ปัจจัยความสำเร็จของ IT Outsourcing ในประเทศไทย

Success Factors of IT Outsourcing in Thailand

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บทคัดย่อ

การวิจัยครั้งนี้มีจุดประสงค์เพื่อศึกษาและค้นหาปัจจัยที่เกี่ยวข้องกับความสำเร็จของการจัดจ้างงานภายนอกด้านเทคโนโลยีสารสนเทศ โดยใช้วิธีการวิจัยแบบเชิงปริมาณ ข้อมูลในการวิจัยได้มาจากการเก็บแบบสอบถามจากบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย จำนวน 232 บริษัท การวิเคราะห์ข้อมูลโดยใช้วิธีการวิเคราะห์สมการโครงสร้าง (SEM) ซึ่งได้ค่า Chi-square = 51.738, df = 45, P-value = 0.227, RMSEA = 0.025, GFI = 0.974, AGFI = 0.921, NFI = 0.977, และ CIF= 0.997 ผลการศึกษา พบว่า คุณภาพการบริการ ความสามารถของผู้ให้บริการ คุณภาพความสัมพันธ์ ความสำเร็จของ IT Outsourcing และความพึงพอใจของลูกค้า มีความคิดเห็นอยู่ในระดับมาก คุณภาพการบริการและคุณภาพความสัมพันธ์สามารถร่วมกันทำนายความแปรปรวนของความสำเร็จของ IT Outsourcing ได้ร้อยละ 75 ในขณะที่ความสามารถของผู้ให้บริการไม่มีผลต่อความสำเร็จของ IT Outsourcing และความสามารถของผู้ให้บริการสามารถทำนายความแปรปรวนของความพึงพอใจของลูกค้าได้ร้อยละ 45 ผลการศึกษาสอดคล้องกับทฤษฎีการแลกเปลี่ยนทางสังคม ซึ่งอธิบายการมีปฏิสัมพันธ์กันระหว่างหุ้นส่วน โดยเน้นถึงกระบวนการทางสังคมของการให้และการรับมุ่งทำความเข้าใจต่อพฤติกรรมของแต่ละฝ่าย สนับสนุนต่อการแลกเปลี่ยนภายใต้หลักธรรมาภิบาล

คำสำคัญ: ความสำเร็จของ IT Outsourcing IT Outsourcing Outsourcing ตลาดหลักทรัพย์แห่งประเทศไทย

Abstract

The purposes of this study are to study and to explore the related factors of the relationship of IT outsourcing success, and find the related factors of the relationship of client satisfaction. Quantitative research was conducted. Data were collected from 232 companies listed in the Stock Exchange of Thailand by using questionnaire. Structural Equation Model (SEM) analysis was a methodology to data analyze the data with Chi-square = 51.738, df = 45, p-value = 0.227, RMSEA = 0.025, GFI = 0.974, AGFI = 0.921, NFI = 0.977, and CIF= 0.997. The study reveals that the service quality, the vendor capability, the relationship quality, the IT outsourcing success and the client satisfaction were in the high level. The service quality and the relationship quality could be commonly explained about the IT outsourcing success up to 75% while the vendor capability did not influential against the IT outsourcing success. And the vendor capability could be commonly explained about the client satisfaction up to 45%. The research finding is supported with social exchange theory, which is explained the on-going interactive between the parties. The social exchange theory focuses on the social process of give-and-take and aim to understand the behavior of each other, contributing to the exchange under governance structures.

Keywords: IT Outsourcing Success, IT Outsourcing, Outsourcing, Stock Exchange of Thailand

Background and Statement of the Problem

Globalization and free trade give customers the opportunity to obtain products where the quality is highest and the prices are low. Therefore, there is more competition among business; especially the companies which listed in The Stock Exchange are more intense competition than rest, because they need to satisfy their stockholders and ensuring the funds are put to good state (Madura, 2007). Then, the profitable strategies have been searching to gain competitive advantage. Information Technology (IT) is accepted as an effective strategy that the benefit can be added value to organization. Since, IT was high-cost investments and needs technical skill to implement; alternative option to meet IT requirement will be searched.

IT outsourcing is defined as a process of delegation of IT activities to external IT vendors, who can do it more efficiently, faster, cheaper and better (Tayauova, 2012). The concept of IT outsourcing first occurred in early of the 1960s when Frito-Lay and Blue Cross handed data processing services to Electronic Data System (EDS) (Sparrow, 2003), and it became popular in the 1990s after the success gained by Esman Kodak with delivering of its information systems to external parties (Claver et al., 2002). Since then, outsourcing has become a commonly accepted option for satisfying IT needs in organization (Goles, 2003).

There is a strong agreement that IT has used to increase productivity in the developed world and used as a tool to competitive advantage in the business world. However, IT has rapidly changed and high investment cost. Thus, an achievement in IT is still a problem of organizations, IT outsourcing is the one of most selected solutions and continues to be a challenge to organizations. Despite many reasons drive IT to outsource, the growth of IT outsourcing can be attributed into two primary reasons; a focus on core competencies and insufficient of IT value (Hirschheim et al., 2006). In practice, IT outsourcing is accepted and growing. However, the increasing trend of IT outsourcing, few successes are reported. There is a pressure with both clients and vendors organizations to present the value of their outsourcing (Han et al., 2008). The effective factors of IT outsourcing success have been investigated by numerous researchers; different variables can be considered such as, service quality (Mohamed et al., 2007; Chakrabarty et al., 2007), vendor capability (Goles, 2003; Lee et al., 2009), and relationship quality (Swar et al., 2010, Qi & Chau, 2012). Nonetheless, the success factors of IT Outsourcing has been mainly studied in foreign countries (e.g. America, Australia, Korea, China and Malaysia), few research was studied in Thailand, some factors that presented in the past may not match current Thailand's

business environment. Therefore, this study aims at investigating empirical factors of IT outsourcing success of the companies currently listed in The Stock Exchange of Thailand.

Purposes of the Study

1. To study causal model with service quality, vendor capability, and relationship quality toward IT outsourcing success,

2. To find the related factors of the relationship of IT outsourcing success in Thailand,

3. To find the related factors of the relationship of client satisfaction.

Research Hypotheses

The structure of causal model of success factors of IT Outsourcing in Thailand that is fitted with the empirical information. The path diagram can be provided to six hypotheses as follow:

H1: The service quality has a positive effect on IT outsourcing success.

H2: The service quality has a positive effect on client satisfaction.

H3: The vendor capability has a positive effect on IT outsourcing success.

H4: The vendor capability has a positive effect on client satisfaction.

H5: The relationship quality has a positive effect on IT outsourcing success.

H6: The relationship quality has a positive effect on client satisfaction.

Theoretical Framework

IT outsourcing cannot be adequately explained by any individual theory, then multiple paradigms are needed (Cong & Chau, 2010). The major theory that were used by outsourcing research can be categorized into three viewpoints, economic view, strategy view and social view (Lee et al., 2000). Firstly, the transaction cost economic (TCE) is used to explain the IT outsourcing in terms of economic viewpoint. TCT maintains economic efficiency by monitoring production costs and transaction costs, if indicate that high internal costs and low asset specificity will favor outsourcing. Secondly, the resource-based view (RBV) is used to explain the strategic management viewpoint. RVB considers the resource of a firm as the basis for its strategy and view outsourcing as a means to acquire and allocate valuable of IT resources (Goles & Chin, 2005). Finally, social viewpoint can be explained by the social exchange theory (SET). SET is used to describe the interpersonal exchanges of the parties that were not purely economic but has been extended meaningfully to the study of inter organizational exchange. The SET focuses on the social process of give-and-take and aim to understand the behavior

of each other, contributing to the exchange under governance structures (Qi & Chau, 2012).

Many researchers have examined different aspects of IT outsourcing success. According to Goles (2003) conceptualization, the resource-based view is utilized to achieve the firm's objectives by outsourcing in order to acquire and allocate key resources. Firms prefer to gain access insufficient capability through intermediate forms of governance with other organizations, as opposed capabilities internally or directly acquiring them from other sources. Thus, firm's capability can be obtained by adopting vendor capability. The vendor's capabilities are reflected in the quality of the outsourced systems and functions. This quality in turn determines the success of the outsourcing arrangement.

Chakrabaty et al. (2007) determines outsourcing success in terms of satisfaction of the user with a software system developed by the vendor. The research model presented an effect of service quality and relationship quality on IT outsourcing success.

Mohamed et al. (2007) conceptualization aims to determine whether perceived service quality refers to the entire support given by the service provider, disregarding whether such support is handled by the IT function. From the client, the service qualities given by the vendor may lead to outsourcing success.

Swar et al. (2010) considers IT outsourcing through the social perspective as it takes integrated explaining the relationship aspects in the IT outsourcing arrangements. The relationship between the client and the vendor plays a critical role in either the success or failure of the outsourcing arrangement.

Based on the theories discussed and literates reviewed, a research framework is developed and depicted in Figure 1. The model is depicted in the form of Structural Equations Modeling (SEM). Five constructs are proposed in this model. The exogenous constructs are service quality, vendor capabilities, and relationship quality. The endogenous constructs are IT outsourcing success and client satisfaction.

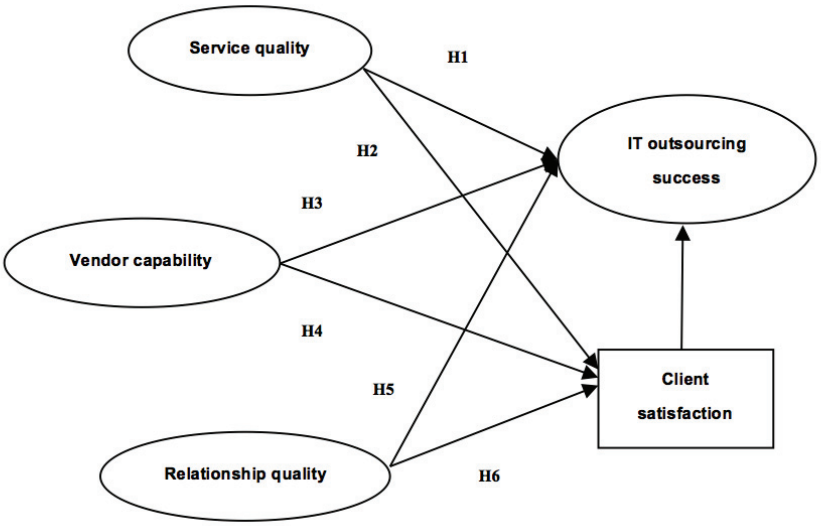


Figure1 Research model

Service Quality

A service is a performance provided by one party to another. Although the process may be related to physical product, the performance is temporary regularly intangible in nature (Lovelock & Wirtz, 2004). Whenever the services can exceed client expected or over requirement that is a service quality. Service quality was often found difficult to evaluate. It was usually measured by customer satisfaction. A tool calls "SERVQUAL" is well-known as an instrument used to measure satisfaction of the service quality that was developed by Parasuraman et al. (1985). It is a popular used for measuring of service quality in IT field (Landrum & Prybutok, 2004; Lee & Kozar, 2006; Chakrabarty et al., 2007). Therefore, in this study "SERVQUAL" will be used to have reliability, responsiveness, assurance, empathy and tangibles as the variables that comprise the service quality. The service quality constructions are as the following:

Reliability : Competency to fulfill the promised service dependably and correctly.

Responsiveness: Wish to attend customer and prompt service.

Assurance : Expertness and politeness of the employees, their capability to elevate faith and assurance.

Empathy : Caring, individualized attention the firms contribute its clients.

Tangibles : Physical accommodates tools and appearance of vendor's employees.

Vendor Capability

Growth in the outsourcing market and practice has matured; most firms believe that the value can be ultimately delivered by outsourcing vendors (Levina & Ross, 2003). However, there is a variation in outsourcing outcomes that call for an investigation through on how a value can be created (Han et al., 2013). In fact, outsourcing vendor has different ability and resources, which similar outsourcing projects its result can be varied outcomes that it is called the vendor's capability (Lee et al., 2009). According to prior literature identified vendor capabilities in three major areas: personnel capability, methodology capability, and management capability (Lee et al. 2009; Han et al., 2013). Then this study adopts this classification to conceptualize of vendor capability.

Personnel capability: Personnel capability refers to the ability that staffs of a vendor were contained responsible for covering contractual obligations. The personnel capability, including the IT knowledge and personal skills to provide effective IT services in outsourcing contracts (Han et al., 2013).

Methodology capability: Methodology capability refers to the vendor activities that are sufficient for the uniform distribution of results to client problems through standardized outsourcing processes and systematic problem solving (Han et al. 2013).

Management capability: Management capability helps assure client expectations for reducing project uncertainty by informing the status of progressing projects, encouraging the participant knowledge and making valuable comments and feedback, thereby achievement more usefulness from outsourcing activities (Han et al. 2013).

Relationship Quality

Relationship quality is the satisfaction level of clients' relational needs toward interactive relationship, which can be associated with clients' trust and commitment on vendor and their products. (Xi-feng et al., 2010). Higher relationship quality creates value and is regarded as success by at least one of the parties. Existing literature uses variety of constructs to determine the relationship quality (Naude & Buttle, 2000). However, there is no consensus on what constructs make up relationship quality (Swar et al., 2010). From the literature reviewed, this study recognizes communication, cultural compatibility, information sharing, conflict handling and collaborative participation as the variables that comprise the relationship.

Communication: Communication is defined as a proactive formal and informal sharing or exchange of relevant and timely data between partnerships (Swar et al. 2010).

Cultural Compatibility: Cultural compatibility refers to the boundary to which the parties can live together with beliefs on values, behaviors, goals and policies that are importance or unimportance, appropriate or inappropriate and right or wrong (Swar et al., 2010).

Information Sharing: Information sharing shows the point to which knowledge and experience are transferred (Swar et al., 2010).

Conflict Handling: Conflict is the leyer of incompatibility of activities, share of resources and goals between the parties. The way that the parties handle the conflicts can result in either productive or destructive nature of the relationship between the parties (Swar et al., 2010).

Collaborative participation: Collaborative participation refers to an achievement on the part of both parties to make required modifications. In the way of collaborative participate, providing a mechanism for negotiating and agreeing upon mutual benefits, and for setting common goals. (Mao et al. 2008).

IT Outsourcing Success

Outsourcing success refers to the degree of fitness between client requirements and outsourcing outcomes. Generally, outsourcing is driven by strategic, economic and technological benefits. Thus, outsourcing success can be evaluated in terms of the achievement of these benefits (Han et al., 2013). According to Qi and Chau (2012), strategic benefits refer to the firm's capability to concentration on its core business by externalization of its routine IT activities. Economic benefits refer to the firm's capability to save a cost by utilizing the expertise and economies of scale of the human and resources of the vendor. Technological benefits refer to the firm's capability to gain access high IT capabilities and avoid the risk of IT obsolescence caused by dynamic changes in technology.

Client Satisfaction

In social viewpoint, Satisfaction is a commonly tool that used to measure of success in IT outsourcing research that usually exhibits the level of client's satisfaction with the vendor (Swar et al., 2010). Satisfaction is the level of a person's felt state resulting from the comparison between a product's appreciated performance and the person's expectations. Thus, the satisfaction level is a function of the difference between perceived performance and expectations (Govindarajan, 2007).

Research methodology

Survey method is applied to examine the proposed research model in this study. The unit of analysis is the companies have listed on the Stock Exchange of Thailand. This provided a list of a 566 companies for population. There are 232 sample sizes that calculated by Krejcie and Morgan (1970) sample sizes formula.

A questionnaire is a survey instrument that is developed by identifying conforming measurements from comprehensive literature review. The survey instruments mainly are adapted from the measurements of existing outsourcing researches, and few are developed by converting appropriate definitions of the construct into a questionnaire format. Each item is then measured on a five-point Likert scale from 'strongly disagree' to 'strongly agree'.

The data are gathered through questionnaires distributed to the concern IT manager of the companies listed on the Stock Exchange of Thailand, who are responsible for managing IT outsourcing. At first, the questionnaires are translated into Thai language and a panel of experts examined the validity of the items. Reliability of the questionnaires using pilot test is carried out from the companies have listed on Phatumthani province that is not a member of the Stock Exchange of Thailand, and the result show total Cronbach's alpha score is 0.87. After that the questionnaires are directly delivered to the concern IT managers by mailing to their organizations, and the questionnaires are requested to complete within 15 days. After10 days of the first mailed a reminder phone call is made.

After 566 questionnaires have been mailed, 7 questionnaires are returned as undeliverable. Consequently, a total of 247 responses are received, leading to a response rate of 42.64 percent. Of this returned questionnaires, 15 questionnaires are disqualified as the respondents are not completely questionnaires. The response rate is thus 40.99 percent. This response rate can be considered satisfactory, given that studies with top management as respondents typically achieve a mail survey with response rates of around 20 percent (Powell, 1992; Tootelian & Gaedeke, 1987)

Personal characteristics of the 232 respondents of the companies listed on the Stock Exchange of Thailand, majority, is male with the percentage of 74.14, and aging is between 41-55 years old with the percentage of 52.59. Educational level is the master's degree with the percentage of 57.76, working in the position of a manager with the percentage of 43.97, the job's experience more than five years with the percentage of 76.73, and the job's experience with IT outsourcing over five years with the percentage of 54.31.

Analysis

The data were analyzed using descriptive statistical technique by the Statistical Package for the Social Science Software (SPSS). Confirmatory factor analysis (CFA) and the Structural equation model (SEM) were analyzed by using the Analysis of Moment Structures (AMOS). The data will be analyzed into two parts: measurement model, and model testing.

Measurement Model

Internal consistency is assessed by using Cronbach's alpha in order to evaluate the reliability of all constructs. The Cronbach's alphas of the constructs are between 0.78 to 0.96 ranges. The acceptable alpha should not be less than 0.7 (Tavakol & Dennick, 2011).

Convergent validity is assessed by evaluating confirm factor analysis (CFA) of observing variables. According to Hair et al. (2010) the leading factors of CFA should not less than 0.5 be accepted, the value lower than 0.5 will be cut off, in order to ensure that missing specify models are not accepted. After convergent validity testing, the information sharing (info) variables were not accepted, and were dropped to Structural Equation Model (SEM) Analysis. The rest has value between 0.64 to 0.91 ranges, that it meets the criteria of convergent validity.

Discriminant validity is assessed by examining the correlations of the constructs. The constructs' correlation should not be higher than 0.85 (Gau, 2011). The result of the discriminant validity testing, the constructs' correlations are ranges from 0.046 to 0.732 that not over than 0.85 then acceptable for SEM analysis.

Table 1 Correlation between the Constructs

	tang	reli	assu	empa	resp	pers	meth	mana	comm	cult	conh	coll	sati	stra	econ	tech
tang	1															
reli	0.452	1														
assu	0.499	0.513	1													
empa	0.387	0.674	0.510	1												
resp	0.423	0.730	0.572	0.722	1											
pers	0.366	0.608	0.377	0.588	0.635	1										
meth	0.584	0.453	0.405	0.457	0.416	0.620	1									
mana	0.474	0.613	0.549	0.732	0.653	0.651	0.579	1								
comm	0.348	0.483	0.490	0.576	0.547	0.526	0.471	0.546	1							
cult	0.353	0.295	0.228	0.306	0.247	0.212	0.271	0.375	0.372	1						
conh	0.516	0.461	0.390	0.430	0.437	0.379	0.441	0.461	0.403	0.393	1					
coll	0.396	0.573	0.385	0.594	0.518	0.467	0.296	0.486	0.519	0.382	0.528	1				
sati	0.492	0.543	0.427	0.443	0.462	0.530	0.411	0.589	0.395	0.308	0.567	0.500	1			
stra	0.513	0.488	0.475	0.490	0.437	0.467	0.371	0.526	0.410	0.267	0.531	0.603	0.650	1		
econ	0.282	0.260	0.184	0.230	0.281	0.245	0.227	0.246	0.275	0.046	0.315	0.255	0.337	0.423	1	
tech	0.399	0.349	0.334	0.386	0.387	0.380	0.428	0.401	0.397	0.191	0.414	0.471	0.533	0.518	0.441	1

All variables are significant correlation at level .01

Tang = tangible, reli = reliability, assu = assurance, empa = empaty,
resp = responsiness,
pers = personal capability, meth = methodology capability,
mana = management capability,
comm = communication, cult = culture, conh = conflict handling,
coll = collaborative participate,
sati = client satisfaction, stra = trategic benefit, econ = economic benefit,
tech = technological benefit

Testing the Model

Result of the analysis of Goodness of Fit showed the value of Chi-Square = 51.738, degrees of freedom = 45, Chi-Square/df = 1.150, P-value = 0.227, Goodness of Fit Index (GFI) = 0.974, Adjusted Goodness of Fit Index (AGFI) = 0.921 and Root Mean Square Error of Approximation (RMSEA) = 0.025, which indicates the good t of model. A Goodness of Fit Index (GF) represents the overall degree of t that predicted by the proposed model ranging in value from 0 (poor) to 1.0 (perfect) Hooper et al (2008). The Adjusted Goodness of Fit Index (AGFI) is an extension

of the GFI which recommends the acceptance level at the value greater than or equal to 0.90 (Hair et al, 2010) Initial scales for proposed model provide AGFI of 0.95 that is higher than the recommended acceptance level of 0.90. All the relevant statistical measurement values indicate that the empirical data with the constructed model.

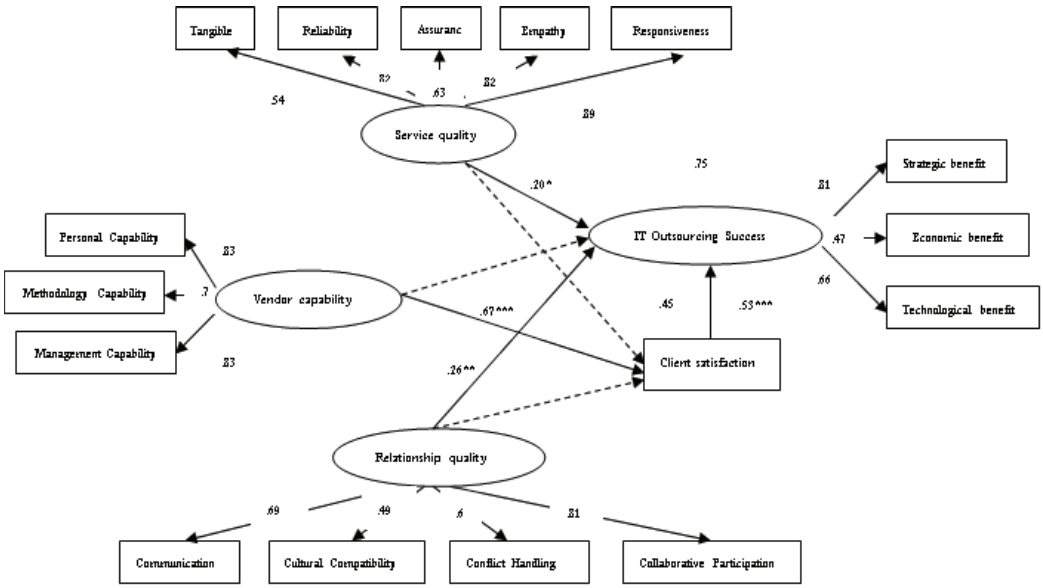
Figure 2 and table 2 present the results reached from SEM analysis. The R^2 value of 0.75 for IT outsource success implies that the model explains a considerable amount of variance and R๓ value of 0.45 for client satisfaction model implication explains a moderately amount of variance.

As shown in the figure the relationship between service quality and IT outsourcing success (beta=0.204) is statistically significant ($p<0.05$), supporting the H1, but not significant with client satisfaction (beta=0.073). Thus H2 is not supported. Vendor capability is not significant results with the IT outsourcing success, offering that H3 is not supported. Vendor capability has influence on client satisfaction (beta=0.667, $p<0.001$), supporting the H4. Relationship quality is found to have a positive impact on IT outsourcing success (beta=0.259, $p<0.05$), supporting the H5, but not significant with client satisfaction (beta=0.073). Therefore, H6 is not supported.

Table 2 Result of Standard Estimate

Causal Variable	Client Satisfaction			IT outsourcing success		
	Direct effect	Indirect effect	total effect	Direct effect	Indirect effect	total effect
Service quality	-	-	-	.204*	-	.204*
Vendor capability	.667***	-	.667***	-	-	.356***
Relationship Quality	-	-	-	.259**	-	.259**
Client Satisfaction	-	-	-	.534***	-	.534***
coefficient of determinant	R^2 = 0.45			R^2= 0.75		
Chi-square = 60.074, df = 48, p = .113, CMIN/DF = 1.252, RMSEA = .033: GFI = .970, AGFI = .916, NFI = .973, CFI = .994						

* Significant at level .05 ** Significant at level .01 *** Significant at level .001
None significant relationship path



* Significant at level .05 ** Significant at level .01 *** Significant at level .001

Figure 2 Result of SEM Analysis

Table 3 Result of Standardized Regression Weights

Latent Variable	Observed Variables	Estimate
Service quality	Tangibles	0.54***
	Reliability	0.82***
	Assurance	0.63***
	Empathy	0.82***
	Responsiveness	0.89***
Vendor capability	Personnel capability	0.83***
	Methodology capability	0.70***
	Management capability	0.83***
Relationship Quality	Communication	0.69***
	Cultural Compatibility	0.49***
	Conflict Handling	0.60***
	Collaborative participation	0.81***

***Significant at level .001

According to Figure 2, Factor Loading presented observed variable is the member of latent variable. The service quality comprises of observed variables which are tangibles, reliability, assurance, empathy and responsiveness, that are a factor loading of 0.54, 0.82, 0.63, 0.82 and 0.89 respectively. The vendor capability comprises of observed variables which are personnel capability, methodology capability, and management capability, that are a factored loading of 0.69, 0.60, and 0.69 respectively. The relationship quality comprises of observed variables which are communication, cultural compatibility, conflict handling and collaborative participation, that are a factored loading of 0.69, 0.49, 60, and 0.81 respectively.

Discussion

IT outsourcing concept believes that a firm can be focused on core business and can be faster fitting IT requirements. The utilities of outsourcing focus on core activities, cost efficiency, gain experience, increasing performance, and flexibility (Tayauova, 2012). These benefits can be assessed by the terms of IT outsourcing success, which generally approached by two standard-views; economic viewpoint, and social viewpoint. The economic viewpoint is evaluated by achieving the objective of the firm; strategic benefit, economic benefit, or technological benefit, while the social viewpoint is assessed by satisfaction of the client (Sundar, 2008). Although IT outsourcing was accepted in practice, but few organizations reported success (Han et al., 2008), thus the components of IT outsourcing success has been investigated. In this study, service quality, vendor capability, and relationship quality are employed in the model construct and examined. From the results, bring up to following discussions.

First, the result of the study found that the service quality is positively related to IT outsourcing success which is replicated similar findings in other studies (Mohamed et al., 2007); the study found that service quality is an essential factor in outsourcing success for Malaysian organizations. The results of this study could offer to a vendor on how to keep the good service to maintain customer. According to Hoffman and Bateson (2010), the service is an intangibility product which is different from goods, and the service benefit often makes it difficult for client to evaluate. In competitive terms, vendors make promises and strive to build expectations that will differentiate them in the marketplace and cause client to come to them and not to their competitors. The temptation is, therefore, to promise too much and raise expectations to an unrealistic level. When promises are taken seriously, however, the result is often dissatisfied customers.

Second, there is a relationship between relationship quality and IT outsourcing success. The results replicate similar findings in other studies (Swar et al., 2010; Qi & Chau, 2012); the study found that relationship quality is an essential factor in IT outsourcing success, which could offer some ideas on how to maintain the good relationship about interdependence. Although relationship quality is important for IT outsourcing success, there is no connection between relationship qualities and client satisfaction. The interaction between clients and vendors is complicated; it is more difficult than a specified contractual transaction-based relationship (Song & Wong, 2009). According to Kern (1997), the relationship is overused and cannot be solved by a contract; what they needed from the vendor, how money that has to be paid, and there are various clauses that have disputed. The contractual foundation builds, the term of services, products, and financial exchanges, but they do not specify that the communicating user is satisfied. From the point of relationship building, the word of partnership is always mentioned because it sounds cozy and it's good. The natural conflict has been going up through a track of interaction, is the pressure the parties get, the more difficult it becomes for the client firm to keep control. It will be caused of dissatisfaction.

Finally, the vendor capability has no relation on IT outsourcing success. There are two possible explanations for this. Firstly, the clients may feel that a specific IT function being outsourced is not directly linked to the nature of the business (Goles, 2003). Secondly, though, the IT outsourcing success is determined by vendor capability; there is a difficulty to identify vendor capability before contracting creates an environment where vendors have incentives to misrepresent their capabilities. For example, when the vendor is selected by competitive bidding, minimum cost, and the vendor has low qualified often viable proposal, confirming that they have the ability to provide high-quality services (Snir & Hitt, 2004), that is the causes of missing outcome. However, in this situation can be resolved by effective contract. There is also a significant link between vendor capability and client satisfaction. The results replicate similar findings in other studies (Goles, 2003), which study Vendor capabilities and outsourcing success: A resource-based view, the study found that the vendor capability was related to client satisfaction.

Conclusion

IT outsourcing has been accepted and expanding practice. However, the outsourced value needs to clear; literature review reveals that service quality, vendor quality, and relationship quality are the important factors to outsourcing. Many researches have investigated the aspect the successful of IT outsourcing, but they

have mainly proposed to abroad. Few researchers have been explored in Thailand. With the purpose of investigating the relationship factors to IT outsourcing success; the study has provided service quality, vendor capability and relationship quality to a theoretical framework by adopting with a transaction cost economic, resource-based view, and social exchange theory at the same time. The research model is analyzed with the sample that collected from the companied have listed on Stock Exchange of Thailand. The result shows that that service quality and relationship quality together explain an important measure of variance in IT outsourcing success, while vendor capability describes a relevant amount of variance in client satisfaction. The study has added to the cognitive knowledge of the outsourcing in Thailand where the unit studies are limited. The study has fulfilled to the understanding of the outsourcing in Thailand where the unit of study is limited. The finding also provides a guideline comprehension how to improve an IT outsourcing success in Thailand.

Contributions

This research studied a boundary condition related to IT outsourcing success in the company listed on the Stock Exchange of Thailand. Transaction cost theory, resource-based view, and social exchange theory are the main theoretical contribution of this research in the development of theoretical framework for the study. The finding shows that the service quality and the relationship quality are the key to determinants of outsourcing success. First, the service quality is important for IT outsourcing success because service quality is the core of outsourcing. The project pricing and service quality can be varied based on the level of service requirement. Then, when the service agreement was implemented, it needs accepted both from the client and vendor viewpoint, and can be evaluated in terms of agreement. Second, the relationship quality has effect to IT outsourcing success, according to prior researches, showed the relationship quality that the importance factor related on IT outsourcing success (Swar et al., 2010; Qi & Chau, 2012). The research finding supported with social exchange theory, which is explained the on-going interactive between the parties. The social exchange theory focuses on the social process of give-and-take and aim to understand the behavior of each other, contributing to the exchange under governance structures.

Limitation of the Study

Limitation of the study is that the representatives of vendor firm are not included within this study. Because it is not sure to identify the vendor which was servicing of the companies listed on The Stock Exchange of Thailand, and if

the vendor is offshore, it is difficult to collect data. Success was defined in terms of what client firms' expectations of success were. As such the study ignored the other important stakeholders in outsourcing alliances. In reality, the external service provider or vendor is equally significant in making the relationship work, and it is therefore, reasonable to expect that the perspectives of the vendor firm would impact IT success if not more, than the perspectives of the client firms.

Future Research

1. The research was studying the IT outsourcing success of client organization only. The success of outsourcing is carried out by the parties. Therefore, it should study more about the vendor organization.

2. There should be a study of the problem and the impact of IT outsourcing in various saturations, e.g. focused group on domestic outsourcing, offshore outsourcing, multi-vendor, etc.

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