

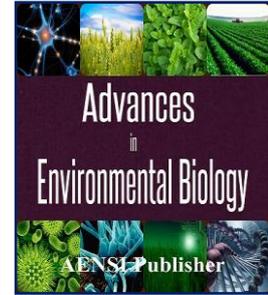


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Trust Between Partners In Services Outsourcing

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ABSTRACT

Organizations outsource their key activities more than past, this process of outsourcing needs to proper interaction between service buying organization and service provider. The purpose of this research is applicable according to purpose and descriptive according to data gathering method, and it is casual according to relationship among research variables and certainly based on SEM. Statistical society is people who work directly with oil industry employees. Information gathering method is surveying and its tool is questionnaire. Data analysis of questionnaire of 260 responders is as final sample which shows interactive dependency of research factors and variables; as though, all variables of research are confirmed. Results show that the result of outsourcing of services is function of cooperation between organizations influenced by trust and commitment between organizations.

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INTRODUCTION

Trust concept and related problems in several previous years are increasingly studied by organization. In addition, exploring cooperation among organizations is changing to an important researching chapter [1]. Today, trust importance In cooperation among organizations is clear, because making relationship and accomplishment cooperation purposes among organizations need trust, and trust is key factor, because it makes cooperation.

Organizations move during recent decades toward specializing responsibilities and planning more intelligent to provide accessibility to competitive advantage in purpose environment by reinforcing central competencies. It is clear that specialization and consequently limitation activity fields would be possible when some of responsibilities are designated to outsourcing. While organizations outsource most of their activities, emphasize on cooperation needs better understanding from how to ensure human source by Employers and contractors by relationships in outsourcing. When an organization decides to use outsourcing as a political approach, the relationship between contractors and Employers are mainly determined by certain relationship quality and cooperative behaviors [2].

Various factors can be effective on successful inter-organizational cooperation that we can obtain to successful and effective relationship in outsourcing by identifying them; therefore, offering proper pattern for cooperation can lead to improve performance, reduce costs and improve interactions and cooperation in outsourcing services.

Theoretical Bases and Review on Research Background:

Weiss and Visioni [3] knows the most important failure factors in outsourcing as weak cooperation between suppliers and political planning. Organizations try to select and guide contractors to accomplish their services in defined framework of cost, time, and quality. Successful responsibility of outsourced services is an important challenge for Employer organizations. Therefore, they need to cooperate with organizations to get to their purposes or accelerate them [4].

Outsourcing let organizations to focus on their main abilities and competence by replacing limited sources to reinforce their main services or product [5]. Studies showed that today organizations consider outsourcing an

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executive necessity and plan many services to designate [6]. Wallenburg *et al.* [7] said nowadays organizations use outsourcing as a tool to promote utilization growth.

One of issues in outsourcing management field is how to manage relationships among organizations. Relationship management is a main factor in successful outsourcing. As providers are placed out of administration and organization management, it is necessary to control relationships with providers of services by proper methods to fulfill buyer organization's expectations (Employer) about bought or outsourced services. In addition, control in outsourcing contracts is intrinsically sophisticated and has high risk; in other words, agreements among cooperative organizations is more than regulations and rules and they are based on trust [8].

Theoretical Approach for Organizations Relationships:

Transaction cost theory was proposed for the first time by Coase [9] and stated that why organizations should do all tasks inside it, then it was developed by Alchian [10] and especially Williamson [11]. Transaction cost theory is based on this belief that decision making for outsourcing is influenced by management efficiency. These features determine that whether tasks are done inside organization or outside [12]. Transaction cost theory offers acceptable explanation about provision mechanisms about inter-organization relationships [13]. Though, it seems transaction cost theory has ability to answer to some concepts such as trust and cooperation about understanding the relationship between providers services and buyers that are essential is relatively disable [14].

The main core of social transaction is interactive correlation among organizations that are developed during time by colleagues' interaction [15]. Social interaction theory is known by the importance of interaction and communications for successful relationships. His theory shows transaction as a social behavior that may lead to social and economics results, therefore, it is solely different from economics theory that consider one economics results of relationship. Commitment-trust theory gets root from Morgan & Hunt [16] proposed that commitment for a relationship and also trust among them is an important issue for successful cooperation not power and ability to oblige others to work.

While researchers evaluate various models to obtain a proper and successful cooperation, they propose trust as infrastructure of relationship between Employer and contractor. The close cooperation between Employer and contractor provides proper advantages that the most important result has been determined as obtaining to purposes.

In this research, cooperation is a common attempt of organizations in their dependent relationships to a certain purpose of each organization and interacted organization by getting to mentioned purpose that won't obtained until with both parties cooperation. Commitment and trust relationship is necessary for success in cooperation among organizations. As it was said, according to Morgan and Hunt [16] idea, commitment and trust directly lead to cooperation behavior. Moreover, this theory said that trust is a main factor in commitment to inter-organization relationships, because designated relationships by trust are very valuable and parties know themselves committed to such relationships. Moreover, Spekman *et al.*, [17] stated that trust is infrastructure among organizations. According to Sucko [18], trust among organizations can be classified in 3 groups: contractual trust: it is based on this assumption that other party does oral and written agreements, competence trust: it means cooperative organizations abilities to do agreements, and goodwill trust [19], or competence trust [20]. According to trust- commitment theory, commitment leads to proper cooperation among organizations, because it makes proper conditions for work communications; in addition, researches show that communication strength is function of trust that influence commitment in relationships [21]. Consequently, commitment directly leads to cooperation behavior [16]. It should be mentioned that trust shows self-confidence among cooperated organizations, while commitment shows will to continue cooperation [11].

Service outsourcing performance has to be measured in a multi-dimensional way, reflecting multiple stakeholders and interests. Sin, L. Y. M. [22] proposed the construct of three dimensions as antecedents of customer satisfaction with outsourcing arrangements: operational, cost, and relational performance. Knemeyer and Murphy [23] suggest the construct consisting of operations, channel, and asset reduction performance. Krizman [24] agree that achieving the goals of outsourcing contracts is relevant for measuring performance. It is not the achievement of previously set goals alone that matters, but also the quality of the provided services. The service supplier can deliver better services and added value by exceeding the expectations of the customer. The second dimension, goal exceedance is included to address the service supplier exceeding the expectations of the customers. The goals are usually agreed upon in contracts between partners, but goal exceeding the goals requires much different efforts. In order to reach higher levels of outsourcing, goal exceedance in terms of service improvements and cost reductions, must be realized as stated by Krizman [24]. In this study, Krizman's arguments were assumed and the logistics outsourcing performance construct is measured in two dimensions: goal achievement and goal exceedance.

H1: competence trust positively influences commitment.

H2: goodwill trust positively influences commitment.

H3: commitment positively influences goal achievement.

H4: commitment positively influences goal exceedance.

Conceptual Model:

According to proposed theories especially trust-commitment theory of Morgan and Hunt, transaction cost theory and social transaction, research conceptual model can be shown in figure 1. In this model, researcher explores effective factors on trust between organizations that finally lead to optimum cooperation between outsourcing organization and service provider organization, because according to past researches results, we believe that if trust is made between organizations according to competence trust and goodwill trust, the cooperation between organizations will be maximum and cooperation purposes will become possible.

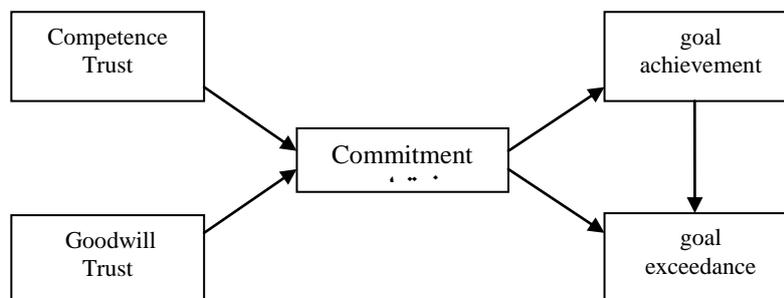


Fig. 1: Conceptual model.

Research Methodology:

This research according to purpose is applicable and according to nature is descriptive-correlative form. In order to select sample among all employees of south oil-rising regions who are in direct relationship with contractor in outsourcing, this research is done by random method. Gathering questionnaire according to outsourcing in 4 groups of oil, gas, building and digging, main functional and service designs are done. Sample volume according to Cochran formula is determined 260.

Questionnaire reliability and Validity: in order to explore questionnaire reliability both content and functional validity are used. In order to measure questionnaire content validity, experts, scholars and university professors' ideas are used. In this step by interview and mentioned people idea gathering, necessary modifications are done so it is assured that questionnaire evaluates exactly the same mentioned features by researchers.

In order to determine questionnaire reliability alpha's Cronbach coefficient and Fisher test are used. Fisher test is calculated by Excel software. Based on table 1, pre-test results are shown by Spss and Excel software that questionnaire has efficient perpetuity. Therefore, by rejecting H_0 hypothesis, questionnaire perpetuity is confirmed.

Table 1: Pre-test results by Spss and Excel.

Reliability result test	Error level probability	Cronbach alpha	P Fisher
Confirm the reliability	$\alpha= 0.05$	0.9	0.652

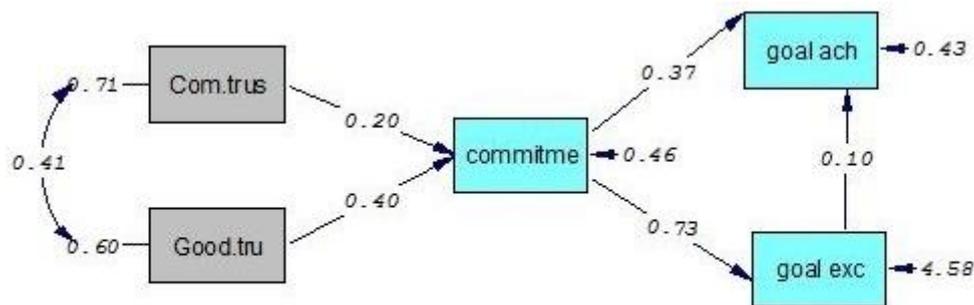
Data Analysis Method and Research Findings:

In order to test research hypotheses confirmatory Functional Analysis is used; therefore, we should use normality and sample volume efficiency tests. In order to explore research variables normality, Kolmogorov-Smirnov test has been used and results have shown that considered variables in this research has normal distribution.

In order to explore the relationship between independent and dependent variables and total model confirmation, path analysis method is used. Path analysis in this research is done by LISREL 8.5. Diagram 1 and 2 shows the result of SEM. Table 2 shows model fitting indexes such as K^2 (X^2), NNFI, IFI, CFL, and GFI.

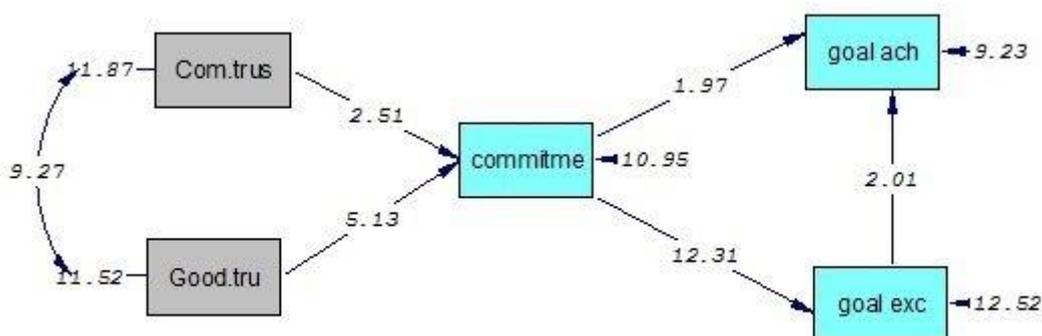
Table 2: Fitting indexes of SEM test for Research conceptual model.

GFI	IFI	CFI	NNFI	RMSEA	X^2/df	df	X^2	variable
0.93	0.96	0.98	0.94	0.070	2.265	4	9.06	Main model
>0.9	>0.9	>0.9	>0.9	<0.8	<3	-	-	standard



Chi-Square=9.06, df=4, P-value=0.00000, RMSEA=0.070

Diagram 1: Research Structural model in standard estimation mode.



Chi-Square=9.06, df=4, P-value=0.00000, RMSEA=0.070

Diagram 2: Significance numbers of Research structural model.

Results obtained from Lisrel outputs about model fitting indexes show that the ration of K2 on freedom degree $\frac{\chi^2}{df}$ is less than 3. According to reported value for index in table (22-4) for this model is 2.265. Reported GFI value for this model is 0.93. In order to explore how model in comparison with other possible models according to determination of observed data is well, non-normed fit index (NNFI), increasing fit index (IFI), and comparative fitness index (CFI) are used that values higher than 0.9 of this indexes shows that model proper fitting is designed well.

Index RMSEA for good model is less than 0.08. This index value in this model is 0.070 that for designed model in this research shows proper fitness of data gathering. As it was seen, all indexes are in their proper interval. Table 3 shows functional analysis findings using SEM to test main and secondary hypotheses. This table includes standard coefficient and significant numbers

Table 3: Results from research main model hypotheses.

hypothesis	relationship	Path coefficient	Significance number	Test result
H1	Competence trust → commitment	0.20	2.51	Confirmed
H2	goodwill trust → commitment	0.40	5.13	Confirmed
H3	commitment → Goal Achievemen	0.37	1.97	Confirmed
H4	commitment → Goal exceedance	0.73	12.31	Confirmed

Discussion and Conclusion:

When at the beginning of the research the concept of confidence was specified, we looked at confidence in service outsourcing from the viewpoint of organization. therefore we were going to recognize affecting factors on two organizations cooperation which could lead realizing goals to use service supplier. in this research we found out that creation and preservation of confidence, significantly increases the landscape to reach success in buyer – service supplier cooperation on outsourcing and achieving the goals.

Services outsourcing leads to low organization costs, as the result saves resources which can be used in other places, on the other hand reinforces rate of activities in the organization, hence the organization should has proper understanding of its potentials and abilities for outsourcing services and does its effort in this regard.

In outsourcing services we can reach the goal by proper cooperation and meanwhile to continue working together as well which causes increase in rate of service outsourcing itself, and also reduces organization costs that potentially is of outsourcing goals, in conclusion results of outsourcing services has different dimensions,

with respect to our concentration and viewpoint, our view towards contractor changes and ultimately different outcomes is achieved.

Sufficient confidence has more effect on cooperation with contractor than complete confidence, what does it mean ? it means that contractor capabilities should conform with agreements, meaning that by skills, competence and necessary experience, hands over the asked services in desired time and at the same time does the required follow-up for success of the contract. therefore we can say : the main and real factor to achieve goals is specified in cooperation process, not necessarily by capabilities of service supplier or rate of process being outsourced.

Results of research indicates, that only factors mentioned in the contract with contractor cannot be the unique criteria for the contract to be success and cooperation process is an important part of the goals achievement. experts whom interviewed about different parts of services being outsourced, mainly explain that trust in opposite side and removing bugs and disputes and also establishing relation, is the key to success and indicated much evidences that in case of expressing problems, in proper time and by obvious reasons from contractor to client, they have benefited coordination and cooperation .

Confidence between client and service supplier is a way through which can achieve success and or by mismanagement provide the context to fail. briefly, service buyer (client) is not going to be surprised by service supplier (contractor) in its activities.

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