

**EFFECTS OF PARTNERSHIP QUALITY ON THE
OUTSOURCING SUCCESS OF TRANSLATION SERVICE
ORGANISATIONS IN CHINA**



**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
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**EFFECTS OF PARTNERSHIP QUALITY ON THE
OUTSOURCING SUCCESS OF TRANSLATION SERVICE
ORGANISATIONS IN CHINA**

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ABSTRACT

Title of Dissertation	EFFECTS OF PARTNERSHIP QUALITY ON THE OUTSOURCING SUCCESS OF TRANSLATION SERVICE ORGANISATIONS IN CHINA
Author	Peng Li
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The translation service market in China is growing steadily with the rapid development of international outsourcing services, as well as the language service industry as a whole. Besides the traditional study scopes included in linguistics and translation, there are a few studies that focus on translation service in the scope of the outsourcing field and then adopt theories and perspectives from it. This dissertation will study translation service industry from a new perspective, focusing on its nature as a kind of outsourcing activity.

This dissertation will utilise the theories of Resource-based Theory (RBT) and Resource Dependence Theory (RDT) to analyse how different factors associated with partnership quality have different effects on the overall outsourcing success of translation service organisations in China. The following main objectives and problems of this dissertation will be discussed: (1) How the theories of RBT and RDT will be applied to analyse the effect of partnership quality on the success of outsourcing; (2) How the classic model of partnership quality and outsourcing success fits the specific conditions of the translation service industry in China from the perspective of service providers, i.e., translation organisations; and (3) What are the implications for future academic research and practical management?

This dissertation will adopt quantitative research methods. The following research processes have been completed: (1) Adapting questionnaires established by other researchers; (2) Translating and back-translating the questionnaires between English and Chinese; (3) Establishing a database of translation organisations in China and pre-testing; and (4) Distributing questionnaires and collecting data. The statistics of SPSS version 21.0 and Smart PLS version 2.0 have been applied.

Questionnaires from 173 translation service organisations in China have been collected. The results show that the factor of commitment in a partnership has positive effects on outsourcing success ($\beta=0.568$, $p<0.001$), the antecedent factor of cooperation has positive effects on building trust ($\beta=0.293$, $p<0.05$) and reaffirming commitment ($\beta=0.374$, $p<0.001$) between the parties involved, and the antecedent factor of mutual dependence has positive effects on building trust ($\beta=0.538$, $p<0.001$) and reaffirming commitment ($\beta=0.459$, $p<0.001$), but a negative effect regarding potential conflict ($\beta=-0.421$, $p<0.001$). Furthermore, the factor of commitment has partial mediating effects on the relationship between cooperation and outsourcing success (VAF=44.31%) as well as that between mutual dependence and outsourcing success (VAF=42.02%).

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

It is suggested for managers that better partnership quality should be accessed through the following ways. Firstly, managers are encouraged to strive for coordination via process integration, which conveys a sense of good will and commitment to the exchange partner. Secondly, managers must understand that there should be open and frequent communication between service providers and clients because proper communication facilitates negotiation and the transfer of information and resolves possible conflicts in any outsourcing relationship. Thirdly, service provider organizations should build up mutual dependence with their clients. Finally, some managers should adopt effective conflict resolutions for the purpose of improving partnership quality with their clients.

This dissertation has studied the effects of partnership quality on outsourcing success from the perspective of service providers, e.g., translation organisations in China.

The theories of RBT and RDT have been adopted to form the theoretical base to analyse internal and external resources and environment at the inter-organisational level. The model of partnership quality and outsourcing success has been constructed and modified from the perspective of service providers. Commitment has great influence compared to other factors of trust and conflict. The indirect relationships of cooperation and outsourcing success and mutual dependence and outsourcing success mediating through commitment also highlight the important role of commitment in the translation outsourcing process.

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

Key words: *Partnership Quality, Outsourcing Success, Translation Service Organisations, Resource-based Theory, Resource Dependence Theory*

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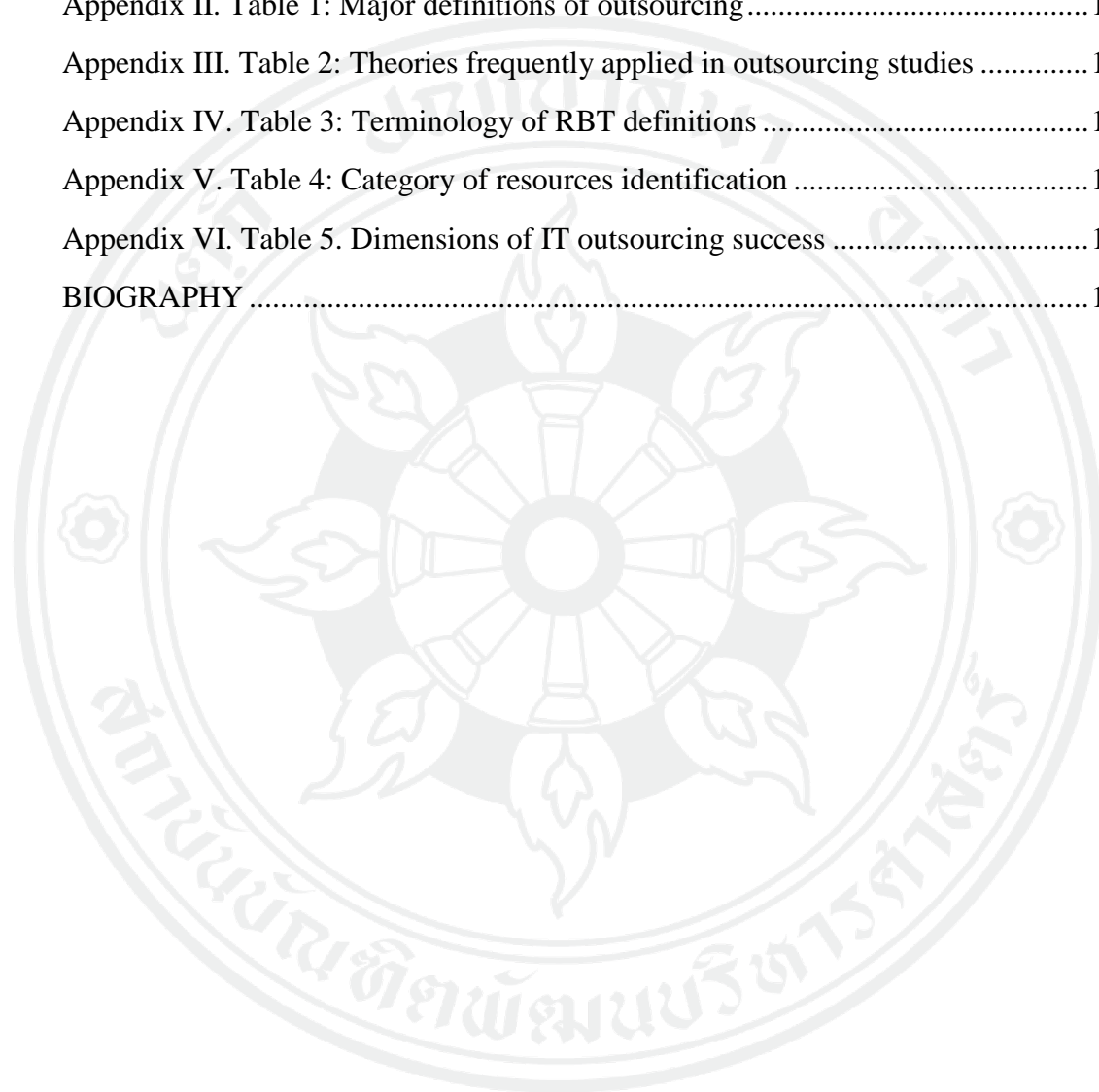
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CHAPTER 1

INTRODUCTION

This dissertation aims to study the relationship between partnership quality and outsourcing success based on the investigation of translation service organisations in China. The content of this chapter includes the general background of the study, the research problems, professional significance of the study, and limitations and implication for future research.

1.1 General background of the study

Language is the tool of communication, and translation is the bridge of understanding. The significance of translation has been known throughout the whole history of civilisation history. In modern society, translation functions as the bridge not only in cultural communication, but also in economic construction. Translation has covered almost all of the international economic events in that such activities include the translation of tender contracts, intelligence information, standards, patents, scientific and technical literature, trademarks, advertisements, introduction of businesses and products, negotiations, technological training, site construction, exports and imports, and information management. (Yiming Chen & Zeng, 2002)

The reform and opening-up policy beginning in the 1990s has boosted the fast development of the translation service industry in China, especially from 1992 to 2002 with the rapid development of information technology and the trend of transitioning from FDI to modern service industry. Outsourcing has emerged in such an environment for the purposes of reducing costs, optimising product chains, and increasing competitive capacity of core businesses. Translation service, as a necessary part of service outsourcing, has also developed much by functioning as a fundamental service

of businesses' globalisation and internationalisation. The events, no matter large or small, e.g. 2008 Beijing Olympic Games, 2010 Shanghai World Expo, or services for individuals like translation of personal documents, need translation services as well. Translation service has also become a support industry along with the growth of our economy to become second in the world. The output related to assistance and support from translation services has produced a total value of US\$22773.91 billion in the fields of international trade, absorption of FDI, investment abroad, international contracts, and cultural communication (Guo, 2012).

With the current rapid development of international service outsourcing around the world, China has paid more attention to the service trade and national culture development strategy, and the language service industry of China has embarked on a long-term scheme of country development (H. Liu, 2014). In April, 2015, the Institute of Translation Industry Development Strategy of China issued its *Report of Translation Service Industry Analysis 2014* to demonstrate that from 2012 to 2013, there were 18778 new established language service companies around the country at more than 18.5% rate of increasing, which shows the language service industry in China is a promising service industry with great potential in the era of globalisation and information (Guo, 2015).

1.1.1 Current studies on translation services

More and more scholarly attention has been drawn by this fast and large-scale developing industry (Yao & Si, 2016). Besides the traditional study scopes included in linguistics and translation, multidisciplinary studies have joined the trend. The two most popular cross-disciplinary studies are connected to project management and technology utilisation. Some researchers argue that translation should be viewed as a process including the management of project managers, time period, cost, service quality, human resources, communication, and risks (Ying Chen, 2015; Pu & Gao, 2014a; C. Wang, S. Yan, & Y. Zhang, 2011b; H. Wang & Zhang, 2014). By connecting with computer technologies, researchers focus on the specific techniques utilised in translation like DVX, SDLX, STAR, web-document management, and even mega-data (Guan & Xiong, 2015; Serhani, Jaffar, Campbell, & Atif, 2011; J. Zhang, 2009).

Multidisciplinary studies have offered more perspectives to view the process of translation. Furthermore, it is recognised that translation should be categorised into the service industry and a sub-section of service, outsourcing specifically. However, so far there are few studies that focus on translation service in the scope of the outsourcing field and then adopt theories and perspectives from it. This dissertation will look at the translation service industry from a new perspective, focusing on its nature as an outsourcing activity.

1.1.2 Current studies on outsourcing

1.1.2.1 From non-contract perspectives

One of the most distinctive characteristics of outsourcing service is that it usually lasts for a period of time in which more complicated communications happen between the clients and the providers, which means the outsourcing purpose is not limited only to financial benefits. More and more researchers have paid attention to aspect likes the success of outsourcing outside from an economic viewpoint, arguing that the nature of the client-provider relationship is of fundamental importance (Grover, Cheon, & Teng, 1996). Based on this perspective, there have been some continuous studies, of which Lee's empirical research can be viewed as significant (J.-N. Lee, Huynh, Chi-wai, & Pi, 2000; J.-N. Lee & Kim, 1999, 2003). Lee and his fellow researchers have testified to the effects of partnership quality on the success of outsourcing from both empirical and theoretical perspectives. In the studies, they have established a model of partnership quality and outsourcing success based on the theories of Power-Political and Social Exchange. After investigating 36 outsourcing organisations in South Korea, they found that components of partnership quality, namely trust, business understanding, benefit and risk sharing, conflict, and commitment are critical to the study of management of outsourcing partnerships. Then, they put forward some managerial suggestions to foster the abovementioned partnership characteristics. However, some limitations are still left for future studies: (1) the research has been focused on Information Technology Outsourcing (ITO) based on the researchers' career background and other sections, especially Business Process Outsourcing (BPO) have not been discussed; (2) they make investigations in South Korea mainly without inclusion of other countries or regions

that have different conditions; (3) almost all the studies are from the viewpoint of clients instead of providers, who are another necessary counterpart in a bilateral partnership.

1.1.2.2 Theoretical trend from economics to management

Although the theory of Transaction Cost Economics (TCE) is most broadly adopted when issues relating to outsourcing are studied, more researchers who are mainly concerned about partnership quality between clients and providers are willing to switch to the theories from management to analyse phenomena in outsourcing cooperation. Social Exchange Theory (SET), behavioural-attitudinal theory, and power-political theory have been frequently studied by the researchers (J.-N. Lee & Kim, 1999, 2003). But in reviewing the nature of outsourcing, the resource complementarity and alliance that indicate theories relating to resources should be studied. Furthermore, studies on partnership quality should investigate organisations instead of individuals. As the result, the connecting Resource-based Theory (RBT) and Resource Dependence Theory (RDT) would be a new path to analyse outsourcing issues.

1.2 Research objectives

1.2.1 Theories of RBT and RDT

RBT has been usually applied to analysing competitive advantages and strategic alliances (Fahy, 2002) but less to outsourcing relationships. RDT focuses on analysing external environments and mutual dependence between organisations (Nienhüser, 2008). Thus, how the theories of RBT and RDT will be applied to analyse the effect of partnership quality on the success of outsourcing is one of the objectives of this dissertation.

1.2.2 Improving the model of partnership quality

The model of partnership quality and outsourcing success established by Lee and his fellow researchers has been discussed and adopted by many researchers mainly in the field of IT outsourcing. As mentioned above, other aspects of outsourcing like BPO have different conditions from ITO (IT outsourcing); the model should then be adjusted and improved according to various situations other than ITO. Based on the theoretical framework and empirical studies, this dissertation will further reorganise this model for better application in other outsourcing sections like translation services.

1.3 Research problems statement

In this dissertation, the following problems will be studied:

How can the theories of RBT and RDT be applied to empirical studies of translation outsourcing services?

How does the classic model of partnership quality and outsourcing success fit the specific conditions of the translation service industry in China from the perspective of service providers, i.e., translation organisations? There are two sub-questions in detail: (1) How do the antecedent factors of partnership quality affect characteristics of partnership quality in translation service outsourcing? (2) How do the characteristics of partnership quality affect the success of translation service outsourcing from the business perspective and the organisation performance, respectively?

What are the implications for future academic research and practical management?

1.4 Significance of the research

1.4.1 Theoretical significance

1.4.1.1 Integrate RBT and RDT

Although some researchers have adopted RBT to study issues relating to outsourcing (Espino-Rodríguez & Padrón-Robaina, 2006; R. M. Grant, 1991; Gurung & Prater, 2006), it is rarely with the purpose of connecting RBT and RDT to analyse the relationship between partnership quality and outsourcing success. This dissertation supposes that both RBT and RDT will enlarge the theoretical framework in analysing

issues relating to outsourcing success, for RBT studies internal resources while RDT studies the external resources of the organisations.

1.4.1.2 Improve the model of partnership quality and outsourcing success

Some variables, including both antecedent and characteristics can be adjusted and improved, according to the theoretical framework and results of investigation for more concise, reasonable, and convenient evaluation. The model has been established mainly on the basis of the practical experience of Lee and his fellow researchers' IT outsourcing careers but with the limitation of other sections of outsourcing. The improved model is supposed to be applied in more scopes of outsourcing and offer a new perspective to study issues relating to the service industry from the relationship between the partnership quality and the outsourcing success. Other than SET, Power-political theory and Behavioural-attitudinal theory adopted by the model of partnership quality and outsourcing success (J.-N. Lee & Kim, 1999, 2005), more theories will be offered to support the model. One of the antecedent variables, mutual dependence, is controversially supposed to affect partnership quality and may be better explained through RDT.

1.4.2 Practical significance

The study findings of this dissertation will offer some pragmatic suggestions to translation service organisations in China and their clients for better cooperation from the perspective of partnership quality. From the consideration of talent cultivation in the fields of translation outsourcing service, the talent should not just be limited to translation professional techniques, but should also have a managerial background for better partnership maintenance with their clients.

1.5 Limitations and implication for future studies

Partnership quality is just one factor that will affect outsourcing success, but not the only factor. Other factors like service quality should be studied more in the future. The perspectives of providers only are not sufficient; partnership quality studied from

the perspectives of both clients and their corresponding providers will be more persuasive and comprehensive. Because of confidentiality, providers are not willing to divulge client information, especially their important clients who have long-term contracts and cooperation with them. Moreover samples from other industries and cultures can be tested, not limited to translation service organisations in China.



CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter will illustrate the theoretical basis of the research, i.e., RBT (RBT) and RDT (RDT), and the independent and dependent variables based on the original conceptual model established by Lee (1999). Then, the relationship between these variables will also be elaborated clearly; thus, the final conceptual model of this research should be constructed accordingly.

2.1 Literature Review

2.1.1 Research context

2.1.1.1 Translation service organisations in China

According to the study report, the market output value of global language service outsourcing has accounted about for 4-5% of the international service outsourcing industry around the world (Guo, 2012). The Chinese government has boosted the development of service outsourcing in recent years, which has also been mentioned in the national plan. Until 2010, outsourcing service providers had undertaken outsourcing contracts valued at about US\$27.4 billion (Guo, 2012). In the context of the rapid development of international service outsourcing around the world, China has paid more attention to the service trade and national culture development strategy, and the language service industry of China has joined a long-term scheme of country development. *Report of Language Service Industry in China 2012* states that by the end of 2011, the number of language service organisations was 37,197, and about 1,190,000 of the staff are working in this industry who have produced about RMB 157.6 billion (about US\$2.3 billion) of output value (Guo, 2012). In April 2015, the Institute of Translation Industry Development Strategy of China issued its *Report of Translation*

Service Industry Analysis 2014, which demonstrates that from 2012 to 2013, there were 18,778 new established language service companies around the country with more than 18.5% increase rate, which shows that the language service industry in China is a promising service industry with great potential in the era of globalisation and information (2015).

The translation service markets in China are stably increasing along with the perfection and development of the Chinese market economy and moreover, the globalisation of the economy, technology, resources, and cultures has boosted this market to a great extent. Meanwhile, the professional management the in translation industry becomes more and more important from the aspect of general industrial management to specific project management, translator management, and documentation management. The translation service organisations in China have improved into a modern service industry based on high knowledge, technology, advanced managerial approaches, and operational and organisational structures with the purpose of serving society (W. Zhang & Tian, 2012). The studies on translation management by connecting both management and translation have developed in these years, especially after 2000. So far, the main trends in translation management in China focus both on technology and projects.

1) Translation technology management

The technology management studies range from single software or tool to system and even Cloud computing technology (mega-database). The translation industry is a traditional field included in the language service industry with a long history until the dramatic development began in the 1980s with the broad utilisation of computers and then the Internet from the 1990s. Thus, computer and Internet technologies are the important signal before which the translation industry was at the stage of manual operation, but after which it became a real industry with large-scale production under standardised management (S. Zhang & Peng, 2016). Some commonly used computer aid translation tools like DVX, SDLX, and STAR have been studied in terms of their strengths and weaknesses in terminology management, translation memory management, and translation management in order to help translators, agencies, and

clients choose the proper tool (J. Zhang, 2009). The purpose of building up a translation computer system is mainly for terminology management to achieve consistency and efficiency and then transform the terminology resources into language assets for future translation practice (Kang, Wei, & Qu, 2015). Furthermore, adopting Cloud computing in translation technology has attracted more and more attention of researchers, for it allows a large number of translators to work and cooperate simultaneously based on the service platform with a reasonable allocation of resources to achieve higher quality but at a lower cost (P. Zhang & Guang, 2013).

2) Translation project management

Besides translation technology management in detail, the project management covers broader aspects from macro-industry management to specific process management, and then the perspective of project management becomes a trend. According to the process of translation, some researchers studied the translation project by dividing it into several stages like before, during, and after translation project management, exploring issues at each stage (Ying Chen, 2015). Some studies have considered the special characteristics of translation projects in terms of program management and portfolio management of multiple projects, the procedures and critical factors of single projects, and the significance of project team-building and communication management (Pu & Gao, 2014b). Most researchers focus on process management studies in which they discuss details of the definition of translation project management, the framework and design of the process, and quality standardisation and control (Guan & Xiong, 2012; Zheng & Huang, 2013). From the results of translation project management, some researchers, especially those from higher education institutions have paid attention to translation human resources training in the orientation of project translation instead of traditional translators. They argued that professionals with both translation skills and project management skills should be cultivated and a curriculum or courses should be developed in educational institutions. Furthermore, the theoretical framework and the curriculum or courses designed have been put forward by some researchers after their practical investigations (C. Wang, L. Yan, & Y. Zhang, 2011a; H. Wang, 2014; Zhou & Wu, 2015). There are a few studies from the macro-perspective, i.e., organisational management for the purpose of constructing a

translation service organisation management model covering the aspects of management in translators, process, quality, marketing, and tech-aid tools (Q. Li, 2009).

Although the studies mentioned above have covered the major aspects relating to translation management, its nature should be further explored, i.e., a kind of service outsourcing that can be traced from the definition of translation management, referring to a translation organisation or system that provides translation services and value-added services by using its owned resources through professional translation processes or work processes, including major contents like project management, process management, human resources management, client maintenance, quality management, and risk control (Guan & Xiong, 2015). The original nature of translation services is implementing outsourced translation contracts signed between the clients (outsourcers) and the providers (translation organisations). Thus, the issues relating to outsourcing should be discussed for better understanding of the translation service industry. Meanwhile, the nature of translation service is a kind of outsourcing in which the issues all relate to resource utilisation and allocation. Thus, the theories used in studying resources like RBT and RDT are to be applied.

2.1.1.2 Outsourcing

1) Definition and types of outsourcing

The studies on outsourcing have continued from the term's coinage in 1963 (Dibbern, Goles, & Hirschheim, 2004) and a variety of definitions have been put forward by researchers (See Table 1 in Appendix II). Generally speaking, outsourcing can be divided into three types: ITO (Information Technology Outsourcing), BPO (Business Process Outsourcing) and KPO (Knowledge Process Outsourcing).

Drawing from the above definition, the characteristics of outsourcing can be identified as: (1) a strategic decision of one organisation for the purpose of improving its competitiveness by reducing cost, shortening product cycles, focusing on its core business; (2) the business these client organisations contracting outside is the non-core one that will not influence its major function; (3) most of the outsourcing functions are IT or related fields; (4) the outsourcing providers are professionals in a certain field.

2) Translation service belongs to BPO

According to the definition, characteristics, and types of outsourcing, the conclusion can be drawn that translation service should be categorized into BPO for the following reasons: (1) from the perspective of client organisations, translation issues are not their core business but can reduce the cost and focus on their core business if they outsource such work; (2) translation service is absolutely a non-IT business function, for it is a part of the operation processes in which a variety of translation activities will be included (the details have been mentioned in Chapter 1); (3) the client organisations will outsource translation business to providers with more specialized expertise, i.e., translation organisations that employ talents (translators) who have been cultivated and trained much more professionally.

2.1.1.3 Theoretical framework of outsourcing

Since outsourcing is a complicated business covering almost all aspects of operational activities mentioned above, researchers have examined it from different perspectives of theories classified as either economics or management. Some are usually applied and tested practically. A few researchers have studied the coherent theoretical framework by synthesising several theories for better understanding of outsourcing strategy and then for use in direct empirical research (M. J. Cheon, V. Grover, & J. T. C. Teng, 1995). (See Table 2 in Appendix III)

One of the frameworks (M. J. Cheon, V. Grover, & J. T. Teng, 1995) been put forward to provide guidance when examining a variety of contingency variables related to outsourcing in a consistent and cumulative manner in which the four different theoretical concepts, namely RBT, RDT, ACT, and TCT are interrelated. Furthermore, this contingency framework implies some future studies in the field of outsourcing. For instance, based on RBT, companies who have perceived assessments of value, rareness, imitability, and substitutability would like to outsource their resources. RDT supposes that companies will examine their extra environmental resources and then set up partnerships with their counterparts to have more power and control in the outsourcing relationship. In contrast to the strategic considerations of RBT and RDT, TCT considers

outsourcing issues from an economic perspective, which argues that companies should outsource those functions with low asset specificity to the outsourcing providers who have advantages in production efficiency and labour specialization. However, increasing transaction costs will lead to uncertainty in the relationship; thus, goal congruence between the outsourcing partners would be the solution to decrease the costs to ‘enforce tight contracts’ according to agency cost theory.

2.1.1.4 Applications of RBT and RDT in this study

From the frequently applied theories in the studies of outsourcing, the nature of outsourcing should not be forgotten, i.e., the resources’ complementarity and perfection. Then, the theories relating to resources should be examined from the perspective of not only inner resources but also external ones, i.e., RBT and RDT. Furthermore, issues relating to partnership should be discussed at the level of organisations instead of individuals. Then the theories focused on organisations are necessary, and thus RBT and RDT are most suitable.

As has been elaborated above, RBT is usually applied to analyse issues relating to internal resources and capabilities of one organisation. For those translation service organisations, human capital including managerial personnel, marketing and sales persons, and translators (both full-time and part-time), etc., the organisational capital like translation database, technologies, and standards, etc., and the management capabilities of how to manage those resources efficiently and moreover, the capacities to establish partnership with their clients based on such resources and capabilities.

As for the external relationship, RDT plays a very important role in analysing it. Partnership between those translation service organisations and their clients is a type of resource control and power balance. It will be fairer to providers by allowing them to enhance the autonomy of their own resources and capabilities to produce more interests.

2.1.2 Related theories and literatures

2.1.2.1 Resource-based Theory (RBT)

1) Definition

(1) Original definition of Barney

Through further studies on previous researches of resource-based view (Wernerfelt, 1984a), Barney paid attention to the competitive nature of resources which are not homogeneous and mobile in the market and then put forward his own review of resources:

... the resource-based view of the firm substitutes two alternate assumptions in analyzing sources of competitive advantage. First, this model assumes that firms within an industry (or group) may be heterogeneous with respect to the strategic resources they control. Second, this model assumes that these resources may not be perfectly mobile across firms, and thus heterogeneity can be long lasting (J. B. Barney, 1991).

The specific terminology has been concluded as follows for better understanding of the definition. (See Table 3 in Appendix IV)

2) Logic of RBT

Understanding RBT should first make clear the fundamental concept of 'resources'. According to different researchers' opinions, a variety of categories have been formulated (See Table 4 in Appendix V).

The two assumptions relating to firm-based resources are the foundation of the logic of RBT. (1) In the same industry, different firms can possess different resources. Such a heterogeneity assumption will lead to the result that some firms can take advantage of their special resources to complete certain tasks better than others (M. Peteraf & Barney, 2003). (2) If the special resources the firms possess are difficult to transact among other firms, then the firms who own the resources can maintain their competitive status for a long time, i.e., the resource immobility assumption (J. Barney & Hesterly, 2012). To sum up,, the logic of RBT is that if a firm possesses valuable resources that few other firms have, and if these other firms find it too costly or difficult to imitate these resources, then the firm controlling these resources likely can generate 'more economic value than the marginal (breakeven) competitor in its product market' and then achieves a sustained competitive advantage (SCA) (J. Barney & Clark, 2007).

3) Research history of RBT

Twenty years after the establishment of RBT, Barney concluded the theory life cycle in a special issue of the *Journal of Management* as three stages: introduction stage, growth stage, and maturity stage (J. B. Barney, Jr., & Wright, 2011). The main characteristics of each stage will be drawn from the descriptions of those researchers' contributions to the development of RBT.

(1) Introduction stage

During this stage, researchers mainly focused discussions of the basic knowledge to set up a new theory. (1) Some fundamental ideas should be illustrated such as the distinctions between 'resources' and 'products'. Then, the characteristics of resources have been articulated like valuable, rare, inimitable, and non-substitutable (J. B. Barney, 1991). (2) Resources have been strengthened as a very important advantage to be competitive in a diversified market. Resources will influence growth (Dierickx & Cool, 1989). (3) Some factors will be categorised as resources of one firm, e.g., organisational culture (J. Barney, 1986), CEOs (Castanias & Helfat, 1991), and organisational identity (Fiol, 1991).

(2) Growth stage

After the first stage of development, researchers have broadened their views to other fields by utilising RBT as a base. (1) Combining with other concepts or theories to delineate RBT further, e.g., distinctive competencies, organisational economics, and theories on industrial organisation (Mahoney & Pandian, 1992), institutional theory (Oliver, 1997), the concept of dynamic capabilities (Teece, Pisano, & Shuen, 1997). (2) Deriving some spin-off concepts like a knowledge-based view of the firm (R. Grant, 1996; Kogut & Zander, 1992), or natural-resource-based view of the firm (S. Hart, 1995). (3) Testing some effects between resources and other factors of a firm, e.g. organisational performance (Miller & Shamsie, 1996), the organisation of economic activity (K. R. Conner & Prahalad, 1996), excess profits appropriated by various stakeholders (Coff, 1999), and the choice of organisational form (Combs & Ketchen, 1999).

(3) Maturity stage

From 2001 until 2010, researchers looked into RBT much further in discussing more specific issues. (1) Contributing to other studies, e.g. entrepreneurship research (Alvarez & Busenitz, 2001), human resource management (Wright, Dunford, & Snell, 2001), scarce resources purchasing (Makadok & Barney, 2001), property rights theory (K. Foss & Foss, 2005). (2) Furthering the studies on micro-foundation capabilities in terms of excess profits (Makadok, 2001), payments perspective (Lippman & Rumelt, 2003), the concept of higher order capabilities (Winter, 2003), the roles of cognition and hierarchy (Gavetti, 2005), and superior enterprise performance in an open economy (Teece, 2007). (3) Arguing RBT as a useful theory of strategy and organisation through debating from a variety of perspectives (Ireland, Hitt, & Sirmon, 2003), using meta-analysis to explain variance in performance (Crook, Ketchen, Combs, & Todd, 2008).

4) Current research conditions

After nearly 60 years since development from the resource-based view has been initiated, RBT has experienced all three stages mentioned above with fruitful outcomes both in theoretical and empirical studies.

(1) Theoretical research development

As a new theory distinct from traditional theories applied in industrial organisational economics, RBT has been studied in connection and comparison with other theories frequently to test whether it should be a theory of organisation. Some representative organisational theories or opinions have been put forward to be compared, e.g., Neoclassical Perfect Competition Theory, Bain-type Industrial Organisation, Schumpeter's Response on Dynamics, Price Theory, Transaction Cost Economics from the perspectives of firms as combiners of inputs, output restrainers, seekers of new ways of competing, seekers of production and distribution efficiencies, and avoiders of costs of market exchange, respectively. Then, the conclusion has been drawn after the scrutiny of the elaboration as (1) RBT both incorporates and rejects at least one major element from each of the theories or opinions above; (2) RBT reflects a strong heritage of industrial organisations, but incorporates fundamental differences from any one of the theories. Then it cannot be denied that RBT is a new theory of firm (Kathleen R Conner, 1991). Furthermore, the transaction cost economics theory (TCE) is the most frequent one to be compared with RBT in the analysis of strategic alliances. The researchers argue that the primary motivation of strategic alliances is the access to resources within a short time to acquire them in order to develop the market. Thus, RBT has prevailed over TCE to explain alliance activities (Yasuda, 2005). In the special issue for the establishment of RBT for 20 years, Barney and his fellow researchers (J. B. Barney et al., 2011) have developed some other perspectives interlinking with RBT, e.g., three mechanisms (rivalry restraint, information asymmetry, and commitment timing) other than competitive advantage to be the sources of profit (Makadok, 2011), a rationale for and effects of diversification by integrating with ideas from organisational economics, new institutional economics, and industrial organisational economics (C. Wang et al., 2011b), and organisational identity as a core competence leading to sustained competitive advantage (Fiol, 2001).

As a mature theory, RBT has been criticised by a variety of opinions along with its development. The most remarkable critiques are that using RBT does not align with the objectives and activities of operations management researches three ways: (1) Using SCA as the dependent variable of RBT is difficult to measure; (2) Measuring resources

which are valuable, rare, and hard to imitate is difficult; (3) Prescription is problematic in that you cannot prescribe things that firms can readily implement (Bromiley & Rau, 2016). In response, some researchers (Hitt, Carnes, & Xu, 2016) argued that RBT should continuously be suitable for research operation management. Besides this outstanding critique and the response, there is a comprehensive and objective critique that will be elaborated into the following 8 categories and assessed one by one (Kraaijenbrink, Spender, & Groen, 2010).

(2) Empirical research development

For the aspect of empirical studies, some specific fields or subjects have been testified and discussed.

(1) Strategic alliance is the most frequent topic among researchers. The first focus of this topic is the relationship between resources, capabilities in RBT, and strategy. Grant has put forward a framework for understanding this (Fig 1) (R. M. Grant, 1991), and he also pointed out that resources and capabilities are the foundation for strategy in that they are the primary constants for a firm to establish its identity and frame its strategy and they are also the primary sources of a firm's profitability. The second important focus is the motivation of strategic alliances, which has been neglected by many studies (Tsang, 1998). In the paper of Das (T. K. Das & Teng, 2000), RBT covered four major aspects of strategic alliances: rationale, formation, structural preferences, and performance. They proposed a typology of inter-partner resource alignment based on the two dimensions of resource similarity and resource utilisation. In the high-tech industry, some researchers have explored further the different forms of technology-driven strategic alliances based on RBT and TCE (Yasuda, 2005).

(2) Other empirical studies by applying RBT in the field of outsourcing have been discussed in a broad view since this theory has developed maturely as mentioned in above section. Some researchers have linked corporate social responsibility (CSR), RBT, economic models of private provision of public goods, and pricing models demonstrate how RBT can provide a way to determine the strategic value of CSR. Then, they discussed how CSR can contribute to SCA (Williams & Siegel, 2011). The

relationship between environmental performance and economic performance with the moderate effect of industry growth based on RBT has been tested. The researchers have drawn out many implications both academically and practically on the firm's strategy of growth by considering social issues (Russo & Fouts, 1997). Since organisational resources have been defined by Barney, some researchers studied the integration of specific resources like organisational learning to test whether it is a strategic capability that RBT should incorporate into its model to explain the process of achieving a sustainable competitive advantage (K. A. Smith, Vasudevan, & Tanniru, 1996). Some studies have discussed performance management from the perspective of RBT (Hitt, Xu, & Carnes, 2016). In the IT industry, some researchers have specified its own resources and then tested the positive relationship between IT capability and higher profit ratios and lower cost ratios, which can both be categorised as the financial performance of a firm (A. S. Bharadwaj, 2000). In the industry of export ventures, it is supposed that relationship management capabilities will positively affect superior export performance (Spyropoulou, Skarmeas, & Katsikeas, 2010).

2.1.2.2 Resource Dependence Theory (RDT)

1) Basic knowledge of RDT

There are five basic arguments of RDT: (1) the fundamental units for understanding intercorporate relations are organisations; (2) organisations are interdependent on other organisations; (3) uncertainty is the original reason for organisations to be dependent upon each other; (4) organisations continuously take actions to manage external resources and produce new interdependence; and (5) these new interdependences produce inter-organisational power that will affect certain organisational behaviours.

To understand the definition of RDT, the core concept of 'organisations' should be elaborated clearly. RDT defines organisations as settings 'in which groups and individuals with varying interests and preferences come together and engage in exchanges' and also recognised as 'once established, patterns of interaction are likely to persist' (Pfeffer & Salancik, 1978). Furthermore, RDT treats organisations as units of analysis. Thus, there is some concern for how inter-organisational power becomes

intra-organisational power and transforms organisational actions (Pfeffer & Salancik, 1978). Moreover, the perspective treats so contextual imperatives as affecting the organisation, and analyses inter-organisational behaviour in terms of the requirements for survival and acquiring resources that affect the organisation as a unit (Pfeffer, 1987).

Since Pfeffer didn't provide the causal framework by interconnecting propositions, this one has been offered for the first time to show the internal logic between the variables contributing to RDT. To understand how environment, organisations, and organisational decisions or actions connect and relate to each other, some researchers (Nienhüser, 2008) have extended Pfeffer/Salancik's diagram. The environment is the source of uncertainty that changes in terms of distributing critical resources in the environment. If one organisation owns more resources, it has more power and fewer connections between other actors; thus, uncertainty will be reduced due to the decrease of conflicts and interdependencies. Uncertainty becomes more important when one organisation lacks critical resources, which will lead this organisation to be more dependent on other actors, and then more power will be lost. Pfeffer (2003) has pointed out that an 'organisation will tend to be influenced by those who control the resources they require'.

2) Current research conditions

(1) Theoretical research development

RDT has been contrasted frequently with the power-based exchange view of Emerson's classic statement, for they are considering social matters and power of organisations. Another theoretical research trend in RDT is to connect it with Stakeholders Theory (SH). RDT has the major tenets to describe the actions of organisations that will develop ways to deal with stakeholder influence strategies. Thus, from the perspective of RDT, organisations need to acquire and maintain resources and avoid uncertainty to meet their objectives. Control of organisational resources from stakeholders in the external environment must subsequently be managed in addition to any uncertainty that might affect interactions and relationships with those important stakeholders (Corcoran, 2003).

Besides the integrations with some salient theories mentioned above, some researchers suggest the combination of RDT and RBT may be greatly productive (Hillman, Withers, & Collins, 2009). Because both theories focus on resources, complementary internal and external, which will offer new insights into organisational resource endowments. In their opinion, the combination of the two theories may explain how organisations obtain competitive advantage by obtaining certain resources from the external environment. Moreover, comparing the two theories allows further consideration of how organisations specify internal resource needs and how organisations obtain external valuable resources.

(2) Empirical research development

RDT has been applied very broadly in the empirical studies, e.g. mergers/vertical integration, joint ventures and other inter-organisational relationships, boards of directors, political action, and executive succession. Some researchers have conducted empirical studies (before 2009) around these topics (Hillman et al., 2009). However, there are still some new fields that have adopted RDT as a theoretical base to analyse specific issues.

Some public management issues beyond compliance with occupational health and safety programs by utilising RDT has been studied (Corcoran, 2003). This dissertation argued that companies that participate in a well-known, beyond compliance safety program (going by the acronym VPP), do so due to the value of participation as a means of influencing expressions of power on the part of various stakeholder groups. The relationship between customer and supplier has been developed and tested through the explanatory power of RDT in order to understand better a firm's decisions to pursue relational exchanges (Fink, Edelman, Hatten, & James, 2006). Furthermore, the relationship of buyer-supplier and decision-making in the context of outsourcing has also been tested from the perspective of RDT (Caniëls & Roeleveld, 2009). In this case study research, a new perspective views power and dependence as visible involving the maintenance of capital assets, since the major reason for outsourcing has changed from cost considerations to a strategic choice. Thus, the outsourcing relationship seems to be influenced more and more by power and dependence considerations, not only to cost

reduction motives. Further in the discussion about the inter-organisation relationship trust is a core topic to focus on through RDT. One of the meta-analysis combines the three major theories of TCE, SET, and RDT to test inter-organisational trust (IOT) relationships (Zhong, Su, Peng, & Yang, 2014). Through the research, the conclusion has been drawn that dependence in RDT on valued resources/capabilities leads to firm competence-based IOT, which means although a firm wants to cooperate with a third-party partner to reduce dependence, the competitive dependence may motivate it to remain in cooperation with the initial powerful partner.

2.1.3 Conceptual foundation model of partnership quality and outsourcing success

2.1.3.1 Relationship models

The conceptual model focusing on relationship quality was established in the 1990's (J. B. Smith, 1998). In this model, three major factors have influenced relationship quality: trust, satisfaction, and commitment. Trust has been viewed as the foundation of satisfactory interactions and on the other hand, satisfaction plays the role of strengthening bonds of trust, and a valued relationship will be maintained by commitment. Thus, trust, satisfaction, and commitment are intimately intertwined in assessments of the quality of a relationship. Key factors of relationship management determine relationship quality. The similarity of the parties is thought to influence both relationship quality and relationship management.

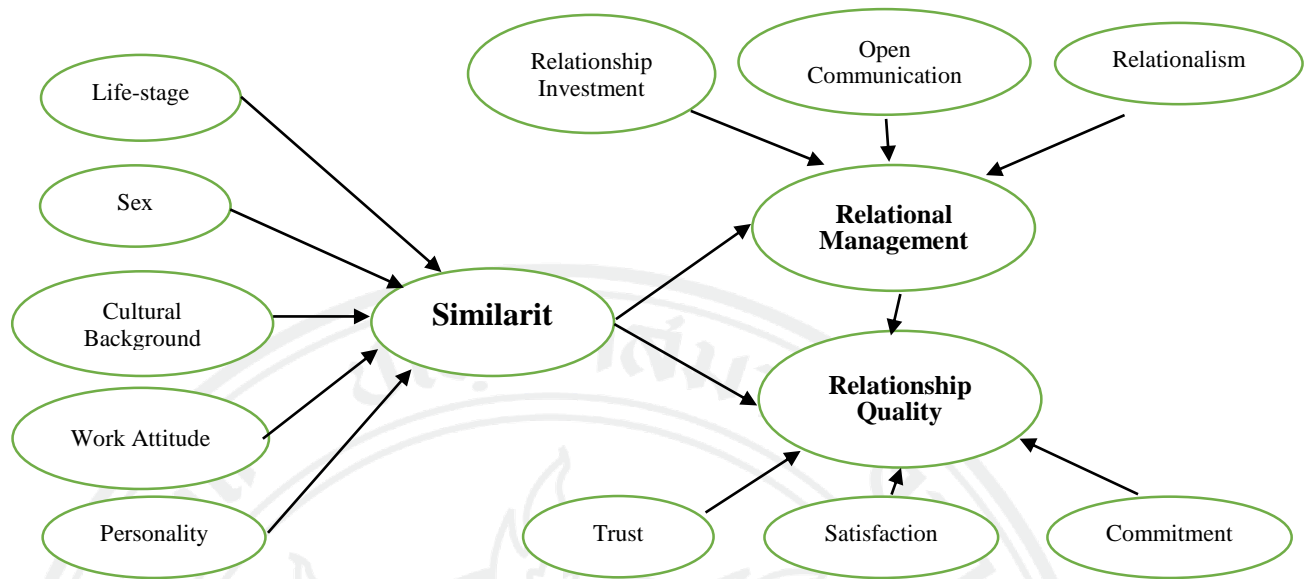


Figure 2.1 Model of factors of relationship management

Source: J. B. Smith (1998)

More specific studies on the determinants that will affect the relationship quality have been conducted to set up a framework (Parsons, 2002). The researcher considered that the relationship quality depends on the nature of organisations related, the individuals in the organisations, and the nature of the situation. Thus, two dimensions of variables have been discussed in the model: interpersonal and relationship. Interpersonal variables are the characteristics of individual company representatives, while relationship variables describe the nature of relationship between buyer and seller organisations.

However, all these partnership models are based on the buyer-seller relationship instead of the specific outsourcing relationship, which is also categorized as such a relationship because service outsourcing is actually a trade between the clients and the providers. Given the fast development of service outsourcing around the world, the relationships between outsourcing clients and their providers have attracted more and more interest on the part of researchers.

2.1.3.2 Initiation of the ‘model of partnership quality and outsourcing success’

1) Grover’s model

Grover et al. (1996) put forward a conceptual model to test how the service quality and partnership affect outsourcing success. However, in this model, the variable of partnership is just a mediating variable to influence outsourcing success, although the results show that partnership can enhance the chance of success. This study has supported the relationship between those elements of partnership, i.e. trust, communication, satisfaction, cooperation, and the perceived achievement of benefits.

Grover et al. have pointed out that future studies can further look into the specific conditions for the difficulties to set up and maintain the elements of partnership that are useful and can foster good relationships between the outsourcing clients and providers. Later, some researchers, especially Lee et al., have focused on the studies of the relationship between partnership quality and outsourcing success continuously based on the theories mainly in the scope of management instead of economics.

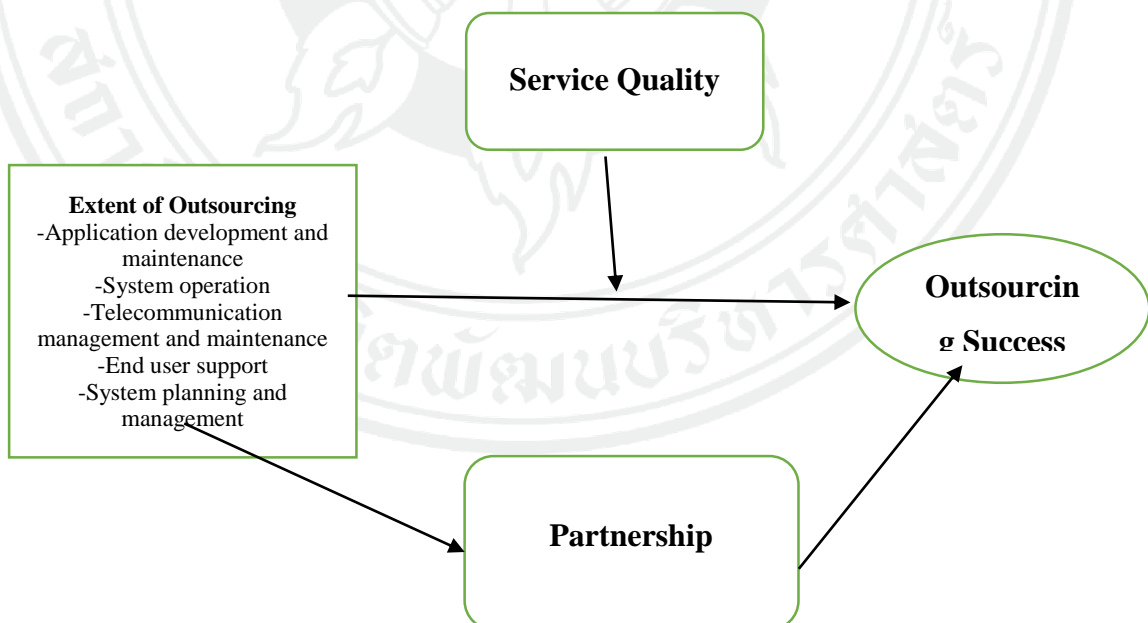


Figure 2.2 Grover’s model of outsourcing success

Source: Grover, Cheon, and T.C.Teng (1996)

2) Lee's model

Based on the model of Grover's mentioned above and theories of Social Exchange and Power-Political, Lee and his fellow researchers developed a model on the relationship only between partnership quality and outsourcing success (J.-N. Lee & Kim, 1999) as follows. This model has first distinguished the components of partnership quality from its determinants, i.e. the variables that affect it, and then it examined the relationship between partnership quality and outsourcing success from a social rather than economic perspective.

Partnership quality in this model consists of five components: trust, business understanding, benefit and risk sharing, conflict, and commitment. According to the study results, partnership quality has been affected by several factors, including participation, communication quality, knowledge sharing, length of relationship, mutual dependency, and top management support (J.-N. Lee & Kim, 1999). In their research, they have identified trust, business understanding, benefit and risk sharing, conflict, and commitment as the components of partnership quality, which is very important to the study and management of outsourcing partnerships. Moreover, in practical management, the conclusions will suggest that the components of partnership quality are key to the process of establishing good relationships with their service providers (J.-N. Lee & Kim, 1999). The following figure shows this research model in detail.

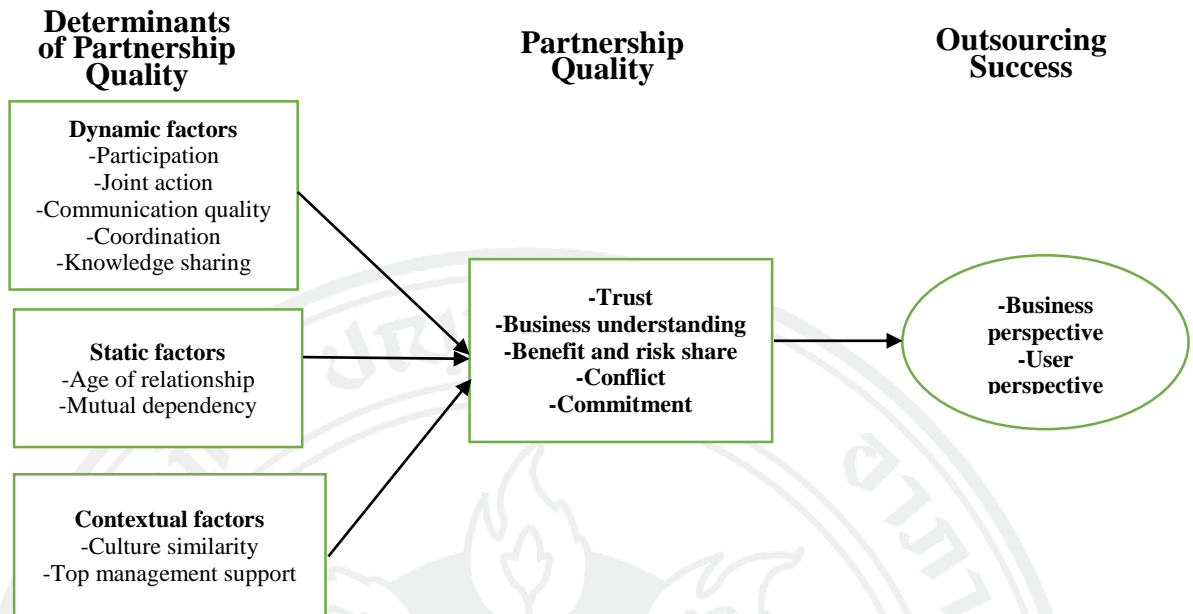


Figure 2.3 Lee's model of partnership quality and outsourcing success

Source: J.-N. Lee and Kim (1999)

2.1.3.3 Lee's self-test of the model

After Lee and his fellow researchers developed the model of partnership quality and outsourcing success in 1999, further studies have been conducted. In 2003, they set up a causal model to testify the previous studies, especially the original framework of partnership established by Henderson (1990) in which two dimensions namely partnership in context (PIC) including mutual benefits, commitment and predisposition, and partnership in action (PIA) including shared knowledge, distinctive competency and resources, and organisational linkage. In the revised model, three attitudinal variables played a role of intervening between the effect of behavioural variables and outsourcing success (J.-N. Lee & Kim, 2003). The findings indicate that the proposed model has more significant paths and power than the rival model in assessing the relationship between partnership quality and outsourcing success. Meanwhile, the rival model in which all the variables have direct effect on outsourcing success has been compared with the proposed model.

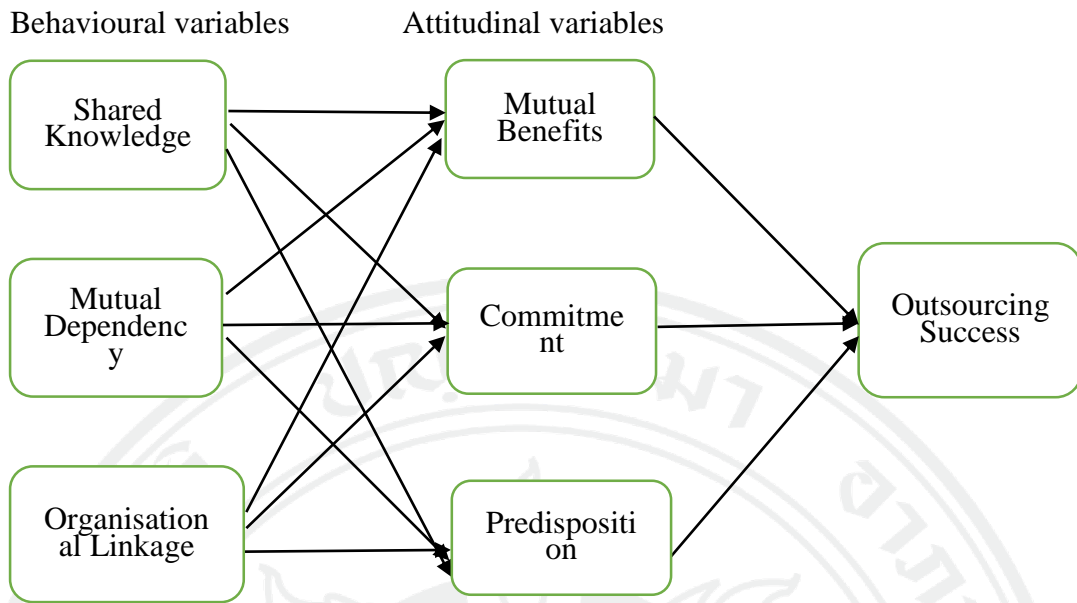


Figure 2.4 Lee's proposed model of outsourcing success

Source: J.-N. Lee and Kim (2003)

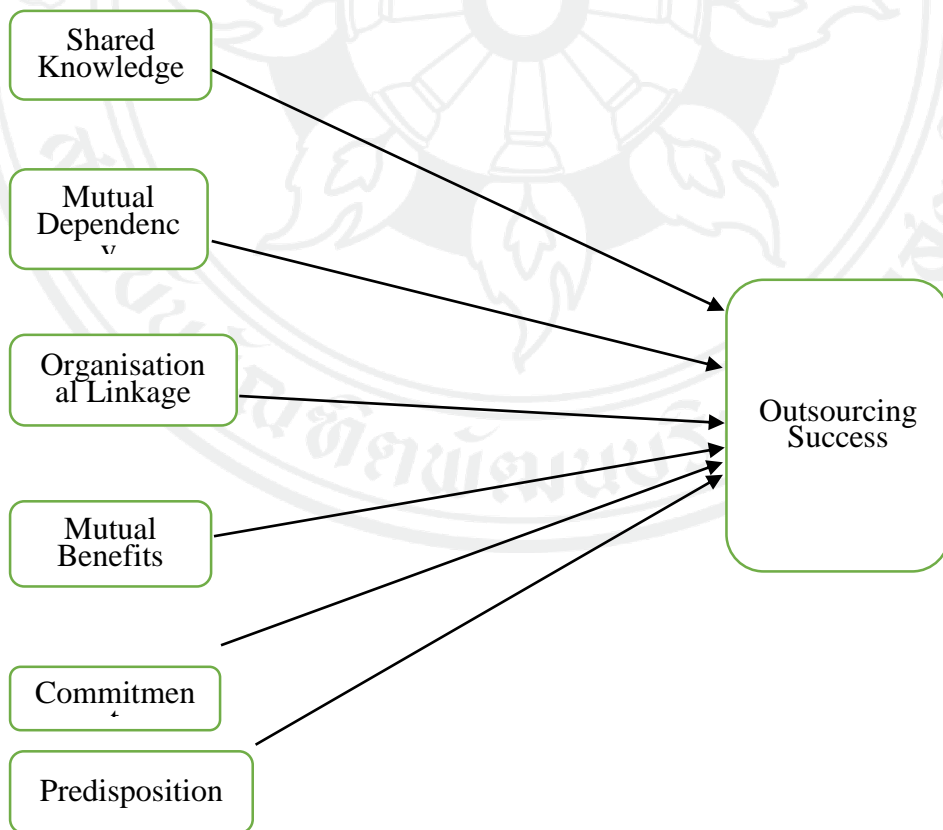


Figure 2.5 Lee's rival model of outsourcing success

Source: J.-N. Lee and Kim (2003)

The significance of this research is not only just comparing the two models; distinguishing behavioural variables from attitudinal ones is essential to understand outsourcing partnerships better. As the researchers mentioned in this research, if all these attitudinal variables are taken for granted as merely the independent variables that affect outsourcing success in the rival model, their values will be underestimated when researching outsourcing relationship. All these attitudinal variables are the core to establishing high-quality partnerships between the partners based on the better understanding of the process of relationship-building. It should be argued that outsourcing relationship is dynamic with continuous interactions and changes (J.-N. Lee & Kim, 2003).

In addition to the theories mentioned above, Lee and his co-researchers have proven the model from other theories, namely Behavioural-Attitudinal Theory and Theory of Reasoned Action to develop the other two alternative models based on the original framework of Henderson's (1990) and his own one (J.-N. Lee & Kim, 1999). The results are shown as follows:

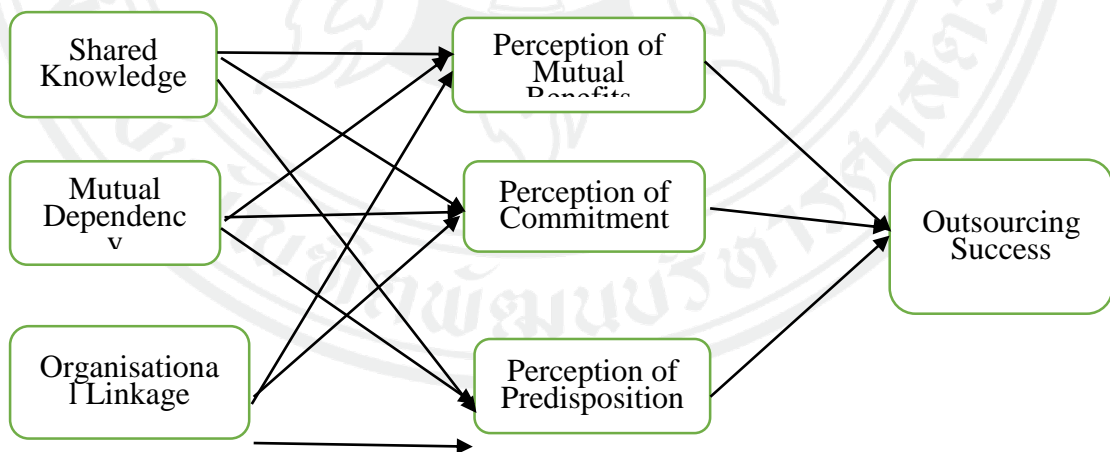


Figure 2.6 Model based on behavioural-attitudinal Theory

Source: J.-N. Lee and Kim (2005)

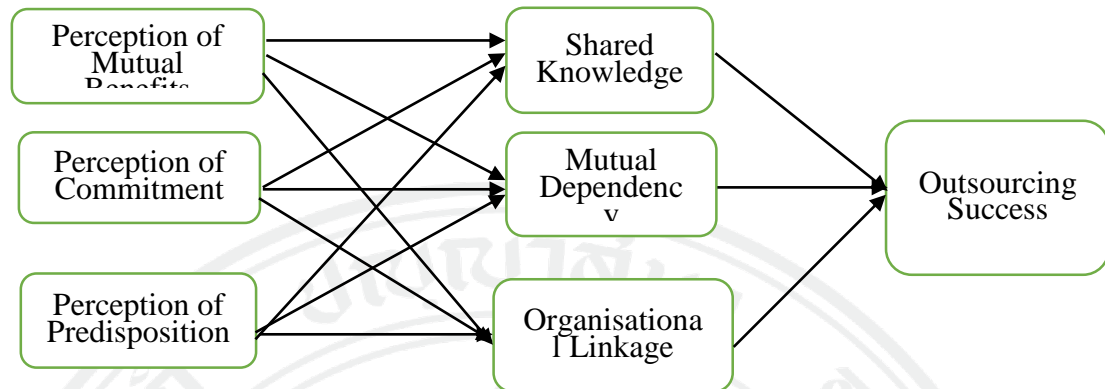


Figure 2.7 Model based on Theory of reasoned action

Source: J.-N. Lee and Kim (2005)

Through the comparisons between the above two models based on different theories, the results show that the model based on behavioural-attitudinal theory has the better fit measuring effects than the second model based on the theory of reasoned action. This has strengthened the previous causal model, which has shown the significant values of attitudinal variables intervening in the relationship between behavioural variables and outsourcing success. It can be concluded that the behavioural-attitudinal theory in these studies has the most important role in understanding outsourcing relationships. The behavioural variables should be distinguished from the attitudinal variables, which has supported the original model of partnership quality and outsourcing success established by Lee and his fellow researchers more convincingly on a theoretical basis. Thus, the model of this research should also be built by considering all the previous empirical studies with abundant theoretical support and practical investigation.

2.1.3.4 Improvement of Lee's model

1) Limitations of Lee's model

Although Lee's model has been tested well both from the perspectives of theory and practice, there are still some limitations that can be overcome in future studies.

The model analysed only the relationship between each antecedent factor and the partnership quality instead of each variable of the characteristics of partnership quality, e.g., the effect between participation and trust. Additionally, there is no such relationship analysis between partnership quality and outsourcing success like trust and business perspective. Secondly, the model has been based on the perspective of clients instead of providers or both partners with the samples were from South Korean outsourcing corporations. Thirdly, since Lee had working experience in IT outsourcing industry, the studies were focusing mainly on this field with the limitation of generality on other fields of outsourcing like business process outsourcing (BPO) and knowledge process outsourcing (KPO).

2) Revisions on the model

From the above limitations, more improvements should be made in further studies on this topic. Thus, this dissertation will improve upon the following aspects: (1) I will analyse each relationship between the antecedent factors and the characteristics of partnership quality and between the characteristics of partnership quality and outsourcing success; (2) some variables will be integrated and deleted, and other variables will also be added according to the practical conditions of translation service organisations in China and their outsourcing success as the providers. The changes of variables are illustrated as such: (1) since most clients don't have long-term cooperative relationship with one translation service organisation by assigning all translation tasks to it, the antecedent variable of 'length of relationship' doesn't apply in this field and thus has been deleted; (2) another antecedent variable of 'cultural similarity' has also been deleted since in China, most clients are local corporations that have international business needs for translations of some materials without different national cultures, and some large international corporations have their own internal translation departments. Moreover, there is no need for the translation service organisations to study their clients' organisational cultures when they have accepted the outsourcing translation assignments. For academic research, it is much more difficult to measure, especially by applying the quantitative method; (3) the variables of 'top management support' has been integrated with 'human capital', 'organisational capital', and 'management capabilities' to constitute a new dimension of 'internal management'; (4)

another dimension of ‘cooperation’ has included the original antecedent factors of ‘participation’, ‘joint venture’, ‘communication quality’ and ‘coordination’ together for their homogeneous target of cooperation; (5) the antecedent factor of ‘knowledge sharing’ has been integrated with the factor of ‘mutual dependence’ in that sharing knowledge/information is an important feature of dependence; (6) the characteristic of ‘business understanding’ in partnership quality has been deleted because providers like translation service organisations are more understanding of their clients, so there is not much need to investigate; (7) translation outsourcing services are usually not as essential or important for their clients unlike IT-related business, where it may be a core component of one organisation. Therefore, there is almost no risk or benefits to be shared between translation service organisations and their clients. Thus the variable of ‘benefit and risk sharing’ has also been deleted; (8) outsourcing success includes two aspects, namely business perspective and user perspective (J.-N. Lee & Kim, 1999). However, it is supposed that the valuation of the service quality will be higher from the perspective of providers than from the service users. Thus, this variable has been deleted as well. On the other hand, more measurements related to outsourcing success should be added, such as organisational performance. There have also been studies on the relationship between partnership quality and organisational performance (Lahiri & Kedia, 2009).

2.1.4 Dependent variable: Outsourcing Success

2.1.4.1 Definition

According to the short definition of Lee (J.-N. Lee & Kim, 1999), ‘outsourcing success can be viewed as the level of fitness between the customer’s requirement and the outsourcing outcomes’. However, this definition is abstract, for the empirical evaluation and further illustrations on it have been drawn out (Schwarz, 2014). The set of factors has been developed through Delphi study by industrial and academic experts. (See Table 5 in Appendix VI)

By elaborating on the definition of outsourcing success, two important dimensions for practical measurement should be focused on from the perspective of service providers, i.e., business perspective and organisational performance.

2.1.4.2 Business perspective

Outsourcing success should attain benefits in the scopes of strategy, economy and technology, respectively: (1) strategic benefits relate to the strategy of an organisation to outsource its non-core business to an outside third party for the purpose of focusing on its core business; (2) economic benefits are the strategy of an organisation to utilize the outsourcing provider's advantages like human and technological resources for the purpose of controlling costs by signing prescribed contracts; and (3) technological benefits are the strategy of an organisation to achieve advanced technologies and avoid lagging behind other competitors and adopting changing technologies (e.g., translation technologies) (Grover, Cheon, & Teng, 1996).

2.1.5 Independent variables: Partnership quality

Partnership is defined as an inter-organisational relationship to achieve the participants' shared goals. Quality has two dimensions: (1) Fitness: How does the product or service fit for its supposed effects? Can the product or service meet the customer's needs or not? (2) Reliability: What about the product or service is good enough to be perfect? (J.-N. Lee & Kim, 1999). Since partnership quality is affected by organisational, human, and environmental factors, the components of partnership quality and the factors that affect it should be distinguished.

2.1.5.1 Antecedent variables of partnership quality

In the original model (J.-N. Lee & Kim, 1999), there are 9 variables: participation, joint action, communication quality, coordination, knowledge sharing, age of relationship, mutual dependency, culture similarity and top management support. In this study, three major variables have been extracted. In the relationship between outsourcing clients and providers, success should be achieved from which clients will gain benefits by allying with their providers as partners. Partnership quality has been considered a kind of relational resource that the firms prefer to perceive for the purpose of relational exchanges. From the providers' perspective, outsourcing success refers to meeting their clients' needs through satisfactory fulfilment of various contractual requirements. In the relational exchange, mutual dependence is based on the providers'

advantages in its special resources, including human capital, organisational capital, managerial capabilities, and the effects of providers utilizing such advantages to offer their clients services. Although the clients and providers have different expectations, the foundation of the outsourcing success is how counterparts in the partnership utilise their sources fully and properly (Lahiri & Kedia, 2009).

1) Internal management

According to RBT, firms consist of various types of tangible and intangible resources and capabilities or assets without lifelong linkage to the organisation. When all these resources and capabilities are valuable, inimitable, rare, and non-substitutable, they can not only create an organisation's outstanding performance, but also produce a competitive advantage. Moreover, by using such assets, organisations can grasp environmental opportunities and avoid risks and then gain competitive advantages over rival firms who have no such advantages of generating, acquiring, and deploying useful resources. Internal assets should be viewed both as a useful predictor of providers' performance and as a method to measure the effect of partnership maintained with the clients. Outsourcing providers' stock of human capital, organisational capital, and management capabilities, including top management support, could be sources of higher levels of performance (Lahiri & Kedia, 2009).

(1) Human capital

Human capital is an intangible asset because it takes the form of valuable human knowledge and skills. If there is a variety of diversified types and levels of work-based knowledge, experience, skills, and abilities mastered by employees, then this organisation has a higher amount of such capital. Human capital has been argued to be the major source of a sustainable competitive advantage and then to create above-average performance. The measurement of human capital has been studied by researchers to connect with investment and its returns shown on financial statements (H. Chen & Lin, 2003) as a kind of intangible resource. Some studies showed that the degree of relying on special human resources can play a moderating role in the relationship between the degree of outsourcing and the perceived benefits (Klaas, Clendon, & Gainey, 1999). Some researchers pointed out that although attracting and

retaining the right people is not easy, an organisation can still fulfil it by devoting enough resources. Different organisations will develop and employ different organisational structures and operating systems, which will make their human capital into a different source or a source of competitive advantage (Lawler, 2009).

(2) Organisational capital

Organisational capital refers to knowledge and experience that is institutionalised, codified, and utilised through databases, patents, manuals, structures, systems, and processes. The higher level of this form of capital is the more effective formal planning, command and control systems. Some researchers have suggested that organisational capital should be divided into three broad components: workforce training, employee voice, and work design (including the use of cross-functional production processes) (Black & Lynch, 2005). From the perspective of RBT, the culture, structure, and organisational learning that constitute organisational capital are the sources of its competitive advantage. Thus, organisational capital can be characterized as the assets with value, difficult to imitate, replace, or transfer with a permanent life cycle and a feasible rent appropriation (Gregorio Martín-de-Castro, Emilio Navas-López, López-Sáez, & Alama-Salazar, 2006).

(3) Management capabilities

Management capabilities should be able to develop rent-generating resources, to create future competencies, and to generate or sustain a competitive advantage by effectively coordinating and redeploying internal and relational resources. As for fields like IT, knowledge management should be extremely focused. Some researchers have listed the categories of knowledge management capabilities as people's T-shaped skills, structure centralization, cultural learning, and IT support. Moreover, the results showed that these capabilities have positive effects on knowledge performance (Y. C. Lee & Lee, 2007). Other researchers have extended the perspective on RBT and considered the context of customer relationship management specifically. Some researchers have studied a model of customer relationship management (CRM) in which the effects of key antecedent variables and performance consequences of CRM capabilities have been explored. After testing the capabilities of customer interaction management, customer

relationship upgrading, and customer win-back, the researchers drew the conclusion that CRM capabilities will influence organisational performance (Y. Wang & Feng, 2012).

(4) Top management support

An early definition of top management support (TMS) is 'when a senior management project sponsor/champion, the CEO and other senior managers devote time to review plans, follow up on results and facilitate management problems'. TMS is viewed as an important factor that can yield results as to whether those projects will succeed and explain the major reasons for their failure or success (Young & Jordan, 2008). According to previous studies, TMS is considered a prior condition for successful outsourcing partnerships in that if top management is willing to understand the specific benefits of collaboration, then the inevitable divergence of interests between participants would likely be overcome (J.-N. Lee & Kim, 1999). Top management support can facilitate some activities and strategies like planning, negotiating, or project managing, which has been found to be one of the attributes improving communication, goal alignment, and other competitive advantages (Ragu-Nathan, Apigian, Ragu-Nathan, & Tu, 2004). Especially for small companies, if the CEO can understand and support the business of his own accord, then business requirements can be specified, issues related to the project can be clarified, and the progress of the project can be monitored (Thong, Yap, & Raman, 1996).

2) Cooperation

Cooperation is defined as 'a spirit of working together by firms on complementary activities with the objective of achieving mutual benefits' (James C Anderson & James A Narus, 1990). Cooperation is a process of working together to identify and implement the best possible solutions besides just adhering to requirements (Goo & Huang, 2008). The aspects of participation, joint action, communication quality, and coordination constitute the dimension of cooperation (J.-N. Lee & Kim, 1999).

(1) Participation

The definition of participation has previously been expressed as ‘a process of joint decision-making by two or more parties in which the decisions have future effects on those making them’ (Vroom, 1959). Participation refers mainly to ‘worker participation’, which links to concepts like democracy, management rights, efficiency, human needs, and moral rights (Schregle, 1970). From a social perspective, participation is prescribed as ‘a remedy when there is conflict, frustration, and vacillation in the group’. As for the outsourcing relationship between the clients and providers, the definition of participation refers to the effects of user participation, including user attitudes and user involvement. Participation from users can be classified into type and extent, which may be consultative, representative, or consensus, while the extent increases in degree from consultative to consensus (W. T. Lin & Shao, 2000).

(2) Joint action

Joint action is a feature of human activity linking two minds to the same reality that has two functions: initiation of coordinated action and coordination once initiated (Sebanz, Bekkering, & Knoblich, 2006). In terms of organisations, joint action has been defined as ‘the degree of interpenetration of organisational boundaries’ (Heide & John, 1990). Joint action in the relationship of industrial purchasing has been considered to be a non-equity mode of governance. Manufacturers and suppliers will cooperate because they want to achieve common benefits reflected as joint action (Joshi & Stump, 1999). Some researchers have found that as joint actions are enhanced and extended, organisations that have taken joint actions together will strengthen their relationship into partnership (Heide & John, 1990).

(3) Communication quality

Communication can be defined ‘broadly as the formal as well as informal sharing of meaningful and timely information between firms’. To achieve the common objectives of both partners, effective communication between counterparts is necessary. Communication patterns will influence the strength of the partnership in breadth and depth (Knemeyer, Corsi, & Murphy, 2003). The importance of communication mainly relies on management, especially decision-makers, believing that the more information it has, the better the operation. Access to a large amount of

information generated from more frequent communication is an affirmation of competence and virtue, which can be used as a tool to establish legitimacy in an organisation. Problems can be resolved through bilateral communication between the clients and their service providers in that they can clarify their understandings without mistaken assumptions (J. J. Mohr & Sohi, 1996). Some researchers argued that better communication and knowledge-sharing result from the relationship management capabilities of those providers, or the ability to formalize outsourcing management processes and evaluation principles, and thus will produce potential win-win benefits for the partners (Han, Lee, & Seo, 2008a).

(4) Coordination

Good coordination is not so obvious, but it will become clear when it lacks coordination in the inter-organisational relationship. In a continuously changing environment, coordination is needed to maintain stability between participants. The significance of coordination is valuable for many researchers to study, especially in terms of relationships between customers and suppliers. The multichannel coordination is an important method to achieve larger benefits (Pentina & Hasty, 2009). Some researchers defined coordination as ‘integrating and linking together client and vendor resources to accomplish the collective task’. Coordination should expand into different organisations without the limitations of organisational boundaries through sharing standardized schedules and information systems, as well as relying on personal or group communication and socialisation. In conclusion, coordination means that the outsourcing organisations cost time, effort, and resources to coordinate with the service provider effectively (Clemons, Reddi, & Row, 1993; Crowston, 1997; Dibbern, Winkler, & Heinzl, 2008; Van de Ven, Delbecq, & Koenig Jr, 1976; White & Siu- Yun Lui, 2005).

3) Mutual dependence

Mutual dependence (MD) is the recognition by both partners in an exchange relationship that the relationship provides benefits greater than either partner could attain alone or with some other partner (Lambe, Spekman, & Hunt, 2000). Mutual dependence between participants will increase when the exchange increases in size and

importance, the participants are viewed as the best partner by their counterparts, and there are few possibilities to change to other exchanging sources. The two partners will enhance their coordination in different philosophies, operations, and administrative systems through joint efforts by forming an outsourcing relationship, and then MD will produce values continuously (Goo, Kishore, Rao, & Nam, 2009). According to Resource Dependence Theory (RDT), the concept of mutual dependence is characterised in terms of two important aspects: (1) the availability of the resource (Pfeffer & Salancik, 1978), which refers to a need for technological expertise of the partner, i.e., knowledge sharing; and (2) the availability of alternative sources (Buchanan, 1992; El-Ansary & Stern, 1972; Krajewski, Wei, & Tang, 2005).

(1) Knowledge sharing

Knowledge sharing has been defined as: ‘the transfer of useful know-how or information across company line’ (Appleyard, 1996), or ‘sharing work-relevant knowledge and information’ (Kankanhalli, Tan, & Wei, 2005; H.-F. Lin, 2007). Knowledge sharing may be unilateral and may have the characteristics of one-way traffic. For example, in an outsourcing agreement, clients share knowledge with their providers to enable delivery of the product or service (Ko, Kirsch, & King, 2005; Oshri, Kotlarsky, & Gerbasi, 2015). This does not necessarily mean that vendors will share their knowledge with clients, however. Knowledge sharing increases organizations’ competitive advantage, maintains organizations’ intellectual capital, and facilitates creation of organizational value added (Z. J. CHEN, Zhang, & Vogel, 2011).

While the resource-based view relies on firm heterogeneity (Felin & Hesterly, 2007), knowledge sharing is likely to reduce such heterogeneity. As a result, academics have investigated knowledge sharing processes across organisational boundaries in recent years (Chiu, Hsu, & Wang, 2006; Gerlach, Widjaja, & Buxmann, 2015; Loebecke, Van Fenema, & Powell, 1999; Newell, 2015). Organisations’ competitive advantage increasingly depends on cooperating with partners and sharing resources (N. J. Foss, Husted, & Michailova, 2010), a phenomenon that has been referred to as the extended resource-based view of the firm (Caldwell & Howard, 2010).

(2) Unavailability of alternatives

A review of the literature reveals that slightly differing perspectives on an organisation's dependence have evolved over time. Jacobs (1974) suggested differentiating between the 'essentiality' of a resource and its 'availability' to assess dependence. For the latter, he proposed to take the number of available alternatives for supplying a product or service into account. However, the mere number of existing supply alternatives falls short under some specific circumstances, especially when there are further barriers that bind an organization to its partner. Dependence is further influenced by the 'difficulty involved in replacing the incumbent exchange partner' (Heide & John, 1988).

Dependence in an organisational relationship may arise when a client finds it difficult to switch to other providers due to a lack of available alternatives (Handley & Benton Jr, 2012), and fulfils its goals through its provider's specific resources. Therefore, a client's dependence may result from two factors: first, the difficulty of switching providers due to high costs (switch dependence), and second, the strategic importance of a relationship with a provider to achieve goals (goal dependence) (Heide & John, 1988). For example, when the organization has made significant transaction-specific investments or when the outcomes associated with alternatives are lower than those in the current relationship (James C Anderson & James A Narus, 1984), dependence is increased as a consequence of the difficulty of replacing the exchange partner with an existing alternative.

2.1.5.2 Characteristic variables of partnership quality

1) Trust

The definition given by Moorman, Deshpande and Zaltman (1993) is adopted for this study: 'a willingness to rely on an exchange partner in whom one has confidence'. Trust is extremely important for cooperation and agreement (Blau, 1964; Deutsch, 1973; Pruitt, 1981). As the mutual interactions between exchange partners become more and more satisfactory, trust increases accordingly and then strengthens confidence in both counterparts in the relationship (J.-N. Lee, 2001). If a relationship is based on trust, then each party is willing to commit its resources and capabilities to the relationship (Hrebiniak, 1974; R. M. Morgan & S. D. Hunt, 1994; Spekman, 1988).

When distributing resources between partners, trust is necessary and usually viewed as the perception of a fairness (Ganesan, 1994).

Trust plays a key role in the long-term outsourcing relationship between a client and a provider. Furthermore, it is a core component to classify a relationship as either transaction style or partnership style, and evolving through mutually satisfying interactions and increasing confidence in the relationship. Thus, based on Mayer and Davis's organisational trust model (1995), Lee has built an outsourcing relationship model to explore the role of initial trust, initial distrust and trust with knowledge sharing as mechanisms for a successful outsourcing project from both the service receiver and provider's perspectives (Han et al., 2008a; J.-N. Lee & Huynh, 2005). The study results showed that there is an obvious difference between the service receiver and service provider when considering initial trust. The service receiver takes initial trust as a significant factor to perceive trust, but from a service provider's perspective, the level of initial trust has no impact on its perception of trust.

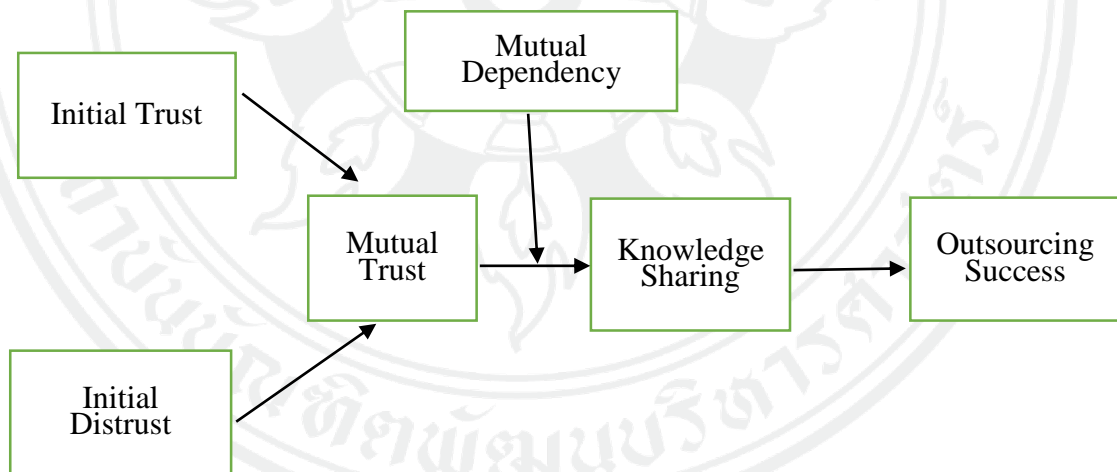


Figure 2.8 Outsourcing relationship trust model

Source: (Han et al., 2008a); J.-N. Lee and Huynh (2005)

Most studies have investigated trust from the perspective of clients, and the provider's perspective is rarely explored. In the study of providers' trust in their client and the client's control over the provider, the results implied that besides the prescribed

contracts, client behaviours will influence their providers (Mao, Lee, & Deng, 2008). Moreover, further studies focusing on trust have been carried out by Lee and his fellow researchers to test for the initial and ongoing trust in IT outsourcing (J.-N. Lee & Choi, 2011). The results show that trust generated at the initial stage of the outsourcing process is essential, for it will affect ongoing trust and distrust between the partners in the relationship. Thus, benefits and outcomes will also be affected accordingly.

2) Commitment

Commitment has been defined as ‘an enduring desire to maintain a valued relationship’, which means a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Gundlach, Achrol, & Mentzer, 1995; Moorman, Zaltman, & Deshpande, 1992; Robert M Morgan & Shelby D Hunt, 1994; Ndubisi, 2011). The definition of commitment entails that both parties will cooperate to maintain the relationship continuously over a long period of time (Moore, 1998). In the services relationship marketing area, Berry and Parasuraman (1991) claimed that ‘relationships are built on the foundation of mutual commitment’. Members would like to believe that the relationship will be sustained on the condition that commitment will last (Henderson, 1990). Over time, the relationship develops as the size and importance of the exchange improves; as a result, commitment has been established as well (Heide & John, 1990), thus, mutual commitment can also lead to both parties working together to create more mutual profitability (Anderson & Weitz, 1992).

3) Conflict

In the organisational behaviour field, conflict is defined as ‘a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about’ (Huczynski & Buchanan, 2001; Robbins, Millett, Cacioppe, & Waters-Marsh, 2001). The main reasons for conflict are differences in values and interests; therefore, it is suggested that improved communication and understanding of shared goals will be an important factor (Druckman & Broome, 1991; Goo, Kishore, & Rao, 2004).

Table 2.1 Brief definitions of partnership quality characteristics

Variables	Definitions
Trust	Degree of confidence and willingness between partners
Commitment	Degree of the pledge of relationship continuity between partners
Conflict	Degree of incompatibility of activities, resource share, and goals between partners

Source: J.-N. Lee and Kim (1999)

2.1.6 Control variables

2.1.6.1 Firm size

There are five commonly used measurements to evaluate firm size: total dollar annual sales, total assets net of depreciation and depletion, total number of employees, stockholders' equity, and market value of the firms at year's end. Firm size may relate to the financial performance of an organisation through greater control over external resources, according to RDT (Pfeffer & Salancik, 1978).

1) Total assets

Through the comparisons of the abovementioned indicators, some researchers have reached the conclusion that the highest correlation coefficient is between assets and stakeholders' equity, which means assets may be interchanged with stockholders' equity as measures of size (Shalit & Sankar, 1977). The net income divided by total assets is applied as the measurement of the overall performance of a firm in terms of Return on Assets (ROA) (M. Li & Ye, 1999).

In specific fields like translation, the roles of total asset play are related to the degree of technological application and innovation. Lack of assets will lead to difficulty or even impossibility to apply, research, develop, and innovate new translation technologies. Therefore, those organisations simply operate and manage the translation

process with traditional business modes, which leads to a great gap with current modern technology. Thus, they will lag behind other organisations without the competitively 'faster, better and cheaper' advantages of the translation requirements from the clients. There are also concerns about talent training. According to RBT, human resources are different from other types of resources because it is difficult to imitate a human resource training and managing system. Abundant assets allow for training more skilled translators who are willing and able to perform better for the organisation.

2) Total annual sales

The net income divided by total sales revenue can be applied as the measurement of Return on Sales (ROS), which represents an organisation's ability to generate income from sales revenue (M. Li & Ye, 1999). The sales of one organisation are not only an indicator of the financial performance, but also provide feedback as to whether this organisation maintains its competitive position in the market (Chakravarthy, 1986). For translation organisations in China, the development of this industry is connected to the prosperity of the economy and culture in different areas (Guo, 2015). Sales results will reflect the demand of markets, the distribution of resources, and the flow of talent.

3) Number of employees

In recent years, more and more companies have recognized the importance of human resources to their financial performance by enhancing employees' motivation to achieve an organisation's objectives (Gerhart, Wright, MAHAN, & Snell, 2000). Human capital is important as a source of innovation and strategic renewal (Ordonez de Pablos, 2002) through the employees' individual knowledge stock of this organisation (Ordonez de Pablos, 2002) and investments in employees' training, competence and future for the purpose of accumulating value for the organisation (Ordonez de Pablos, 2002).

Human resources in translation organisations are different from most other industries, as 50%-80% of translation tasks are completed by part-time translators; such organisations account for about 37%. 21% of translation organisations will assign 80%-100% of their translation tasks to their part-time translators (Guo, 2015). Thus, the

measurements of the number of employees in translation organisations should be divided into full-time employees and part-time translators.

2.1.6.2 Age of establishment

Early in the 1970s and 1980s, some researchers (Dunne, Roberts, & Samuelson, 1989; Evans, 1987) studied the effects of the age of firm on its growth in US manufacturing industry (Navaretti, Castellani, & Pieri, 2014). They found that no matter the firm size, as the age of firm increases, the growth rate will decrease. Later, research has also proved this negative relationship between the age of a firm and its growth (Navaretti et al., 2014). However, some researchers have drawn the different conclusion that the older the firm, the higher the performance (Birley & Westhead, 1990; Bracker & Pearson, 1986). Research from India indicates that firms with longer histories are more profitable and less productive (Majumdar, 1997). Therefore, it is necessary to study the relationship between the age of an organisation and its performance.

2.1.6.3 Industries of Clients

The major industries that translation organisations serve will be the indicators of strategic objectives in three aspects: (1) market share or occupation and producing large amount of scales of economy; (2) focus on core translation business in some professional industries and then maintaining competitive advantages in such industries; and (3) ability to attract experienced translators who are professional and skilled in some specific fields. The investigation results show that almost every industry has been covered in translation organisations, which suggests that the translation industry is promising with great market demand (Guo, 2015).

2.2 Hypothesis development and conceptual model

2.2.1 Relationships between variables and hypothesis development

2.2.1.1 Effects of antecedent variables on partnership quality

According to RBT, a firm is organised in terms of its tangible and intangible assets and resources that are valuable, rare, inimitable, non-substitutable, and organisational,

which can produce a sustainably competitive advantage (J. Barney, 1991; Kathleen R Conner, 1991; M. A. Peteraf, 1993). Previous studies show that skilled human resources, relationships between outsourcing providers and their users, and managerial knowledge are viewed as valuable resources to generate more economic value than their competitors (Mata, Fuerst, & Barney, 1995; Ross, Beath, & Goodhue, 1996). In the context of translation service organisations, translators who have been cultivated and educated professionally are skilled human resources, especially those who have expertise in a certain field. The translation organisations with experienced translators will be trusted by their clients when they are competing with others. For a BPO service provider, a tangible asset like infrastructure is a resource of the company (Wernerfelt, 1984b). Therefore, investment in hardware assets like translation technologies and infrastructures will also gain the trust of clients who believe the organisations show commitment.

According to RDT, organisations are engaged in exchange relationships with other organisations (Pfeffer & Salancik, 2003). The greater the lack of certain resources, the more dependence on external resources for one organisation. Thus, it is suggested that organisations should outsource only their non-core business to outside providers (Loh & Venkatraman, 1992). External environmental uncertainty results in conflicts between partners (Dibbern, Goles, Hirschheim, & Jayatilaka, 2004). To limit conflict, an organisation should reduce dependence on other organisations (Medcof, 2001; Pfeffer & Salancik, 2003).

1) Antecedent variables and trust

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

Being credible and creditable is a factor in order to establish trust, for which human capital and organisational capital are the critical foundations. Long-term outsourcing experience can imply that the provider has the capability to offer trustworthy services to their clients. The employees' background, especially the capabilities cultivated and educated through professional training, is an important part of human capital to facilitate interactions with clients for further understanding of their requirements. The provider's reputation includes a series of issues like the brand name of an organisation, managerial experience of executives, customers' remarks, and standard quality assessment systems. Capital investments, including infrastructure and human capital, are essential to build trust between clients and providers in service outsourcing fields and will offer clients more advanced technological and human support to gain lasting trust from the clients (Kirilov, 2012). Therefore, in this framework, human capital and organisational capital included in internal management should be the antecedent factors affecting trust, which is one of the important components of partnership quality.

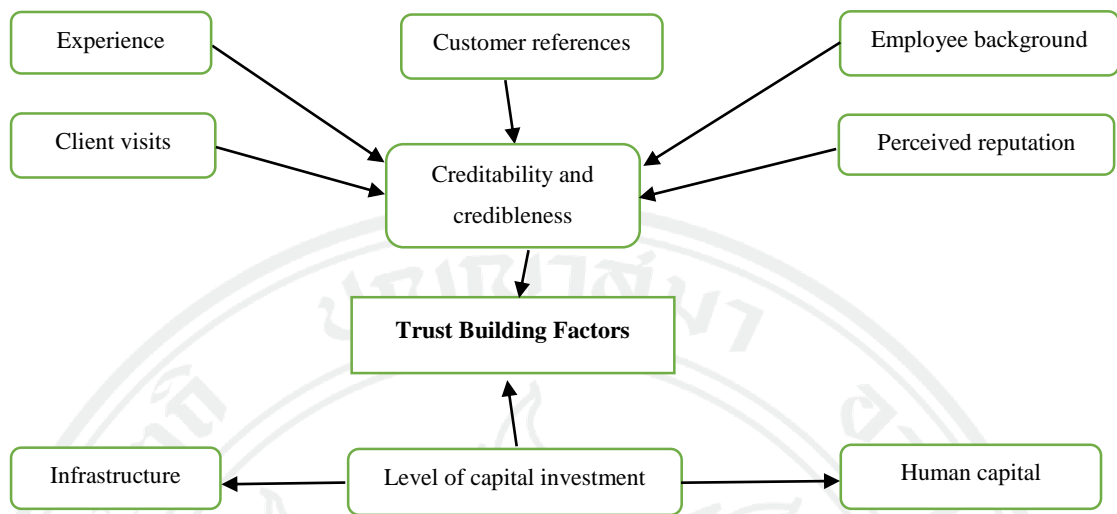


Figure 2.9 Trust Building Factors

Source: Kirilov (2012)

Inter-organisational trust is based on dynamic interactions between organisations (Ganesan, 1994; P. M. Ring & Ven, 1989). In order for each party to be better informed, communication should be more intensive, which will make each party more confident in the relationship and more willing to maintain it. When communication methods have been planned, structured, and routinized, the clients and the providers will know expectations of communication behaviours. The communication will thus be more timely, accurate, and complete (J. J. Mohr & Sohi, 1996).

Uncertainty is one of the characteristics of service outsourcing relationships in that there are unclear outcomes or even the specific steps to achieve them with potential disputes and opportunism. Trust between clients and providers is the key to resolve problems in the partnership (Kale, Singh, & Perlmutter, 2000). Thus, the following hypotheses have been formulated:

H1a: *The internal management of translation service organisations in China will have positive effects on the trust of their clients.*

H1b: *The cooperation of translation service organisations in China will have positive effects on the trust of their clients.*

H1c: *The mutual dependence of translation service organisations in China will have positive effects on the trust of their clients.*

2) Antecedent variables and commitment

Commitment is a relational norm that will direct both the service clients and providers toward long-term orientation. Flexibility will encourage adjustments when changes occur in the environment, and the solidarity will encourage the partners to focus more on their common responsibilities and interests instead of their own purposes and benefits (Jap & Ganesan, 2000). When both parties are willing and committed to this relationship, their behaviours will encourage ongoing contributions to the relationship (McKeen & Smith, 2001).

If human capital is on a higher level, this will generate more and more new ideas and knowledge. As a result, the providers can own the capabilities to serve their clients with further understanding of the requirements, standards, and future deliverables on a yearly basis (Budhwar, Luthar, & Bhatnagar, 2006; Mehta, Armenakis, Mehta, & Irani, 2006; Ramachandran & Voleti, 2004). Clearly illustrated norms, systems, and structure in one organisation will allow providers to control and leverage employees' behaviours in terms of transitioning, executing, and delivering business processes and thus attaining overall management of the service process (G. Martín-de-Castro, Navas-López, López-Sáez, & Alama-Salazar, 2006; Subramaniam & Youndt, 2005).

If one partner's ability to compete has been influenced by the other's actions, this party will better participate in the issues of specifying roles, responsibilities, and expectations. Thus, there should be a mechanism to negotiate and agree on mutual benefits to both partners. J. C. Anderson and J. A. Narus (1990) suggested that mutual objectives should guide coordinated actions, which will result in successful working partnerships. If partners improve their coordination efforts, then the quality of the partnership will increase as well. The relative dependency suggested by J. C. Anderson and J. A. Narus (1984) addressed the inevitable mutual dependency among the

partnerships. The parties need each other's complementary assets and skills to achieve their respective goals (Gundlach & Cadotte, 1994; Henderson, 1990; Kanter, 1994). Thus, the following hypotheses have been formulated:

H2a: *The internal management of translation service organisations in China will have positive effects on the commitment of their clients.*

H2b: *The cooperation of translation service organisations in China will have positive effects on the commitment of their clients.*

H2c: *The mutual dependence of translation service organisations in China will have positive effects on the commitment of their clients.*

3) Antecedent variables and conflict

The traditional view (1930s to 1940s) argued that any conflict is harmful and must be avoided (Robbins et al., 2001). However, because there are incompatibilities of resources distribution, and differences in styles, goals and cultures, conflict may exist between partners (J.-N. Lee & Kim, 1999; Wong, Tjosvold, Wong, & Liu, 1999). Some negative results like resentment, tension, anxiety, miscommunication, or even relationship dissolution will occur if disagreements are not resolved properly (Hellriegel, Slocum, & Woodman, 1992; R. M. Morgan & S. D. Hunt, 1994; Robbins et al., 2001). However, disagreements will arise even in successful partnerships (Anderson & Weitz, 1989). The organisations that have established partnerships should create some efficient mediating mechanisms to defuse and settle disagreements instead of allowing conflict to negatively affect their relationship (Anderson & Weitz, 1989). Joint action will lead to bilateral governance of the translation projects, which helps to curb opportunistic tendencies that may reduce the investment of resources from both parties. Clients and providers should be involved in their counterpart's activities in order to minimize risks (Heide & John, 1990).

It should be noticed that (Henderson, 1990; Kanter, 1994) mutual dependence is one of the criteria for effective inter-company relationships. Gundlach and Cadotte (1994) found that increasing dependence between exchange partners promotes cooperation rather than conflict. However, in an outsourcing context, J.-N. Lee and Kim

(1999) found a negative correlation between mutual dependency and partnership quality. One possible reason is that as the outsourcing relationship becomes tighter, the balance of power shifts to the service provider. Clients will then be aware that they have become more and more dependent on the provider, resulting in negative outcomes like losing control of costs. Thus, mutual dependence should be balanced to produce a positive effect on the relationship. However, if the balance has switched to one party, then the other party will be judged as more dependent, which may generate some negative effects (Tim Goles & Wynne W Chin, 2005a). Thus, in this research, we suppose that the higher the degree of mutual dependence, the lower the level of conflict. Therefore, we suppose that:

***H3a:** The internal management of translation service organisations in China will have negative effects on the conflict of their clients.*

***H3b:** The cooperation of translation service organisations in China will have negative effects on the conflict of their clients.*

***H3c:** The mutual dependence of translation service organisations in China will have negative effects on the conflict of their clients.*

2.2.1.2 Effects of partnership quality characteristics on outsourcing success

Since BPO is focusing on the business process, one of its most distinct features is that in the beginning of outsourcing, clients prefer to outsource their non-core business such as translation tasks to outside providers to reduce process costs and improve process performance. This is an opportunity for those providers to develop capabilities in process domain expertise (S. S. Bharadwaj, Saxena, & Halemane, 2010).

Moreover, based on RBT, capabilities are the competencies to utilise, integrate, and enhance the resources of one organisation to produce value (J. Barney, 1991). The capability of utilizing internal assets to capitalise on environmental opportunities and neutralise threats will maintain client trust and thus achieve outsourcing success (Lahiri & Kedia, 2009). Client trust is a valuable resource for one organisation to obtain an advantage over other rivals. Conflict resolution is an inimitable resource different from

other organisations for special communication efficiency between providers and clients. The commitment set by both partners is a non-substitutable resource in that no other third organisation will have the opportunity to participate in or even think about competing with them.

RDT supposes that organisations will acquire external resources and capabilities to complement their scarce resources, so they will consider ways to exchange relationships with other organisations in the environment (Ee, Halim, & Ramayah, 2013; Grover, Cheon, & T.C.Teng, 1996). Pfeffer (1987) suggested that partners should seek to enhance dependence on other organisations when they are dependent on each other in an exchange relationship. Trust is a high level of inter-dependence on each other, which can reduce uncertainty in the external environment. Moreover, commitment is a mutual dependence of both partners who are willing to devote their resources and capabilities to achieve outsourcing success. Thus, conflict for both partners is an expression of uncertainty. The capability to adopt proper ways to resolve conflicts will lead to outsourcing success.

As research on the measurements of outsourcing success has developed, a variety of types have been incorporated such as business impact, user satisfaction, economic benefits, technology improvement, and commercial options (DiRomualdo & Gurbaxani, 1998; Saunders, Gebelt, & Hu, 1997). The consideration of cost saving is not the only standard for judging success; quality operationalisation through organisational benefits is another trend that researchers pursue (J.-N. Lee, Miranda, & Kim, 2004).

An organisation is willing to be dependent on a partner who takes actions resulting in positive outcomes. Moreover, this organisation will accordingly utilise and manage its resources well (Bradach & Eccles, 1989; Gulati, 1995). When trust in the norms of equity increases, organisations and their partners will improve their learning about and understanding of each other (Ganesan, 1994; Shapiro, Sheppard, & Cheraskin, 1992). Organisations should perceive that exceeded outcomes will be produced under circumstances in which both organisations and their partners take coordinated and joint

actions, which is impossible for one organisation by itself (J. C. Anderson & J. A. Narus, 1990).

The perception of success eventually relies on the degree to which one partner enjoys comfort and trust with the other partner (Babar, Verner, & Nguyen, 2007; Carmel & Agarwal, 2006; Sabherwal, 1999). Trust supposes that a partner will undertake behaviours leading to positive outcomes instead of unexpected results (Han, Lee, & Seo, 2008b). Commitment is a mutual belief that both partners will maintain an ongoing relationship and expect that common goals will be achieved (Han et al., 2008b); thus, it is also viewed as a cornerstone of long-term business relationships and a key factor influencing relationship success (Dwyer, Schurr, & Oh, 1987; Robert M Morgan & Shelby D Hunt, 1994). Conflict occurs in all business processes like goal planning, operation procedure, and contract execution (Kern & Willcocks, 2002). However, from a long-term orientation, working out conflicts and resolving different problems will strengthen outsourcing relationships (Kern & Willcocks, 2002). Therefore, the hypotheses have been formulated as follows:

H4a: The trust of translation service organisations in China in their clients will positively affect their business perspective on outsourcing success.

H4b: The commitment of translation service organisations in China to their clients will positively affect their business perspective on outsourcing success.

H4c: The conflict of translation service organisations in China with their clients will negatively affect their business perspective o outsourcing success.

2.2.2 Conceptual model

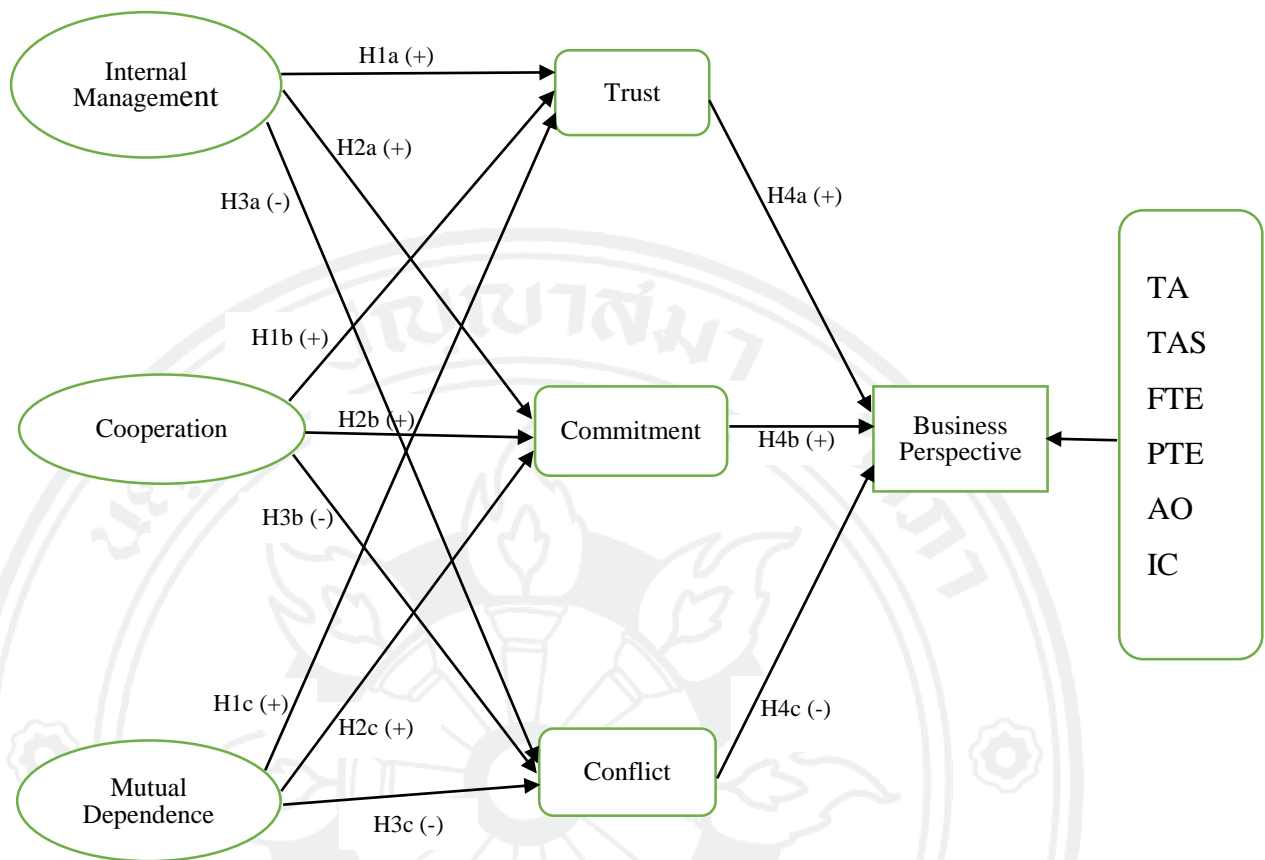


Figure 2.10 Conceptual model of this study

Notes: TA-Total assets, TAS-Total annual sales, FTE-Number of full-time employees, PTE-Number of part-time translators, AO- Age of organisation, IC-Industries of Clients.

CHAPTER 3

METHODOLOGY

This dissertation will apply a quantitative research methodology. The purpose of this research is to study the relationship and causal effects between partnership quality and outsourcing success; the generality of the investigation is necessary, so the quantitative method is the most suitable.

3.1 Reasons to adopt a quantitative method

The two reasons this research will adopt a quantitative method are as follows. Firstly, according to previous studies discussed in Chapter 2, most research has focused on the relationship between the clients and providers in service outsourcing from the perspective of the clients instead of the providers. The exploration of the provider side should be based on a certain number of samples to test its generalisability as well. Secondly, the context of this research is the translation service industry in China; thus a quantitative method that has the advantage of generalisability would show the study's results representing common situations in context.

3.2 Measurements

3.2.1 Dependent variable

The dependent variable of outsourcing success is defined as the satisfaction with benefits from outsourcing gained by an organisation through deploying an outsourcing strategy. Thus, the concept of satisfaction is the core to judging whether the outsourcing activities are successful or from the business perspective of the providers, in this case translation service organisations.

Based on the instrument to assess the degree of achieving the strategic, economic, and technological benefits of outsourcing (Grover, Cheon, & T.C.Teng, 1996), Lee and his fellow researchers adapted the measurement of it (J.-N. Lee & Kim, 1999). Since the original items in the above research were applied to assessing the degree to which the service receivers or outsourcing clients instead of providers are satisfied, this research will adopt the measurements of Lee and his fellow researchers from the perspective of providers, i.e., the translation service organisations. The details of adaptation are as follows: (1) the core business in this research refers to the industries or fields which one translation service organisation serves, e.g. manufacturing, energy suppliers, finance, etc; (Guo, 2015). (2) the technologies are specified as the translation technologies. Table 7 has shown the specific adaptation of each item. A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.1 Measurement of Outsourcing Success

Original items (J.-N. Lee & Kim, 1999)	Adapted items in this research
1. We have been able to refocus on core business.	We have been able to refocus on core translation business in some industries.
2. We have enhanced our IT competence.	We have enhanced our translation competence.
3. We have increased access to skilled personnel.	We have increased access to skilled translators.
4. We have enhanced economies of scale in human resources.	We have enhanced economies of scale in translators (including part-time).
5. We have enhanced economies of scale in technological resources.	We have enhanced economies of scale in translation technological resources (e.g. corpus).
6. We have increased control of IS expenses.	We have increased control of translation expenses.
7. We have reduced the risk of technological obsolescence.	We have reduced the risk of translation technological obsolescence.

Original items (J.-N. Lee & Kim, 1999)	Adapted items in this research
8. We have increased access to key information technologies.	We have increased access to key information technologies.
9. We are satisfied with our overall benefits from outsourcing.	We are satisfied with our overall benefits from outsourcing of translation service.

3.2.2 Independent variables

As mentioned in the previous chapter, the independent variables of partnership quality include two parts: antecedent variables and characteristics variables. The specific measurements of each variable will be illustrated as follows.

3.2.2.1 Antecedent variables

1) Internal management

This dimension has three factors: human capital, organisational capital, and management capabilities. (1) Human Capital. This scale has been adapted from employees working in the BPO fields (Lahiri & Kedia, 2009) to more specific personnel in the translation service organisations, i.e., translators (both full-time and part-time). The most important human capital in translation service organisations are translators, both full-time and part-time. Translators who have been educated professionally and have diverse background knowledge, long-term work experience, and related certificates are essential for a translation service organisation to achieve a higher level of performance in the market (Guo, 2015); (2) Organisational Capital. For this dimension, the target capital also has been adapted based on the original items (Lahiri & Kedia, 2009) for that relating to translation. Certifications related to translation are very important for the competitiveness of a translation service organisation. According to the investigation results obtained by the Chinese Translation Association, there is a positive relationship between the number of certifications and sales volume, which demonstrates that certification can be beneficial for the development of a translation service organisation (Guo, 2015). (3) Management Capabilities. This dimension has integrated the original items (Lahiri & Kedia, 2009). The capabilities of one translation service organisation refer to the ability to manage human resources, diverse project requirements, technological innovation, and clients' contractual requirements. (4) Top

Management Support. This dimension has adapted Lee and his fellow researchers (J.-N. Lee & Kim, 1999) by changing the term ‘provider’ to ‘clients’ for this research is from the perspective of the provider, i.e. translation service organisations. A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.2 Measurements of internal management

Dimension	Original items	Adapted items in this research
Human Capital (Lahiri & Kedia, 2009)	<ol style="list-style-type: none"> 1. Our employees have the degree of bachelor. 2. Our employees have relevant BPO experience. 3. Our project personnel are certified on BPO-related processes. 4. Our project personnel have sound domain knowledge. 5. Our project personnel undergo requisite training. 	<p>Our translators have the degree of bachelor.</p> <p>Our translators have relevant translation experience.</p> <p>Our translators have relative professional certificates.</p> <p>Our translators are from different industries with diversified background knowledge.</p> <p>Our translators have been trained professionally.</p>
Organisational Capital (Lahiri & Kedia, 2009)	<ol style="list-style-type: none"> 1. Our infrastructure (servers, broadband, routers, modems, voice and data circuits etc.) are state-of-the-art. 2. We possess CMM certification that helps us to compete better. 3. Our organisational culture supports ideas for new ways of doing business. 	<p>Our office infrastructures (including computer, internet, database etc.) are new and modern.</p> <p>We possess translation related certifications that helps us to compete better.</p> <p><i>No adaptation.</i></p>

Dimension	Original items	Adapted items in this research
	4. Much of our firm's norms and values are known by our employees.	<i>No adaptation.</i>
	5. Much of our organisation's knowledge is contained in manuals, databases, and project document.	<i>Delete because the translation service organisations are not as likely as information organisations to use IT.</i>
Management Capabilities (Lahiri & Kedia, 2009)	1. We manage our human resources efficiently.	We manage our translators both full-time and part-time efficiently.
	2. We manage our national and international project demands equally well.	<i>No adaptation.</i>
	3. We manage our information systems efficiently.	<i>Delete because the translation service organisations are not as likely as information organisations to use IT.</i>
	4. We manage various technology-related changes efficiently.	We can deal with the technological innovation of translation efficiently.
	5. We manage to satisfy most of our clients' requirements.	<i>No adaptation.</i>
Top Management Support (J.-N. Lee & Kim, 1999)	1. Our executives are interested in the relationship between us and our service provider.	Our executives are interested in the relationship between us and our service clients.
	2. Our executives consider the relationship between us and our service provider an important thing at the organisational level.	Our executives consider the relationship between us and our service clients an important thing at the organisational level.
	3. Our executives support all with the resources we need.	<i>No adaptation.</i>

2) Cooperation

This dimension has four factors: participation, joint action, communication quality, and coordination. (1) Participation. The factor of participation assesses the attitudes of both partners in the problem resolution process. Whether they are positive or not will affect the way in which they deal with their common problems. (2) Joint Action. The integrated actions, e.g., long-term planning, training, educating, designing product, analysing value, controlling quality, etc., will penetrate organisational boundaries. Thus, it can provide a mechanism for negotiating and agreeing on mutual benefits and for creating common goals for participants (J.-N. Lee & Kim, 1999). Solutions for planning and future unexpected problems and the plans understood by the clients will be beneficial for the service provider organisations to take joint action with their clients. (3) Coordination. The factor of coordination concerns the mutual understanding from both partners and the mechanisms to solve problems. Successful working partnerships are marked by coordinated actions directed toward mutual objectives (J.-N. Lee & Kim, 1999). (4) Communication Quality. The factor of communication quality is to judge the extent to which the manner and methods of mutual communication are timely, accurate, and complete. Intensive communication will lead to more informed parties, which will make each party more confident about their relationship and more willing to maintain it for a long time. All items are adapted from Lee's original model (J.-N. Lee & Kim, 1999). A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.3 Measurement of Cooperation

Dimension	Original items (J.-N. Lee & Kim, 1999)	Items in this research
Participation	1. We and our provider participate in our business with positive attitude. 2. We and our provider are very interested in each other's problems. 3. We and our provider encourage each other to solve business problems.	We and our clients participate in our business with positive attitude. We and our clients are very interested in each other's problems. We and our clients encourage each other to solve business problems.
Joint Action	1. We and our provider discuss our long-range planning. 2. We and our provider discuss our important private plans. 3. We reflect our provider's opinions for unexpected problems.	We and our clients discuss our long-range planning. We and our clients discuss our important private plans. We reflect our clients' opinions for unexpected problems.
Coordination	1. We and our service provider solve most exceptional problems through mutual discussion. 2. We recognize and support what and when our provider wants. 3. We have coordination mechanisms to solve problems with our provider.	We and our clients solve most exceptional problems through mutual discussion. We recognize and support what and when our clients want. We have coordination mechanisms to solve problems with our clients.

Dimension	Original items (J.-N. Lee & Kim, 1999)	Items in this research
Communication Quality	1. The manner and methods of communication between us and our service provider are timely or untimely. 2. The manner and methods of communication between us and our service provider are accurate or inaccurate. 3. The manner and methods of communication between us and our service provider are complete or incomplete. 4. The manner and methods of communication between us and our service provider are credible or incredible.	The manner and methods of communication between us and our clients are timely. The manner and methods of communication between us and our clients are accurate. The manner and methods of communication between us and our clients are complete. The manner and methods of communication between us and our clients are credible.

3) Mutual dependence

This dimension has two factors: knowledge-sharing and mutual dependence. (1) The factor of knowledge-sharing relates to specific issues like translation background knowledge, business knowledge, and project management experience. Whether both partners are willing and the degree to share information will affect the degree of their mutual trust. (2) The factor of mutual dependence is applied to assess the degree to which translation service organisations depend on their clients in terms of substitutability, future development, and achieving organisational goals. The items have been adapted from the researches (Chu & Wang, 2012; Mao et al., 2008). A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.4 Measurement of Mutual Dependence

Dimension	Original items	Items in this research
Knowledge Sharing (Mao et al., 2008)	1. Our client shared project management experience with us. 2. Our client shared with us business domain knowledge. 3. Our client shared with us background information related to the project.	Our clients share project management experience with us. Our clients share industrial knowledge with us. Our clients share background knowledge relating to translation business.
Unavailability of Alternatives (Chu & Wang, 2012)	1. If our major 3PL no longer provided service to us, we would have difficulty switching to another 3PL to receive the similar level of logistics service. 2. If our firm no longer used our major 3PL's services, we would have difficulty in replacing their service with another similar service. 3. Our major 3PL is our only source of logistics service. 4. If our relationship with our major 3PL was terminated, we would suffer significant loss in income despite our best efforts to replace it	If we no longer provide service to our clients, they would have difficulty switching to other companies to receive the similar level of translation service. <i>(Integrate into one question for these two ones have the similar meanings with each other.)</i> We are the only provider of translation service of our clients. If our relationship with our major clients is terminated, we would suffer significant loss in income despite our best efforts to replace it.

3.2.2.2 Characteristic variables

1) Trust

Originally, trust has been defined as the degree of the client's expectations of goodwill and reliability in working with the provider (Mao et al., 2008). Furthermore, the concept of trust from providers' point of view is different from that of clients because of two factors: (1) Sincerity of clients. The providers' concern mainly focuses on the sincerity of clients in understanding, supporting, and resolving their cooperative matters. The promises kept by the clients may give the providers more confidence in serving better (Ndubisi, 2011). (2) Inter-organisation adaptation. Adaptation considering flexibility like adjusting schedules, work procedures, and process standards is also a sign of mutual trust between partners (Mao et al., 2008). In this research, contractual flexibility focusing on the modifications of translation work procedures, translation project schedules, and translation standards is a trust-building behaviour of inter-organisation adaptation. This research will integrate both of the abovementioned measurements (J.-N. Lee & Kim, 1999; Mao et al., 2008) and adapt them to the translation service organisations in detail. A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.5 Measurement of Trust

Original items	Items in this research
1. Our service provider makes beneficial decisions to us under any circumstances. (J.-N. Lee & Kim, 1999)	Our service client makes beneficial decisions to us under any circumstances.
2. Our service provider is willing to provide assistance to us without exception. (J.-N. Lee & Kim, 1999)	Our clients are willing to provide assistance to us without exception.
3. Our service provider is sincere at all time. (J.-N. Lee & Kim, 1999)	Our clients are sincere in dealing with us at all time.
4. Our client modified its work procedures while working with us. (Mao et al., 2008)	Our clients modify the translation work procedures while working with us.
5. Our client modified its project schedules in order to suit our delivery capability. (Mao et al., 2008)	Our clients modify the translation project schedules in order to suit our delivery capability.

Original items	Items in this research
6. Our client modified its process standards in order to suit our situation. (Mao et al., 2008)	Our clients modify the translation standards in order to suit our situation.
7. Our client modified our contract to accommodate our situation. (Mao et al., 2008)	<i>No adaptation.</i>

2) Commitment

The concept of commitment focuses on the willingness of both partners to maintain a continuous relationship. The measurements for evaluating commitment consist of two dimensions: (1) Fulfilment of agreements and promises. To achieve such a target, the fulfilment of prescribed agreements and promises plays an essential role. (2) Contribution of resources and conflict resolution. Commitment is considered by two parties as the relationship being sustained over time. During the process of fulfilment, the degree and scale to which both partners are willing to commit their resources to sustain the relationship should also be considered. Additionally, the process of conflict resolution is a way to achieve agreement and consensus; thus, the commitment will be fulfilled better (Tim Goles & Wynne W. Chin, 2005). A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.6 Measurements of Commitment

Original items	Items in this research
1. Our service provider performs prespecified agreements very well. (J.-N. Lee & Kim, 1999)	Our clients perform prescribed agreements very well.
2. We faithfully provide prespecified support in a contract. (J.-N. Lee & Kim, 1999)	Our clients faithfully provide prescribed support in a contract.

Original items	Items in this research
3. We and our service provider always try to keep each other's promises. (J.-N. Lee & Kim, 1999)	We and our clients always try to keep each other's promises.
4. Both parties are willing to commit resources to sustain the relationship. (Tim Goles & Wynne W. Chin, 2005)	<i>No adaptation.</i>
5. Disagreements between both parties in the relationship are almost always successfully resolved. (Tim Goles & Wynne W. Chin, 2005)	<i>No adaptation.</i>
6. The process of resolving conflicts between both parties in the relationship is effective. (Tim Goles & Wynne W. Chin, 2005)	<i>No adaptation.</i>

3) Conflict

The best way to resolve conflicts is first to understand the reasons they occur. Differences between the clients and the providers, the culture and opinion in the process of business, and the assignment of human and physical resources are the major sources of conflict. The process of addressing conflicts will affect the degree to which the disagreements are to be resolved (J.-N. Lee & Kim, 1999). The items of this dimension will mainly be adapted from the original items (J.-N. Lee & Kim, 1999). A 5-point Likert scale ranging from (1) strongly disagree to (5) strongly agree will be adopted.

Table 3.7 Measurement of Conflict

Original items (J.-N. Lee & Kim, 1999)	Items in this research
1. Some conflict exists because business objectives and policies are different.	<i>No adaptation.</i>
2. Some conflict exists because of the assignment of human and physical resources.	<i>No adaptation.</i>
3. Some conflict exists because we and our service provider have different culture and opinions in the process of business.	Some conflict exists because we and our clients have different culture and opinions in the process of business.

3.2.3 Control variables

3.2.3.1 Total assets

There is no way to obtain the specific figures in annual reports of translation organisations in China, for not all of them are listing companies. However, all businesses should provide a certificate of bank deposit as the registered capital when registering in the Industrial and Commercial Administrations. The registered capital shall be applied as the measurement of the total assets of one organisation. According to the investigation in previous years (until the end of 2013) and the knowledge-intensive nature of translation organisations, the amount of registered capital of most organisations (about 85.04%) is below RMB500,000 (about US\$83,000) and lower (about 1.44%) than RMB5,000,000 (about US\$830,000) (Guo, 2015). Thus, this research sets RMB500,000 as the standard, and there are four scales to measure: (1) below RMB500,000; (2) between RMB500,001 and RMB1,000,000; (3) between RMB1,000,001 and RMB5,000,000; and (4) over RMB5,000,000.

3.2.3.2 Total annual sales

According to the investigation report, the standard can be settled as RMB1,000,000 (about US\$166,000), for almost one-third of translation organisations in China have reached below this level in 2012 (Guo, 2015). There are four scales to measure: (1) below RMB1,000,000; (2) between RMB1,000,001 and RMB5,000,000; (3) between RMB5,000,001 and RMB10,000,000; and (4) over RMB10,000,000.

3.2.3.3 Full-time employees (including translators)

Because most translation tasks are fulfilled by part-time translators, the most distinguished characteristic of the full-time human resources structure in translation organisations is small, i.e., usually below 50 staff members. The investigation reports show that more than half of organisations have fewer than 20 full-time employees (Guo, 2015). The research sets the following four scales to measure: (1) below 20; (2) between 21 and 50; (3) between 51 and 100; (4) over 100.

3.2.3.4 Part-time translators

According the investigation report, about 45% of translation organisations demand no more than 50 part-time translators, and nearly 27% of organisations need 50-150 part-time translators; thus, this research will set four scales to measure the number of part-time translators: (1) below 50; (2) 51-150; (3) 150-500; (4) over 500.

3.2.3.5 Age of organisation

As reform and opening-up policies were implemented from the end of the 1980s, translation organisations developed during this time in three stages: (1) beginning during 1980-1991; (2) developing during 1992-2002; and (3) growing during 2003-now (Guo, 2012). Therefore, it is reasonable for this research to set the following four scales to measure the age of translation organisations in China: (1) less than 5 years; (2) between 5 and 15 years; (3) between 16 and 25 years; (4) more than 25 years.

3.2.3.6 Industries of Clients

Through the investigation report (Guo, 2015), the following categories have been posed as the major industries served by translation organisations: (1) Energy suppliers (including electricity, heat, gas, and water); (2) Service suppliers in scientific research and information technology; (3) Finance; (4) Manufacturing; (5) Education; (6) Entertainment; (7) Public departments (including government).

3.3 Questionnaire development

3.3.1 Translation and back-translation

Since the original scales are all written in English, the questionnaire will be translated into Chinese for the convenience of organisations in China. Furthermore, back-translation is necessary when the researcher conducts a cross-cultural study that needs to translate the questions and answers from one language to another (Hult et al., 2008). Thus, the next step is to translate the Chinese version into English and compare it to the original to ensure they have the same meaning.

3.3.2 Pre-test and initial analysis

After the original questionnaire has been designed and translated, the researcher will find 30 participants from 30 translation service organisations. All of them will complete the questionnaire and then forward their independent suggestions about the questionnaire items. After collecting the pre-test questionnaires and suggestions from the initial participants, analysis should be carried out.

The factors analysis should be conducted before distribution to the sample, which includes analyses for both validity and reliability. After completing all the above steps, the final version of the questionnaire will be ready to distribute to translation service organisations in China.

3.3.3 Estimation method

The researcher used Ordinal Least Squares (OLS) regression to analyse the data. OLS regression allows the researcher to estimate the relationship between a set of independent variables and the dependent variable. The analysis was performed using IBM SPSS 21.0 and SmartPLS 2.0.

3.4 Samples and Data collection

3.4.1 Target population identification

From the database of registration authority bureaus, there are 55975 organisations that are businesses related to translation, localisation, language service, language technology or multi-language information in China, excluding Hong Kong, Taiwan, and Macau. Furthermore, in this research the population refers to the translation service organisations whose major business operations are translation (including interpretation) and localisation, and that have been registered with authority bureaus, accounting for 5287 in total (Guo, 2015). For the specific geographic distribution, developed areas like Beijing, Shanghai, and Guangdong have a large number of translation service organisations; however, for those less developed areas mainly in the west of China, the number is lower, as shown in the following table.

Table 3.8 Geographic distribution of translation service organisations

Number	Provinces	Amount	Percentage
1	Beijing	1541	29.15%
2	Shanghai	838	15.85%
3	Guangdong	647	12.24%
4	Jiangsu	314	5.94%
5	Hubei	265	5.01%
6	Liaoning	218	4.12%
7	Shandong	192	3.63%
8	Zhejiang	185	3.50%
9	Sichuan	140	2.65%
10	Shanxi	112	2.12%
11	Tianjin	99	1.87%
12	Guangxi	82	1.55%
13	Chongqing	72	1.36%
14	Henan	68	1.29%
15	Fujian	66	1.25%
16	Hunan	54	1.02%
17	Heilongjiang	53	1.00%
18	Hebei	52	0.98%

Number	Provinces	Amount	Percentage
19	Xinjiang	47	0.89%
20	Jilin	38	0.72%
21	Anhui	36	0.68%
22	Hainan	29	0.55%
23	Jiangxi	28	0.53%
24	Yunnan	25	0.47%
25	Inner Mongolia	23	0.44%
26	Shaanxi	20	0.38%
27	Guizhou	17	0.32%
28	Gansu	15	0.28%
29	Ningxia	6	0.11%
30	Qinghai	4	0.08%
31	Tibet	1	0.02%
Total	31	5287	100%

Source: Guo (2015)

3.4.2 Data collection

According to the above conditions of translation service organisations in China, this research will expect to collect about 375 questionnaires (Singh & Masuku, 2014) randomly from the population of 5287. The questionnaires will be distributed by random sampling and snowball sampling. The only purpose is to guarantee a higher rate of collecting questionnaires.

Table 3.9 Sample size for $\pm 5\%$ and $\pm 10\%$ precision levels where confidence level is 95% and $P=0.5$

Size of population	Sample size (n) for precision (e)	
	$\pm 5\%$	$\pm 10\%$
500	222	83
1000	286	91
2000	333	95
3000	353	97
4000	364	98
5000	370	98
7000	378	99
9000	383	99
10000	385	99
15000	390	99
20000	392	100
25000	394	100
50000	397	100
100000	398	100
>100000	400	100

Source: Singh and Masuku (2014)

3.4.2.1 Random sampling

The emails will be sent randomly to the translation service organisations. Since the most difficult issue is that the authority bureau has not made a list of organisations public for the researcher to access, Internet searching is more necessary and efficient. If a translation organisation has its own website and email address, it can be said to be a trustworthy organisation because the main business purpose of translation service organisations is to advertise themselves externally, and the Internet is a very important channel. First, I will search the websites of these organisations and then find out their email addresses. Then, emails with a cover letter and the questionnaire will be sent to

these addresses. To make sure they have received the emails, I will call them at the telephone numbers on the website. For those who have no email addresses but telephone numbers, mailing in modern society is not a good method to adopt for its slow acceptance and higher rates of loss.

Another way is through Wenjuanxing (www.wjx.com), a professional investigation website in China. This research will cooperate with the website by applying its charge service to guarantee a higher level of questionnaire completion.

Whether over email or by Internet investigation, regular tracing is necessary. Once a week the researcher will check the number of questionnaires collected and then continue the process.

3.4.2.2 Snowball sampling

The snowball method utilises the researcher's identity as a member of a provincial translation association. The association has many channels to contact other similar organisations. Then the emails will also be sent to these cooperative organisations. Another way is to contact friends and even students who are working in translation service organisations. The researcher has some friends and students who are now working in the translation service organisations, and they will be invited to complete the questionnaires and then distribute them to other organisations.

CHAPTER 4

DATA ANALYSIS

This chapter will elaborate upon how the data have been collected and processed before further analysis. Then, the results of factor analysis, regression analysis, and mediating effects will be discussed in detail.

4.1 Data Collection

4.1.1 Pilot-test

Before distributing the questionnaires, the pilot test has been conducted firstly among those executive officers like client managers, project managers, and general managers of 60 outsourcing provider organisations around China. All these managers have the experience of dealing with relationships with their clients, and they can offer valid answers on the questionnaires.

The purpose of the pilot test is to check the convergent validity and discriminant validity of the model construct through factor analysis and item-to-total correlation. The levels of internal consistency that have been valued with Cronbach's alpha have been above 0.7. The items whose correlation scores and factor loading values are lower than 0.5 have been deleted. Then, the final questionnaire has been created. (see Appendix I)

4.1.2 Data collection procedure

4.1.2.1 2.1 Database set up

Since there have been no previous similar studies, the investigation work started with setting up the database of translation organisations in China focusing on their contact information.

There is no access to the specific information of translation organisations in China, for there is no public list of those that will disclose their details. The author checked the report listing the number and percentage of translation organisations in each province, but without any further information such as names or contact information (Guo, 2015). Then, the author applied the search engine to find out all the names of translation organisations in each province and track them by their websites to gather their contact information. Finally, the database of basic information for 926 translation organisations in China has been set up.

4.1.2.2 Questionnaire distribution

1) Convenience sampling

Since the author has worked as a part-time translator for about 15 years, there is a personal network in this field. The friends and referrals of the author have been contacted to help distribute the questionnaires. The purpose of the research has been described before distributing the questionnaires. The most important factor is that the respondents must be executive officers like client managers, project managers, and general managers in translation organisations instead of common staff from supporting departments and even translators no matter whether full-time or part-time. Another issue is that one organisation needs to fill out only one questionnaire.

2) Non-random sampling

Another important method is non-random sampling. The author sent emails to each translation organisation according to the database. A cover letter has clearly informed the respondents with a brief introduction of the research attached. The questionnaire is linked through a barcode, a very easy way for the respondents to access the questionnaire by conveniently scanning the barcode.

In accordance with the suggestions of Armstrong and Overton (1977), the late responses obtained after follow-up calls were compared to the early responses on demographic variables and key constructs. T-tests suggest no significant difference between the early and late responses, indicating that nonresponse bias is not present in our data.

3) Data cleaning

After collecting all the questionnaires, the important job of data cleaning should be completed before data analysis.

To check the validity of online responses, the author conducted a random cross-check by comparing preliminary information provided by the respondents (like registered capital, years of establishment, number of full-time employees) with similar information available on the organisations' websites. The tests turned out to be positive in all cases.

Another method is to check a certain question against common sense in the translation field. The item of 'Our translators have bachelor's degrees' should not be answered as 'strongly disagree' or 'disagree' because 96% full-time translators have bachelor's degrees (Guo, 2015). If the answers are only the abovementioned two choices, then the questionnaires can be regarded as invalid.

4) Data collection result

After all the work has been done, the results have been drawn. A total of 173 answered questionnaires have been collected and deemed valid from 926 translation organisations, which is a response rate of 18.68%. Because there are no previous similar studies, the *Investigation and Report on Translation Service Industry in China-2014*, issued by the China Translation Association, has only collected 120 valid questionnaires around the whole country (Guo, 2015). The details have been listed as follows.

Table 4.1 Size of the organisation (registered capital)

Size	Frequency	Percentage
below RMB500,000	64	37.0%
between RMB500,001 and RMB1,000,000	58	33.5%
between RMB1,000,001 and RMB5,000,000	26	15.0%
over RMB5,000,000	25	14.5%
Total	173	100%

Table 4.2 Total annual sales of last year

Range	Frequency	Percentage
below RMB1,000,000	71	41.0%
between RMB1,000,001 and RMB5,000,000	59	34.1%
between RMB5,000,001 and RMB10,000,000	18	10.4%
over RMB10,000,000	25	14.5%
Total	173	100%

Table 4.3 Number of full-time employees (including full-time translators)

Range	Frequency	Percentage
below 20	75	43.4%
between 21 and 50	45	26.0%
between 51 and 100	25	14.5%
over 100	28	16.2%
Total	173	100%

Table 4.4 Number of part-time translators

Range	Frequency	Percentage
below 50	90	52%
between 51-150	36	20.8%
between 150-500	27	15.6%
over 500	20	11.6%
Total	173	100%

Table 4.5 Age of organization

Year	Frequency	Percentage
less than 5 years	72	41.6%
between 5 and 15 years	62	35.8%
between 16 and 25 years	22	12.7%
over 25 years	17	9.8%
Total	173	100%

Table 4.6 Industries of Clients

Type	Frequency	Percentage
Energy suppliers	38	22.0%
Service suppliers in scientific research and IT	33	19.1%
Finance	22	12.7%
Manufacturing	28	16.2%
Education	15	8.7%
Entertainment	4	2.3%
Public departments	10	5.8%
Other	23	13.3%
Total	173	100%

From Tables 16-21, the conclusion can be drawn that most translation organisations in China are small and medium-sized enterprises. The registered capital of 122 organisations (70.5%) are below RMB1,000,000, which is also one of the characteristics of the translation industry, for it is not necessary to invest a great amount of capital for development. The number of staff also reflects this condition for 130 organisations (69.4%) that have no more than 50 full-time employees, and 126 organisations (70.8%) have fewer than 150 part-time translators. Lacking professionals leads to the limitations on further development in the translation industry because human and capital resources are important elements for an organisation to compete better in the market. It seems that organisational capital does not play a key role in traditional translation organisations. However, in the information era, more and more translation organisations have been pushed to utilise advanced information technologies when fulfilling requirements more efficiently. These technologies need the investment of capital and certain professionals to use. Otherwise, sales will not reach a satisfactory goal as seen in Table 11, in which the total annual sales last year were below RMB 5,000,000 for 130 organisations (75.1%). There is much room for improvement in terms of broadening their economic scale.

Human capital management in translation organisations in China is a special issue worth discussing. As mentioned in previous chapters, the translation industry in China has developed greatly since the 1990s, which means most organisations are in an early stage of their development, which is supported by the Table 14 showing that 134 organisations (77.4%) have been around for less than 15 years. It is very difficult for them to obtain a large number of qualified professionals in such a short period of establishment. Moreover, in order to save more costs, most organisations prefer to employ fewer full-time employees, including full-time translators, which to a degree results in some problems with inner management.

4.2 Factor analysis

4.2.1 Reliability

Since the questions in the questionnaire have been adapted by the researchers, their reliability should be tested and constructed. All the Cronbach alphas coefficient for the results (see Table 16) exceed the suggested value of 0.7 (Fornell & Larcker, 1981). This indicates that the reliability of all constructs is satisfactory.

4.2.2 Validity

4.2.2.1 Convergent validity

Convergent validity is assessed in terms of factor loadings and average variance extracted (AVE). Item loadings >0.70 and that are significant at the $p < 0.01$ level (Gefen & Straub, 2005) and/or AVEs >0.50 (Fornell & Larcker, 1981) suggest acceptable convergent validity (see Table 22). Table 16 shows the specific results of factor analysis, and some of the results will be discussed later.

Table 4.7 Reliability and Convergent Validity

Constructs	Items	Loading	T-value	CR	AVE	Cronbach's α
Internal Management (IM)	IM1	0.468	4.914	0.933	0.472	0.923
	IM2	0.542	5.649			
	IM3	0.490	4.633			
	IM4	0.558	7.080			
	IM5	0.675	7.830			
	IM6	0.726	11.936			
	IM7	0.791	19.469			
	IM8	0.797	22.684			
	IM9	0.735	13.250			
	IM10	0.716	12.098			
	IM11	0.734	10.928			
	IM12	0.771	18.058			
	IM13	0.724	13.151			
	IM14	0.695	10.471			
	IM15	0.721	12.684			
	Cooperation (CP)	CP1	0.730			
CP2		0.732	14.260			
CP3		0.761	17.168			
CP4		0.742	13.932			
CP5		0.665	10.174			
CP6		0.713	12.124			
CP7		0.743	15.798			
CP8		0.749	17.311			
CP9		0.746	15.099			
CP10		0.670	10.398			
CP11		0.753	14.747			

Constructs	Items	Loading	T-value	CR	AVE	Cronbach's α
Mutual Dependence (MD)	CP12	0.739	15.052	0.892	0.581	0.853
	CP13	0.731	11.860			
	MD1	0.799	18.002			
	MD2	0.829	20.557			
	MD3	0.811	18.225			
	MD4	0.759	14.299			
Trust (TR)	MD5	0.756	12.698	0.900	0.563	0.873
	MD6	0.599	7.367			
	TR1	0.6846	10.719			
	TR2	0.8256	28.042			
	TR3	0.7794	18.812			
	TR4	0.7246	9.846			
	TR5	0.8213	20.030			
Commitment (CM)	TR6	0.6803	8.567	0.937	0.714	0.918
	TR7	0.7192	9.871			
	CM1	0.973	110.986			
	CM2	0.814	13.229			
	CM3	0.858	27.359			
	CM4	0.828	13.252			
Conflict (CF)	CM5	0.777	14.375	0.941	0.843	0.907
	CM6	0.807	17.245			
	CF1	0.932	28.801			
Outsourcing Success (OS)	CF2	0.9100	17.981	0.933	0.608	0.920
	CF3	0.912	19.098			
	OS1	0.740	11.344			
	OS2	0.780	12.211			
	OS3	0.819	20.842			
	OS4	0.818	19.812			
	OS5	0.762	8.705			
	OS6	0.786	18.359			
	OS7	0.776	11.432			
OS8	0.783	12.552				
	OS9	0.750	12.372			

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

From the results shown in the above Table 22, some items (IM1, IM2, IM3, IM4, and IM5) in the construct of 'internal management' have lower factor loadings and AVE. If these items are deleted, then the AVE would be 0.567, which meet the requirement of 0.50.

Table 4.8 Reliability and Convergent Validity (after deleting IM1, 2, 3, 4, 5)

Constructs	Items	Loading	T-value	CR	AVE	Cronbach's α
Internal Management (IM)	IM6	0.713	11.221	0.935	0.567	0.924
	IM7	0.784	17.499			
	IM8	0.802	21.093			
	IM9	0.744	13.555			

Constructs	Items	Loading	T-value	CR	AVE	Cronbach's α
	IM10	0.749	15.125			
	IM11	0.769	13.4495			
	IM12	0.783	17.5609			
	IM13	0.730	13.8009			
	IM14	0.722	11.4563			
	IM15	0.746	13.9939			
	IM16	0.735	12.6867			
Cooperation (CP)	CP1	0.730	13.920	0.936	0.532	0.927
	CP2	0.732	14.260			
	CP3	0.761	17.168			
	CP4	0.742	13.932			
	CP5	0.665	10.174			
	CP6	0.713	12.124			
	CP7	0.743	15.798			
	CP8	0.749	17.311			
	CP9	0.746	15.099			
	CP10	0.670	10.398			
	CP11	0.753	14.747			
	CP12	0.739	15.052			
	CP13	0.731	11.860			
Mutual Dependence (MD)	MD1	0.799	18.002	0.892	0.581	0.853
	MD2	0.829	20.557			
	MD3	0.811	18.225			
	MD4	0.759	14.299			
	MD5	0.756	12.698			
	MD6	0.599	7.367			
Trust (TR)	TR1	0.6846	10.719	0.900	0.563	0.873
	TR2	0.8256	28.042			
	TR3	0.7794	18.812			
	TR4	0.7246	9.846			
	TR5	0.8213	20.030			
	TR6	0.6803	8.567			
	TR7	0.7192	9.871			
Commitment (CM)	CM1	0.973	110.986	0.937	0.714	0.918
	CM2	0.814	13.229			
	CM3	0.858	27.359			
	CM4	0.828	13.252			
	CM5	0.777	14.375			
	CM6	0.807	17.245			
Conflict (CF)	CF1	0.932	28.801	0.941	0.843	0.907
	CF2	0.9100	17.981			
	CF3	0.912	19.098			
Outsourcing Success (OS)	OS1	0.740	11.344	0.933	0.608	0.920
	OS2	0.780	12.211			
	OS3	0.819	20.842			
	OS4	0.818	19.812			
	OS5	0.762	8.705			
	OS6	0.786	18.359			
	OS7	0.776	11.432			
	OS8	0.783	12.552			
	OS9	0.750	12.372			

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

4.2.2.2 Discriminant validity

Discriminant validity is assessed mainly by comparing the square root of the AVE of each construct with the correlations between the focal construct and other constructs. A higher square root of AVE than the correlations with other constructs for each individual construct indicates discriminant validity (Fornell & Larcker, 1981). Table 18 shows the inter-construct correlations of the diagonal of the matrix.

Table 4.9 Correlation matrix (original)

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

Note: Square root of the variance extracted is shown on the diagonal of each matrix in bold; inter-construct correlation is shown off the diagonal

CF-Conflict, CM-Commitment, CP-Cooperation, IM-Internal Management, OS-Outsourcing Success, TR-Trust

A comparison of all the correlations and square roots of the AVEs on the diagonal indicates adequate discriminant validity, except for the construct of ‘internal management’. From the abovementioned results, it is supposed at the lower level of AVE of this construct and in specific due to the lower values of factor loadings of the items of IM1, IM2, IM3, IM4, and IM5. If these items are deleted from this construct, then the following results will be achieved.

Table 4.10 Correlation matrix (adjusted)

	CF	CM	CP	IM	MD	OS	TR
CF	0.918						
CM	-0.262	0.845					
CP	-0.127	0.653	0.729				
IM	0.012	0.521	0.728	0.753			
MD	-0.214	0.694	0.723	0.599	0.762		
OS	-0.259	0.706	0.712	0.531	0.633	0.780	
TR	-0.338	0.654	0.610	0.450	0.689	0.566	0.750

Note: Square root of the variance extracted is shown on the diagonal of each matrix in bold; inter-construct correlation is shown off the diagonal

CF-Conflict, CM-Commitment, CP-Cooperation, IM-Internal Management, OS-Outsourcing Success, TR-Trust

After removing these items from this construct, adequate discriminant validity has been achieved.

Given the abovementioned situation of human capital management in translation organisations of China, it is not difficult to understand why the variables of IM1 (Our translators have bachelor degrees), IM2 (Our translators have relevant translation experience), IM3 (Our translators have relative professional certificates), IM4 (Our translators are from different industries with diversified background knowledge), and IM5 (Our translators have been trained professionally) belonging to the factor of 'internal management' have lower factor loading values and, accordingly lower AVE. The lower factor loading values and AVE means the lower convergent validity for the above items have less of a relationship to other items in the same factor as organisational capital, management capability, and top management support. In Chapter 4, the analysis results show that if the items relating to human capital are deleted, the results of AVE will improve to an acceptable level of 0.5. The reason is that the translation industry is completely different from the information technology industry, for their human capital management styles are different. It is unnecessary to employ many full-time translators who will cost the organisations much more capital to support them but without enough outputs. Naturally, when talking about the concept of 'translators', those translation organisations will suppose it refers to part-time instead

of full-time translators. Thus, those part-time translators will not be considered to be internal resources by the translation organisations.



4.3 Model evaluation and hypothesis testing

4.3.1 Coefficients

4.3.1.1 Correlation between variables

Bivariate correlations among variables are analysed by using Pearson correlation coefficients. This correlation analysis was performed in order to explore the one-on-one relationships between key variables. Results from the correlation analysis are presented in Table 26.

Table 4.11 Correlation among variables

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

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

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

Notes: IM-internal management; CP-cooperation; MD-mutual dependence; TR-trust; CM-commitment; CF-conflict; OS-outsourcing success; RC-registered capital; TAS-total annual sales in last year; FTE-full time employees; PTE-part time translators; YEAR-years of establishment; IC-industries of client

4.3.1.2 VIF Check

To check the possible problem of multicollinearity among all variables in each equation, the Variance Inflation Factor (VIF) statistics were evaluated. The VIF values were significantly below the critical value of 10 as suggested by Hair et al. (1995). This implies no serious multicollinearity issue in the analysis.

4.3.2 Hypotheses testing

4.3.2.1 Regression analysis

1) Testing Hypotheses H1a-H1c

The regression analysis results of Hypotheses 1a, 1b and 1c are as follows.

Table 4.12 Regression analysis results of H1a-H1c

Independent variables	β	SE	Sig.	VIF
(Constant)	0.753	0.404	0.064	
IM (Internal Management)	-0.072	0.130	0.578	2.200
CP (Cooperation)	0.293*	0.133	0.029	2.908
MD (Mutual Dependence)	0.538***	0.085	0.000	2.055
Registered Capital	-0.083	0.062	0.188	2.095
Total annual sales last year	-0.061	0.067	0.369	2.436
Number of full-time employees	0.071	0.057	0.218	1.980
Number of part-time translators	-0.024	0.052	0.650	1.494
Age of establishment	0.028	0.059	0.641	1.600
Industry mainly serve for	0.029	0.020	0.147	1.076
R square	0.448			
Adjusted R square	0.418			
Number	173			

Notes: Unstandardized coefficients have been reported. SE-Standard Error, Sig-Significance, VIF-Variance Inflation Factor; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Hypothesis 1a proposes that the internal management of translation service organisations in China have positive effects on the trust of their clients. The result shown in Table 27 illustrates that the two variables have negative relationship but not statistically significant ($\beta = -0.072$; $p = 0.578$). Therefore, Hypothesis 1a is not supported.

Hypothesis 1b proposes that the cooperation of translation service organisations in China have positive effects on the trust of their clients. The result shown in Table 27 illustrates that the two variables have positive relationship and statistically significant ($\beta = 0.293$; $p = 0.029$). Therefore, Hypothesis 1b is supported.

Hypothesis 1c proposes that the mutual dependence of translation service organisations in China have positive effects on the trust of their clients. The result shown in Table 27 illustrates that the two variables have positive relationship and statistically significant ($\beta=0.538$; $p=0.000$). Therefore, Hypothesis 1c is supported.

The three factors of internal management, cooperation, and mutual dependence taken together account for 41.8% of the trust in the translation organisations of their clients. Besides the main independent variable, all control variables have no significant relationship to the trust of their clients.

2) Testing Hypotheses H2a-H2c

The regression analysis results of Hypotheses 2a, 2b, and 2c are as follows.

Table 4.13 Regression analysis results of H2a-H2c

Independent variables	β	SE	Sig.	VIF
(Constant)	0.472	0.347	.176	
IM (Internal Management)	-0.003	0.112	0.979	2.200
CP (Cooperation)	0.374**	0.115	0.001	2.908
MD (Mutual Dependence)	0.459***	0.073	0.000	2.055
Registered Capital	-0.046	0.054	0.388	2.095
Total annual sales last year	0.094	0.058	0.107	2.436
Number of full-time employees	0.004	0.049	0.929	1.980
Number of part-time translators	-0.019	0.045	0.665	1.494
Age of establishment	-0.006	0.051	0.901	1.600
Industry mainly serve for	0.022	0.017	0.198	1.076
R square	0.537			
Adjusted R square	0.512			
Number	173			

Notes: Unstandardized coefficients have been reported. SE-Standard Error, Sig-Significance, VIF-Variance Inflation Factor; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Hypothesis 2a proposes that the internal management of translation service organisations in China have positive effects on the commitment of their clients. The result shown in Table 28 illustrates that the two variables have negative relationship but

not statistically significant ($\beta=-0.003$; $p=0.979$). Therefore, Hypothesis 2a is not supported.

Hypothesis 2b proposes that the cooperation of translation service organisations in China have positive effects on the commitment of their clients. The result shown in Table 28 illustrates that the two variables have positive relationship and statistically significant ($\beta=0.374$; $p=0.001$). Therefore, Hypothesis 2b is supported.

Hypothesis 2c proposes that the mutual dependence of translation service organisations in China have positive effects on the commitment of their clients. The result shown in Table 28 illustrates that the two variables have positive relationship and statistically significant ($\beta=0.459$; $p=0.000$). Therefore, Hypothesis 2c is supported.

The three factors of internal management, cooperation, and mutual dependence together account for 51.2% of the commitment of the translation organisations to their clients. Besides the main independent variable, all control variables have no significant relationship to the commitment of their clients.

3) Testing Hypotheses H3a-H3c

The regression analysis results of Hypotheses 3a, 3b, and 3c are as follows.

Table 4.14 Regression analysis results of H3a-H3c

Independent variables	β	SE	Sig.	VIF
(Constant)	2.950	0.709	0.000	
IM (Internal Management)	0.441	0.228	0.055	2.200
CP (Cooperation)	-0.176	0.234	0.452	2.908
MD (Mutual Dependence)	-0.421**	0.150	0.006	2.055
Registered Capital	0.125	0.110	0.254	2.095
Total annual sales of last year	0.027	0.118	0.819	2.436
Number of full-time employees	-0.201*	0.101	0.048	1.980
Number of part-time translators	0.095	0.091	0.301	1.494
Age of establishment	0.090	0.104	0.390	1.600

Independent variables	β	SE	Sig.	VIF
Industry mainly serve for	-0.033	0.035	0.342	1.076
R square	0.112			
Adjusted R square	0.062			
Number	173			

Notes: Unstandardized coefficients have been reported. SE-Standard Error, Sig-Significance, VIF-Variance Inflation Factor; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Hypothesis 3a proposes that the internal management of translation service organisations in China have negative effects on the conflict of their clients. The result shown in Table 29 illustrates that the two variables have positive relationship but not statistically significant ($\beta=0.441$; $p=0.055$). Therefore, Hypothesis 3a is not supported.

Hypothesis 3b proposes that the cooperation of translation service organisations in China have negative effects on the conflict of their clients. The result shown in Table 29 illustrates that the two variables have negative relationship but not statistically significant ($\beta=-0.176$; $p=0.452$). Therefore, Hypothesis 3b is not supported.

Hypothesis 3c proposes that the mutual dependence of translation service organisations in China have negative effects on the conflict of their clients. The result shown in Table 29 illustrates that the two variables have negative relationship and statistically significant ($\beta=0.421$; $p=0.006$). Therefore, Hypothesis 3c is supported.

The three factors of internal management, cooperation, and mutual dependence together account for 6.2% of the conflict of the translation organisations with their clients. Besides the main independent variable, all control variables except the number of full-time employees ($\beta=-0.201$; $p=0.048$) have no significant relationship to the conflict of their clients.

4) Testing Hypotheses H4a-H4c

The regression analysis results of Hypotheses 4a, 4b, and 4c are as follows.

Table 4.15 Regression analysis results of H4a-H4c

Independent variables	β	SE	Sig.	VIF
(Constant)	1.336	0.306	0.000	
TR (Trust)	0.120	0.068	0.079	1.852
CM (Commitment)	0.568***	0.070	0.000	1.742
CF (Conflict)	-0.044	0.040	0.275	1.230
Registered Capital	0.087	0.054	0.107	2.121
Total annual sales of last year	-0.057	0.058	0.328	2.494
Number of full-time employees	0.024	0.050	0.632	2.022
Number of part-time translators	0.072	0.044	0.101	1.431
Age of establishment	-0.060	0.051	0.236	1.606
Industry mainly serve for	-0.003	0.017	0.837	1.050
R square	0.510			
Adjusted R square	0.483			
Number	173			

Notes: Unstandardized coefficients have been reported. SE-Standard Error, Sig-Significance, VIF-Variance Inflation Factor; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Hypothesis 4a proposes that the trust of translation service organisations in China in their clients positively affect their business perspective of outsourcing success. The result shown in Table 30 illustrates that the two variables have positive relationship but not statistically significant ($\beta=0.120$; $p=0.079$). Therefore, Hypothesis 4a is not supported.

Hypothesis 4b proposes that the commitment of translation service organisations in China to their clients positively affect their business perspective of outsourcing success. The result shown in Table 30 illustrates that the two variables have positive relationship and statistically significant ($\beta=0.568$; $p=0.000$). Therefore, Hypothesis 4b is supported.

Hypothesis 4c proposes that the conflict of translation service organisations in China with their clients negatively affect their business perspective of outsourcing success. The result shown in Table 30 illustrates that the two variables have negative

relationship but not statistically significant ($\beta=-0.044$; $p=0.275$). Therefore, Hypothesis 4c is supported.

The three factors of trust, commitment, and conflict together account for 48.3% of the outsourcing success of the translation organisations for their clients. Besides the main independent variable, all control variables have no significant relationship to the business perspective of outsourcing success.

Table 4.16 Conclusions of hypothesis testing

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

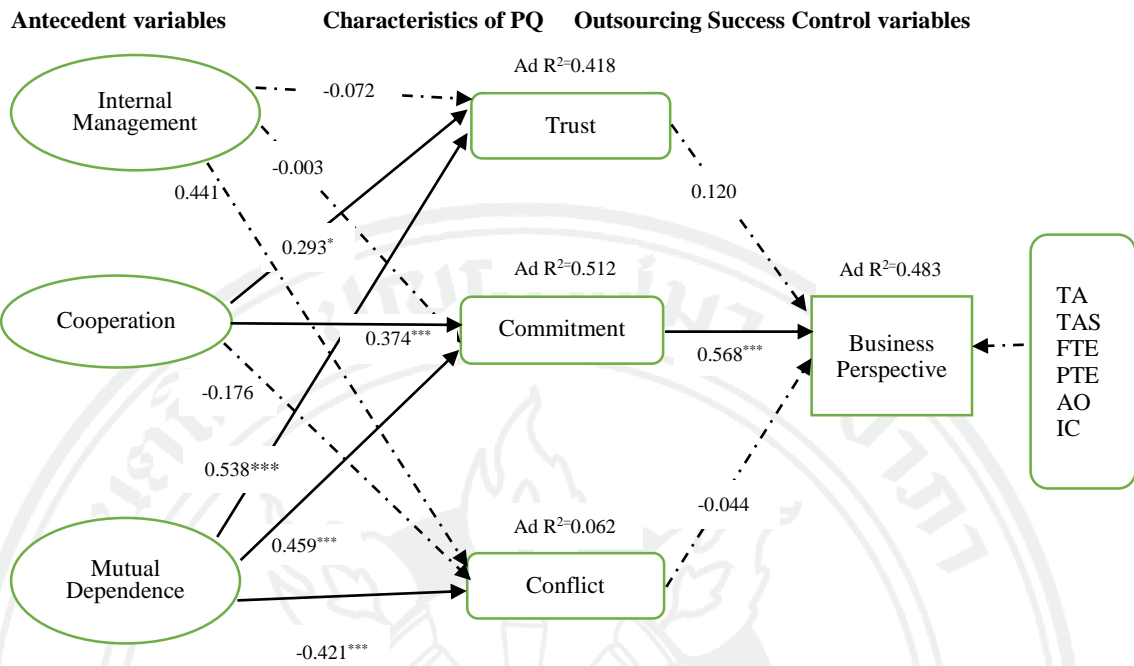


Figure 4.1 Regression Results

Notes: TA-Total assets, TAS-Total annual sales, FTE-Number of full-time employees, PTE-Number of part-time translators, AO- Age of organisation, IC-Industries of Clients. Unstandardized beta coefficients are reported; *** p <0.001, ** p<0.01, *p<0.05; Solid lines represent significant coefficients

5) Testing mediating effects

Following the procedure suggested by James, Mulaik, and Brett (2006), the mediating effects of partnership quality between antecedent factors and outsourcing success have been tested. From the abovementioned regression results, the two mediating effects specifically should be tested. The direct and indirect effects are the same when analysed both with SPSS 21.0 and Smart PLS 2.0. According to the opinions of Hair, Hult, G.T.M., Ringle, and Sarstedt (2014), the variance accounted for (VAF) is better applied to test the mediating effects between antecedent factors and dependent factors through PLS-SEM. The following Table 26 shows the significant direct and indirect effects between antecedent factors of partnership quality, characteristic factors of partnership quality, and factor of outsourcing success, which are available to calculate the mediating effects.

Table 4.17 Total effects

Relationship	Effect
1. Mediating effect of CM on CP and OS	
CP----CM (direct effect 1)	0.3116**
CM----OS (direct effect 2)	0.5823***
CP----OS (indirect effect)	0.228**
2. Mediating effect of CM on MD and OS	
MD----CM (direct effect 1)	0.4638***
CM----OS (direct effect 2)	0.5823***
MD----OS (indirect effect)	0.3727***

Notes: CP-Cooperation; CM-Commitment; OS-Outsourcing Success; MD-Mutual Dependence; *** p < 0.001, ** p < 0.01, *p < 0.05

The formula to calculate the variance accounted for (VAF) can be is as follows (Hair et al., 2014) :

$$\text{VAF} = \frac{\text{direct effect 1} * \text{direct effect 2}}{\text{direct effect 1} * \text{direct effect 2} + \text{indirect effect}}$$

Figure 4.2 Formula of VAF

If the final percentage is below 20%, there is no mediating effect. If the final percentage is between 20% and 80%, there is a partial mediating effect. If the final percentage is above 80%, a full mediating effect should be assumed (Hair et al., 2014). The processes of calculating the two mediating effects are as follows:

The first is how the commitment (CM) mediates factors between cooperation (CP) and outsourcing success (OS).

$$\text{Direct effect} = 0.3116 * 0.5823 = 0.1814$$

$$\text{Total effect} = 0.1814 + 0.228 = 0.4094$$

$$\text{Mediating effect} = 0.1814 / 0.4094 = 0.4431$$

From the final percentage, the conclusion can be drawn that the commitment has a partial mediating effect on cooperation and outsourcing success.

The second is how commitment (CM) mediates factors between mutual dependence (MD) and outsourcing success (OS).

$$\text{Direct effect} = 0.4638 * 0.5823 = 0.2701$$

Total effect= $0.2701+0.3727=0.6428$

Mediating effect= $0.2701/0.6428=0.4202$

From the final percentage, the conclusion can be drawn that commitment has a partial mediating effect on mutual dependence and outsourcing success.



CHAPTER 5

DISCUSSION AND CONCLUSION

This chapter will discuss the results based on the initial qualitative analysis and quantitative analysis. The implications for the academic and managerial aspects have also been put forward to demonstrate research significance. Conclusions have been drawn as well as limitations and suggestions for future studies in this field.

5.1 Brief review of the study

This research focused on the effects of partnership quality on the outsourcing success of translation service organisations in China by adopting the theories of Resource-based Theory (RBT) and Resource Dependence Theory (RDT), based on the previous conceptual model combining partnership quality and outsourcing success. The research questions to be answered are ‘how the theories of RBT and RDT apply to the empirical studies of translation outsourcing services’, ‘how the classic model of partnership quality and outsourcing success fits the specific conditions of translation organisations’ and ‘what are the implications for future academic research and practical management’?

Before distributing the questionnaires, the author interviewed two managers from both the client organisation and the translation service organisation. Due to the lack of contact information for translation service organisations in China, the author searched and created a database for them. In the end, a total of 173 questionnaires completed by project managers, client managers, and general managers was collected. The factor analysis results show that all the factors have met the standard except for internal management, which will be analysed in the following sections. The regression results show that 6 hypotheses (H1b, H2b, H1c, H2c, H3c, H4b) were significantly supported, and the rest were not significantly supported. Furthermore, commitment has

a partial mediating effect on the relationship between cooperation and outsourcing success, as well as mutual dependence and outsourcing success.

5.2 Discussions on results

5.2.1 Discussions on demographic results

According to the 173 questionnaires collected, the conclusion can be drawn out that most of translation organisations in China are small-and-medium-enterprises. The registered capital of 122 organisations (70.5%) are below RMB1,000,000, which is also one of the characteristics of translation industry for it is not necessary to invest a great in capital for developing. The number of staff also reflects such kind of condition for 130 organisations (69.4%) have less than 50 full-time employees. 126 organisations (70.8%) own less than 150 part-time translators. Lacking professionals leads to the limitation of further development in translation industry. Most translation organisations are young entities with the age of establishment of below 5 years (41.6%) and between 6-15 years (35.8%). The characteristic of small-and-medium scales of translation industry in China is outstanding and there is a great space for them to develop in the aspect of broaden the economy scales.

Considering the variable of internal management, respondents have higher evaluations on human capital (mean=4.242, S.D.=0.645), organisational capital (mean=4.184, S.D.=0.672), management capacity (mean=4.093, S.D.=0.739) and top management support (mean=4.133, S.D.=0.731). It can be concluded that translation industry is the one that will hire a large number of higher-educated professionals with the degree of bachelor at least. Most translators also have relevant background knowledge and certificates. No matter full-time translators or part-time ones can be managed efficiently by most translation organisations. Besides human resources, hardware like the office infrastructures and technological innovation of translation is prepared well for translation service outsourcing. What's more, most organisations have agreed that their top management is willing to support the partnership with their clients. Of course, because the questionnaires have been filled by managers who are responsible for the relationship maintenance, this result may need further exploring.

Another important variable, i.e. cooperation has also obtained positive attitude from respondents in the aspects of participation (mean=4.118, S.D.=0.737), joint action (mean=3.929, S.D.=0.781), coordination (mean=4.154, S.D.=0.717), and communication quality (mean=4.171, S.D.=0.743). The results showed that translation service organisations have positive attitude in the cooperative process, e.g. discussing plans and problem with the clients, setting up coordination mechanism to solve problems. The manner and methods of communication between translation service organisations and their clients are almost timely, accurate, complete and credible.

However, in terms of the variable of mutual dependence, respondents have relatively low evaluation on the dimensions of knowledge sharing (mean=3.998, S.D.=0.826) and unavailability of alternatives (mean=3.825, S.D.=0.847), which showed the insufficient confidence of translation service organisations on their clients to depend on them. Most translation service organisations worry more about the unique provider position, i.e. unavailability of alternatives. If the relationship with their major clients is terminated, they would suffer significant loss in income despite their best efforts to replace it.

It's strange that the variable of trust has not got higher agreement (mean=3.740, S.D.=0.796). The reason may lie on the perspective of service provider, i.e. translation service organisations who suspend whether their clients should be trusted in or not. Furthermore, the lower evaluation on commitment (mean=3.968, S.D.=0.730) has supported the suspension from the translation service organisations. They are in doubt that their clients are willing to invest resources to sustain their partnership and fulfil prescribed agreements. However, they believe both parties can be faced to conflict (reverse question, mean=2.576, S.D.=1.076) with positive attitude. Some conflicts will be generated unavoidably due to differences in business objectives, policies, cultures and assignment of human and physical resources between the translation service organisations and their client organisations. Finally, most translation service organisations are optimistic about their outsourcing outputs (mean=4.048, S.D.=0.705). Specifically, they agreed that they have enhanced their translation competence, access

to skilled translators, economies of scale in translators and translation technological resources, control of translation expenses and reduced the risk of translation technological obsolescence. In conclusion, they were satisfied with their overall benefits from translation service outsourcing.

5.2.2 Discussions on regression analysis results

The following sections will analyse the regression results in detail from two subsections, one is those have been supported significantly, and another one is those have not been supported significantly. The relationship between variables, the reasons why they affect, and whether the results consist with previous studies will be elaborated.

5.2.2.1 Discussions on hypotheses significantly supported

1) Cooperation and Trust

Some scholars argue that cooperation focuses not only on mutual requirements but also on working together to find out the best possible solutions (Goo & Huang, 2008), thus, the following discussion will elaborate upon the relationships between four dimensions (participation, joint action, coordination and communication quality) included in the variables of cooperation and trust respectively.

The study results showed that as a service provider, translation organisations had higher scores on the evaluation of their clients in terms of participation. There are 78% of translation organisations agree that their clients are willing to participate in projects with a positive attitude, which means initial trust has been established. The positive attitude of one organisation can be considered as a sign of trust, which will influence continuous behaviours in a relationship (Robinson, 1996). As for the items of resolving problems, i.e., ‘we and our clients are very interested in each other’s problems’ and ‘we and our clients encourage each other to solve business problems’, the same percentage of 73.4% of translation organisations had relatively positive evaluations on their clients. Previous findings pointed out that shared trust was a significant factor influencing managerial problem-solving effectiveness and (Zand, 1972), vice versa, positive attitude, and proper ways to resolve problems will be beneficial for building long-lasting trust. Previous studies have supported the

significance of participation to the success of mutual relationship, e.g., user participation has a positive influence on successful system implementation (W. T. Lin & Shao, 2000). Some scholars have explored the dimension of participation to find that users' expectations of future participation will lead to system development. It can be concluded that participation is a core construct in system development and implementation success with different utilisations according to continuously changing contexts (Markus & Mao, 2004).

In terms of joint action in this study, 72.9% of translation organisations agreed (mean=4.00) with the item 'we and our clients discuss long-range planning', and 62.4% agreed with the item 'we and our clients discuss important private plans'. It was argued that trust establishment between partners needs collective efforts on the part of all participating members to plan and execute the operations (VICS). Joint action could lead to trust (Nyaga, Whipple, & Lynch, 2010). Collaborative planning functioned as a basis and guarantee of executing plans by involving all partners' consensus (Ramanathan & Gunasekaran, 2014). Joint action has been viewed as a key aspect of closeness in buyer-supplier ties (Heide & John, 1990). Another specific study tested the proposition that joint action has a positive influence on trust, for it increased certain transaction characteristics. In this context, joint action was viewed as a proactive governance mechanism that gave both client and provider assurance of a coordinated response to future changes in the external environment (Joshi & Stump, 1999).

Coordination is another important factor that can influence trust-building. The study results showed that 75.7% of translation organisations could solve most exceptional problems through mutual discussion. Moreover, translation organisations were confident about their coordination capabilities because 82.6% could recognise and support what their clients want. Such coordination methods as exchanging information and communicating and solving problems could maintain inter-organisational interactions that would help the translation organisations to reduce the barriers with their clients and the dysfunctional aspects of distrust that rely on non-calculative judgments, e.g., suspicion and scepticism between partners (Lumineau, 2017). 78.1% of organisations agreed that they have coordination mechanisms to solve problems with

their clients. Mechanisms could greatly affect inter-organisational trust that has been set up by face-to-face contacts, institutional shape, and channels expectations over a period of time (Bachmann & Inkpen, 2011). Coordination based on mutual understanding of certain issues, especially how to deal with problems, is a core influence on the trust of service providers in their clients. Previous scholars proved that coordination could facilitate interactions between partners and improve adjustment (Simon, 2013).

Another factor that affects a degree of trust is the communication quality as 'mutual monitoring, especially in its initial stages, clearly emerges from project managers' deliberate reflection on and implementation of these communication processes' (Olohan & Davitti, 2015) will be beneficial for interactive and dynamic trust-building between translation organisations and their clients. This research results showed that more than 80% of translation organisations agreed that they could communicate with their clients in a timely, accurate and credible manner, and 73.4% believed that they could communicate completely. Good quality of communication is a way to access to a partner's position (Ali & Khan, 2016), thus, trust from the counterpart can be obtained. Efficient communication, i.e. timely, accurate, credible and complete between organisations, will reduce partners' motivation to withhold vital information; as a result, a high level of trust would build up (Brinkhoff, Özer, & Sargut, 2015).

2) Mutual dependence and trust

The study results showed that mutual dependence had a relatively strong relationship with trust ($\beta=0.538$). The dependence of translation organisations on their clients refers to providers' willingness to maintain the relationship to achieve the desired goals (Hofer, Knemeyer, & Dresner, 2009). The relationships of two dimensions (knowledge-sharing and unavailability of alternatives) involved in variable mutual dependence and trust will be discussed as follows.

It is argued by some scholars (C. Liu, Huo, Liu, & Zhao, 2015) that knowledge sharing is critical to partnerships, as it strengthens the trust between partners and reinforces their commitment to the outsourcing relationship. Translation projects

require both the clients and the translation organisations to participate together to share information, e.g., sharing project management experience, industrial knowledge, and background knowledge relating to the translation business, which is a sign of honesty and openness. As a result, sharing information will reduce relationship risks and enhance the translation organisations' trust in their clients; thus, collaboration and cooperation between the partners will improve (Chu & Wang, 2012). The purpose of exchanging and sharing information is to help translation organisations and their clients to understand each other better and complete translation assignments satisfactorily. Lacking necessary knowledge-sharing may lead to misunderstandings and thus, distrust may occur. Direct and credible knowledge-sharing will lead to higher trust (Prajogo & Olhager, 2012).

This study's results showed that client organisations depended more on their translation organisations because the degree of unavailability of alternatives was high; therefore, translation organisations were inclined to trust their clients much more. 64.8% of translation organisations agreed that if they no longer provided service to their clients, they would have difficulty switching to other companies to receive a similar level of translation service. This is consistent with the opinion that higher service quality and superior partnership behaviours result in trust among service partners (Goode, Lin, Fernandez, & Jiang, 2014). According to Resource Dependence Theory (RDT), the unavailability of alternatives is one of the main indicators of resource dependence (Cai & Yang, 2008). Furthermore, RDT points out that when alternatives or potential alternative sources of exchange are less available, dependence increases (Cai & Yang, 2008; Heide & John, 1988). It has been tested from the result that 69.4% of translation organisations agreed that they are the only provider of translation service for their clients. This confidence displayed by translation organisations shows that their clients are worth relying and depending on. 70.5% of translation organisations supposed that if their relationships with their major clients were terminated, they would suffer significant loss in income despite their best efforts to replace it. The clients have been trusted by their translation partners in that the clients have the competence to support their providers to survive and even compete in the market, which is consistent with the definition of trust, i.e., the willingness to depend on a party in whom one has confidence

and credibility (Fynes, Voss, & de Búrca, 2005; Ganesan, 1994; Robert M Morgan & Shelby D Hunt, 1994).

3) Cooperation and commitment

Commitment represents a long-term assessment of outsourcing outcomes and is suitable for a business process outsourcing (BPO) context, which requires close cooperation and stable relationships to realize its benefits (S. S. Bharadwaj et al., 2010). The significantly supported result ($\beta=0.374$) showed that cooperation including participation, joint action, coordination, and communication quality greatly contributed to the fulfilment of commitment.

Collaborative participation between the client and the service provider to perform functions such as solving problems together, synchronizing outsourced tasks, clarifying task outputs, and integrating outputs back into the client's value chain (Han et al., 2008a; Mani, Barua, & Whinston, 2010) can lead to fulfilment of commitment (S. S. Bharadwaj et al., 2010; Rai & Tang, 2010). The clients and service providers participate in the process alignment, e.g., working together on boundary-spanning problem processes that will facilitate the whole cooperative process; as a result, both parties are willing to commit resources to sustain the relationship (Rai & Tang, 2010; Susarla, Barua, & Whinston, 2010). The higher evaluation levels on the items 'we and our clients are very interested in each other's problems' (mean=4.20) and 'we and our clients encourage each other to solve business problems' (mean=4.06) have tested this opinion.

The way service providers combine complementary resources is to take joint actions, e.g., discuss long-range and important private plans that will optimise both parties' understanding with their commitment (J.-N. Lee & Kim, 1999). As Henderson (1990) has mentioned, commitment reflects the parties' view of the relationship as being sustained over time. To achieve superior performance, it is important that a partner's distinctive resources are combined with those from others, creating a synergistic effect in which the combined resources are more valuable, rare, and difficult to imitate (Chou, Techatassanasoontorn, & Hung, 2015).

Furthermore, to fulfil commitment of outsourced tasks by clients, the service provider must have the coordinative capability to understand client-specific processes and to integrate the clients' outsourced process into its services (Goo, Kishore, Nam, Rao, & Song, 2007; Han et al., 2008a; Susarla et al., 2010). If one service provider can coordinate between a cooperative process catering to the clients' requirements and exceptional problems through effective coordination mechanisms, this will lead to a successful relationship (S. S. Bharadwaj et al., 2010; Subramani, 2004). During the whole cooperative process, problems can be solved through certain coordination mechanisms established by service providers based on mutual comprehension of the commitment. Dealing with feedback from the clients will give the translation organisations more ways to coordinate interdependent activities by coping with changes in market requirements for services, which will strengthen the partnership (Chou et al., 2015).

Effective communication is an essential determinant of successful outsourcing partnership because of the level of understanding and adequate information exchange (Berger & Lewis, 2011; Kannan, 2007). Earlier studies have concluded that communication creates the conditions for commitment (Chait, 1998; Foy, 1994; Katz & Kahn, 1978). The higher evaluation in this research showed that translation organisations could communicate with their clients more timely, accurately, completely, and credibly. Clients' decision-making may be influenced by effective communication, e.g., appropriate information about opportunities, risks, and outcomes, and consequently timely information (Sharma & Patterson, 1999), which will finally lead to psychological and attitudinal changes in the current conditions (Antioco, Moenaert, Feinberg, & Wetzels, 2008) including relationship commitment (Kuhlmeier & Knight, 2010). Accurate communication with clients allows translation organisations to perform correctly from the beginning, which will prevent waste of resources. Furthermore, better-informed parties are generated from timely, complete, and credible communication, especially meaningful discussion of planning, goal-setting, implementing, coordinating, and evaluation (Hansen & Rasmussen, 2013). Thus, effective communication stimulates the client's commitment to the relationship

(Sharma & Patterson, 1999). The results have also demonstrated a substantial relationship between communication and organisational commitment in the context of interpersonal and organisational management (Postmes, Tanis, & De Wit, 2001).

4) Mutual dependence and commitment

Previous studies showed that interdependence between the outsourcer and the service provider increases; thus, greater trust and commitment will result (Ali & Khan, 2014). The study results established that mutual dependence, including knowledge-sharing and unavailability of alternatives, had relatively strong effects on commitment ($\beta=0.459$).

Proper knowledge sharing can make the job easy for outsourcing providers and clients because service provider organisations can efficiently manage the outsourcing contract on the basis of knowledge sharing and knowledge exchange (Khan & Khan, 2013). Thus, more integrating activities such as the sharing of long-term plans, mutual problem solving and information exchange should be encouraged in order to improve working relationships and the degree of commitment between service providers and their clients (Hansen & Rasmussen, 2013). The degree of outsourcing relationships can be improved depending on how well the partners leverage interfirm resources, e.g., knowledge-sharing (Chou et al., 2015). Other studies demonstrate that outsourcing performance can be improved by means of the service provider's capability to address knowledge interdependencies between the client's domain knowledge and the service provider's tasks (Han et al., 2008a; Kuruvilla & Ranganathan, 2010; Luo, Zheng, & Jayaraman, 2010). It can be concluded that knowledge-sharing plays an important role in affecting the outsourcing partnership in that it is also an important factor in outsourcing contract management, which is involved in the fulfilment of commitment (Hansen & Rasmussen, 2013).

Previous studies argue that 'to improve user satisfaction, clients found that providers need to show more commitment' (Kern, 1997). However, mutual dependence that affects commitment positively focuses more on the unavailability of alternatives from the perspective of service providers. In this research, 64.8% of translation

organisations agreed with the item 'If we no longer provide service to our clients, they would have difficulty switching to other companies to receive the similar level of translation service' and 69.4% believed that 'we are the only provider of translation service of our clients', reflecting the tight dependence of the clients on their translation service providers, which shows the willingness of the clients to fulfil the commitment, e.g., devote more resources to sustaining the relationship with their providers. It's not difficult to understand that a client organisation will be highly dependent if a service provider organisation is the sole source of a component or activity because the service provider organisation has more power to control the resources the client organisation needs (Caniëls & Roeleveld, 2009).

5) Mutual dependence and conflict

This research showed a negative relationship ($\beta=-0.421$) between mutual dependence and conflict, which reflected previous studies conducted by other scholars (Tim Goles & Wynne W Chin, 2005b; Gundlach & Cadotte, 1994; J.-N. Lee & Kim, 1999). The effects of knowledge sharing and unavailability of alternatives on conflict will be discussed respectively.

Knowledge sharing demonstrates a relationship between two parties, i.e. one that possesses knowledge and the other that requires the knowledge (Hendriks, 1999). Knowledge sharing increases organizations' competitive advantage, maintains organisations' intellectual capital, and facilitates creation of organisational value added (Z. J. CHEN et al., 2011). In this research, 68.2% of translation organisations believed that their clients share project management experience with them (mean=3.96), which could narrow down the gap of managerial ideologies between the client organisations and translation organisations. Thus, conflicts resulting mainly from different cultures, opinions, business objectives, and policies may be eliminated to a certain extent. Over 70% of translation organisations agreed that their clients share industrial knowledge (mean=3.99) and background knowledge relating to translation business (mean=4.04) with them, which is important for the translation organisations to decide on the assignment of human and physical resources, e.g., the professional translator from the same or similar industry as the client's. The dearth of professional knowledge-sharing

would be a significant risk to outsourcing projects (Gemino, Reich, & Sauer, 2007). Suppose a client organisation is not willing to share professional knowledge with their translation partner; this translation organisation may assign the translation tasks to translators who lack professional terminology applied in the client's industry, and as a result the translational documents will inevitably have mistakes and even result in great loss to the client. Therefore, sharing knowledge across organizational boundaries facilitates inter-organisational trust-building by decreasing conflict (Gupta & Polonsky, 2014; Powell, 1995; W. K. Smith & Lewis, 2011; Trkman & Desouza, 2012; van Fenema & Loebbecke, 2014).

The conflict in this research should specifically refer to the disagreements over how to implement outsourcing translation tasks due to different comprehensions on business objectives, policies, organisational cultures and assignments of human and physical resources (Jehn, 1995). Cai and Yang (2008) observed that the unavailability of alternatives is negatively related to conflict between client organisations and their service providers. Later studies explained further that as outsourcing is an effective way to save costs and achieve competitive advantages, the client organisation may be likely to outsource non-core functions even if there is a lack of alternatives. Conversely, the client organisation is inclined to develop a close relationship with the service provider organisation to ensure the availability of the logistics services to manage such dependence (Chu & Wang, 2012). This research results echoed those of the previous studies. 64.8% of translation organisations agreed that 'if we no longer provide service to our clients, they would have difficulty switching to other companies to receive the similar level of translation service' (mean=3.73) and 69.4% believed that 'we are the only provider of translation service of our clients' (mean=3.79), which means the clients are willing to mitigate conflict and keep a friendly relationship with their service providers for the purpose of achieving common outsourcing targets. 70.5% of translation organisations argued that 'if our relationship with our major clients is terminated, we would suffer significant loss in income despite our best efforts to replace it' (mean=3.96), which will push the partners to decrease conflict resulting from misunderstandings of the business objectives, policies, cultures, or assigning human and physical resources improperly.

6) Commitment and outsourcing success

Commitment represents the highest level of ties among participating parties in that it is defined as a continued desire to maintain a relationship of value exchange and is a psychological state predisposing an organization toward maintaining the relationship over the long term (Moorman et al., 1993). Sharma and Patterson (1999) even suggested that the clients' relationship commitment to a service provider can be a surrogate measure of outsourcing success. Commitment will be inducing or reducing voluntary participations of clients in exchanging knowledge and information, which is critical to successful project performance (Carr, 2006). The study results supported the obviously positive effect ($\beta=0.568$) of commitment on the outsourcing success of translation organisations for their clients.

Besides the frequent abovementioned aspects of commitment, the performance of contracts signed by the two partners will lead to the success of translation service outsourcing. The translation organisations will satisfy their overall benefits from outsourcing of translation service if their clients have performed the prescribed agreements well. If the translation organisations can truly understand the clients' requirements, then the commitment can be realized. The support from the clients will improve understanding and smooth the whole procedure, and then the translation organisations can focus more on their core business in certain industries. Previous studies have shown that commitment had a significantly positive impact on a partnership (Lane & Van Der Vyver, 2005). In such a relationship, keeping each other's promises is a key feature of maintaining the commitment, which shows whether the clients are serious about the status of the partnership. At the same time, the manner and result of dealing with conflicts demonstrate the commitment the translation organisations are willing to achieve. Effective conflict resolution will reduce unnecessary costs and thus increase control of translation expenses.

5.2.2.2 Discussions on hypotheses insignificantly supported

1) Internal management and characteristics of partnership quality

The variable internal management did not contribute to building trust between translation organisations and their clients, according to the research results. No matter how well the service provider organisations manage themselves internally, they cannot present why they should put trust in their clients. The concept of trust has different interpretations for the service provider and the client. It is surprising to find out that internal management did not work on commitment as well. Higher levels of human capital, organisational capital, and management capabilities in one organisation result in higher expectations of their clients' fulfilment of commitment. However, such expectations are difficult to be met most of the time. The results showed that internal management has an effect on conflict almost significantly supported ($\beta=0.441$, $p=0.055$). Clearly illustrated norms, systems, and structures in the provider organisation will generate their own unique organisational culture and management atmosphere, which will make them aware of the difference from their clients.

Furthermore, the effect between internal management and outsourcing success has been tested. The results showed that outsourcing success has been affected by internal management, which is supported significantly ($\beta=0.651$, $p<0.001$). Moreover, the factor of internal management accounts for 28.8% of outsourcing success in the translation organisations. This result shows that the level of internal management, including its human capital, organisational capital, management capabilities, and top management support in one translation organisation will directly influence its outsourcing success. As a fundamental resource, human capital in one translation organisation is crucial for deciding whether the outsourced translation assignments will be completed successfully. A large number of qualified translators with various background knowledge, whether full-time or part-time, can guarantee the successful fulfilment of translation tasks. Sufficient capital investment both in software and hardware will reduce time wasting and improve outsourcing benefits. Better management capabilities will integrate internal resources in order to complete outsourced translation tasks more efficiently. Support from top management will improve the quality of partnership between translation organisations and their clients, which leads to more cooperation and mutual dependence and thus more outsourced assignments from their clients.

2) Cooperation and conflict

Common sense suggests that cooperation should affect conflict negatively, and this study's results showed that cooperation has some negative effect on conflict, but was insignificantly supported ($\beta=-0.176$, $p=0.452$). Although the logic is reasonable for this relationship, the issue should be explored further. It can be guessed that cooperation relates to both partners instead of only one party who cannot control the final cooperative results, including issues relating to conflict.

3) Trust and outsourcing success

Because trust is considered differently by the client organisation and their translation partner organisation, the research result generated from the perspective of the service provider was insignificantly supported. This result showed that the argument 'the more trust the service providers put on their clients will produce more outputs from the outsourcing activities' may be not convincing from the perspective of the translation service organisations. The reasons can be described as follows. The previous studies have discussed much about the relationship between trust and outsourcing success from the perspective of the client organisations (P. Hart & Saunders, 1997; McEvily et al., 2003; Ndubisi, 2011; Zaheer et al., 1998; Zaheer & Venkatraman, 1995). Only a few studies considered this relationship from the service providers' trust in their clients (J.-N. Lee & Choi, 2011; Mao et al., 2008). Lacking empirical research leads to the unavailable measurement of trust from the perspective of the service providers. Another reason may lie in the measurement of outsourcing success focusing mainly on information systems instead of other service sectors. The respondents have evaluated their outsourcing success with relatively low scores because translation service organisations do not pay more attention to their technical improvements.

4) Conflict and outsourcing success

The results showed that conflict has some negative effect on outsourcing success, but was insignificantly supported ($\beta=-0.044$, $p=0.275$). Conflict affects unavoidably the service providers' outsourcing success in that it will prevent the whole cooperative process of both partners. The reason why this hypothesis could not be supported significantly may relate to the measurement of outsourcing success itself as well. More

and more client organisations and providers can be confronted with conflicts occurring in the process of cooperation. However, in translation services, conflicts generated from techniques usually are not the major factor to influence outsourcing success.

5.2.3 Mediating effects results

5.2.3.1 Mediating Effects of Commitment on Cooperation and Outsourcing Success

Cooperation affects the degree of outsourcing success of translation service organisations through commitment and can be explained in the following details. The participation of both providers and clients will enhance mutual understanding of the counterpart's position and the commitment made by the two partners. As for achieving better cooperation, both sides will take joint actions that will fulfil their own commitment to the other. Throughout the whole cooperation period, communication quality will play an essential role in realising commitment. Based on cooperation, the commitment can be obtained from the clients, which is the precondition of the outsourcing success of the service providers.

5.2.3.2 Mediating effects of commitment on mutual dependence and outsourcing success

Mutual dependence lies in knowledge-sharing and alternatives for substitution. Commitment has played a partial mediating role between the effect of mutual dependence on outsourcing success in that shared information between the two partners will decrease misunderstanding and conflicts. The concern about substitution by other providers will improve realising and fulfilling the promises and prescribed agreements with a positive attitude. As a result, service providers can attain outsourcing success through the realisation of commitment.

5.3 Implications

5.3.1 Academic Implications

5.3.1.1 Broaden the scope of theoretical scopes

RBT and RDT have rarely been connected in previous studies. RBT focuses more on internal resources, which have the advantage to compete in the market when compared with other organisations. RDT emphasises more the external dependence on relative organisations for the purpose of building close partnerships and thus obtaining the largest benefits. This study has implied that among the outsourcing providers like translation organisations, external resources have much more significance. The degree of mutual dependence is a decisive factor affecting the inter-organisation relationship, which is the core research scope of RDT. In this study, the factor of mutual dependence has played a key role in the relationships between antecedents and characteristics, i.e., mutual dependence and trust, commitment and conflict. Therefore, RDT is suitable to be applied to analyse inter-organisation relationship and partnership quality.

However, when studying inter-organisation relationships, internal resources will usually be ignored or considered less important. This study's results have shown that service provider organisations should study how to better utilise their internal competitive resources like human capital, organisational capital, managerial capacity, and top management support. Although the results have not been supported statistically, the positive or negative effects can be seen, e.g., the negative relationships between internal management and trust ($\beta=-0.072$) and internal management and commitment ($\beta=-0.003$), while there is a positive relationship between internal management and conflict ($\beta=0.441$). Internal management should be deemed as an important internal resource affecting inter-organisation relationships accordingly. The abovementioned results have great worth in researching further to explore the application of RBT.

5.3.1.2 Improve the model of partnership quality and outsourcing success

The model of partnership quality and outsourcing success has been improved in more specific aspects.

The former studies on partnership have taken it as complete without dividing it separately into different dimensions (Chu & Wang, 2012; J.-N. Lee & Kim, 1999). However, the various aspects of partnership quality will have different effects on

outsourcing success. This study has shown that commitment has a stronger effect on outsourcing success than other dimensions of trust and conflict. The dimension of conflict has a negative effect ($\beta=-0.044$) on outsourcing success, as the hypothesis supposed, despite the result not being supported statistically. Another issue is that in common-sense terms, the dimension of trust is the most important reason to affect outsourcing success, but the results show that it has less effect ($\beta=0.120$) when compared to the dimension of commitment ($\beta=0.568$) without consideration of statistical significance. Therefore, in future studies, more specific studies should be conducted on the effect of each dimension on outsourcing success instead of combining them into only one simple factor.

This model has been applied to analyse the partnership between IT outsourcing clients and their service providers most of the time. From the research results, this model also can be applied to other types of outsourcing relationships like BPO and KPO. Further modifications should be made for a variety of industries. Moreover, this model can also be applied from the perspective of service providers instead of mainly clients or users. The items used to describe the attitude of the service providers to their clients should be thought out more carefully so that better results can be achieved.

5.3.2 Practical implications

5.3.2.1 Managerial improvement

The abovementioned findings suggest several strategies to an outsourcing provider, i.e., a translation service organization. Good cooperation is the predictor of trust and commitment that will lead to successful outsourcing outputs. Mutual dependence between the outsourcing client organisations and the provider organisations will increase the degree of trust and commitment and reduce conflict. Based on the analysis results, managers who are responsible for the partnership might draw some managerial implications.

Cooperation appears to be an important element in building trust ($\beta=0.293$, $p=0.029$) and commitment ($\beta=0.374$, $p=0.001$), which is productive for the partnership quality for both parties. It is suggested for managers that effective cooperation should be enhanced in the following ways. Firstly, ensuring a high degree of compatibility and adaptation of each other's processes can engender an environment conducive to trust creation. Managers are therefore encouraged to strive for this coordination via process integration, which conveys a sense of good will and commitment to the exchange partner. Secondly, managers must understand that there should be open and frequent communication between service providers and receivers because proper communication facilitates negotiation and the transfer of information and resolves possible conflicts in any outsourcing relationship. Managers should therefore insist on timely and credible communication channels. Thirdly, coordination ensures that client organisations devote resources to managerial decisions concerning external physical assets to effectively handle day-to-day operations. Both managerial and information resources are involved in coordinating interactions for the outsourcing of knowledge-intensive services, e.g., translation. It is necessary for managers to analyse the conditions and features of each translation assignment, thus devoting appropriate resources to the relationships to effectively and efficiently outsource translation services. Fourthly, discussions of the plans will be beneficial to the process of cooperation. Outsourcing strategies might not be viewed positively by service clients because of the fear of losing control over the process, which involves collective learning by the organisation, especially regarding its ability to coordinate diverse processes and

integrate various aspects of production such as people, processes, technology, and common goals and objectives. This can be achieved through the clear definition of roles and responsibilities between service providers and receivers. Most service provider–receiver relationships are governed by service-level agreements that serve as internal guidelines for process efficiency.

It has been found that mutual dependence is another crucial factor that affects trust ($\beta=0.538, p<0.000$) and commitment ($\beta=0.459, p<0.000$) positively, but conflict ($\beta=-0.421, p=0.006$) negatively, which will involve the managers in some aspects for the purpose of increasing client organisations' dependence on its service. On the one hand, managers can work on different fronts such as investigating a client's market and industry characteristics, knowing the procedure of a client's operations, or investing in the relationship through long-term and frequent communications. The service provider should work closely with the client by taking advantage of the client's complementary resources and leveraging them by considering how the translation outsourcing service capabilities, operating procedures, and business processes between the client and the service provider can be aligned. Specifically, managers should work with the client to mutually adjust the plans and actions of each to match translation tasks and relationships. On the other hand, knowledge-sharing can improve information-processing capabilities in complex and uncertain situations. In translation outsourcing, knowledge-sharing increases information resources between the partners, improving the visibility of the cooperation process, which leads to flexibility and responsiveness in translation outsourcing. Process coordination enhances these interactions between the partners, leveraging the nonshared resources in the coordination, which leads to efficiency and responsiveness in translation service outsourcing. Finally, some effective conflict resolutions that managers can now adopt: seeking solutions that work for both partners instead of blaming each other; being transparent about all relevant knowledge for better understanding of the counterpart's conditions; actively protecting each other's commercial interests for long-term cooperation; and ensuring appropriate communication methods and efficient coordination mechanisms.

From the perspective of translation organisation management, commitment is the most important factor influencing partnership quality and thus the outsourcing success ($\beta=0.568$, $p<0.000$). Commitment is the basic factor to make the service providers like translation organisations generate trust to their clients. The performance of contract and resolution of conflict are the two important aspects to fulfil the commitment. One of the most important jobs of those client managers, project managers, or even general managers is how to push their clients to fulfil the prescribed agreements, promises, and supports. Another is strengthening mutual dependence of translation organisations and their clients. Since most translation organisations are small and medium-sized enterprises, the probability of substitution is larger because they lack economies of scale, not only in capital but also in human resources. The management should think more about investment in infrastructure construction and human resources improvement. Managers should foster commitment in terms of encouraging more integrating activities such as the sharing of long-range plans, benefit- and risk-sharing, mutual problem solving, and information exchange. This will improve working relationships and the degree of commitment between client organisations and translation service organisations, which will influence outsourcing success.

5.3.2.2 Cultivation human resources

Although in this study the variable of internal management has no significant effect on trust, commitment, or conflict, the internal resources in one organisation are important to consider. The human resources in translation organisations are different from other industries in that most of the professionals are part-time translators. However, if one translation organisation is willing to enhance its competing capabilities in the market, the proficient full-time employees including translators should be the most important issue for the managers to consider, e.g., they will reduce the degree of conflict ($\beta=-0.201$, $p=0.048$). The current condition is that most such employees are cultivated and educated through higher-education institutions in traditional ways without connecting with economic development. As has been mentioned in previous chapters, translation techniques in linguistics are the major training content when institutions are educating their translation talent in China. From this study, a new

cultivation should draw attention to those institutions. Those full-time employees should be broadly skilled in translation, marketing, client maintenance etc. Thus, they can be defined as the real internal resource of the translation organisations and affect partnership quality with their clients.

5.4 Conclusion

This is the first study of the effect of partnership quality on outsourcing success from the perspective of service providers in the translation industry in China. RBT and RDT have been adopted as the theoretical base to analyse the internal and external resources and environment at the inter-organisation level. The model of partnership quality and outsourcing success has been constructed and modified to suit the translation industry from the perspective of service providers. Different measurements have been considered according to previous studies for the purpose of discerning the realities of partnership in translation organisations and their clients in China. Some predictions have been supported, while some unexpected results inspired future studies.

It was supposed that internal management should be a core aspect affecting partnership quality and thus outsourcing success. However, the results show the insignificant statistically supported results of some hypotheses. As has been mentioned in previous chapters, most translation organisations in China are small and medium-sized enterprises which lack experience or even awareness of integrating internal resources to build better trust in their clients, to fulfil commitment of outsourced agreements, and to reduce conflict through the cooperation process (Guo, 2015). However, the significant effect between internal management and outsourcing success shows that translation organisations in China should pay more attention to internal management issues, e.g., how to manage human capital, specifically the translators, control organisational capital, improve management capabilities, and strengthen top management support.

The antecedent factors of cooperation and mutual dependence have been seen to have positive effects on the characteristics of partnership quality like trust and

commitment. Moreover, the more mutual dependence, the less conflict, which demonstrates that those translation organisations emphasise much more a tightly dependent relationship with their clients. For the relationship between characteristics of partnership quality and outsourcing success, commitment has greater influence than trust and conflict. The indirect relationships of cooperation and outsourcing success and mutual dependence and outsourcing success mediating through commitment also indicate the important role commitment has played in the whole translation outsourcing procedure. This can be one issue for further study in the future.

5.5 Limitations and future studies

For the limitations, several aspects should be mentioned. Firstly, the size of the sample is relatively small. Some difficulties have caused this limitation. Although every translation service organisation is required to register with the Industry and Commerce Bureau, no authority has set up a database of all translation organisations in China. Searching for specific information about these organisations is a serious problem in that not every organisation has a website or way to contact them via the Internet. Furthermore, finding contact information of one organisation does not mean that the access to the suitable respondents, e.g., project manager, client manager, or general manager can be available. Because this is a study on the organisational instead of individual level, one questionnaire completed by higher executives from one organisation accounts for only one sample. Another difficulty is related to limited resources, since this is a personal study without any sponsorship or authority from higher administrative departments; most translation service organisations are not willing to complete the questionnaires.

Secondly, some aspects have not been studied and should be improved in future studies. Partnership quality should include both perspectives of partners, i.e., the client organisations and the provider organisations. It is better to conduct the research between the translation service organisations and their partner clients one-to-one based on certain translation projects. Therefore, the method of in-depth interview is more suitable to obtain specific information and opinions from the respondents. For evaluation of

outsourcing success, the criteria of business perspectives are not sufficient. The general self-evaluations from the organisations are not convincing enough. The variable of organisational performance should be included in future studies and should be evaluated through objective financial data that will reflect the specific degree of outsourcing success. Furthermore, more efforts can be made from the model that put forward the variables of internal management as the first factor determining the variables of cooperation and mutual dependence. The proposed conceptual model will be drawn as follows.

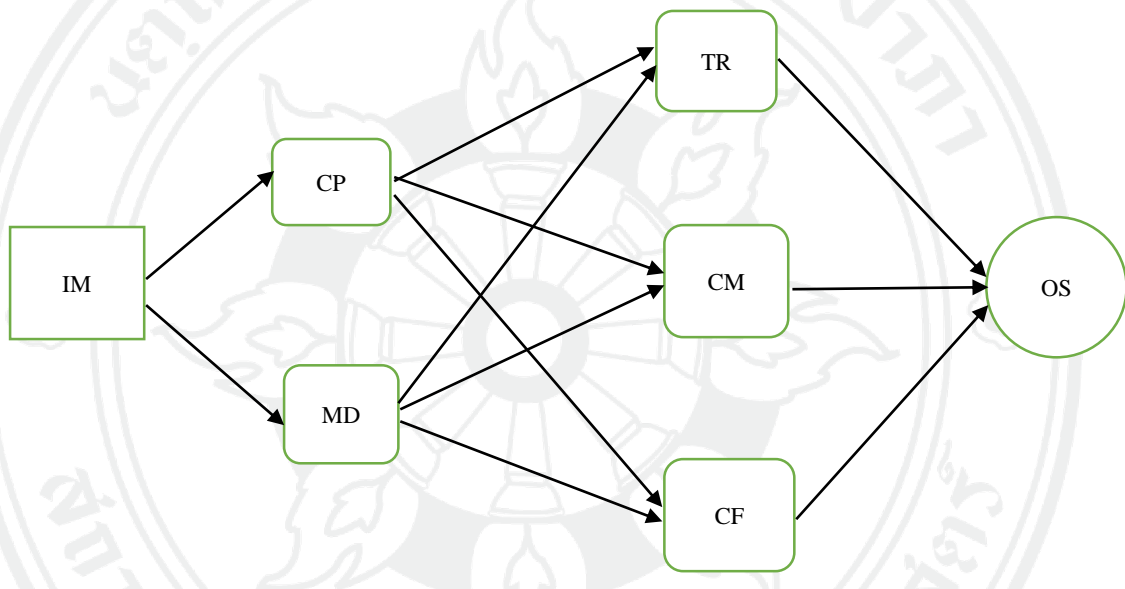


Figure 5.1 Conceptual model in future studies

Notes: IM-Internal Management; CP-Cooperation; MD-Mutual Dependence; TR-Trust; CM-Commitment; CF-Conflict; OS-Outsourcing Success

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Appendix I: Questionnaire

I. Basic information of the organisation

1. Size of the organisation (registered capital)

- below RMB500,000;
- between RMB500,001 and RMB1,000,000;
- between RMB1,000,001 and RMB5,000,000;
- over RMB5,000,000

2. Total annual sales of last year

- below RMB1,000,000;
- between RMB1,000,001 and RMB5,000,000;
- between RMB5,000,001 and RMB10,000,000;
- over RMB10,000,000

3. Number of full-time employees (including full-time translators)

- below 20;
- between 21 and 50;
- between 51 and 100;
- over 100

4. Number of part-time translators

- below 50;
- 51-150;
- 150-500;
- over 500

5. Age of establishment

- less than 5 years;
- between 5 and 15 years;
- between 16 and 25 years;
- more than 25 years

6. Industries of Clients (choose only one)

- Energy suppliers (including electricity, heat, gas and water);

- () Service suppliers in scientific research and information technology;
- () Finance;
- () Manufacturing;
- () Education;
- () Entertainment;
- () Public departments (including governments)
- () Others

II. Antecedent variables of partnership quality

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

Dimensions	Specific items	1	2	3	4	5
Internal Management	7: Our translators have bachelor degrees.					
	8: Our translators have relevant translation experience.					
	9: Our translators have relative professional certificates.					
	10: Our translators are from different industries with diversified background knowledge.					
	11: Our translators have been trained professionally.					
	12: Our office infrastructures (including computer, internet, database etc.) are new and modern.					
	13: We possess translation related certifications that helps us to compete better.					
	14: Our organisational culture supports ideas for new ways of doing business.					

	15: Much of our firm's norms and values are known by our employees.					
	16: We manage our translators both full-time and part-time efficiently.					
	17: We manage our national and international project demands equally well.					
	18: We can deal with the technological innovation of translation efficiently.					
	19: We can satisfy most of our clients' requirements.					
	20: Our executives are interested in the relationship between us and our service clients.					
	21: Our executives consider the relationship between us and our service clients an important thing at the organisational level.					
	22: Our executives support all with the resources we need.					
Cooperation	23: We and our clients participate in our business with positive attitude.					
	24: We and our clients are very interested in each other's problems.					
	25: We and our clients encourage each other to solve business problems.					
	26: We and our clients discuss our long-range planning.					
	27: We and our clients discuss our important private plans.					

	28: We reflect our clients' opinions for unexpected problems.					
	29: We solve most exceptional problems through mutual discussion.					
	30: We recognize and support what and when our clients want.					
	31: We have coordination mechanisms to solve problems with our clients.					
	32: The manner and methods of communication between us and our clients are timely.					
	33: The manner and methods of communication between us and our clients are accurate.					
	34: The manner and methods of communication between us and our clients are complete.					
	35: The manner and methods of communication between us and our clients are credible.					
Mutual Dependence	36: Our clients share project management experience with us.					
	37: Our clients share industrial knowledge with us.					
	38: Our clients share background knowledge relating to translation business.					
	39: If we no longer provide service to our clients, they would have difficulty switching to another companies to					

	receive the similar level of translation service.					
	40: We are the only provider of translation service of our clients.					
	41: If our relationship with our major clients is terminated, we would suffer significant loss in income despite our best efforts to replace it.					

III. Characteristic variables of partnership quality

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

Dimensions	Specific items	1	2	3	4	5
Trust	42: Our client was honest when it tries to resolve differences of opinion with us.					
	43: Our clients are willing to provide assistance to us without exception.					
	44: Our clients are sincere in dealing with us at all time.					
	45: Our clients modify the translation work procedures while working with us.					
	46: Our clients modify the translation project schedules in order to suit our delivery capability.					
	47: Our clients modify the translation standards in order to suit our situation.					
	48: Our clients modify our contract to accommodate our situation.					
Commitment	49: Our clients perform prescribed agreements very well.					

	50: Our clients faithfully provide prescribed support in a contract.					
	51: We and our clients always try to keep each other's promises.					
	52: Both parties are willing to commit resources to sustain the relationship.					
	53: Disagreements between both parties in the relationship are almost always successfully resolved.					
	54: The process of resolving conflicts between both parties in the relationship is effective.					
Conflict	55: In our relationship, some conflict exists because business objectives and policies are different.					
	56: In our relationship, some conflict exists because we and our clients have different culture and opinions in the process of business.					
	57: In our relationship, some conflict exists because of the assignment of human and physical resources.					

IV. Outsourcing success of translation service

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

Dimensions	Specific items	1	2	3	4	5
Perspective from translation service organisations	58: We have been able to refocus on core translation business in some industries.					
	59: We have enhanced our translation competence.					

	60: We have increased access to skilled translators.					
	61: We have enhanced economies of scale in translators (including part-time).					
	62: We have enhanced economies of scale in translation technological resources (e.g. corpus).					
	63: We have increased control of translation expenses.					
	64: We have reduced the risk of translation technological obsolescence.					
	65: We have increased access to key information technologies					
	66: We are satisfied with our overall benefits from outsourcing of translation service.					

Appendix II. Table 1: Major definitions of outsourcing

Researchers and Years	Definitions
Loh and Venkatraman (1992)	The significant contribution by external providers in the physical and/or human resources associated with the entire or specific components of the IT infrastructure in the user organisation
Mary Celia Lacity and Hirschheim (1993)	The purchase of a good or service that was previously provided internally
Fitzgerald and Willcocks (1994)	The commissioning of a third party (or a number of third parties) to manage a client organisation's IT assets, people and/or activities (or part thereof) to required results
Chaudhury, Nam, and Rao (1995)	The contracting of various information systems' sub-functions by user firms to outside information systems providers
Myun J Cheon et al. (1995)	The organisational decision to turn over part or all of an organisation's IS functions to external service provider(s) in order for an organisation to be able to achieve its goals
Apte et al. (1997)	Turning over to a provider some or all of the IS functions
Hu, Saunders, and Gebelt (1997)	Business practice in which a company contracts all or part of its information systems operations to one or more outside information service suppliers
Kern (1997)	A decision taken by an organisation to contract-out or sell the organisation's IT assets, people, and/or activities to a third party provider, who in

	exchange provides and manages assets and services for monetary returns over an agreed time period
Mary C Lacity and Willcocks (1998)	The handing over to a third party management of IT/IS assets, resources, and/or activities for required results
Hancox and Hackney (1999)	"...the third party provision of IT products and services
Momme (2001)	The process of creating and managing a contractual relationship with an external provider for the supply of skills that used to be provided by the firm's internal services in the past
Varadarajan (2009)	The practice of a firm entrusting to an external entity the performance of an activity that was erstwhile performed in-house
Pouder, Cantrell, and Daly (2011)	A fundamental decision to reject internalization of an activity, which occurs in two ways, i.e. substituting all or part of an activity currently performed in-house with procurement of the activity from one or more outside providers and abstaining from producing goods or services that they could potentially produce internally
Mahmoodzadeh, Jalalinia, and Nekui Yazdi (2009)	A potential source of competitiveness and value creation via decreasing costs, scaling without mass, disruptive innovation, and strategic repositioning
Ghodeswar and Vaidyanathan (2008)	The act of transferring some of an organisation's recurring internal activities and decision rights to outside providers, as set forth in a contract. Business process outsourcing (BPO) generally features a third party who manages the entire

	business process such as accounting, procurement or HR.
Yang, Kim, Nam, and Min (2007)	The delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and manages the selected process based on a defined and measurable performance criteria. It can also be simply defined as devising a contract with an external organisation to take primary responsibility for providing a business process. In the case of BPO, external providers control all issues related to business processes, human resources, and technology.
Mansingh, Osei-Bryson, and Reichgelt (2009)	The processes under consideration are knowledge-intensive processes hence the decision to engage in KPO is based on determining the knowledge existing in the organisation. KPO entails sourcing the processes that affect the strategic capability of an organisation.
(Currie, Michell, & Abanish, 2008)	Knowledge process outsourcing is the outsourcing of high-end services. Outsourcing of processes with increased complexity, and judgement levels.
(Mudambi & Tallman, 2010)	The outsourcing of firm activities that directly involve the production of knowledge and innovation, and that involve some degree of firm-specific capabilities.

Appendix III. Table 2: Theories frequently applied in outsourcing studies

Theories	References	Main ideas applied in outsourcing
Theory of core competencies	Chandra and Kumar (2000) Hancox and Hackney (2000) Grover, Cheon, and T.C.Teng (1996)	1. A strategic decision whether some functions should be completed in house or contracted by outside suppliers; 2. Non-core activities should be outsourced to professional suppliers for the purpose of reducing both operational and contractual costs.
RBT	Kathleen R Conner (1991) T. K. Das and Teng (2000) Ray, Barney, and Muhanna (2004) Wernerfelt (1984a) J. B. Barney (2001) J. B. Barney et al. (2011) Acedo, Barroso, and Galan (2006) J. Barney and Clark (2007) J. B. Barney (1991)	1. Special internal resources which are rare, valuable, difficult to imitate and non-substitutable by others are essential to the compatibility when one organisation facing with changing outer environment; 2. Outsourcing can fill the gaps between firms' resources and capabilities in order to improve the organisational performance; 3. Focusing on the resources which are core competencies will keep the competitive position of one organisation in the market; 4. Outsourcing is a further understanding of building the future competitive advantage by making

		<p>decision about what should be done by the organisation itself and what should be obtained from third parties.</p>
Transaction cost theory	<p>Williamson (1979) Ang and Straub (1998)</p>	<ol style="list-style-type: none"> 1. Some factors like asset specificity, environmental uncertainty etc. relating to transaction will be considered when an organisation makes decisions of outsourcing; 2. When transaction costs are high, outsourcing is deemed to be relatively inefficient compared with internal, hierarchical administration; 3. If transaction costs offset production cost advantages of the external supplier, the firm subsumes the activity, namely vertical integration or insourcing.
Contractual theory	<p>M. K. Lee (1996) Kern and Willcocks (2001) Luo (2002)</p>	<ol style="list-style-type: none"> 1. Key IT outsourcing contractual issues is such as service level, transfer of assets, staffing, pricing and payment, warranty and liability, dispute resolution mechanisms, termination, intellectual property matters, and information security 2. An outsourcing contract provides a legally bound, institutional framework in which each party's rights, duties,

		<p>and responsibilities are codified and the goals, policies, and strategies underlying the arrangement are specified.</p> <p>3. Appropriate contractual arrangements can attenuate the leeway for opportunism, prohibit moral hazards in a cooperative relationship, and protect each party's proprietary knowledge.</p>
Neoclassical economic theory	Levina and Ross (2003) Williamson (1981)	<p>1. The standard of whether the organisations will outsource is to evaluate production cost savings which means whether the market can produce products and services at a lower price than internal completion;</p> <p>2. The purpose of organisations to outsource is to obtain cost advantages of economies of scale and scope possessed by the providers.</p>
Partnership and alliance theory	Lambe, Spekman, and Hunt (2002) Hancox and Hackney (2000)	<p>1. Partnership can reduce the risk of inadequate contractual provision, which may be comforting for clients about to outsource a complex and high-cost activity</p> <p>2. Alliances are broadly defined as collaborative efforts between two or more firms in which the firms pool their resources in an effort to achieve mutually compatible goals that they could not achieve easily alone.</p>

Relational exchange theory	Artz and Brush (2000) Kern and Blois (2002)	<p>1. Relational norms are a higher order construct consisting of three dimensions, i.e. flexibility, information exchange, and solidarity. The relational norms between the transaction parties will determine the efficiency of contract governance.</p> <p>2. The relation established between the outsourcing client and provider based on above mentioned relational norms will secure the contract implementation with mutual trust and both partners are willing to contribute to their common goals.</p>
Social exchange theory	Druckman (1998) Tushar K Das and Teng (2002)	<p>1. Voluntary actions of individuals that are motivated by return they are expected to bring and typically in fact bring from others.</p> <p>2. Dilemma for IT outsourcing relationships. The more precise, the easier it is to follow-up service levels. And thus, value-added benefits will be difficult to achieve.</p>
Agency theory	Eisenhardt (1985) Hancox and Hackney (2000)	<p>1. Given the difficulties of behavior-based contracts suggested by agency theory, it is reasonable to assume that the overwhelming majority of outsourcing clients would insist on outcome-based contracts when acquiring the products and services produced from outsourcing activities;</p>

		2. Provide a framework to evaluate the relative advantages of the different internal and external organisations forms for handling the outsourcing contracts signed by both clients and providers
Theory of firm boundaries	Garicano and Hubbard (2003) Lonsdale and Cox (2000)	<ol style="list-style-type: none"> 1. firms' boundaries reflect the division of labor across individuals 2. individuals with specialized skills sometimes have private information about economic opportunities for which others have a comparative advantage in exploiting 3. outsourcing is just one of the means by which the boundary of the firm can be adjusted 4. It is important to consider these dimensions when considering outsourcing. Not only should it be part of a wider picture concerning the boundary of the firm, but it should also be part of a wider concern over the corporate strategies
Stakeholder theory	Shankman (1999) M. Lacity and Willcocks (2000)	<ol style="list-style-type: none"> 1. Firms have responsibilities to stakeholders for moral reasons, and that there is no priority of one set of interests over another; 2. Upholding the interest of these different stakeholder groups with the principles of moral management will affect the success of IT outsourcing.

Source: Gottschalk and Solli-Sæther (2005)



Appendix IV. Table 3: Terminology of RBT definitions

Terminology	Definition
Resources	Tangible and intangible assets firms use to conceive of and implement its strategies
Capability	A subset of resources, which represent an “organisationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm”
Dynamic Capabilities	Capabilities that can “continuously create, extend, upgrade, protect, and keep relevant the enterprise’s unique asset base” in a changing environment
Market-Based Resources	A subset of the firm’s assets and capabilities that are related to marketing activities such as building brands, relationships, innovation, and knowledge
Complementary Resources	Resources are considered complementary “when returns to one [resource] are affected by the presence of another”
Resource Heterogeneity Assumption	“Strategic resources are distributed unevenly across firms,” or “different firms possess different bundles of strategically relevant resources”
Resource Immobility Assumption	Difficulty of trading resources across firms, which allows the benefits of heterogeneous resources to persist over time.
VRIO Framework	A tool for internal analyses of the different resources and capabilities a firm possesses and the potential of each of these to generate competitive

	advantages. Stands for Value, Rarity, Imperfect imitability, and Organisation.
Valuable Resource	Resources that “enable a firm to develop and implement strategies that have the effect of lowering a firm’s net costs and/or increase a firm’s net revenues beyond what would have been the case” without these strategies
Rare Resource	Resource is controlled by a small number of competing firms.
Imperfectly Imitable Resource	A resource that is substantially costly to obtain or develop for competing firms.
Organisation	A firm’s policies and procedures “organized to exploit the full competitive potential of its resources and capabilities”
Competitive Advantage	Creation of “more economic value than the marginal (breakeven) competitor in its product market”
Sustained Competitive Advantage	A firm has SCA “when it is creating more economic value than the marginal firm in its industry and when other firms are unable to duplicate the benefits of this strategy”

Source: Kozlenkova, Samaha, and Palmatier (2013)

Appendix V. Table 4: Category of resources identification

Category	Descriptions
Tangible resources	With a physical form, e.g. building, plant, equipment, employees, exclusive licences, patents, stocks, land etc.
Knowledge resources, skills and experience	Often unwritten, tacit resources which holders may not even know that they possess
System and procedural resources	A wide range of tangible, documented resources from recruitment and selection systems to performance measurement and reward systems, order processing systems, etc. These documents and computer resources they run are tangible. But the efficient running of these systems requires intertwined intangible resources like the knowledge and experience of the operators and users of the system
Cultural resources and values	One type of intangible resource often developed over long periods and often dependent on the attitudes of the founder(s) and past events. This category includes memories of cathartic situations as well as values, beliefs, preferred behaviours, etc. The beliefs of powerful individuals can be critically important resources.
Network resources	Interest groups within the company, networks involving company personnel with suppliers, customers, legislative researcherities, or advisers. We include reputation and brand in this category.

Source: Mills, Platts, and Bourne (2003)

Appendix VI. Table 5. Dimensions of IT outsourcing success

Factors	Explanations
Client acquires additional capabilities	Gains in services or capabilities that the client was unable to develop on their own or was too costly to develop on their own (e.g., specialized skills/knowledge, economies-of-scale)
Achievement of objectives on time	Delivering the project or service on time based on the initial estimate or as defined through the change control process
Client receives financial benefits	Meets or exceeds expected cost savings (e.g., produces increase in ROI of projects, lower cost of goods, increased profit margins, increased return to shareholders) while containing costs
Improved quality	Quality improvement (can be measured by performance metrics)
The arrangement allows for flexibility to accommodate changing circumstances/needs	Flexibility of the arrangement to handle normal cyclical ups and downs of business demands, meet changing/new requirements, provide support for future business growth
Effective communication between partners	Incorporates defined processes that include reactive and proactive reporting and feedback to facilitate effective communication and problem resolution between the outsourcing partners
Contractual clarity	Clearly defined contractual agreement with tangible KPIs (key performance indicators),

	clear service level expectations, and an explicit path to effectively address disputes
Partners develop a mutually beneficial relationship	Mutually beneficial, trusting relationship between client and provider; win-win; a true partnership
Mutual satisfaction	Mutual satisfaction with the outcome by the client, provider, and end users
SLAs (service-level agreements) are met or exceeded	Increased service level
The partners desire to continue the relationship	The partners desire to continue working together
Provider achieves financial benefits	Profitability targets are met

Source: Schwarz (2014)

BIOGRAPHY

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