSort method groups the providers into different performance classes based on separating offshore service providers' cost and benefit performance indicators (Ishizaka & López, 2019). Organizations found this evaluation critical because it gives feedback to offshore vendors on the areas that need improvement to achieve desired performance objectives (Ishizaka & López, 2019). Business leaders should evaluate historical vendor performance during the *request for proposal* process (RFP) and conduct a thorough cost-benefit analysis (including potential long-term and hidden costs) before executing offshoring contracts to mitigate failures.

Alternate cost reduction and profit maximization approaches during offshoring exist to enhance transparency and control over a firm's manufacturing supply chain. Kaur et al. (2019) suggested that using the fuzzy AHP and the fuzzy technique for order of preference by similarity to ideal solution (TOPSIS) could help outsourcing decision-makers make joint decisions with vendor partners. The models consider qualitative and quantitative criteria and incorporate mixed integer, non-linear programming, and fuzzy multi-criteria decision-making (MCDM) strategies. The models facilitate the selection of suitable suppliers to satisfy the prevailing market demands, resulting in total cost optimization and reduced expenses (Kaur et al., 2019).

Organizations that select vendor partners in developing nations can promote offshoring success. Pawar et al. (2019) proposed a decision-aid tool for assessing and selecting offshore vendors within developing nations. Pawar et al. used a complexity-concept lens to unveil how the contextual separation gap between developed and less developed nations can be a practical way of attaining successful offshoring relationships. The decision-aid tool offers a contextualized and environmental separation index by considering internal and external factors. Business leaders could utilize the selection process by implementing a practical qualitative approach.

Domestic Sourcing

Many U.S. companies have considered outsourcing to reduce costs, maximize profits, and remain competitive. Some firms are critically assessing their outsourcing decisions and considering delegating portions of their operations back home. The concept of delegating operations to domestic firms is called domestic sourcing. It includes backshoring and nearshoring methodologies (Baraldi et al., 2023). Backshoring refers to the relocation of a firm's manufacturing activities from an offshore site back to the home region and is usually described in relation to the previous offshoring activity (Henkel et al., 2022). In contrast, nearshoring is relocating a company's production activities within the home region (Merino et al., 2021). Merino et al. highlighted that three factors, namely, firm size, availability of resources, and motivation, determine a company's successful implementation of backshoring or nearshoring strategies.

Merino et al. (2021) recognized that a firm's size is the most relevant contingency affecting backshoring and nearshoring decisions. Researchers in Germany determined that large companies showed an increased probability of implementing backshoring strategies (Dachs et al., 2019). Conversely, researchers in New Zealand revealed that small and medium-sized firms were more likely to implement backshoring strategies than larger firms (Canham & Hamilton, 2013). Merino et al. stated that there was no difference in the size of the firms that adopted nearshoring strategies.

The availability of resources also proved to be a determining factor in backshoring decisions between larger and smaller firms. Merino et al. (2021) recognized that small firms implemented a backshoring strategy after a short period due to a lack of financial resources. In contrast, larger firms with significantly more resources would remain offshore and cope with challenges within foreign environments for longer durations (Merino et al., 2021).

Motivation is another contingency influencing a firm's decision to implement a nearshoring or backshoring strategy. Backshoring literature contains numerous research articles on motivation, with studies showing an association between motivation, expense reduction, and a firm's value effectiveness (Barbieri et al., 2018). Studies show that two types of motivations exist when firms outsource: internal [organizational] and external [environmental] motivation. Fratocchi et al. (2016) developed a classification framework grounded in both International Business (IB) and strategic management theories, which distinguishes backshoring motivations based on two variables:

1. The company's strategic goal (increasing customer perceived value vs. improving cost-efficiency).
2. The predominant factors affecting the backshoring decision or "level of analysis" (internal to the company vs. relating to the external environment).

Merino et al. (2021) stated that some motivations focus on cost efficiency, which affects value effectiveness. Business leaders implement backshoring strategies due to multiple drivers, including internal motivations, environmental drivers, cost reduction, and value effectiveness. Alternatively, motivations for nearshoring strategies primarily include cost reduction and value creation (Baraldi et al., 2023). Cost-reduction motivations focus on labor and coordination expenses, while value-creation motivations emphasize lead time and product quality. Researchers have determined that nearshoring and backshoring motivations are similar, with industrial policies playing a critical role, which was especially apparent following the COVID-19 pandemic (Betti & Hong, 2020). Back home, industrial policies could often influence a company to implement backshore production activities instead of a nearshore strategy.

A firm should consider barriers as a critical factor affecting the decision to implement backshoring or nearshoring strategies. Engström et al. (2018) stated that a home nation's labor market legislation could deter firms from implementing backshoring [or nearshoring] strategies. Thus, if the home nation's labor market policies do not favor backshoring, organizations would implement a nearshoring strategy or leave offshored activities operational overseas.

A firm's competency level is essential in the backshoring decision. Backshoring involves relocating offshored processes back home; firms with low competency are less likely to implement a backshoring strategy because it could harm productivity. Firms with high competency back home more likely to implement a backshoring strategy. Nujen et al. (2018) argued that more firms would decide to backshore if they had sufficient and skilled expertise within their home countries to conduct the production activities effectively. Boffelli and Johansson (2020) reported that the unavailability of a skilled labor force back home is a severe barrier to backshoring.

Factors Responsible for Outsourcing Failures

Organizations recognize outsourcing as a strategic instrument to gain diversified operation advantages and an efficient global market (Yazdani et al., 2021). Iqbal et al. (2020) noted that a large proportion of software development outsourcing (SDO) projects need to realize anticipated benefits since the success rate of SDO is only 50%. Delen et al. (2019) observed over a 40% outsourcing failure rate when analyzing 30 ITO contracts with a total cost of 100 million euros (i.e., $106 million). Feng et al. (2019) stated that many firms are surprised that their outsourcing endeavors do not result in better efficiency and lower cost, and many experience a deterioration in service quality and profitability. Rahman et al. (2021) stated that inexperienced employees may cause the increase of failure ratio in the outsourced projects as well as they are unable to solve the problems quickly without the proper support. Yang et al. (2016) opined that logistics outsourcing does not always succeed; instead, the failure rate of [logistics] outsourcing is relatively high.

Researchers have found that outsourcing failures are common in global business markets (Khan et al., 2022). Examples of outsourcing failures include, but are not limited to, increased costs, decreased profitability, supply chain issues, product defects, and reduced customer service. The causes of outsourcing failures are multifaceted and depend on the type of outsourcing tasks undertaken and the business leaders' strategies. Despite the many benefits of outsourcing, some business leaders lack effective strategies to mitigate outsourcing failures.

Causes of Outsourcing Failures

A principal motivation for firms to outsource is reducing costs. However, companies that emphasize the cost-saving measures of outsourcing partnerships could experience adverse impacts. Delen et al. (2019) observed that the leading cause of ITO failures was if the dominant motive of the service provider was short-term financial gain instead of long-term success based on an effective strategy. Feng et al. (2019) posited that many firms focus on the savings from capacity cost by outsourcing, but ignore the associated increase in quality-related costs. Feng et al. stated that most outsourcing failures were due to:

- Many firms lack complete knowledge about their outsourcing partners, primarily because of geographical distance and unfamiliarity with local environments.
- They may have failed to consider the impact of the trade-off between various costs for fast, quality services.

Alemu et al. (2020) stated that an insignificant relationship between risk management practices and project success adversely affected outsourcing success. Pankowska (2019) added that in an IT outsourcing chain, it is crucial to communicate with all the involved stakeholders. Omitting at least one [stakeholder] of them can result in outsourcing failures (Pankowska, 2019).

Researchers found that ineffective risk and project management and poor stakeholder engagement practices were the primary causes of failure during the outsourcing partnership between IBM and the Queensland government (Ziyan, 2021). Poor relationship management is characterized by not communicating with all stakeholders in an outsourcing partnership. Organizations use relationship management to enhance the coordination of activities between clients and vendors, ensuring adherence to standardized outsourcing methods and processes, avoiding redundancies in activities, and managing risks and quality (Pankowska, 2019). Iqbal et al. (2020) asserted that communication issues, especially regarding shareholder [stakeholder] communication, were a primary cause of outsourcing failures. Lee (2020) emphasized the importance of effective communication, which organizations should pursue to promote collaborative buyer-supplier [client-vendor] relationships. Lee opined that firms paid little attention to the impact of individuals supposedly in charge of communication in outsourcing partnerships.

In summary, findings indicate that the following elements could result in outsourcing failures:

- High emphasis on financial gains (e.g., reduced costs).
- Low emphasis on long-term goals (e.g., sustainability).
- Low emphasis on quality costs (e.g., customer service).
- Lack of vendor knowledge due to geography (e.g., cultural ignorance).
- Poor project management strategies.
- Poor risk management strategies.
- Poor communication/stakeholder engagement.
- Poor relationship management.

Business leaders who exhibit poor relationship management create ineffective client-vendor relationships, usually characterized by miscommunication, poor transparency, mistrust, and criticism. These issues alone or compiled could potentially result in outsourcing failures. Therefore, business leaders should implement strategies that encourage effective communication and transparency and consider all the above elements to mitigate outsourcing failures.

IBM and Queensland Health Disaster. One of the most significant outsourcing failures on record was a partnership between the Queensland government and IBM in December 2007. IBM offered an initial bid of $6 million to overhaul the Queensland Health payroll management system. Several months later, the cost climbed to $27 million due to unforeseen technical difficulties. After several years, the project concluded with a cost of $1.2 billion (i.e., 16000% over the original contract bid), which caused the Queensland government to sue IBM to recover losses and bar the global firm from working on future projects. Ziyan (2021) stated that crucial project departments, including IBM, were confused about the management structure. There were no explicit provisions on the roles, authorities, responsibilities and division of labor for all parties; the leadership did not require a complete project management plan (Ziyan, 2021). Ziyan asserted that problems with budget management, risk management, and stakeholder communication were vital in the project's failure.

Ineffective leadership strategies, miscommunication, poor risk and project management, and scope creep (resulting in a significant cost overrun) were the leading causes of outsourcing failure in the IBM and Queensland Health contract. The ineffective strategies of IBM's business leaders, combined with the Queensland government's laissez-faire leadership approach, led IBM to severely underestimate the project's complexity, resulting in a catastrophic $1.2 billion failure.

Strategies to Mitigate Outsourcing Failures

Business leaders should emphasize the vendor's capability and not base their selection on cost savings alone since large-scale outsourcing partnerships typically involve complex, often highly technical, products and services. Gopalakrishnan and Zhang (2019) stated that vendor certification is one of the measures to prevent outsourcing failure. Lee (2020) noted that the primary step in outsourcing management is selecting the right supplier with the suitable capabilities and capacity for outsourcing tasks. Accordingly, business leaders should include vendor certification as a requirement within the RFP process to ensure that vendors are up to the task prior to engaging in outsourcing contracts.

Hansen et al. (2019) found that political risks hurt offshore outsourcing success. Business leaders should thoroughly assess potential political threats as part of a risk management policy before executing offshore outsourcing partnerships. Iqbal et al. (2020) stated that communication issues, especially regarding shareholder [stakeholder] communication, were a leading cause of outsourcing failures. Lee (2020) asserted that effective outsourcing management involves managing the supplier's performance mainly through appropriate communication. Business leaders should implement strategies that encourage effective communication, transparency, and stakeholder engagement within their project and relationship management plans to mitigate outsourcing failures.

Issues arising due to cultural differences could cause outsourcing failures. Noble and Vaidyanathan (2022) explained that cultural issues in outsourced projects are multifaceted, and all parties must work hard to resolve potential problems arising from cultural differences. Noble and Vaidyanathan stated that another crucial factor in outsourced projects is that societies tend to have distinct working methods that can pose problems in a working environment. Gupta and Gupta (2019) affirmed that projects outsourced to firms in foreign countries faced more integration issues than projects outsourced to domestic firms. Business leaders should implement cultural awareness and sensitivity training, conduct routine site visits, and maintain close relationships with vendors to mitigate outsourcing failures due to cultural differences. These approaches are especially critical when engaging in offshore outsourcing partnerships.

Effective Outsourcing Leadership Strategies

Maltz (1994) opined that firms following a cost leadership [cost reduction] strategy would have a greater probability of outsourcing. Charles and Ochieng (2023) stated that many studies focus solely on the cost savings that outsourcing can provide and do not consider other potential benefits. Lee (2020) observed that [during outsourcing partnerships] actual management of suppliers [vendors] remains at the firm [client] level. Linder et al. (2002) stated that outsourcing achieves results by integrating five essential process components: top-level leadership, bold strategic agenda, innovative financial structure, outsourcing to transform critical processes and focus on enterprise outcomes. Kerns (2020) called the extensive presence and costs associated with bad leadership unsettling. Accordingly, business leaders who display bad leadership and implement ineffective strategies in outsourcing partnerships could cause severe financial damages, as evidenced by the IBM and Queensland Health disaster.

The fundamental task of *collaborative strategic leadership* is leading and delivering results across organizational barriers (Naja & Ungku, 2021), which is critical in outsourcing partnerships. Escortell et al. (2020) noted that *transformational leadership* is essential in outsourcing since it improves job satisfaction among the internal and outsourced workforce. Siti and Zainul (2018) stated that *transactional leadership* was important during outsourcing because it promoted [internal and external] employee commitment. The following subsections explore collaborative strategic, transformational, and transactional leadership, which business leaders commonly in outsourcing partnerships.

Collaborative Strategic Leadership. Collaborative strategic leadership (CSL) characteristics are effective communication, transparency, and promoting interpersonal relationships grounded in trust and integrity. Hill and Smith (2023) opined that CSL incorporates quality assurance procedures and curriculum design approaches that provide an opportunity to offer different kinds of support for more blended approaches, namely team-based support. Therefore, CSL encourages teamwork and commitment. Seshadri (2013) stated that building a positive and collaborative relationship between the client and the vendor at the onset of an outsourcing agreement was crucial in attaining desirable business outcomes. Marchewka and Oruganti (2013) emphasized that the quality of client-vendor relationships during outsourcing and cultural implications and processes are strong determinants of outsourcing success. Teamwork as an aspect of CSL is vital in mitigating outsourcing failures. Consequently, business leaders should encourage routine interactions with vendor partners to ensure adherence to the statement of work (SOW) and timely resolution of any issues that could cause outsourcing failures. A business leader's ability to view a vendor partner as an extension of their internal team is fundamental in cultivating and sustaining a long-lasting, mutually beneficial relationship. A progressive client-vendor relationship ultimately promotes outsourcing success, while a poor relationship typically results in outsourcing failures.

Effective communication and transparency are aspects of the CSL approach that also help to mitigate outsourcing failures. Business leaders who practice effective communication and transparency with vendor partners at the onset of outsourcing agreements enhance the probability of meeting contract objectives (Al-Ahmad & Al-Oqaili, 2013). Firm-level communication with stakeholders is equally critical to ensure positive outcomes. Business leaders contribute to outsourcing success by implementing effective communication to establish clear expectations and deliverables to vendor partners. In offshore partnerships, cultural differences and language barriers could adversely affect communication during the early stages of the client-vendor relationship, increasing the likelihood of outsourcing failures. The outsourcing failures could result in substantial financial losses, necessitating internal business leaders to devise timely, practical solutions (Osadchyy & Webber, 2015).

Commitment is another critical element of the CSL strategy that helps to mitigate outsourcing failures. A business leader's commitment to the outsourcing contract [SOW] portrays the quality of association between the internal business leaders and their partners (Sukru Cetinkaya et al., 2014). For example, a long-term commitment is critical with ITO, which involves high-level technical expertise to guarantee the delivery of quality services. In alignment with a well-constructed SOW, commitment from business leaders and vendor partners results in effective and efficient processes that mitigate ITO failures. Caruth et al. (2013) found similar results and added that quality client-vendor relationships must be grounded on trust.

Transformational Leadership. T. D. Smith et al. (2020) stated that transformational leadership strategies encourage followers to achieve contextual or citizenship-type behaviors, which are important for the greater good of all involved. Escortell et al. (2020) highlighted that transformational leadership is essential in outsourcing since it improves job satisfaction among the internal and outsourced [external] workforce. Similarly, transformational leadership controls employee turnover and eliminates organizational cynicism and silence (Chen & Wu, 2020). The transformational leadership approach is a power and influence concept that requires a mutually favorable relationship between leaders and subordinates. Business leaders use this strategy to address the workforce's needs and motivate them to act towards a common goal. Studies on transformational leadership revealed that it promotes commitment, job satisfaction, motivation, and organizational performance (Akotia et al., 2024). Business leaders should consider these critical success factors in outsourcing partnerships to mitigate failures.

Transformational leadership denotes four components that play a fundamental role in promoting successful outcomes. The four components of transformational leadership are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Escortell et al., 2020). Transformational leaders encourage employees' efforts and inspire them to work, resulting in outsourcing success (Escortell et al., 2020). Transformational leaders deliver a clear organizational vision and mission and guide their followers toward goal achievement (Reza, 2019). Business leaders who use idealized influence are role models to their staff and personify expertise and ethical conduct at a high level. Transformational leaders are trusted, respected, and admired and conduct themselves in a manner that followers want to imitate.

Inspirational motivation is another aspect of transformational leadership that promotes success in outsourcing. Santos (2020) found that transformational leadership increases motivation and job satisfaction experienced by offshore vendor partners. Reza (2019) defines inspirational motivation as the leader’s ability to encourage the workforce to improve their performance beyond expectations. Transformational leaders convey goals in a manner where employees align with an organizational mission while fulfilling personal goals (Reza, 2019). Transformational leaders make work tasks meaningful by motivating, challenging, and inspiring their subordinates.

Intellectual stimulation is a characteristic of transformational leadership that empowers employees and promotes the continuous development of new skills, creativity, and innovation (Reza, 2019). Reza stated that transformational leaders use intellectual stimulation to encourage employees to invent and apply novel techniques to accomplish tasks without the fear of criticism from the leaders, even when their approaches differ from the leader’s approach. Transformational leaders achieve intellectual stimulation in multiple ways, including questioning an employee’s expectations, positively reframing challenges, and supporting and implementing novel ideas. Novel ideas are critical to developing innovative processes, which are critical for enhancing outsourcing success. Additionally, transformational leaders inspire employees by using an approach devoid of public criticism and encourage employees to work through difficulties.

Individualized consideration involves paying attention to the needs of each employee. As a result of the inequalities among subordinates, transformational leaders recognize each employee's needs and desires (Reza, 2019). Escortell et al. (2020) recognized that a transformational leader's consideration of an individual worker's needs is as vital as ensuring an outsourced employee's commitment to their organization. Thus, transformational leaders in outsourcing partnerships demonstrate individualized consideration by providing encouragement and learning opportunities to employees while recognizing their distinct preferences, weaknesses, and abilities. Business leaders who emphasize the individual needs of employees encourage organizational commitment, improve performance, and enhance outsourcing success.

Transformational leadership reduces organizational silence and cynicism. Organizational silence and cynicism are negative employee behaviors that result from ineffective leadership. Organizational silence comes from a forced submission where employees accept tasks without question and remain silent to ensure job security. Zhang et al. (2018) stated that forced employee submission triggers negative attitudes and behaviors toward an organization. Deng et al. (2020) asserted that good relationships between leaders and followers, freedom to express opinions without negative repercussions, and maintaining positive emotional health are possible when leaders appreciate their followers. Reducing organizational silence and cynicism is essential to mitigate outsourcing failures as it causes resentment, poor job satisfaction and low morale.

The tendency of some business leaders to make assumptions regarding the individual needs of their personnel could promote undesirable behaviors among the workers (Yilmaz & Konaklioglu, 2022). A transformational leader’s level of care for their employees’ well-being reduces negative behaviors and turnover intentions (Yilmaz & Konaklioglu, 2022). Business leaders who do not provide feedback devalue and offend employees, creating a work culture of poor job satisfaction and low morale. Employees working under these adverse conditions typically lack commitment and create a high turnover, which could cause outsourcing failures.

Transformational leaders positively impact the psychological well-being of a workforce, significantly affecting organizational performance (Hannah et al., 2020). Escortell et al. (2020) stated that offshore employees typically face more problems than internal employees, thus increasing the likelihood of outsourcing failures when leaders utilize ineffective leadership strategies. Escortell et al. opined that the challenges associated with outsourcing could necessitate combining all four elements of transformational leadership to mitigate outsourcing failures.

Transactional Leadership. Transactional leadership characterizes a management approach where business leaders use rewards and punishments. Siti and Zainul (2018) stated that transactional leadership was essential in outsourcing because it promoted employee commitment. Transactional leaders provide rewards such as job promotions, employee recognition, salary increases, and other merits, and punishments such as demotions, service termination, and wage reductions (Abdelwahed et al., 2022). Sims et al. (2021) emphasized that transactional leadership motivates employees to execute their duties according to their leader’s expectations to gain rewards and avoid punishments. Transactional leaders incorporate a leader-follower relationship where the employees work under strict instruction. Transactional leadership could effectively promote outsourcing success through rewards and punishments to mitigate outsourcing failures.

Transactional leadership strategies include managing by exception, contingent reward, and laissez-faire leadership. Transactional leaders frequently manage by exception, meaning they only want to be notified when something unexpected occurs. Specifically, if work tasks are progressing normally, there is no need to contact a transactional leader. Transactional leaders who manage by exception use an active or passive leadership approach. Transactional leaders who employ active leadership incorporate proactive measures to prevent failures, while passive leaders resolve issues as they occur.

The contingent reward is a motivation-based system that rewards employees who meet or exceed goals for a well-done job. Laissez-faire leadership is a transactional approach characterized by the absence of management influence. Laissez-faire leaders trust and rely on their employees. Feng et al. (2019) stated that outsourcers may use incentives (and penalties) and let the supplier choose their preferred capacity and quality levels under the set of incentives without monitoring vendor decisions. This is an example of laissez-faire leadership. Laissez-faire leaders give employees autonomy and avoid micromanagement. Additionally, transactional leaders who use a laissez-faire approach provide minimal instruction or guidance to employees. Laissez-faire leaders encourage employees to use their creativity, resources, and experience to meet set goals.

Business leaders could use transactional leadership strategies to reduce outsourcing failures due to their ability to motivate employees to accomplish delegated tasks in exchange for rewards (Abdelwahed et al., 2022). Conversely, Raveendran (2021) studied whether transactional leadership improves development officers' work performance. The study outcomes showed that contingent rewards had an insignificant impact on the development officers' work performance (Raveendran, 2021). A possible reason for the negligible effect could be the excessive worry the officers experienced regarding the rewards and punishments associated with transactional leadership. This anxiety could cause stress, interfering with the development officers' job performance.

Business leaders who could not satisfy employees' personal needs would find using contingent rewards ineffective. It is only possible to motivate some employees with similar rewards due to distinct needs and preferences. In contrast, Raveendran's (2021) study on development officers reported that management by exception positively impacted job performance. Raveendran's study outcomes revealed that passive leadership did not significantly affect the officers' job performance. This study on development officers showed that not all aspects of transactional leadership are ideal for some work environments.

Transactional leadership could improve vendor job satisfaction when outsourcing tasks. In a study to determine the effects of various leadership strategies on job satisfaction, including transformational, transactional and passive leadership, Santos (2020) realized that contingent reward was the predominant characteristic of transactional leadership that showed positive results in outsourcing. Vendors were highly motivated by rewards to meet organizational goals (Santos, 2020). Santos also revealed that leaders in BPO employed a transactional passive-avoidant leadership approach. From a vendor's perspective, business leaders using a contingent reward strategy could mitigate outsourcing failures.

The vital characteristic of passive-avoidant leadership is the leader's tendency to avoid significant decision-making. Business leaders consider passive-avoidant leadership as the absence of management. The followers of a passive-avoidant business leader have total freedom to make decisions on behalf of the absent leader. This lack of leadership and reluctance to resolve emerging issues and communicate expectations to employees makes passive-avoidant leadership an infective management approach (Specchia et al., 2021).

Despite the adverse outcomes and increased risk of outsourcing failures, Santos (2020) discovered that passive-avoidant leadership is the most common management approach in outsourcing. According to Santos, the passive-avoidant leadership gave autonomy to vendor partners who were primarily concerned with the financial benefits [not the sustainability] of the outsourcing partnership. Considering the leadership strategies reviewed, passive-avoidant leadership might be the least effective in mitigating outsourcing failures due to its inherent lack of guidance and effective communication.

Comparing the Effectiveness of Outsourcing Leadership Strategies

In comparing transformational and transactional leadership, there is evidence that transformational leadership is more effective in mitigating outsourcing failures than transactional leadership. Fischer (2009) stated that elements of leadership that are foundational to intercultural competence [a widely-used outsourcing CSF] include vision and alignment, trust and openness, communication, decision-making, respect and value, emotional intelligence, task and relationship orientation, and flexibility and adaptability. Therefore, business leaders should implement strategies that incorporate these leadership elements to mitigate outsourcing failures. The adverse effects of transactional leadership on employees result from the strictness of the strategy. In contrast, transformational leadership positively affects employees by considering their concerns and actively engaging them in decision-making (Patiar & Wang, 2020).

Transactional leadership may have some positive effects when used correctly despite some adverse effects on personnel (Saeed & Mughal, 2019). Therefore, it is essential to study these two leadership approaches in depth to determine their potential to mitigate outsourcing failures. Alsmairat et al. (2021) reported on the ineffectiveness of transactional leadership and insisted that most business leaders do not prioritize it during human resource outsourcing. Instead, business leaders prefer a CSL strategy since it fosters a good supplier relationship (Alsmairat et al., 2021).

Santos (2020) compared transactional, transformational, and passive-avoidant leadership's effects on job satisfaction in BPO partnerships and revealed that passive-avoidant was the most prevalent of the three approaches. Santos opined that only a passive-avoidant leadership style positively correlated with job satisfaction. The passive-avoidant approach is highly efficient in BPO partnerships that typically involve static, scripted, and highly repetitive tasks (e.g., call centers). However, due to its lack of communication, the passive-avoidant approach is not the most effective leadership strategy in outsourcing partnerships. In the context of this study, business leaders might find some leadership strategies practical for specific outsourcing tasks while proving ineffective in others. Therefore, business leaders are responsible for scrutinizing the potential impacts of different strategies to select the best approach to mitigate outsourcing failures.

Challenges and Solutions of Implementing Outsourcing Strategies

Cultural differences could complicate the client-vendor relationship. Cultural differences and other aspects of outsourcing can make it difficult for partners to implement effective strategies, resulting in outsourcing failures (Khan et al., 2022). This subsection explores some challenges business leaders face in implementing outsourcing strategies.

Decision-making creates a challenge to outsourcing success. Clients and vendors should agree on the SOW terms to promote success and mitigate outsourcing failures. Clients and vendor partners frequently find outsourcing agreements complicated due to the sensitivity of some decisions. For example, it is difficult for firms to disclose proprietary assets to their partners and establish a long-term association with independent agents during ITO (Khan et al., 2022). Furthermore, selecting an ITO vendor is risky and can lead to costly and catastrophic failures. Sendilkumar (2020) suggested that business leaders evaluate the vendor’s resources, expertise, and efficiency in executing the business activities before outsourcing. Additionally, the client and vendor should substantiate all terms within the SOW to avoid disagreements that could result in the premature termination of the outsourcing contract.

The potentially high cost of outsourcing might hinder the implementation of the preferred strategies. Hidden costs associated with outsourcing may be too expensive for some firms. Vendors might inadvertently omit some costs from their bids during the RFP process, which could eventually cause outsourcing failures. Business leaders should conduct a complete assessment of all projected outsourcing expenses prior to the RFP process to avoid cost overruns during the project implementation.

Offshoring involves working with vendors from diverse cultural backgrounds. A business leader’s ability to manage diverse groups of people might contribute to better coordination and implementation of effective outsourcing strategies. Some leadership approaches are more effective than others in managing risky contracts, improving the likelihood of achieving the contract objectives (Khan et al., 2022). A business leader’s inability to control and coordinate delegated activities causes a failure to meet objectives (Khan et al., 2022). A lack of control and coordination could cause outsourcing failures. Control characterizes a business leader’s ability to manage activities to meet objectives, while coordination is the ability to establish and maintain harmony between outsourcing activities. Evidence exists that business leaders who establish a degree of control and incorporate positive and communicative client-vendor relationships decrease the likelihood of outsourcing failures (Khan et al., 2022).

Outsourcing Impacts

Outsourcing is delegating a portion of a firm’s business operations, responsibilities, and processes to an external vendor that acts as a partner. The vendor partners are responsible for performing specific duties in alignment with the SOW between them and the outsourcing firm. Outsourcing has positive and negative impacts on outsourcing organizations (Aragão & Fontana, 2022). In the following subsections, I reviewed literature that explored the impacts of outsourcing on organizations.

Positive Impacts. Firms use outsourcing to enhance their competitiveness. Additionally, firms use outsourcing to expand their market reach to other nations, including less developed nations, where they can delegate business operations and labor activities to reduce costs. Outsourced labor from less developed countries reduces labor costs because many developing nations have lower living standards and are willing to work for lower wages than those in more developed countries (Zhu & Chen, 2021). Shi et al. (2022) stated that outsourcing allow firms to create long-term partnerships that foster a sustainable competitive advantage within the global marketplace while managing to reduce costs. Onuoha (2022) stated that most employees expressed a great desire to continue working within organizations after implementing an outsourcing strategy, and this was demonstrated by improved job efforts, resulting in improved organizational performance.

Prajapati et al., (2020) stated that outsourcing increases operational efficiency by maximizing resource utilization. Zhu and Chen (2021) affirmed that outsourcing enables businesses to channel their resources to core activities that ensure optimal growth and expansion by lowering expenses. Firms lower their expenses as much as possible by outsourcing processes and responsibilities that would cause an upsurge in operational costs (Zhu & Chen, 2021). Austin-Egole and Iheriohanma (2021) stated that outsourcing creates efficiency and enhances service delivery, which improves performance.

Firms have discovered that rechanneling available resources within the domestic sectors while delegating non-core competencies overseas can reduce costs without adversely affecting customer service standards or product quality if correctly implemented. Therefore, firms use outsourcing to increase business efficiency while maintaining lower operational costs and maximizing profits. Evidence suggests that outsourcing is cost-effective when it is difficult for firms to avoid procurement prohibitions due to location disruption or high equipment costs (Skipworth et al., 2020). Aziz et al. (2020) stated that logistics outsourcing helps a company to improve the quality of its products by more focusing on the business; outsourcing also reduces expenses like labor and transportation costs. Outsourcing allows firms to allocate resources that would have been used on business operations to improve internal processes, which is beneficial, especially when firms are experiencing a scarcity of finances (Dekker et al., 2020).

Outsourcing enhances process improvement by eliminating inept procedures and encouraging vendor partnerships that foster efficiency and innovation. Such improvements are possible through vendor knowledge sharing. By encouraging cooperative relationships, the outsourcing firm and vendors work closely to facilitate information sharing and implementation of new processes. Outsourcing firms allow vendors to foster the efficient restructuring of internal business activities and expenditures. As a result of vendor partner autonomy, the outsourcing firm can focus more on core competencies. Organizations use outsourcing to enhance business processes, service delivery, and production techniques.

Firms incur significant expenses when handling employee onboarding and training internally. Human resources outsourcing reduces the expenses associated with employee onboarding and training. For example, firms must research the market labor rates for a given position to set appropriate salaries. Additionally, once an incumbent employee accepts a job offer, there are various onboarding expenses, including payroll taxes, healthcare insurance, and other benefit costs. An outsourcing firm's ability to partner with vendors reduces the expenses associated with employee onboarding, resulting in increased profit margins (Zhu & Chen, 2021). Outsourcing is effective because vendor partners typically have the resources and expertise to operate at much lower costs. A vendor's ability to operate at a reduced cost is due to various reasons, including economies of scale, efficient capacity allocation, flexible leadership strategies, and technological development and innovation.

Firms use outsourcing partnerships to overcome adverse effects of operational constraints that could harm productivity. Constraints pressure business leaders, prompting them to implement measures to resolve problems, and outsourcing is an effective solution for those constraints (Dekker et al., 2020). Business leaders have concluded that expanding operations through outsourcing reduces expenses and creates sustainability during uncertain times and when faced with resource constraints. Outsourcing offers excellent business continuity, which is critical for reducing employee turnover. Maintaining a viable workforce is essential for operational stability. Firms use outsourcing to ensure their employees have the necessary skill set to accomplish tasks efficiently because outsourcing promotes innovation and increases access to a workforce with current skills (Zhu & Chen, 2021). Furthermore, internal handling of human resources is costly; hence, outsourcing these services could help the organization to reallocate the expenses not incurred in human resources to research and development

(Zhu & Chen, 2021). Dekker et al. (2020) stated that outsourcing is a reasonably long-term method for businesses to access resources and efficiencies they might lack. Outsourcing creates a flexible business model that adjusts to changing environmental demands once established.

Firms incur high costs and increased risk when starting new business activities, especially firms that produce finished goods. Subsequently, firms use outsourcing to engage in new activities without incurring high start-up costs. For example, when a new business requires a substantial investment in novel technologies, clients could benefit by contracting vendor partners familiar with emerging or novel technologies to test new markets. Dekker et al. (2020) stated that outsourcing firms could avoid the high costs of acquiring new technologies but may accomplish their objective of engaging in the new business through outside partners. Therefore, outsourcing could be invaluable for firms that want to maintain low risk and need access to resources to invest in profitable new business ventures.

Firms use outsourcing to address the issue of competence constraints. Outsourcing allows firms to access a vendor partner's resources, including knowledge, expertise, technology, and other proprietary information. Additionally, firms can access a vendor's licenses and patents, including highly efficient business processes, technology, and innovation. Firms with access to vendor resources incur reduced costs and fewer adverse impacts caused by competence constraints on performance.

Healthcare sector firms found outsourcing essential in reducing expenses and as a potential long-term management tool (Sendilkumar, 2020). Sendilkumar discovered that most countries, including India, finance health and wellness care expenses through public sources. Thus, the Indian government's high healthcare costs constrain public facilities, which causes these firms to use any available opportunity to reduce costs. Consequently, outsourcing allows these public facilities to cut operational costs. Indian public healthcare facilities depend on outsourcing to help territories focus on their specific regions while offsetting the costs of expanding their reach into other territories (Sendilkumar, 2020). Outsourcing improved overall patient satisfaction by enabling public health facilities to deliver quality care to a more extensive client base across Indian territories.

Onuoha (2022) sought to determine the impact of outsourcing on workforce commitment to an organization and demonstrated that employees increased their commitment to an organization after outsourcing. Committed employees are incredibly loyal to their employers, which motivates them to improve performance without coercion (Onuoha, 2022). Onuoha discovered that outsourcing improves organizational performance and increases return on investment. Employee commitment denotes the willingness of the workforce to achieve organizational goals and objectives. Committed employees realign their values to coincide with those of the organization to ensure they achieve their goals. Researchers have observed that improving performance increases risk sharing between the client and vendor (Ali et al., 2020). Business leaders have found that risk sharing with vendor partners effectively reduces overall risk for both entities (Ali et al., 2020).

Negative Impacts. Despite its merits, outsourcing can only succeed if adequately managed. Zhu and Chen (2021) quantified that firms in the United States outsourced about 3,000,000 jobs in the past five years and showed an upsurge in offshoring. Outsourcing helps firms in developed nations reduce costs by delegating business operations to vendor partners in less developed nations. However, outsourcing can increase the risk of high unemployment within a firm's home country.

Outsourcing could adversely impact U.S. firms if a capital flow reversal occurs. Capital flows are financial transactions for investment, trade, or business operations. Capital flows represent transactions in financial assets between U.S. outsourcing firms and foreign vendor partners. K. Roberts (2003) stated that outsourcing during a recession may contribute positively or negatively to business performance during the market recovery. This is because the impact of outsourcing during a recession depends on the strategic position of a specific business (K. Roberts, 2003). Consequently, outsourcing causes foreign nations to advance faster technologically and possibly even supersede the United States in the long run.

Outsourcing is a standard business practice within the public sector, resulting in dissatisfaction among many consumers. Public sector firms outsource to private companies to improve quality and efficiency. However, consumers contend with low-quality services when public firms have incompetent and less motivated personnel within managerial positions (Dahlström et al., 2018). Dahlström et al. reasoned that public sector outsourcing could only produce high-quality results if the government has knowledgeable and well-compensated internal employees to moderate the negative impacts of outsourced public services. Incompetent and uncommitted public sector employees working with vendors increase the likelihood of poor outcomes, resulting in low consumer satisfaction.

Business leaders in the public sector could ensure the delivery of quality services by vendor partners by imposing quality standards outlined in the SOW and quickly acting on outcomes in need of correction.

Firms experiencing constraints may find outsourcing inefficient, primarily if the characteristics of the constraints are an inability to evaluate, comprehend, and execute outsourced tasks. Constraints are harmful and disruptive conditions that adversely impact the activities of a firm and pose a risk to positive outcomes by putting pressure on managers to stimulate problem-solving actions (Dekker et al., 2020). Dekker et al. opined that support from business partners might enable firms to overcome their negative consequences when facing constraints. Outsourcing could allow firms to endure adverse conditions. However, outsourcing some tasks could result in poor outcomes due to various factors. For example, when SOWs are weak due to an inefficient assessment of the delegated tasks, it could cause outsourcing failures.

Firms could experience a loss of intellectual capital and manufacturing capacity when outsourcing. Intellectual capital, especially within IT firms, could be more valuable than physical assets in ITO partnerships due to the time, effort, and resources needed to build expertise. Accurate estimates of consumer supply and demand for products and services are critical when conducting market analysis prior to engaging in outsourcing partnerships. Members of a skilled workforce would depart from their home country if there was a low demand for their specific skill set and migrate to countries with high demand. The migration of highly skilled professionals reduces productivity in their home nations. The migration of a highly skilled workforce also hurts the home nation’s manufacturing capacity. Firms that take advantage of offshore outsourcing might necessitate transferring some fixed assets to other nations to facilitate operations. Unfortunately, a degree of risk is apparent with the implementation of an offshoring strategy. Subsequently, firms undergoing repatriation [backshoring] of resources, processes, and equipment prompt the need to retrain a viable workforce to handle previously outsourced activities, and typically take a long time [to stabilize], resulting in high costs and reduced productivity (Zhu & Chen, 2021).

A breakdown in political relations between nations, with firms engaging in outsourcing agreements, poses a significant threat to business continuity. Political unrest could result in unfair trade policies. For example, the U.S.-China trade wars proved that unexpected tariffs could jeopardize a nation's firms since tariffs can eliminate profits without closing the national borders (Zhu & Chen, 2021).

Summary of Literature Review

Outsourcing has quickly become an attractive business strategy, offering benefits such as cost reduction and access to specialized expertise and knowledge sharing. Unfortunately, outsourcing engagements also come with inherent risks and challenges that may lead to failure with serious repercussions. This literature review examined existing research on mitigating outsourcing failures using the A-BSC framework as its conceptual framework. Next, I reviewed various related and contrasting theories, characteristics of outsourcing arrangements, and factors responsible for outsourcing failures. Furthermore, I compared the strategies designed to prevent outsourcing failures, and explored effective leadership strategies to promote outsourcing success and mitigate failures.

Methodology

I systematically reviewed academic journals, conference papers, and industry reports primarily published within the last five years. Next, I employed a comprehensive search strategy using keywords that included but were not limited to: “outsourcing,” “outsourcing failure,” “outsourcing failure mitigation,” “Analytic Balanced Scorecard,” and “outsourcing leadership strategies.” Then, I critically reviewed each article to identify common themes, emerging trends, and practical strategies for mitigating outsourcing failures.

Key Findings

The A-BSC framework offers organizations a systematic method to assess and improve various facets of outsourcing partnerships. The A-BSC provides a balanced perspective, helping organizations align outsourcing strategies with overall business goals and track performance using financial, customer, process, and learning and growth dimensions. Business leaders who employ the A-BSC strategy can proactively mitigate outsourcing failures.

Understanding the Nature of Outsourcing

Recognizing the nature of outsourcing partnerships is critical for mitigating potentially costly failures. Current literature distinguishes between strategic outsourcing and tactical outsourcing agreements. Strategic outsourcing typically entails core functions requiring long-term partnerships and deeper integration, while tactical outsourcing usually entails non-core functions with shorter engagement periods. Recognizing the differences in outsourcing partnerships could allow organizations to tailor strategies accordingly and allocate resources efficiently.

Factors Contributing to Outsourcing Failures

Several factors could cause outsourcing failures, including improper partner selection, poor communication, misaligning expectations, cultural insensitivity, and poor governance. The literature reviewed emphasizes these elements' significance and impact on outsourcing outcomes. The A-BSC framework assists organizations with identifying and assessing these components across financial, customer, process learning and growth, and learning and growth dimensions for targeted outsourcing failure mitigation strategies.

Strategies to Minimize Outsourcing Failures

Effective leadership strategies mitigate outsourcing failures. Business leaders must promote cooperation, set clear objectives, and facilitate open communication channels. Strong relationships between clients and vendors are also essential. Business leaders should conduct regular performance reviews, manage risks, encourage knowledge transfer and organizational learning, and work to adapt outsourcing agreements that align with dynamic business requirements.

Conclusion

Successful outsourcing partnerships require an integrated, multidimensional approach that considers various factors and perspectives. The A-BSC framework offers this holistic perspective covering financial, customer, process and learning, and growth dimensions. Organizations using the A-BSC framework could quickly identify potential failures, align outsourcing strategies with business goals, and implement targeted mitigation strategies. Leadership strategies such as encouraging collaboration, supporting effective communication, and facilitating knowledge transfer could further contribute to outsourcing success. Researchers should investigate new trends and technologies that could further augment the A-BSC framework and refine strategies for mitigating outsourcing failures.

Critical analysis and synthesis of existing literature is an essential piece of this review. The literature review is not designed to be a regurgitation of what you have read. It is also not designed to teach about a topic; instead, its purpose is to demonstrate mastery of the research and provide a comprehensive, up-to-date literature examination on your study topic. Researchers should start with an introductory section and then report the literature. The literature review should be an exhaustive and utilize the chosen theoretical or conceptual framework and consist of important and contemporary writings in the field. Repeat this approach if you use more than one theory or conceptual framework. In addition, there must be a critical analysis and synthesis for each variable when using a quantitative approach.

Transition

The purpose of this qualitative single case study was to explore effective strategies to mitigate outsourcing failures. Section 1 of this study is the foundation of the study, which includes the background of the problem, problem and purpose statements, population and sampling, nature of the study, and research question. Additionally, Section 1 presents the interview questions, conceptual framework, operational definitions, assumptions, limitations, delimitations, the significance of the study, and a review of professional and academic literature. The professional literature review contains an expansion of the conceptual framework, related and contrasting theories, the nature of business outsourcing, factors responsible for outsourcing failures, and strategies to mitigate outsourcing failures.

In Section 2, I outlined the use of a single qualitative case study to explore effective strategies organizations use to mitigate outsourcing failures. Section 2 reaffirmed the purpose statement and discussed the role of the researcher, participants, research method and design, population and sampling, and ethical research. In Section 2, I described the data collection instruments and techniques, data organization techniques, data analysis, and provided an account of the reliability and validity measures used in the study.

Section 3 discussed the application to professional practice and implications for change. I reexamined the research process, summarized and discussed the study findings, explored how to utilize the information in professional practice, discussed the implications for positive social change, offered suggestions for action and future research, and provided a reflection and conclusion.

Section 2: The Project

The purpose of this single qualitative case study was to explore effective business strategies firms use to mitigate outsourcing failures. In Section 2, I define the role of the researcher and outline the qualifications of study participants. Other topics include the research method and design, population and sampling data collection instruments and procedures, data organization and analysis procedures, and ethical research practices. I conclude Section 2 by assessing how to establish reliability and validity within the study to ensure the truthfulness of the findings and confirm the researcher's integrity.

Purpose Statement

The purpose of this qualitative single case study was to explore effective business strategies to mitigate outsourcing failures. The target population included business leaders in the IT department at a large educational institution in Los Angeles, California who have demonstrated effective outsourcing strategies that resulted in successful outcomes. The findings of this study might contribute to positive social change by identifying the positive outcomes of outsourcing, such as lower pricing for products passed onto customers due to reduced expenses. Business leaders could use outsourcing to maximize profits, conduct strategic social responsibility, create shared value, and create a positive social change for buyers, suppliers, and society.

Role of the Researcher

The role of the researcher in a qualitative study is to serve as a significant tool that plays a crucial role in data collection, interpretation, and presentation (Savin-Baden & Major, 2023). The researcher is an instrument in qualitative studies (Yoon & Uliassi, 2022). Study findings show that certain interviewers' characteristics are more effective than others in drawing specific experiences from interviewees (Yoon & Uliassi, 2022). In person-centered research, researchers need to critically reflect on their roles to build trust with participants during the planning and delivery of their methods, being reflective and reflexive (Soh et al., 2020). As a best practice, researchers should not have any sense of power imbalance or undermining of participants' opinions (Sim & Waterfield, 2019).

Researcher reflexivity, essentially a researcher's insight into their biases and rationale for decision-making as the study progresses, is critical to rigor (Johnson et al., 2020). As the principal researcher of this study, I kept my biases in check, implored participants, conducted semistructured interviews, collected data, identified codes and themes, organized and analyzed data, and presented the results in a professional and scholarly manner. I selected three business leaders by letter of invitation and consent form who hold the position of project manager or higher (e.g., program manager, vendor manager, director, etc.) in the IT department at a large educational institution that outsources a significant portion of their operations. I also ensured that the selected participants were responsible for creating and implementing strategies to mitigate outsourcing failures to enhance productivity and business performance. I ensured each interview followed a well-developed, structured protocol (see Appendix A) and maintained effective verbal and written communication with the participants before and after the interview sessions.

During each step of the research process, researchers must protect participants' confidentiality and shield them from harm relating to issues of respect and dignity

(Johnson et al., 2020). I assured the participants of confidentiality regarding any data collected from their answers to foster unbiased and truthful responses to the interview questions presented (see Appendix B). Researchers should communicate to readers that the findings reflect the information gathered from the participants and not the researchers' interpretations or biases when presenting their study results (Johnson et al., 2020). When presenting the results of this study, I communicated to the reader that the findings reflect the information gathered from the participants and not my interpretations or biases.

Trustworthiness is an essential component of the researcher-participant relationship due to the sensitive nature of the collected data (Johnson et al., 2020). Researchers can immerse themselves in participants' worlds to conduct participant observation by developing relationships (Franco & Yang, 2021). I have 30 years of experience in IT and 13 years in telecommunications, focusing on vendor management. As a vendor manager, I helped manage outsourced IT operations domestically and internationally, overseeing SOW alignments, ensuring performance, and optimizing costs. My experience reflected adaptability and continuous learning and allowed me to observe outsourcing decisions that increased performance and some strategies that hurt performance and induced failures. These failures resulted in hundreds of thousands to millions of dollars in penalties and lost revenue. I have a previous, formal professional relationship with one of the participants for this study. However, I also bonded with the other two participants I recruited. Nonetheless, I communicated with each participant to develop close, meaningful relationships to gain their trust and facilitate insightful and helpful interview sessions.

Researchers must follow ethical principles when conducting research, which involves interacting with human populations as they explore the topics of a study. An institutional review board (IRB) must approve the initiation of a study to ensure adherence to recommended protocols. IRB staff members screen the initial submission, including the informed consent document. Subsequently, the committee reviewer examines the submission and identifies contingencies scholars must meet before approval is issued (Blackwood et al., 2015). The National Commission for the Protection of Human Subjects produced the *Belmont Report* in 1979 to outline ethical principles to avoid abuse of human subjects during research. The *Belmont Report* centers on three moral principles for researchers: respect for persons, beneficence, and justice. Respect for persons is an embodied concept where attitudes, behaviors, and manners within particular contexts were central to our discussion (Subramani & Biller-Andorno, 2022). I practiced the concept of "respect for persons" by respecting the autonomy and dignity of research participants.

I also obtained voluntary informed consent from competent adult participants or individuals accountable for making choices for incompetent research subjects (Beauchamp, 2020). Beneficence describes a moral obligation to act for another's benefit and to help further a person's necessary and legitimate interests (Avant & Swetz, 2020). I exercised beneficence by carefully considering the risks and benefits of the research and taking precautions to conduct the study safely and ethically. I also practiced beneficence by providing confidentiality relating to any information provided by study participants and their identities. The *Belmont Report*'s principle of justice is described as the equitable distribution of risks and benefits of research (Gilmore-Bykovskyi et al., 2021). I followed justice by advocating for fair treatment of study participants and ensuring a fair distribution of the risks and benefits of the research.

Researcher biases can lead to questionable research practices in secondary data analysis, distorting the evidence base (Baldwin et al., 2022). Apophenia (the tendency to see patterns in random data) and confirmation bias (the tendency to focus on evidence that is consistent with one's beliefs) can lead to analytical choices and selective reporting of publishable results (Baldwin et al., 2022). Researchers should avoid bias by selecting research methods that enhance trustworthiness and minimize researcher bias inherent in qualitative methodologies (Johnson et al., 2020). I avoided bias by selecting research methods that enhanced trustworthiness and minimized researcher bias inherent in qualitative methodologies.

I utilized the voluntary consent forms, interview protocol, and member checking as an integral data collection procedure for this study. I also avoided bias by practicing reflexivity, thus being aware of my preconceptions regarding outsourcing decision-making and sharing study results. Lastly, I avoided bias by ensuring the study results reflected the data analysis and did not include personal interpretation. Before conducting research, I remained neutral and displaced any views I might possess relating to the data or intended study outcomes. Neutrality is a degree to which findings reflect participants' views outside of researchers' personal opinions (Daniel, 2019). As the researcher, I remained neutral and presented all study results with integrity, transparency, and rigor.

Developing practical qualitative interview questions and interview protocols takes experience, and providing resources for novice researchers that support this type of learning supports skill development and reduces the likelihood of making mistakes (R. E. Roberts, 2020). Researchers use interview protocols to center on the research topic and the procedures necessary to abide by during and after interviewing (Yin, 2018). Interviews provide in-depth information about the study participants' experiences and viewpoints on the research question. Researchers can develop interview questions to guide participants in thinking more deeply about the explored topic as the interview progresses (R. E. Roberts, 2020). I conducted all interviews in alignment with the interview protocol by asking thought-provoking, open-ended questions to allow participants to provide truthful and meaningful answers. I also ensured that the data collection methods were aligned with the interview protocol and remained focused on addressing the research question.

Participants

Participants have a voice and access to crucial information throughout the research process that reflects and impacts their lived experience (Aghazadeh & Aldoory, 2023). Researchers should understand the meaning and experience of the lived world from the participants' perspective (R. E. Roberts, 2020). I communicated with the participants in their own words, and they openly described their lived experiences in detail, while I disregarded what I thought and knew about the experiences they described. Knowledgeable participant selection is essential in qualitative research. Qualitative researchers recognize that certain participants are more likely to be rich with data or insight than others and, therefore, more relevant and helpful in achieving the research purpose and answering the question at hand (Johnson et al., 2020). I selected three participants who held the position of project manager and higher (e.g., program manager, vendor manager, director, etc.) who were responsible for making, executive-level, outsourcing decisions. Each study participant has worked in a vendor management capacity for at least five years, can provide sufficient information to answer the research question, and has successfully implemented effective business strategies to mitigate outsourcing failures.

A best practice in case study design is to seek assistance and ask knowledgeable people about potential study candidates (Yin, 2018). I have a previous working relationship with one of the participants. I relied on his expert recommendation to implore and recruit the remaining two participants from a sizeable pool of eligible business leaders with similar vendor management knowledge and experience. Gatekeepers are an integral part of the ethical process of seeking authorization for research (Kay, 2019). Gatekeepers exist in various strata within a research project, serve an essential role in testing the applications of the principles of beneficence and non-maleficence within the proposed research, and may have positive and negative influences on the research (Kay, 2019). The participant I have a previous relationship with is a respected executive within his organization and served as a gatekeeper. Upon obtaining approval from the IRB, I distributed an informed consent form to gain access to other participants.

Trustworthiness is an essential component of the researcher-participant relationship, given the unique and often sensitive nature of data collected by the researcher (Johnson et al., 2020). I reached out to each participant often, in the months leading up to interview sessions, to develop an informative, comfortable and trustful relationship. I also ensured that I maintained an open schedule and provided multiple direct methods of contact, which the participants could use to ask questions or address any concerns regarding the research. I also scheduled face-to-face meetings, if preferred by the study participants, to further gain their trust; however, phone calls, email, and teleconference technologies (e.g., Zoom or Teams) were the preferred methods of communication.

Researchers use purposive sampling in qualitative research to intentionally select participants experienced with the subject matter (Knechel, 2019). A purposive sample allows a researcher to effectively select participants with characteristics that align with the research question. I told the gatekeeper that his recommendations for the remaining participants must include business leaders responsible for making executive-level outsourcing decisions within the organization and who possess substantial knowledge regarding the research question. This selection process ensured that all participants possessed the expertise to answer the research question in a truthful, expressive, and profound manner.

Research Method and Design

Research Method

A key advantage of qualitative surveys is openness and flexibility to address a wide range of research questions of interest to social researchers (Braun et al., 2021). The qualitative method allows researchers access to data that range in focus from peoples' views, experiences, or material practices to representational or meaning-making practices (Braun et al., 2021). Qualitative surveys can deliver rich, deep, and complex data (Braun et al., 2021). Qualitative research can be broadly defined as a kind of inquiry that is naturalistic and deals with non-numerical data (Nassaji, 2020). Qualitative research seeks to understand and explore rather than to explain and manipulate variables (Nassaji, 2020). When data collection involves conducting qualitative interviews, the instruments include the researcher and the interview questions (R. E. Roberts, 2020).

As the research instrument, I used the qualitative method by conducting semistructured interviews with the participants using standardized, open-ended questions to gain a comprehensive understanding of effective business strategies to mitigate outsourcing failures. The exploratory nature of the qualitative method made it the most suitable approach to answer the research question. To build a theory, the richness of data [obtained using the qualitative method] is necessary, often accomplished through detailed descriptions of experiences through the anecdotes of study participants (Boje, 2019). Selecting the qualitative method for this research study allowed for theory development, profound understanding, and identifying and documenting best practices that business leaders could use to mitigate outsourcing failures.

Quantitative research explains phenomena by collecting numerical, unchanging, detailed data points analysis using mathematically based methods, particularly statistics that pose questions of who, what, when, where, how much, how many, and how (Mohajan, 2020). Bloomfield and Fisher (2019) stated that quantitative research tests a hypothesis, usually the null hypothesis, the assumption about the relationships between dependent and independent variables, by drawing a representative sample of participants from a known population, measuring the variables, and testing them using statistical analyses. The null hypothesis assumes no relationship exists between dependent and independent variables. The null hypothesis is then either accepted or rejected based on the outcomes of the statistical analyses (Bloomfield & Fisher, 2019). Quantitative research involves numbers, logic, and an objective stance (Mohajan, 2020). I did not use numerical data for this study because anecdotal data was deemed more purposeful in answering the research question; therefore, I rejected the quantitative method.

Dawadi et al. (2021) opined that mixed methods research involves both quantitative and qualitative data collection in response to research questions; it elucidates several benefits of adopting mixed methods research since it integrates post-positivism and interpretivism frameworks. Leko et al. (2023) stated that using a single method to answer a research question will likely require fewer resources and produce necessary scientific knowledge for the field. Therefore, using mixing methods is not advisable. Leko et al. also asserted that researchers who use mixed methods research should develop mixed methods specific aims and questions, leading to integrated research questions and hypotheses that dictate the planned relationship between quantitative and qualitative approaches. I did not utilize numerical data for this study; therefore, I rejected the mixed methods research approach based on the abovementioned considerations and could obtain satisfactory answers to the research question using the less complex qualitative method.

Research Design

Research is a systematic and organized effort to investigate a specific problem to provide a solution (Mohajan, 2020). A research design is the overall strategy used to conduct a study (Bloomfield & Fisher, 2019). Yin (2018) stated that a researcher uses a case study research design to examine inquiries from various data sources. Case study research involves a detailed and intensive analysis of a particular event, situation, organization, or social unit (Schoch, 2020). In terms of scope, a case study is an in-depth investigation of a contemporary phenomenon within its real-life context (Schoch, 2020). I used a single case study design to extract data from multiple sources, collect survey responses from study participants, perform detailed data analysis, and utilize thematic coding to identify effective business strategies to mitigate outsourcing failures.

Schoch (2020) stated that a case study design helps researchers to focus on a specific case within space and time. A case study also allows researchers to collect different kinds of data, such as interviews, documents, observations, and surveys about the case (Schoch, 2020). Using case study design, qualitative researchers can get an in-depth look at the organization or individual and the inner workings and interactions of that organization or individual (Schoch, 2020). I used a single case study approach to conduct research on the inner workings of the IT department at a large educational institution to identify effective business strategies to mitigate outsourcing failures.

Narrative research or inquiry is one of the more recent qualitative methodologies focusing on life stories [emphasis added] as the essence of people-oriented sciences (Ntinda, 2019). Andrews (2021) stated that narrative research is guided by the belief that people tell stories about their lives that are imbued with a truth that is real to them. There is a fundamental belief in narrative research that stories mean something and that they are a rich resource for trying to understand people and the world around us (Andrews, 2021). I did not use narrative research for this study because the research question did not focus on analyzing an individual's or population's life story. Case study research aligns more with the research question, which involves solving a business problem by analyzing multiple forms of data, interviews, management practices, current strategies, and business documents.

Ethnographic research is a simple and effective qualitative research methodology for studying groups of people with a common enterprise or experience by studying the group's culture, behaviors, and norms (Strudwick, 2021). Risku et al. (2022) stated that ethnographic research is a method of active immersion in a chosen empirical setting that allows researchers to learn and thoroughly understand the relevant practices in the field. Researchers use ethnographic research to deeply understand a particular group's lived experiences. For instance, studies that frequently involve indigenous populations utilize this research approach. Ethnographic research is unsuitable for this study as it addresses a business problem and does not involve the immersive study of the lived experiences of a specific group of people.

Qualitative researchers use phenomenological research to answer the question, What is it like to experience a particular phenomenon? (Peoples, 2020). Greening (2019) opined that phenomenological research methodology is associated with some approaches applied to single cases or the deliberate samples selected. Specifically, researchers use phenomenological research to study the lived experience of a group as it relates to the in-depth analysis and description of a specific phenomenon. I did not use phenomenological research for this study because the lived experiences of a group of people as they relate to a single phenomenon was not the intent of this study.

Mizumoto (2023) noted that data saturation refers to the point in data collection where there is no identification of additional insights, and further data collection becomes redundant. Aguboshim (2021) stated that the consensus of many researchers on data saturation is that data saturation is a crucial driver for determining the adequacy of sample size in a qualitative case study. However, researchers described data saturation as complex because the decision to stop data collection is solely dictated by the judgment and experience of the researchers (Aguboshim, 2021). Mwita (2022) opined that [data] saturation requires a researcher to collect data from participants until no further information can be collected. Mwita demonstrated that five factors affect data saturation: predetermined codes and themes, sample size, relevancy of research subjects (respondents), number of research methods, and length of data collection sessions. Data saturation helps researchers to avoid the resource-intensive and time-consuming accumulation of data. I maintained awareness of the five factors that could lead to data saturation, such as pre-determined codes and themes (not applicable to this study), sample size (at least three business leaders), relevancy of research subjects (business leaders responsible for outsourcing decisions), number of research methods (single case study), interview session timeframes (30-60 minutes), and document review sessions timeframes (3 to 6 months of document reviews or until the information discovered no longer adds significant insights to the research). I continued collecting data until novel themes and outsourcing failure mitigation strategies were no longer revealed, thus reaching data saturation.

Population and Sampling

The sampling objective of qualitative research is to collect information beneficial for understanding a phenomenon's difficulty, complexity, difference, or context (Alam, 2021). Yin (2018) asserted that researchers should select at least two participants when using a case study design. Researchers must understand that because the boundaries between a phenomenon and its context are typically unclear, a case study design relies on multiple data sources for evidence (Yin, 2018). I selected three participants who hold the position of project manager or higher in the IT department at a large educational institution who have significant insight to answer the research question accurately.

The sample population for this study met the following criteria: (a) employed as project manager and higher (e.g., program manager, vendor manager, director, etc.), (b) have worked in vendor management for at least five years, (c) have been responsible for making high-level outsourcing decisions, and (d) have developed effective strategies to mitigate outsourcing failures. Schoch (2020) advised researchers to develop a screening process to select the most qualified participants to answer the research question should they encounter a situation with multiple suitable candidates. I developed a screening process to select the most qualified participants (from multiple suitable candidates) to answer the research question.

The four types of probability sampling are purposive, selective, snowball and subjective (Alam, 2021). Knechel (2019) stated that qualitative researchers should seek specific individuals or groups with substantial experience with the research question and only need the sample size necessary to reach data saturation instead of looking for a random, representative sample. Johnson et al. (2020) stated that the sampling design in qualitative research is not random but defined purposive to include the most appropriate participants to answer the research question. Researchers use a purposive sampling design to enhance the dependability and accuracy of the data collected (Campbell et al., 2020). Purposive sampling involves intentionally selecting research participants to optimize data sources for answering the research question (Johnson et al., 2020). The goal of purposive sampling is to find participants or cases that provide insights into the research problem regardless of the general population (Schoch, 2020). I used purposive sampling to select three qualified participants with meaningful insights to answer the research question for this qualitative study. I achieved data saturation through continuous data collection and insights, persisting until the study participants no longer introduced new themes or strategies for mitigating outsourcing failures.

Sampling bias refers to the systematic enrollment of participants who either over or underrepresent the subgroup relative to the population (Knechel, 2019). Knechel asserted that researchers understand that sampling error is difficult to avoid; however, sampling bias can jeopardize a study and represent a weakness in the research. The most common sampling approach qualitative researchers use is convenience sampling, which involves enrolling the most conveniently available participants (Knechel, 2019). I avoided sample bias and used convenience sampling by seeking the assistance of the study participant with whom I have a professional relationship to select and recruit other study participants within the organization.

Ethical Research

Bazzano et al. (2021) asserted that *informed consent* [emphasis added] is one of the fundamental standards on which the framework of protections for human subjects in research is founded. The Belmont Report mandates that a qualitative researcher obtain informed consent from each participant to produce ethically sound research. Informed consent means the participant should have satisfactory knowledge and understanding of the components of the subject matter involved in a study [including risks and duration] to enable the participant to make a thoughtful and informed decision (Bazzano et al., 2021). Informed consent advises research participants of their rights as research participants (Josephson & Smale, 2021). In compliance with the ethical research principles outlined in The Belmont Report, I selected study participants with positions that qualified them to answer the research question.

IRBs guarantee that researchers follow important guidelines and are familiar with obtaining informed consent (Josephson & Smale, 2021). Subsequently, after IRB approval, I ensured that each participant received and signed a consent form, which validated their participation in the data collection stage of this study. The informed consent form includes information about the purpose and voluntary nature of the study, outlines the consenting procedure, and discusses the benefits and risks of participation. I included my contact information with the request for the participant’s consent. The participants gave their consent by replying “I consent” to the email they received. I have completed the Collaborative Institutional Training Initiative (see Appendix D) to ensure compliance with ethical standards and the protection of human participants.

Qualitative researchers must understand that one of the most essential rights is that participation is voluntary and that the research participant can withdraw at any time (Josephson & Smale, 2021). The Belmont Report asserts that researchers should include a statement offering the participant the opportunity to ask questions and to withdraw from the research at any time. As a researcher who adheres to ethical standards, I informed each participant that they could withdraw by phone or email without stating a specific reason.

The Belmont Report stated that undue influence could affect voluntariness by offering excessive, unnecessary, inappropriate rewards or other incentives to obtain participation. Some researchers opined that incentives could encourage participants to achieve positive results, resulting in biased data (Bruton et al., 2020). Researchers have also asserted that survey follow-up and incentivization increase methodological expense (M. G. Smith et al., 2019). I informed all participants that they would receive no monetary payment, reward, or incentive for participation in this study. However, I informed each participant of the contribution of this research to business practice and its potential for positive social change. Additionally, I offered them a summary of the study results. I did not wish to have any incentives influence the participants' answers to the research question.

Researchers must respect the ethical principles of participants during the research process (Taquette & Borges da Matta Souza, 2022). Taquette and Borges da Matta Souza asserted that because qualitative studies are done with humans and not on humans, the context has an impact, often forcing the researcher to adapt the ethical rules and standards to the situation, leading to a dilemma. I remained truthful by adhering to ethical guidelines and did not experience any ethical issues during the study. I also continued communicating with participants to ensure their protection. Researchers should minimize the risk of a study when participants occupy easily identifiable positions, such as leadership or power posts when publishing results (Taquette & Borges da Matta Souza, 2022). Johnson et al. (2020) opined that during the research process, researchers must protect the confidentiality of participants and ensure the preservation of their respect and dignity. Qualitative researchers must remove all personal identifiers to maintain the confidentiality and integrity of their data (Lobe et al., 2020). While this research study poses only negligible risks, I protected study participants by removing digital footprints and any other potential identifiers when using, audio-only, Zoom meetings to conduct interviews, thus ensuring privacy and confidentiality.

Data protection in research is critical (Malgieri, 2020). I took all necessary measures to protect the data collected, including digitally recorded interviews and transcripts, as well as images, documents, and other types of information for this study. I stored all data collected for this research on a password-protected computer, to which only I have access. Subsequently, I stored the research data on a removable, encrypted hard drive configured with a separate password from the one used to access the computer’s operating system, and only I have access to this password as well. I replaced participant identifiers with random computer-generated hexadecimal codes, to which only

I can access the decoding table. Before conducting interviews, I set all Zoom meetings to the waiting room mode, allowing me to screen and allow or deny who enters the Zoom session.

Furthermore, I password-protected the digital audio files from the Zoom meeting sessions. A key advantage of Zoom is its ability to record and store sessions securely; this feature is critical in research where the protection of susceptible data is required (Archibald et al., 2019). After securing all research data for five years, I will destroy all data, documents, and consent forms (including those in the appendices or Table of Contents) associated with this research. I followed the guidelines and ethical standards of Walden University IRB. The IRB's approval number for this study is 09-25-24-0445046.

Data Collection Instruments

R. E. Roberts (2020) asserted that when the primary data collection process consists of qualitative interviews, the primary data collection instruments are the researcher and the interview questions (see Appendix B). I did not deviate from this approach for this study; I was the primary data collection instrument and I conducted semistructured interviews with all study participants to gather data to answer the research question. Yin (2018) stated that qualitative researchers use structured, unstructured, and semistructured interviews during qualitative research to access the expertise of study participants. Other data collection forms utilize document searches, direct observation, and document archive searches (Yin, 2018). I used a semistructured interview process with open-ended questions (see Appendix B) to engage each participant in disclosing which effective business strategies they used to mitigate outsourcing failures. I also requested access to operational policy documents, methods and procedures, job aids, and work memos from the study participants that provided additional comprehension into developing and implementing these effective business strategies.

Data Collection Technique

In many qualitative studies, data collection runs concurrently with data analysis (Johnson et al., 2020). Researchers use multiple data collection techniques in case study research, including documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Yin, 2018). Semistructured interviews are essential for gathering accurate information directly from study participants who are most knowledgeable on the research topic (Ahlin, 2019). Semistructured interviews allow the researcher to develop a list of themes and questions that can vary from interviewer to interviewer, creating more flexibility than other data collection methods (Alam, 2021). While conducting semistructured interviews, the researcher determines the questions asked, what to observe, and what documents should be reviewed (Schoch, 2020). Researchers can dig deep into topic areas generated by participants, using semistructured interviews to understand how and why something occurs and provide data to support more rigorous testing of processes and expected outcomes related to the specific procedures of a program (Ahlin, 2019). I used semistructured interviews as this study's principal data collection technique to answer the research question. Interview protocols are helpful to ensure the consistency of the interviews across the individuals being interviewed (Schoch, 2020, p.251). I also used an interview protocol (see Appendix A) to ensure uniformity and reliability during the interview process.

Alam (2021) opined that qualitative researchers use documents by analyzing their contents and validating or matching the information in other documents or data collection methods. Yin (2018) asserted that researchers should identify which documents will help answer the research question in advance. I identified valid documents with the assistance of the study participants and used the documents obtained as a secondary data collection method. After identifying valuable materials, I used a document information template (see Appendix C) to request access to the documents.

Some advantages of semistructured interviews include allowing standardized questioning across respondents and more detailed personalized perspectives from participants (Ahlin, 2019). Open-ended responses allow participants to express themselves more freely, leading to deeper and richer insights. This approach contrasts with closed-ended questions, which only allow limited, predetermined participant responses (Ahlin, 2019). The main disadvantage of using semistructured interviews is the possibility of personal bias. Ahlin asserted that some participants are so close to the programs and developed strategies that they may need help to form an unbiased opinion about whether the strategy is effective. Yin (2018) stated that the researcher could also introduce bias by implementing study questions that may promote favorable outcomes or personal bias from participants.

I used semistructured interviews for this study because the approach's advantages outweigh the potential disadvantages. The primary advantage of using organizational documents for data collection is that they are typically readily available (Yin, 2018). The main disadvantages of using organizational documents are confidentiality agreements and privacy concerns regarding proprietary data (Yin, 2018). I used company documentation as a secondary data collection technique, as the advantages overshadow the potential disadvantages.

Researchers use pilot testing to fine-tune semistructured interview questions and protocols before finalizing to obtain critical feedback on participants' length, format, and responsiveness (Ahlin, 2019). Ahlin further stated that IRBs typically require pilot testing of semistructured interviews before the fieldwork to estimate the time required per interview. Pilot testing was not beneficial for this study. I obtained IRB approval without pilot testing because pilot testing is more suitable for quantitative research and, therefore, not applicable to this study.

Member checking is the most popular method researchers use to ensure the trustworthiness of study outcomes (Rose & Johnson, 2020). Member checking is sharing anonymously collected data in the form of a draft report with participants in a research project and obtaining their feedback (Rose & Johnson, 2020). Member checking should lead toward trust in the researchers (Stahl & King, 2020). Informal member checking helps a researcher in several ways, including assessing intentionality, meaning that the participant intended to provide such information to researchers (Amin et al., 2020). The IRB approval for research study is also a formal form of member checking (Stahl & King, 2020). I implemented member checking by emailing each participant a password-protected file containing the interview transcript and asked them to provide feedback regarding the accuracy and completeness of their responses. Additionally, I instructed the study participants to submit their feedback anonymously.

Data Organization Technique

Billups (2019) stated that qualitative researchers should collect data from multiple sources, including different participants. The data should be collected with the intention of corroboration and intentionally collected to give a comprehensive picture of a phenomenon or experience (Billups, 2019). Researchers can make the data organization process more efficient by using qualitative data analysis software (QDAS) to code, annotate, retrieve, and explore qualitative data (Turner, 2022). I used NVivo 14 software for Mac to securely store, organize, and analyze the data collected for this study (e.g., interview recordings, interview transcripts, memos, and documents) following the procedures outlined in the interview protocol (see Appendix A).

I labeled each participant recording with a randomly computer-generated hexadecimal code; only I could access the decoding table, which identifies each participant. Yin (2018) asserted that researchers must safeguard and secure the data collected. I securely stored all data related to this study for five years on a password-protected computer, utilizing a removable, 128-bit encrypted hard drive. After a five-year archival period, I will erase and format the hard drive containing all study data.

Data Analysis

Data analysis should be reproducible, adaptable, and transparent (Mölder et al., 2021). Lester et al. (2020) stated that researchers have many different data analysis approaches in qualitative studies. Moon (2019) defined *triangulation* as a data analysis method, mainly used in qualitative research, that involves using multiple data sources, theories, researchers, or research methods to ensure that data, analysis, and conclusions are as accurate and comprehensive as possible. Triangulation helps improve the study's credibility and validity by reducing research biases in sampling, procedural bias, and researcher biases, thus increasing validity and credibility (Bans-Akutey & Tiimub, 2021). The four main types of triangulation are data, methodological, investigator, and theory.

Data triangulation uses multiple data sources to answer the research question, but the data collection varies across time, space, or different participants (Moon, 2019). Methodological triangulation involves using different data analysis methods to analyze the same research question (Moon, 2019). Investigator triangulation involves using multiple observers or researchers to collect, process, or analyze data separately (Moon, 2019). Researchers use theory triangulation to apply several theoretical frameworks instead of approaching a research question from a single theoretical perspective (Moon, 2019). Moon asserted that methodological triangulation is the most common type used in research. I used methodological triangulation for this study because the methodological triangulation approach allows researchers to combine different data analysis methods across multiple data sources.

Thematic analysis is perhaps best defined as "an umbrella term, designating sometimes quite different approaches aimed at identifying patterns across qualitative datasets" (Braun et al., 2019, p. 844). *Thematic analysis* is a practical, methodological tool researchers use to code and interpret in-depth, qualitative interview discourses (Lawless & Chen, 2019). Qualitative researchers use thematic analysis to analyze various kinds of data and a range of data set sizes (Lester et al., 2020, p. 98). Lester et al. demonstrated that thematic analysis is executed across 7 phases to complete qualitative data analysis. The 7 phases include (a) preparing and organizing, (b) transcribing, (c) becoming familiar with the data corpus, (d) memo-ing the data, (e) coding the data, (f) producing categories and themes from underlying coded passages, and (g) making the analysis process transparent (Lester et al., 2020). I carefully followed the 7 phases of thematic analysis when analyzing the data for this study.

Coding in qualitative research comprises processes that enable collected data to be assembled, categorized, and thematically sorted, providing an organized platform for constructing meaning (Williams & Moser, 2019, p. 45). Williams and Moser asserted that the (a) open, (b) axial, and (c) selective coding strategies enable a cyclical and evolving data loop in which the researcher interacts, is constantly comparing data and applying data reduction and consolidation techniques. The dynamic and nonlinear nature of the three coding strategies allows for identifying, codifying, and interpreting essential themes to answer the research question (Williams & Moser, 2019). Open coding is the first level of coding and allows the researcher to identify distinct concepts and themes for categorization. Axial coding is the second level of coding and focuses on identifying emergent themes and refining and aligning previously discovered themes. Selective coding is the third level of coding and enables the researcher to select and integrate categories derived from axial coding into cohesive, meaningful expressions (Williams & Moser, 2019). I used open, axial, and selective coding strategies on the data collected for this study, including interview transcripts, recordings, organizational documents, and memos, to identify and focus on emergent vital themes that could give rise to future research endeavors.

Researchers commonly use specific standards of rigor to ensure trustworthiness and integrity within the data analysis process, including computer software, peer review, audit trail, triangulation, and negative case analysis (Johnson et al., 2020). I imported all datasets collected for this study into NVivo 14 qualitative data analysis software to make the 7-phase data analysis process more efficient. NVivo is a widely used software that allows researchers to organize, categorize, transcribe, code, and notate imported datasets related to the research question.

A conceptual framework provides a logical and persuasive argument for the research (Johnson et al., 2020). A conceptual framework allows for classifying literature according to common themes (T. E. Coleman & Money, 2020). The A-BSC is the conceptual framework for this study. I analyzed and coded (using open, axial, and selective coding methods) the data collected from the semistructured interview transcripts and recordings to develop categories and emergent themes. After finalizing themes, I used the NVivo 14 software to review themes and developed mind maps by associating the key themes with significant components of the A-BSC conceptual framework. I also correlated vital themes and research conclusions with the findings presented in the current literature and used member checking to validate the data analysis methods used in this study.

Reliability and Validity

In qualitative research, researchers typically demonstrate trustworthiness issues using reliability and validity (Rose & Johnson, 2020). Validity and reliability are defined from a qualitative research perspective as various techniques researchers can use to ensure investigative rigor (P. Coleman, 2022). Reliability and validity allow researchers to demonstrate that what they do fits their research purpose (P. Coleman, 2022). Rose and Johnson asserted that data quality, validity, and reliability depend on the qualitative researcher's skill to establish meaningful relationships with participants. In current academic circles, the concept of validity has replaced the measure of trustworthiness in a study, and the term triangulation has replaced traditional researchers' concerns about reliability (Jones & Donmoyer, 2021). I ensured the reliability and validity of this study by forming relationships with the study participants and using methodological triangulation and member checking techniques.

Reliability

Reliability is the quality of research, specifically about methods selected and their application and implementation (Rose & Johnson, 2020). In qualitative research, reliability is also known as dependability, which indicates that the findings are consistent and could be replicated (Kyngäs et al., 2020). Researchers achieve reliability by revealing consistencies within study outcomes, demonstrating the research's rigorous and systematized nature (Rose & Johnson, 2020). Yin (2018) stated that reliability is evidenced by consistent documentation of methodological procedures, detailed study protocols, and a database, which allows others to mimic the research procedures and obtain similar results. Qualitative researchers should clearly define the themes and codes derived from the data analysis (Yin, 2018). I documented all research procedures used in this study, including data analysis (e.g., methodological triangulation and thematic analysis). I used the interview protocol (see Appendix A) to ensure that interview procedures are clear, consistent, and repeatable. I used member checking to demonstrate the reliability of this study. I implemented member checking by emailing each participant a password-protected file containing the interview transcript and asked them to confirm the accuracy and completeness. If desired, the study participants submitted the resulting feedback anonymously from the member checking process.

Validity

Validity validates the correctness of research outcomes (Rose & Johnson, 2020). Researchers use validity to ensure and measure the degree of trustworthiness in a study (Jones & Donmoyer, 2021). There are multiple techniques qualitative researchers use to ensure validity. As required for this study, I defined and addressed validity by establishing (a) credibility, (b) transferability, (c) confirmability, and (d) data saturation.

Credibility

Credibility can be defined as assurance of the truth of the study findings (Kyngäs et al., 2020). Researchers ensure credibility by providing supporting evidence that the study outcomes accurately represent the research topic (Johnson et al., 2020). Member checking is sharing anonymously collected data in the form of a draft report with participants in a research project and obtaining their feedback (Rose & Johnson, 2020). Member checking is a common research approach, increasing study credibility and confirmability (Rose & Johnson, 2020). Researchers use triangulation to compare, contrast, and analyze multiple data sources to demonstrate integrity and ensure that the data, analysis, and study findings are trustworthy and encompassing (Moon, 2019).

I addressed credibility in this study using member checking and triangulation approaches. I implemented member checking by emailing each participant a password-protected file containing the interview transcript, asking them to confirm accuracy and completeness. The resulting feedback from the member checking process was submitted anonymously by study participants. I carefully documented all study procedures and ensured data triangulation using multiple data sources such as interview recordings, interview transcripts, memos, and archival documents. Additionally, I created a master catalogue of the data corpus used for this study, including the data type, the data collected, and the data source.

Transferability

Transferability means how the study findings apply in other contexts (Kyngäs et al., 2020). Researchers express transferability by providing detailed contextual information so the audience can determine whether the results apply to their or other situations (Johnson et al., 2020). Researchers ensure transferability by clearly stating the delimitation of the research, the research process, decisions made during the data collection and analysis, and possible challenges faced during the study (Daniel, 2019). I ensured the transferability of this study by clearly documenting the research process in its entirety (including the data collection and analysis) and disclosing considerations regarding alignment with the conceptual framework and the background of the study. I ensured that future researchers who desire to duplicate this study within a similar setting will easily possess all the tools and information required.

Confirmability

Confirmability is the measure of neutrality: how much the survey findings reflect the respondents’ opinions and experiences rather than the researchers’ biases or motivations (Kyngäs et al., 2020). Member checking is sharing anonymously collected data in the form of a draft report with participants in a research project and obtaining their feedback (Rose & Johnson, 2020). Triangulation is a data analysis method involving multiple data sources, theories, researchers, or research methods to ensure the integrity of study outcomes (Moon, 2019). Peer review is a concept where researchers invite an independent researcher to review a detailed audit trail kept by the author of a study (Johnson et al., 2020).

I ensured the confirmability of this study by using member checking, triangulation, and peer reviews. I implemented member checking by emailing each participant a password-protected file containing the interview transcript, asking them to confirm accuracy and completeness. The resulting feedback from the member checking process was submitted anonymously by study participants. I carefully documented all study procedures and ensured data triangulation using multiple data sources such as interview recordings, interview transcripts, memos, and documents. Additionally, I created a master catalogue of the data corpus used for this study, including the data type, the data collected, and the data source. I used a peer review to further enhance conformability by asking an outside researcher to review the research procedures, data analysis, data corpus, and memos relating to this study’s findings.

Data Saturation

Data saturation refers to the point in data collection where no additional insights are emerging, and further data collection becomes redundant (Mizumoto, 2023). Data saturation is the primary indicator within a study to determine if the sample size of the qualitative cases is adequate to produce meaningful results (Aguboshim, 2021). Researchers using data saturation best practices will collect data from participants until no new emergent themes are produced (Mwita, 2022). I achieved data saturation in this study by collecting and analyzing data until novel themes regarding outsourcing failure mitigation strategies were no longer emerging. I reached data saturation with confidence when the resulting themes became repetitive.

Transition and Summary

Section 1 of this study on effective business strategies to mitigate outsourcing failures contains the background of the problem, problem and purpose, population and sampling, nature of the study, research question, and interview questions. Other areas covered in Section 2 include conceptual framework, operational definitions, assumptions, limitations, delimitations, significance of the study, and a review of professional and academic literature. Section 2 includes the purpose statement, the role of the researcher as the primary data collection instrument, information about the study participants, the research method and design, population and sampling, and ethical research considerations. Section 2 explores discussions on data collection instruments, data collection techniques, data organization techniques, data analysis, and reliability and validity. Section 3 includes an introduction, a presentation of the findings, a discussion regarding applying the study results to professional practice, implications for positive social change, recommendations for actions and further research, the researcher's reflections, and the study's conclusion.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative single case study was to explore effective business strategies to mitigate outsourcing failures. Three business leaders in the IT department at a large educational institution in Los Angeles, California who had implemented effective outsourcing failure mitigation strategies that resulted in successful outcomes participated in this study. The primary data were participants' answers to the semistructured interview questions, while the secondary data sources included observations, field notes, and company archival documents. I achieved data saturation when no additional information emerged from the semistructured interview and company document review. Based on the participants' responses to the interview questions and company documents, I identified four themes: (a) effective communication, (b) vendor selection and relationship, (c) training and business culture, and (d) clear contract terms and finance.

Within this study, the A-BSC theory related to the findings and provided a better understanding of the effective business strategies to mitigate outsourcing failures. Researchers have observed 40% ITO failures (Delen et al., 2019); hence, organizations should efficiently manage outsourcing and offshoring decision-making (Ishizaka et al., 2019). The study findings indicated that some business leaders in the IT department at a large educational institution in the Los Angeles, California use a combination of effective strategies to mitigate outsourcing failures. Section 3 comprises the study findings, application to professional practice, implications for social change, recommendations for action and further research, reflections, and a conclusion.

Presentation of the Findings

The overarching research question was "What effective business strategies do business leaders in information technology companies use to mitigate outsourcing failures?" Researchers have found that outsourcing failures are common in global business markets (Khan et al., 2022). Delen et al. (2019) observed 40% of outsourcing failures when analyzing 30 ITO contracts with a total cost of $106 million. Examiners have also noted the gap in outsourcing strategy and advised that organizations manage their outsourcing and offshoring decision-making efficiently (Ishizaka et al., 2019). I used triangulation to combine the data collected from company archival documents, field notes, observations, and semistructured interviews. Upon completing the interview with the third participant, I concluded that no new information or themes were emerging, indicating that I had reached data saturation. Using NVivo 14 software, I organized the study data and conducted the thematic analysis to identify emerging themes and trends for data analysis and interpretation.

Organizations recognize outsourcing as a strategic instrument to gain diversified operation advantages and an efficient global market (Yazdani et al., 2021). However, many firms were surprised that their outsourcing endeavors did not result in better efficiency and lower cost, and many experienced a deterioration in service quality and profitability (Feng et al., 2019). Consequently, firms must identify CSFs to succeed when outsourcing (Sandhu et al., 2018). An outsourcing firm's ability to partner with vendors reduces the expenses associated with employee onboarding, resulting in increased profit margins (Zhu & Chen, 2021). Effective outsourcing strategies play a pivotal role in fostering the sustained competitiveness of well-established firms (Paek et al., 2019). The four themes I identified in the current study were (a) effective communication, (b) vendor selection and relationship, (c) training and business culture, and (d) clear contract terms and finance. Table 1 presents participants' responses and themes from the data analysis.

Table 1

Development of Themes

Theme	Q1	Q2	Q3	Q4	Q5	Q6	Q7
Effective Communication	P2, P3	P1, P2, P3	P1	P1	P1, P2, P3	None	P1
Vendor Selection and Relationship	P1, P2, P3	P2	P2, P3	P2, P3	P2	P1, P3	P1, P2, P3
Training and Business Culture	P3	P2	P1, P3	P3	None	P1, P2, P3	None
Clear Contract Terms and Finance	P1, P2, P3	P1, P2, P3	P2	P1, P2	None	None	P1, P2, P3

Theme 1: Effective Communication

It is crucial to communicate with all the stakeholders in an IT outsourcing chain (Pankowska, 2019). Omitting at least one stakeholder can result in outsourcing failures (Pankowska, 2019). For example, researchers found poor stakeholder engagement practices were the primary causes of failure during the outsourcing partnership between IBM and the Queensland government (Ziyan, 2021). The first theme from the interview data was effective communication, reflecting the importance of having open and honest conversations and meetings with outsourcing vendors as an effective strategy to mitigate outsourcing failures. Table 2 presents the frequencies of the responses by the participants on the theme of effective communication.

Table 2

Effective Communication: Participants' Responses and Frequencies

Participant	Frequency of use by participants
P1	55
P2	26
P3	33

Communication issues, especially regarding shareholder (stakeholder) communication, were a primary cause of outsourcing failures (Iqbal et al., 2020). Effective outsourcing management involves managing the supplier's performance mainly through appropriate communication (Lee, 2020). The theme of effective communication emerged from Interview Questions 1-5 and 7. All participants affirmed that effective communication is an effective strategy to mitigate outsourcing failures. Responding to Interview Question 1, P2 advised, "You need to learn how to be open to having candid and honest conversations with them because, without that, you cannot build trust on both sides." In response to Interview Question 1, P3 opined, "Another strategy is regular communication during the project execution. Having weekly meetings between the outsourcing vendor and the client is important. The vendor and client's project managers should facilitate these meetings." According to P3, "These meetings should discuss the deliverables that have been completed, that are underway, and to be completed in the future." On further inquiry, P3 explained,

> These regular meetings are necessary to identify any risks or issues and develop a plan to resolve these issues or mitigate the risks. Moreover, these meetings will help identify and resolve showstoppers immediately by engaging outsourcing

> vendors and the client team if needed. Also, holding monthly or biweekly steering committee meetings with all the project stakeholders will help keep the stakeholders updated. It also provides a feedback mechanism for the project.

Responding to Interview Question 2, P1 affirmed, “We meet regularly, weekly at a minimum, depending on the project team or the specific project we are working on. It can be monthly or bi-monthly, depending on the performance.” P1 explained,

> If they are performing well, we can space the meetings to once every other week, sometimes once a month. However, if issues arise or we are having problems, we start meeting more regularly. So, we might have weekly meetings and, in extreme cases, meet daily.

In response to Interview Question 2, P2 noted, “We discuss these things some or all on a daily, monthly or annual basis. So, daily, we have a 09:00 meeting. This meeting includes bug triage, change control board or CCB, and our internal PMO or project management office.” According to P2, “We do this because we need to be transparent. Moreover, it is important for us to be transparent with everybody. Hence, monthly, we review the metrics from the previous month.” Responding to Interview Question 2, P3 attested, “Another way to assess is having weekly vendor check-in or project team meetings.” On further inquiry, P3 posited, “Another approach would be to incorporate stakeholder feedback mechanism through steering committee meetings.”

Business leaders who practice effective communication and transparency with vendor partners at the onset of outsourcing agreements enhance the probability of meeting contract objectives (Al-Ahmad & Al-Oqaili, 2013). In response to Interview

Question 3, P1 noted, “Another challenge has also been communication breakdowns with the various teams and mentors.” According to P1, “We have multiple groups working on multiple systems, there is much overlap, and there can be much confusion. So, misunderstandings about the requirements can cause delays or, in some cases, incorrect installations.” P1 acknowledged the importance of face-to-face meetings, “We will start incorporating in-person meetings to start pushing the vendors to be a little more responsible.” Interview Question 4, P1 remarked, “Most of our communication issues we resolve by having regular project status meetings and developing detailed status reports.”

An obstacle that organizations encounter in outsourcing is communication disruptions, mainly when collaborating with distant teams or vendors in disparate geographical areas (Winkler et al., 2008). In response to Interview Question 5, P1 attested, “Communication is critical. In our case, transparent and frequent communication helps to ensure that all parties, specifically our vendors, internal teams, and project stakeholders, are aligned with the project goals.” According to P1, “More specifically, we maintain clear documentation for all our communications, decisions, and changes, which allows us for easy reference and minimizes any misinterpretations.” P1 affirmed, “Every meeting has minutes of the meeting which helps us track any deliverable items, any decisions, any changes to the processes we have in place, and then also keep tabs on the project progress as a whole.” Responding to Interview Question 5, P2 commented, “Effective communication is critical. It impacts your collaboration, transparency, project management, and the overall relationship between the client and the vendor. You need to be honest and hold each other accountable.” Participant P2 illustrated, “Being able to talk to all your employees, be approachable, be honest, and be someone they can trust, and vice versa. Be someone that you can trust. So, you cannot have that without effective communication."

In response to Interview Question 5, P3 asserted, "Weekly, we conducted like blueprint sessions, kept track of all the progress and deliverables using a Gantt chart. We used the Microsoft Teams and GoToMeeting software extensively for communication." According to P3,

> We also had regular steering committee meetings with stakeholders to update them and get their feedback … We incorporated this stakeholder feedback into our project execution, and any issues are quickly brought up in our weekly project meetings and tracked them until they are resolved.

On further inquiry, P3 affirmed, "Effective communication helped us achieve a smooth go-live for this project. So, communication is crucial for successful project execution, ensuring no outsourcing failure." Responding to Interview Question 7, P1 opined that "having open communication" is essential to mitigate outsourcing failures. The participants all acknowledged that effective communication is critical to mitigate outsourcing failures.

The participants' responses to the interview questions confirmed their knowledge of the discipline, aligning with Al-Ahmad and Al-Oqaili's (2013), Iqbal et al.'s (2020), Lee's (2020), Winkler et al.'s (2008) and Ziyan's (2021) statements that business leaders use effective communication to mitigate outsourcing failures. The study findings demonstrated that business leaders used effective communication to mitigate outsourcing failures and enhance business growth. Furthermore, data collected from the partner organization's website supports the theme of effective communication. The language used on the website emphasizes transparency and provided clear information for stakeholders that fosters open communication channels.

Theme 2: Vendor Selection and Relationship

Vendor certification is one of the measures to prevent outsourcing failure (Gopalakrishnan & Zhang, 2019). Effective communication should be pursued to promote collaborative buyer-supplier [client-vendor] relationships (Lee, 2020). Business leaders who exhibit poor relationship management create ineffective client-vendor relationships, usually characterized by miscommunication, poor transparency, mistrust, and criticism. Successful vendor selection and relationship ensure that business leaders mitigate outsourcing failures. The vendor selection and relationship theme emerged from the interview data. All participants used vendor selection and relationship as an effective strategy to mitigate outsourcing failures. Table 3 presents the frequency of participants' responses to the vendor selection and relationship theme.

Table 3

Vendor Selection and Relationship: Participants' Responses and Frequencies

Participant	Frequency of use by participants
P1	14
P2	35
P3	47

Building partnerships that incorporate various expertise would promote innovation and productivity while giving an organization a competitive edge (Hong &

Kim, 2020). Responding to Interview Question 1, P1 opined, “Vendor selection is key. Our company tries it’s best to ensure that all vendors and contractors have a proven track record in the relevant area, specifically, in our case, IT infrastructure systems.” According to P1, “For our projects, this could be evaluating vendor capabilities through past performance.” In response to Interview Question 1, P2 asserted, “Once that contract is in place, you need to establish a strong, mutually beneficial relationship with the vendor.” Responding to Interview Question 1, P3 remarked, “One of the foremost strategies for me starts right from the stage of selecting a vendor in the RFP stage, which is the Request for Proposal stage.” According to P3, “One of the strategies I have been using is to use minimum qual criteria which will filter out vendors who do not have a proven track record or experience in implementing software or services for the clients.” P3 affirmed,

> Vendor selection is very crucial in outsourcing. Choosing a vendor who can meet most, if not all, the technical business needs outlined in the RFP out of the box is crucial. Also, during the RFP stage, request from the vendor the proposed project personnel who will be working on the project, which gives the client an idea of the background of the people. Selecting a vendor with highly qualified resources to meet the business needs and a successful track record of project implementations will benefit a client and is a critical strategy. Also, verifying the references provided by the vendor is essential because it gives an idea of how successful they have been in the past.

On further inquiry, P3 advised, “Having technical demonstrations with the vendor during the vendor selection phase will give the client, whoever is choosing this outsourcing vendor, a first-hand idea of how the vendor product looks like and whether the product is suitable for the client's organization." In response to Interview Question 2, P2 advised, "You need to build that relationship with the vendor so you are not going to penalize them for every mistake." On further inquiry, P2 remarked, "It starts with having a strong foundation and having a good relationship with the vendor."

The primary step in outsourcing management is selecting the right supplier with the suitable capabilities and capacity for outsourcing tasks (Lee, 2020). In response to Interview Question 3, P2 remarked on vendor experience, "Another thing that is unique for this organization in particular with this vendor and maybe other vendors, there is not a lot of K-12 experience out there. So, having a new resource with a K-12 background is rare." According to P2, "We had people come in with higher educational backgrounds, which is great. There is a lot of transferable terminology, skills and approaches, but most of the time, the resources come in, never having worked for an educational institution." Responding to Interview Question 3, P3 stated, "We did not want the relationship between the district and the vendor to go sour." In response to Interview Question 4, P2 noted, "We have been fortunate to work with a well-known, established vendor with global resources. However, when the vendor you are working with does not have the right resources, you can find those resources through another vendor." On further inquiry, P2 explained, "We were lucky that the business unit we were working with knew someone very familiar with the software and our organization, and that is how we were able to bring them on as a contractor." Responding to Interview Question 4, P3 opined the importance of timely vendor payment, noting, “That way the relationship between the client and vendor does not go sour.”

Seshadri (2013) stated that building a positive and collaborative relationship between the client and the vendor at the onset of an outsourcing agreement was crucial in attaining desirable business outcomes. Responding to Interview Question 5, P2 remarked, “You cannot have those candid conversations right off the bat. You need to build that relationship.” In response to Interview Question 6, P1 noted, “But for the most part, I think we have a good client-to-business or client-to-vendor relationship with most of our vendors. So, I think most of our projects have run smoothly because of that.” Responding to Interview Question 6, P3 commented, “And this training helped us form a better rapport with the vendor’s project team members and created a collaborative environment for project production support and like for implementation.”

Marchewka and Oruganti (2013) emphasized that the quality of client-vendor relationships during outsourcing and cultural implications and processes are strong determinants of outsourcing success. Caruth et al. (2013) posited that quality client-vendor relationships must be grounded on trust. Responding to Interview Question 7, P1 opined, “Also, developing that long-term partnership mentality with the vendor can help since having that good relationship may lead to a more reliable service or willingness to go the extra mile for their clients.” Responding to Interview Question 7, P2 asserted, “Vendor-client relationship needs some kind of option for flexibility.” Responding to Interview Question 7, P3 remarked, “Having the right team goes a long way in minimizing outsourcing failures. Make sure team members have the right skillsets, including technical, social, and coordination skills, which can bring many synergies for the project team." Participant P3 noted, "Identifying the project team with the proven project manager on both sides, both client and vendor side, goes a long way in minimizing these outsourcing failures."

The participants' responses to the interview questions aligned with the assertion by Caruth et al. (2013), Gopalakrishnan and Zhang (2019), Lee (2020), Marchewka and Oruganti (2013), and Seshadri (2013) that business leaders use vendor selection and relationship as an effective strategy for mitigating outsourcing failures. As applied in the current study, all the participants attested to using vendor selection and relationship as an effective strategy for mitigating outsourcing failures. Furthermore, data collected from the partner organization's website supports the theme of vendor selection and relationship by implementing a strategic approach to selecting vendors based on KPIs such as reliability, expertise, risk sharing and mutual value alignment. This approach reflects the study's findings, where successful vendor relationships are built on clear, well-defined expectations in order to mitigate outsourcing failures.

Theme 3: Training and Business Culture

Noble and Vaidyanathan (2022) explained that cultural issues in outsourced projects are multifaceted, and all parties must work hard to resolve potential problems arising from cultural differences. Reports from academia and practice suggest that more than 25% of all ITO projects fail, many because of cultural differences between client and provider [vendor] organizations (Könning et al., 2021). Gebril Taha and Espino-Rodríguez (2020) studied the impact of organizational culture on the level of outsourcing and sustainable performance. They demonstrated a negative impact of the hierarchical and development cultures on the level of outsourcing. The training and business culture theme emerged from Interview Questions 1-4 and 6. All participants acknowledged the importance of training and business culture as an effective strategy for mitigating outsourcing failures. Table 4 presents the frequencies of participants' responses on training and business culture.

Table 4

Training and Business Culture: Participants' Responses and Frequencies

Participant	Frequency of use by participants
P1	33
P2	16
P3	31

Gupta and Gupta (2019) affirmed that projects outsourced to firms in foreign countries faced more cultural integration issues than projects outsourced to domestic firms. The organizational culture has become one of the most important factors to consider when planning and utilizing outsourcing strategies (Gebril Taha & Espino-Rodríguez, 2020). Responding to Interview Question 1, P3 opined, "Another crucial strategy is training in mitigating any outsourcing failures." According to P3, "Once the project is implemented, the client project team usually takes over the production support. Furthermore, for that to happen seamlessly, it is important to have proper knowledge transfer sessions before going live." Participant P3 explained, "From the vendor staff to the client staff, ensure that the staff is properly trained. Thus, the client staff, super users, or staff can provide high-level vendor support."

Cultural differences and other aspects of outsourcing can make it difficult for partners to implement effective strategies, resulting in outsourcing failures (Khan et al., 2022). Responding to Interview Question 2, P2 remarked, “It also educates them to what some best practices are, how to get better organized around triaging, discussing enhancements, and all that.” In response to Interview Question 3 regarding the effect of cultural sensitivity on outsourcing, P1 noted, “It is more regionally than locally. Sometimes, it may be a difference in the business culture.” According to P1, “There is a difference in the work culture. Sometimes, they might be from the east coast vendors coming to start working on the west coast.” On further inquiry, P1 explained, “Obviously, there is a big shift in whether it is reaching their customer support group, whether it is the time zone differences or difference of how they operate there versus here.” Responding to Interview Question 3, P3 lamented, “Another challenge I faced on one of my projects about training was when we had set up a training schedule for in-person training for about 200 super users.”

Noble and Vaidyanathan (2022) stated that another crucial factor in outsourced projects is that societies tend to have distinct working methods that can pose problems in a working environment. In response to Interview Question 4, P3 affirmed the importance of adequate training “super users who will later handle the production support after the project goes live.” According to P3, “Another example is the training challenges faced during COVID. Before, the in-person training was scheduled for 20 people. Instead, we scheduled smaller team sizes of five to ten people per training session to ensure effectiveness.”

In response to Interview Question 6, P1 noted, “There are regional differences in how our vendors operate. So, occasionally, we adapt to whatever those cultural factors might be.” According to P1, “Sensitivity training is not a big issue, but we are aware that generally it fosters better collaboration and reduces friction with the vendors.” Responding to Interview Question 6, P2 asserted, “Regardless of the culture or the cultural differences, we need to remember that we are professionals first and should focus on our skillsets and the shared goals. We have embraced various cultures.” P2 concluded, “I do not think we have had an issue around cultural awareness or sensitivity training.” In response to Interview Question 6, P3 said, “When I started my career in India as a consultant, I received this cultural awareness and sensitivity training on how to engage with clients.”

The participants’ responses to the interview question aligned with Khan et al. (2022), Könning et al. (2021), and Noble and Vaidyanathan (2022) statements that business leaders use training and business culture as an effective strategy to mitigate outsourcing failures. As applied in the current study, all participants attested to using training and business culture as an effective strategy to mitigate outsourcing failures. Furthermore, data collected from the partner organization’s website emphasizes its commitment to creating a positive business culture by promoting employee training and development. Additionally, the website’s focus on internal growth and learning initiatives underscores the integral role of training in shaping a positive business culture.

Theme 4: Clear Contract Terms and Finance

According to Lee (2020), a written contract helps manage and govern outsourcing relationships. A business leader's commitment to the outsourcing contract [SOW] portrays the quality of association between the internal business leaders and their partners (Sukru Cetinkaya et al., 2014). Conflicts may arise in instances where the terms and conditions of the outsourcing agreement are inadequately defined or when there exists a deficiency in transparency and trust among the parties involved (Magnani et al., 2019). The clear contract terms and finance theme emerged from Interview Questions 1-4 and 7. All participants recognized the importance of developing clear contract terms and having adequate finance to mitigate outsourcing failures. Table 5 presents the frequencies of participants' responses to the clear contract terms and finance theme.

Table 5

Clear Contract Terms and Finance: Participants' Responses and Frequencies

Participant	Frequency of use by participants
P1	12
P2	30
P3	23

In response to Interview Question 1, P1 stated, "Another item is having clear contract terms. So, having well-defined deliverables, timelines, and penalties for non-compliance helps avoid ambiguity, especially in large-scale projects where delays can be costly." Responding to Interview Question 1, P2 said, "It starts with the contract. I have a contract with an application-managed, services provider. This contract includes boilerplate language around invoicing, resource types and costs, service level agreements, risk management, onboarding of staff, etcetera." P2 added, "The contract is reviewed by legal teams on both sides of the agreement, as well as the organization's procurement and

IT offices." In response to Interview Question 1, P3 stated, "Another strategy we have used in our company is having clear-cut contracts and SLA agreements. The contracts between the vendor and the client should pretty much incorporate all possible scenarios for a project." According to P3, "If all possible scenarios are mentioned in the contract, that will be very helpful for the client in mitigating any outsourcing failures."

Responding to Interview Question 2, P1 remarked, "Funding is another challenge." In response to Interview Question 2, P2 commented, "We have service level agreements (SLAs) with the vendor. This is needed to protect both sides, but we aim to have clearly defined project deliverables, objectives, and timelines and then track performance metrics." Responding to Interview Question 2, P3 noted, "One way is having a weekly reporting on all the SLA metrics." According to P3,

> "We would report these service level agreement metrics for the project weekly to the client. We would report the number of tickets received for the week, the priorities of the ticket, and how many. What was the average time it took to resolve each of the tickets, and if any critical showstoppers or items that need to be fixed, this report can help the client assess the effectiveness of adhering to the SLA agreements."

Responding to Interview Question 3, P2 attested, "One of our bigger challenges is always funding, not because there is a lack of, but sometimes the type of funding changes from year to year. Most recently, with the pandemic, there were a lot of ESRA funds available." According to P2, "If there is not enough funding to do everything, then we push projects out to the next year, and that merits a discussion. So, money is always a challenge." In response to Interview Question 4, P1 asserted, "Another thing is the resource constraints." Responding to Interview Question 4, P2 posited, "My other challenges have been with funding. We talked about how funding varies from year to year. Some funding dries out, and then you do your best with what you have." According to P2, "I think you need to be able to find some flexibility in that contract."

Responding to Interview Question 7, P1 remarked, "Ensuring that there are regular audits or, in some cases, tracking the payments to ensure that they get paid on time, which incentivizes them to perform well." In response to Interview Question 7, P2 noted, "Having access to more resources worldwide has benefited us in many ways. First, we can find the right expertise. We can hire and bring resources on more quickly and help other departments with those same needs." Responding to Interview Question 7, P3 opined, "I would say good resources for the project team, not just on the client side, even on the vendor side."

The participant's responses to the interview question aligned with Lee's (2020) and Sukru Cetinkaya et al.'s (2014) statements that business leaders use clear contract terms and finance as an effective strategy for mitigating outsourcing failures. As applied in the current study, all participants used contract terms and finance as an effective strategy to mitigate outsourcing failures. Furthermore, data collected from the partner organization's website highlights the importance of clear contract terms and finance agreements in ensuring smooth vendor relationships. By outlining its commitment to transparent financial practices and clearly defined contractual obligations, the website supports the study's finding that well-structured agreements are crucial for minimizing financial risks and promoting long-term outsourcing success.

Findings Related to A-BSC Theory

A few ways the A-BSC approach can support successful outsourcing include clarifying objectives, identifying critical KPIs, data collection and analysis, performance evaluation and reporting, and continuous improvement. According to Xiqiao et al. (2022), executives typically create KPIs, which assign quantitative values to critical business goals, to evaluate an organization's performance. Mailat et al. (2019) stated that dashboards gives managers a centralized overview of their business and indicators to make sound decisions within their area of responsibility. The theme of effective communication was present in De Felice et al.'s (2015) statement about the effective communication of performance information, which is essential to the A-BSC analysis to mitigate outsourcing failures. The study findings indicate that business leaders could mitigate outsourcing failures by implementing effective communication based on the A-BSC theory. As applied in the current study, all participants affirmed using effective communication as an effective strategy to mitigate outsourcing failures.

Victor and Farooq (2023) stated that integrating advanced analytics and predictive modeling within the A-BSC enables organizations to effectively and promptly address dynamic shifts and obstacles. Lee (2020) noted that the primary step in outsourcing management is selecting the right supplier with the suitable capabilities and capacity for outsourcing tasks. Setiawati (2021) used data collection and analysis to conclude that outsourcing human resources functions positively and significantly affect employee performance. Based on the themes presented by participants in the current study align with Setiawati's assertions that using effective strategies to outsource human resources functions can mitigate outsourcing failures. Also present was Lee's element of the appropriate selection of the right supplier with the suitable capabilities and capacity for outsourcing tasks to mitigate outsourcing failures. As presented by the participants, the theme of vendor selection and relationship was critical in mitigating outsourcing failures.

Lee (2020) highlights that strategic and effective management is critical for achieving goals. Xiqiao et al. (2022) stated that executives typically create KPIs, which assign quantitative values to critical business goals, to evaluate an organization's performance. Xiqiao et al.'s statements on organizational performance manifested in the training and business culture theme to ensure business performance and mitigate outsourcing failures. As applied in the current study, all participants' responses echoed Xiqiao et al.'s and Lee's statements on using effective strategies based on the A-BSC theory to mitigate outsourcing failures.

Firms should identify CSFs to achieve success when outsourcing and contribute to the decision-making process for selecting the appropriate outsourcing [vendor] partner (Sandhu et al., 2018). Lee (2020) highlighted that a clear written contract manages and governs outsourcing relationships. Merino et al. (2021) recognized that small firms implemented a backshoring strategy after a short period due to a lack of financial resources. In contrast, larger firms with significantly more resources would remain offshore and cope with challenges within foreign environments for longer durations (Merino et al., 2021). Drawing from A-BSC theory, Lee posited that business leaders could mitigate outsourcing failures through clear contract terms and finance. All participants' responses echoed Merino et al.'s and Sandhu et al.'s assertions on the critical roles clear contract terms and finance play in mitigating outsourcing failures. All participants used a combination of effective strategies involving effective communication, vendor selection and relationship, training and business culture, and clear contract terms and finance aligning with the A-BSC framework to mitigate outsourcing failures.

Applications to Professional Practice

Firms outsource primarily to reduce costs, access resources, and focus internal resources on more strategic work. Identifying the effective strategies business leaders could use to mitigate outsourcing failures is crucial to achieving competitive advantage and sustainable economic development. De Felice et al. (2015) opined that firms outsource non-core processes to vendors to reduce costs and increase efficiency. All participants affirmed using sustainability strategies to stay in business beyond 5 years. The current study provides business leaders with valuable insights and strategies to effectively mitigate outsourcing failures, contributing to improved business practices.

Effective Communication

Business leaders need to implement effective communication to mitigate outsourcing failures. Lee (2020) emphasized the importance of effective communication, which should be pursued to promote collaborative buyer-supplier [client-vendor] relationships. Pankowska (2019) noted that it is crucial to communicate with all the stakeholders in an IT outsourcing chain. This theme emphasizes that effective communication is a CSF that enables business leaders to proactively mitigate outsourcing failures.

Vendor Selection and Relationship

Building partnerships that incorporate various expertise would promote innovation and productivity while giving an organization a competitive edge (Hong & Kim, 2020). Gopalakrishnan and Zhang (2019) stated that vendor certification is one of the measures to prevent outsourcing failure. Marchewka and Oruganti (2013) emphasized that the quality of client-vendor relationships during outsourcing and cultural implications and processes are strong determinants of outsourcing success. This theme helps aspiring business leaders recognize the critical role of selecting the right vendors and building strong relationships to mitigate outsourcing failures.

Training and Business Culture

Cultural differences and other aspects of outsourcing can make it difficult for partners to implement effective strategies, resulting in outsourcing failures (Khan et al., 2022). According to Gupta and Gupta (2019), projects outsourced to firms in foreign countries faced more cultural integration issues than projects outsourced to domestic firms. Strategy development is essential to a firm's organizational structure (Linden & Rosenkranz, 2019). The organizational culture has become one of the most important factors to consider when planning and utilizing outsourcing strategies (Gebril Taha & Espino-Rodríguez, 2020). This theme underscores the importance of training and cultural awareness in preventing outsourcing failures. Aspiring business leaders can address skill gaps through proper training and navigate conflicting business cultures to foster stronger, more effective outsourcing partnerships.

Clear Contract Terms and Finance

A business leader's commitment to the outsourcing contract (SOW) portrays the quality of association between the internal business leaders and their partners (Sukru Cetinkaya et al., 2014). From a top-down leadership perspective, understanding the KPIs ensures lower-level employees have clear targets for actions, decisions, and improvement activities contributing to the company's mission (Kaplan & Norton, 1992). According to Lee (2020), a written contract manages and governs an outsourcing relationship. Conflicts may arise in instances where the terms and conditions of the outsourcing agreement are inadequately defined or when there exists a deficiency in transparency and trust among the parties involved (Magnani et al., 2019).

An effective SOW should outline those benchmarks in a way that the vendor can easily understand. This theme highlights how clear contract terms and defined KPIs drive financial success, aiding business leaders in improving performance, increasing profits, and reducing costs. By fostering knowledge sharing, it supports the development of effective strategies to mitigate outsourcing failures.

Implications for Social Change

Delen et al. (2019) analyzed 30 ITO contracts costing $106 million and observed a 40% outsourcing failure rate. Business leaders engaged in outsourcing should implement proactive strategies to mitigate failures and realize benefits (Iqbal et al., 2020). Effective outsourcing strategies play a pivotal role in fostering the sustained competitiveness of well-established firms (Paek et al., 2019). Building partnerships that incorporate various expertise would promote innovation and productivity while giving an organization a competitive edge (Hong & Kim, 2020). Firms with a competitive advantage can remain profitable, create job opportunities, continue paying taxes, invest in local communities and enable the local governments to fund social services. Firms that adopt effective strategies that mitigate outsourcing failures not only strengthen their own growth but also help uplift the standard of living and create a more thriving environment for those within local communities.

Zhu and Chen (2021) posited that knowledge transfer has positive social change ramifications by strengthening vendor capabilities, supporting growth initiatives within them, and disseminating knowledge within an industry context. Outsourcing relationships often include knowledge transfer between organizations and vendors. Organizations could use effective outsourcing strategies to facilitate the transfer of internal and external expertise, novel technologies, and best practices to partners. Knowledge transfer leads to individual skill development or capacity building within individuals or communities, eventually leading to participation in higher-value activities and increased employability for those involved (Zhu & Chen, 2021).

Organizations promote sustainability by selecting vendor partners with strong environmental credentials, encouraging sustainable resource management, increasing energy efficiency, and reducing waste — actions that help mitigate damage while contributing to environmental sustainability (Jeronimo et al., 2019). When organizations are profitable, corporate social responsibility (CSR) activities might increase, leading to infrastructural and economic development in underserved communities. Adopting effective strategies to mitigate outsourcing failures might motivate business leaders to implement CSR-focused objectives, thereby boosting the economic growth of local communities. The current study demonstrates that implementing effective strategies to mitigate outsourcing failures can help business leaders overcome challenges while continuing to support environmental sustainability efforts in local communities.

Positive stakeholder relationships contribute to social change by increasing transparency, fairness, and accountability while increasing mutual understanding, facilitating cooperation, and creating long-term relationships that benefit the organization and broader communities (H. Huang et al., 2023). Employing effective strategies to mitigate outsourcing failures often necessitates using ethical business practices. Organizations prioritizing ethical conduct and social responsibility when building outsourcing relationships can create positive societal change. Adhering to labor standards, guaranteeing fair wages, agreeable working conditions, and supporting suppliers or vendors who share similar ethical values are examples of ethical business practices. The current study demonstrates that implementing effective strategies to mitigate outsourcing failures permits business leaders to build trust, strengthen partnerships, and improve stakeholder relations, driving positive social change through collaboration and community development.

Organizations can contribute toward positive social change by meeting societal needs, supporting causes, or cultivating inclusive growth through involvement with local communities (Taghipour et al., 2022). Sustainable organizations can expand into rural areas, driving human capital growth, infrastructural and economic development, job creation, and boosting the country’s GDP. The current study highlights how mitigating outsourcing failures helps preserve socioeconomic stability, directly benefiting citizens, families, and local communities. Firms can meet their CSR objectives by promoting environmental sustainability, sponsoring local events, supporting local suppliers, providing scholarships, and building schools, libraries, and healthcare facilities.

Recommendations for Action

Effective business strategies mitigate outsourcing failures and enhance business growth and sustainability. Effective outsourcing strategies play a pivotal role in fostering the sustained competitiveness of well-established firms (Paek et al., 2019). Businesses seeking to address outsourcing challenges successfully should ensure their strategies align with market needs and resources owned by the outsourcer (Paek et al., 2019). Zhu and Chen (2021) posited that knowledge transfer helps strengthen vendor capabilities, support growth initiatives, and disseminate knowledge within an industry context. I recommend that business leaders implement effective strategies, including strong communication practices, to mitigate outsourcing failures, gain a competitive advantage, and achieve sustainable growth.

Business leaders engaged in outsourcing should implement proactive strategies to mitigate failures and realize benefits (Iqbal et al., 2020). Adopting effective business strategies tailored to reduce outsourcing failures ensures organizations can foster an environment that leverages diversity for sustained success in external partnerships (Delen et al., 2019). Inadequate quality assurance procedures might lead to subpar performance, product defects, or service deficiencies, adversely affecting customer satisfaction and overall performance (Lahiri et al., 2022). Notwithstanding the considerable amount of research conducted on outsourcing, there is a significant need to understand specific business strategies organizations could implement to mitigate outsourcing failures (Delen et al., 2019). I recommend that business leaders develop, implement, and maintain a robust vendor selection process while fostering strong relationships with vendors to improve business performance and mitigate outsourcing failures. Additionally, leaders should establish guidelines and provide resources for comprehensive training and cultural awareness to enhance productivity and promote positive outsourcing outcomes.

One of the primary obstacles encountered in outsourcing is the possibility of communication disruptions, mainly when collaborating with distant teams or vendors in disparate geographical areas (Winkler et al., 2008). Building partnerships that incorporate various expertise would promote innovation and productivity while giving an organization a competitive edge (Hong & Kim, 2020). The current literature frequently emphasizes partner selection, contract administration, and risk management, but a gap exists regarding a comprehensive understanding of outsourcing success and identifying and recognizing failures (Delen et al., 2019). I recommend that business leaders adopt effective strategies to mitigate outsourcing failures by establishing clear contract terms, fostering strong vendor relationships, and allocating sufficient financial resources. Additionally, they should implement comprehensive training and cultural awareness programs to enhance productivity, reduce risks, and promote business growth.

If outsourced services fail to meet expectations or do not align with the organization's objectives, a firm could experience diminished customer satisfaction, decreased brand loyalty, and a potential loss of competitive advantage (Lahiri et al., 2022). Nevertheless, it is essential to acknowledge the potential hazards associated with collaborating with vendors who might possess inadequate capabilities, have limited financial stability, or have uncertain long-term viability (Delen et al., 2019). Tackling complex outsourcing business models remains essential; foreign outsourcing partners bring diversity that enhances an organization's value (Prajapati et al., 2020).

I recommend that business leaders possess the necessary skills, knowledge, experience, and capabilities to identify and implement effective strategies for mitigating outsourcing failures. I will share the findings of the current study with relevant audiences through presentations at conferences, seminars, and training sessions, as well as through social media, networks, and publications in academic and business journals focused on business sustainability.

Recommendations for Further Research

The purpose of this qualitative single case study was to explore effective business strategies that business leaders use to mitigate outsourcing failures. The study's findings, conclusions, and recommendations aim to contribute to both existing and future research, bridging gaps in business practices related to effective strategies for mitigating outsourcing failures. According to Ishizaka et al. (2019), organizational leaders should seek to manage outsourcing and offshoring decision-making efficiently. The current study was limited to a qualitative exploratory single case study involving semistructured interviews to collect primary data from business leaders in the IT department at a large educational institution in Los Angeles, California. I recommend that future researchers replicate the current study using qualitative multiple case studies involving business leaders from multiple firms in the IT sector and incorporate quantitative or mixed methods involving business leaders from diverse industries and geographical locations.

Yin (2018) stated that a best practice in case study design is to seek assistance and ask knowledgeable people about potential study candidates. According to Aguboshim (2021), data saturation is a critical driver for determining the adequacy of sample size in a qualitative case study. The sample size researchers use in a qualitative study to achieve data saturation varies between two to forty participants (Yin, 2018). A key limitation of the current study was the small sample size of three business leaders. Researchers using larger or smaller samples may uncover different themes that reveal significant variations in the study's findings. Therefore, I recommend further studies with a larger sample size from various geographical locations such as Africa, Asia, Europe, South America and North America to provide helpful insight into the effective business strategies that business leaders use to mitigate outsourcing failures.

The third limitation of the current study was participants' inability to share sensitive information about some business activities to protect their firm's interest. Johnson et al. (2020) stated that during each step of the research process, the researcher must protect participants' confidentiality and shield them from harm relating to respect and dignity. Business leaders who are deeply committed to their firms may be reluctant to share information about their business activities to protect their interests and competitive advantage. A similar limitation is that participants share information from limited experiences acquired from the educational institution selected for the research. I recommend that future researchers embark on research that involves various organizations to mitigate these limitations.

The researcher is an instrument in qualitative studies (Yoon & Uliassi, 2022) and should not have any sense of power imbalance or undermining of participants’ opinions (Sim & Waterfield, 2019). As a novice in academic study, my competency and knowledge of scholarly doctoral research are still developing. As a result, the study was limited to my subjective evaluation and interpretation of the participants' responses to the interview questions. Additionally, the study may potentially be motivated by my personal beliefs and professional vendor management background. The study's limitations also include the presumed accuracy of the information provided by the participants and the limited availability of company archival data. I recommend that future researchers involve experts from related disciplines in business management to uncover insights that may have been absent in this study.

Reflections

The purpose of this qualitative single case study was to explore effective business strategies to mitigate outsourcing failures. In accordance with ethical research procedures and Walden University's IRB requirements, I completed the CITI web-based training. Before engaging the participants, I obtained IRB approval, which enhanced my understanding of the ethical requirements for using human subjects in the study. By contacting participants via email and phone, I strengthened my communication, collaboration, empathy, inspiration, and negotiation skills. I used purposive sampling to select three business leaders from the IT department of a large educational institution in Los Angeles, California. This sampling method allowed me to choose participants with the relevant experience, knowledge, skills, training, and competency needed to address the research question of the study.

I employed a qualitative research method to explore the effective business strategies that business leaders use to mitigate outsourcing failures. Through semistructured interviews, I interacted with the participants, which enhanced my interpersonal, listening, problem-solving, communication, inspiration, networking, observation, emotional intelligence, and self-confidence skills. By conducting the interviews at the participants' preferred times, they were able to express themselves freely, allowing me to gain deeper insights into the research question. The organization and analysis of the data helped me better understand the issue, identify key themes, and draw meaningful conclusions. Reflecting on my experiences throughout the study, I gained a stronger understanding of the doctoral research process, which significantly improved my skills in conducting academic research.

From the study findings, I gained a deep understanding of the strategies used by study participants to mitigate outsourcing failures. I discovered that business leaders apply a combination of strategies, including effective communication, vendor selection and relationship, training and business culture, as well as clear contract terms and finance. This new knowledge and understanding challenged and positively transformed my previous beliefs, ideas, values, biases, and perceptions regarding effective outsourcing strategies.

Conclusion

Business leaders encounter significant challenges when attempting to implement effective business strategies to mitigate outsourcing failures. Many businesses fail due to the use of ineffective outsourcing strategies. In this qualitative single case study, I engaged three business leaders from the IT department of a large educational institution in Los Angeles, California, using seven open-ended questions to explore the strategies they employed to mitigate outsourcing failures. The thematic analysis of the data revealed four key themes: (a) effective communication, (b) vendor selection and relationship, (c) training and business culture, and (d) clear contract terms and finance.

The findings of this study offer business leaders adaptable, universal strategies to mitigate outsourcing failures. Applying the identified strategies could lead to increased productivity, business growth, corporate sustainability, corporate social responsibility, and profitability, while also fostering economic growth for the government and improving social services, thereby enhancing the living conditions and well-being of local communities. The use of the A-BSC as the conceptual framework in this study may help address gaps in current business management literature. The results of the study align with prior research on the importance of implementing effective strategies to encourage positive outsourcing outcomes. No single strategy guarantees success; business leaders must invest time in selecting the most effective business strategies tailored to their industry, products, and services.

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Appendix A: Interview Protocol

1. Introduce yourself to the participant in the study.
2. Introduce the topic and purpose of your study.
3. Present the consent form to the study participant.
4. Inform the participant about their right to withdraw from the research and ask if they are concerned or have any questions.
5. Discuss the recording device and its importance.
6. Begin the interview with the date, time and any preliminary notes taken.
7. Interview participant using all seven questions but keep the duration within the pre-designated time limit.
8. Express gratitude and thank the participant for their contribution to this study.
9. Assure the participant of the data storage policy and destruction of the information after five years.

Appendix B: Interview Questions

1. What business strategies do you use to mitigate outsourcing failures?
2. How do you assess the effectiveness of the business strategies you use to mitigate outsourcing failures?
3. What challenges did you encounter in using the business strategies to mitigate outsourcing failures?
4. How did you overcome the challenges you encountered in the client-vendor relationship when mitigating outsourcing failures?
5. How important was effective communication in mitigating outsourcing failures?
6. What impact has cultural awareness and sensitivity training had on mitigating outsourcing failures?
7. What additional information can you provide on business strategies to mitigate outsourcing?

Appendix C: Document Information Template

Document Review Date : ____________ Document Code (if applicable) : ___________

Document Title: *[List document name as stated on company document]*

Important Information:

- Provide a brief description of the document
- Condense the information by emphasizing key insights
- Utilize Braun and Clarke's (2006) six-stage thematic analysis model to examine the document.

Appendix D: CITI Certificate

CITI PROGRAM

Completion Date 12-Dec-2023
Expiration Date N/A
Record ID 60033189

This is to certify that:

Joseph Ragsdale

Has completed the following CITI Program course:

Not valid for renewal of certification through CME.

Student's
(Curriculum Group)
Doctoral Student Researchers
(Course Learner Group)
1 - Basic Course
(Stage)

Under requirements set by:

Walden University

CITI
Collaborative Institutional Training Initiative

101 NE 3rd Avenue, Suite 320
Fort Lauderdale, FL 33301 US
www.citiprogram.org

Verify at www.citiprogram.org/verify/?w2503eb0e-a5b8-48fe-9139-630a7230cab0-60033189