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Organisational culture as a driver of outsourcing choices: A conceptual model

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It is generally known that organisational culture plays an important role in conditioning both behaviour and entrepreneurial choices, which can occur either consciously or unconsciously as well as differently based on specific entrepreneurial situations. This paper investigated the impact of organisational culture on outsourcing choices and provided a conceptual model on how this conditioning occurs. Through a critical analysis of the relevant literature on organisational culture, on one hand, and on outsourcing, on the other hand, this paper aims above all to identify the main cultural factors conditioning outsourcing choices, and to propose a way of conceptualising this link. The findings of this paper showed that, together with the rational factors involved in making the outsourcing choices, certain cultural factors significantly influence attitudes towards outsourcing, particularly i) designing and making choice and ii) subsequent implementation, especially regarding the relationship structure between the outsourcer and the outsourcee. The cultural factors identified are: the degree of path dependency, uncertainty avoidance, and trust. These were unified in the concept of "relational culture."

Key words: Organisational culture, organisational change, outsourcing, relational culture.

INTRODUCTION

Organisational culture is a wide concept that can be analysed through different perspectives in different subjects, such as sociology, psychology, anthropology and management. Among these, the management science perspective investigates what a company's organisational culture means and identifies the main organisational culture dimensions that determine what influences both the behaviour and choices made by a single company.

From this perspective, organisational culture has been defined as the set of values and beliefs, patterns, symbols, rituals and myths that characterise a particular company during a specific historical period (Schein, 1985; Hatch, 1993; Arayesh et al., 2017; Yang and Hsu, 2010). This set of elements forms a holistic construct that influences both the behaviours and choices of the organisational culture as a whole (Schwartz and Davis, 1981; Schein, 2006) as well as individual employees (Davis, 1990; Nyameh, 2013; Nikpour, 2017).

According to one of its most widespread definitions,

organisational culture can be 'a pattern of shared basic assumptions that the group learns as it solves its problems of external adaptation and internal integration, which has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems' (Shein, 1985: 9). The author considers organisational culture as a construct that includes three interdependent domains: a) artefacts, such as procedures, organisational structures, visible behaviour, styles and even clothing; b) espoused values, which include rules, values, beliefs, standards and prohibitions; c) basic underlying assumptions, which are the invisible essences of organisational culture that determine the perceptions, feelings and preconditions of individuals' behaviours.

Organisational culture includes both formal and informal elements and results from their combination (Hofstetter and Harzap, 2015); its features are also determined by both its internal and external environments. Hence, organisational culture is influenced by societal culture, as noted by Hofstede (1983, 1984, 1993, 1994) and more recently by Sagiv and Schwartz (2007). The authors claim that organisational culture is influenced by the norms, values and regulations of societies when members introduce their own cultural background, which was formed within their specific societal context during a specific timeframe.

Within the management science field, many scholars have analysed organisational culture in connection with either performance (Denison, 1990; Boyce et al., 2015; Naranjo-Valencia et al., 2016; Chih and Yang, 2011) strategy (Schwartz and Davis, 1981; Choe, 1993; Hock et al., 2016), organisational change in general (Hofstede, 1984, 2003; Ahmed, 1998; Pool, 2000; Omazić and Sopta, 2017; Engelen et al., 2014; Iljins et al., 2015) or its relationship with uncertainty in decision-making processes (Milliken, 1987, 1990; Schendel, 2007; Ashill and Jobber, 2010; Thomya and Saenchaiyathon, 2015; Liu and Almor, 2016). Few studies have conducted in-depth analyses of the link between organisational culture and outsourcing choices. This paper aims to fill that gap by investigating this link and proposing a conceptual model to show how certain dimensions of organisational culture can affect the rationale of the outsourcing choices.

The idea of this paper arises from the observation that, in general terms, outsourcing choices are made based on "rational factors" – which is to say qualitative and quantitative assessments that managers make with regard to whether or not outsourcing choices are to be adopted; in particular, the criteria guiding the choice of outsourcing refer to the economic conditions, advantages, and disadvantages that are produced on the strategic and organisational levels, and the risks of various kinds connected with choice. It is an assessment process that aims to be "rational" through evaluations that are as objective as possible. In actuality, as the work will go on to analyze, every business is characterised by a particular organisational culture, which acts both consciously and unconsciously, and which influences apparently objective and rational reasoning and assessments.

Therefore, the cultural factors both people and organisations bring overall play a major role in how all the elements based on which business choices are made are perceived (Naveed et al., 2016; Mierke and Williamson 2017; Lukic et al., 2017). This is even more true when, precisely as in the case of outsourcing, the choices the managers must make trigger processes of organisational change. In this case, organisational culture can both facilitate and hamper change processes (Borekci et al., 2014), and also cause them to take on certain features rather than others.

Research questions

This paper aims to closely examine the influence that organisational culture exerts on a company's outsourcing choices, posing the following three interrelated research questions:

RQ 1. What are the dimensions of organisational cultures that, more than others, condition the choice of whether or not to resort to outsourcing?
RQ 2. In what way do these identified factors act upon the choice of outsourcing and, in particular, is it possible to arrive at a theoretical conceptualisation of this influence they have?
RQ 3. In what way does organisational culture condition how the partnership relationship between outsourcer and outsourcee is structured?

The context in which answers to the three research questions will be sought is that of "strategic outsourcing," in which the objective that is set is not simply reducing costs, as in the forms of "tactical outsourcing," but of increasing the business potential to create value through the sharing of resources and skills with the outsourcee and consequent establishment of partnership relationships. In fact, in the case of tactical outsourcing, where the objective is cost saving above all, the choice of outsourcing is fundamentally based on calculations of cost effectiveness, and there is therefore very little room for organisational culture to carry out its conditioning role; in these cases, outsourcing mostly takes on the nature of transaction-based outsourcing. Conversely, in cases of strategic outsourcing, where the aim is sharing resources and skills between outsourcer and outsourcee, organisational culture has fertile terrain to exert its conditioning force, since the outsourcing relationship that is created between outsourcer and outsourcee takes on the features of partnership-based outsourcing.
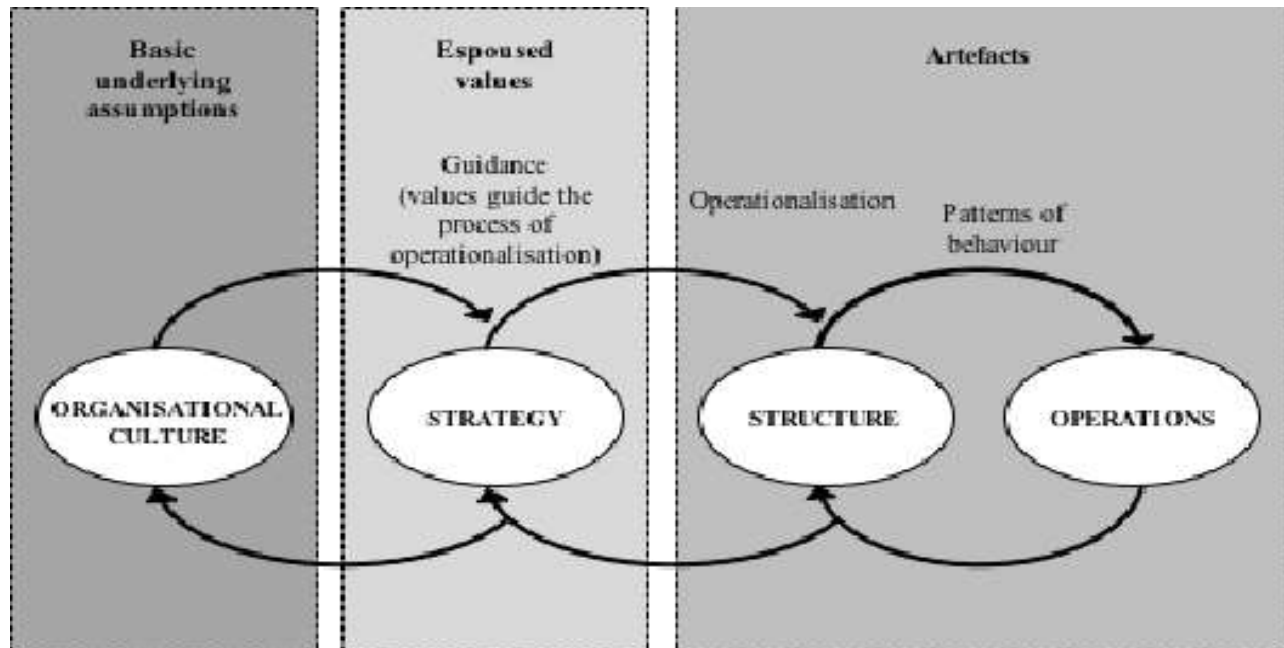
Figure 1. Organisational culture and internal environment
Source: Schein (1985).

LITERATURE REVIEW

The conceptual backgrounds presented in this section are selected on the basis of the relevance of certain dimensions of organisational culture that, more than others, impact the processes of organisational change, in order to have the conceptual framework from which the considerations proposed in this study arise, which will be formulated based on the organisational change linked to outsourcing choices.

The degree of path dependency

Organisational culture is built over time and is consolidated within people and organisations, becoming a structural element. It becomes specific to each organisation and thoroughly pervades it. Therefore, to link organisational culture and organisational change, first of all we had to define the field to better understand what organisational factors are involved both directly and relevantly to this relationship.

This involves organisational exploration at every management level and concerned strategy, structure and operations, which, according to Schein (1985), comprise a hierarchical order that generates a learning process. Each element takes shape through this process and modifies, adapts and improves, depending on its interdependence with the other elements (Hogan and Coote, 2014). Figure 1 shows the domain where the conditional role of organisational culture and its links to

interdependence amongst strategy, structure and operations become relevant.

Moreover, Tsui et al. (2007) state that it is possible to distinguish both internal and external dimensions in organisational cultures. The authors consider the concept of organisational culture as a holistic construct that includes five main elements: employee development, harmony, customer orientation, social responsibility and innovation. Among these, employee development and harmony express the 'internal integration' of organisational culture; conversely, customer orientation, social responsibility and innovation express the 'external adaptation' of organisational culture. This specification allows for understanding organisational culture as a distinguishing element of every company and the conditioning that affects both its internal evolution and external relationships.

Using the concepts of internal and external integration processes together with Tsui et al. (2007) five organisational culture elements we can distinguish two different types of organisational culture, integrative and hierarchical cultures, which differ depending on how the abovementioned processes are either facilitated or obstructed by companies' unique characteristics. There is an integrative culture when strong values are both widespread and shared by all organisational members, which helps achieve both internal integration and external adaptation. As noted by O'Reilly et al. (1991), it is a type of culture that is based on the values of caring for employees, customers and society (which also help the internal integration process) as well as values regarding

innovation and high performance (which help the external adaptation process). Similarly, Shein (1992) defines integrative culture as the synthesis of all five organisational culture elements that were identified by Tsui et al. (2007). What characterises organisations with a high regard for the care of employees, customers and society, making them flexible and willing to change, is that employees are supported in their strategy by employers who invoke a strong sense of belonging, commitment and organisational performance. In integrative cultures, sharing and involvement prevail, and these characteristics concern both individuals working inside organisations and those interacting with outside institutions during the production and distribution processes. A hierarchical culture includes formal rules, coordination mechanisms that are based on a hierarchy and strict supervision, with either few or no strong, shared values leading the organisation. This culture involves greater rigidity and formalisation of organisational conditions, and individuals tend to have defensive attitudes; therefore, they search for a greater feeling of security through continuity. Consequently, they evoke low levels of sensitivity and availability towards change because they feel at risk and uncertain. Naranjo-Valencia et al. (2011) state that this is why, in organisations that adopt a hierarchical culture, it is more difficult to create the proper conditions for both internal integration and external adaptation.

In the current economic contexts, the external environment changes so rapidly and continuously from every perspective (technological, economic, politic, social and cultural) that companies struggle to evolve at the same speed and intensity; therefore, difficulties and changes in inertial forces are unavoidable. These occur with ease because the adaptation process involves changes in organisational culture, whose formation and consolidation processes are slower than that of environmental change.

Moreover, organisational change in every company has unique and distinguishing factors, such as management style, values and past successful behaviours, which are determined by the most critical human functions of that organisation (Gao, 2017). These play a significant role because, in most cases, individuals resist everything that is either unknown or considered risky; an employee is generally more reassured by what he/she knows and has already internalised. In addition, he/she is generally worried about how the repercussions of organisational change could affect his/her work, status, wages and any other change that could have a psychological implication. According to Elizur and Guttman (1976), the reactions that individuals have towards change can include three different dimensions at once: 1. An affective reaction concerns the feelings of either satisfaction or anxiety through which an individual accepts change; 2. A cognitive reaction involves the rationality sphere and both the opinions and evaluations that individuals have about

the change's worth, importance, need and the ability to make things either better or worse; 3. An instrumental reaction includes all concrete actions and professional implications that are linked to the change.

For these reasons, Dunham (1984) affirms that the crucial factor in making any change effective is an organisation's reaction to individuals' beliefs, values, assumptions and attitudes. Notably, Juechter et al. (1998) and Nikpour (2017) share the same opinion, underlining that the most important aspect of every significant change is human resources, which are the foundation of every business system.

Another aspect to be considered in analyzing the role of organisational culture on organisational change processes is that organisations often have significantly different declared and existing organisational cultures, as noted by Hofstetter and Harpaz (2015), who conducted a study on this issue via a performance appraisal system. In this type of system, cultural meanings are communicated to all members (Trice and Beyer, 1984), and performance outcomes are particularly construed as organisational values and norms, which managers can then use to communicate organisational expectations for success.

Hence, relevant organisational values and norms are embedded in expected performances, and the performance measurement process could be considered a valid tool for analysing a declared organisational culture. Conversely, performance analysis outcomes could indicate an existing organisational culture and thus reflect the realistic management and performance of individuals. In this study, the authors show that, while the norms and values declared are expressed by top management through the performance appraisal system, the true norms and values are found in the organisation's lower level achievements, which are revealed in the performance analyses. Two other important aspects that help elucidate what organisational culture means and how it affects an organisation's true behaviours include the following:

The manager expresses the organisational expectations based on formal and declared values and norms, while both middle and lower management pursue results that align with their specific jobs and career objectives, or other individual objectives. Consequently, there is a discrepancy between organisational targets and individual targets (Bartunek and Moch, 1987), which can create significant differences between declared and actual organisational behaviour, particularly in the change processes.

The cultural assimilation process is slow and gradual; therefore, the impact of the declared norms on individuals' behaviours is not instantaneous. The result is either a shorter or longer period when resistance and inactivity by the organisation in both the perception and assimilation of new organisational norms occur (Trice and Beyer, 1984). This aspect can be a conditioning factor in

the change process and in its actual nature.

In conclusion, organisational culture is generated through internal integration and external adaptation; according to Gordon (1991), organisational culture results from successful adaptation to the internal and external environment. Every organisation interacts with and develops by constantly balancing both internal and external factors: in this balance, it develops its own degree of path dependency that it then puts into play when urged to change. This degree of path dependency therefore becomes an element of great importance in the change process, both when the business has to choose whether or not and how to change, and when implementing the choice, and then having change take on characteristics and directions guided by the organisational culture. As pointed out by Chukwuka (2016) and Arif et al. (2017), organisational culture can both be a strength and a weakness in organisational change processes.

The attitude of organisational culture towards uncertainty

Another aspect to consider is the connection between organisational culture and uncertainty, which is undoubtedly one of the most critical aspects of change. Uncertainty conditions both the strategic and organisational choices of any organisation during its lifetime. Every entrepreneurial decision is made during uncertain conditions, and most decisions have a strategic dimension. As highlighted by Shendel (2007), the way in which uncertainty is faced is crucial to either the successes or failures of entrepreneurial choices. According to Liu and Almor (2016), both societal and organisational cultures are critical in determining how organisations perceive, analyse and handle uncertainty. It is not surprising that organisations that are pressured by the same degree of environmental uncertainty react differently and initiate different change processes. The reason for diversity between organisational culture and uncertainty was clearly described by Milliken (1987, 1990), who underlined that uncertainty has three different levels of analysis, which include how an organisation perceives, interprets and responds to uncertainty. The first difference lies in the different perceptions of uncertainty, which emerge from change; however, the interpretation of how the change can impact a particular organisation and, as a consequence, the organisation's reaction to the need for change, are also important. According to Milliken (1990), organisations can make different choices if pressured by the same environmental stimuli because there are three uncertainty conditions that apply to all organisations: state, effect and response. State uncertainty refers to the unpredictability of the way some environmental conditions could change; therefore, it is the general difficulty of knowing the true state of

certain conditions. This aspect is usually defined in literature as 'perceived environmental uncertainty'. Effect uncertainty instead refers to the uncertain impact that a change in certain environmental conditions can cause to a specific organisation, which can be different in different organisational situations. This is an 'interpretive' field for organisational decision makers regarding the way uncertainty could affect their organisation and the possible positive as well as negative consequences of change on the different parts of their firm's system. Finally, response uncertainty refers to both the imperfect knowledge and comprehension of strategic options that are planned as responses to environmental stimuli, including the uncertainty of each possible response outcome (Wang and Rafiq, 2014).

The role of societal culture in determining trust towards partners

As stated above, organisational and societal (or national) cultures are two different yet not separate domains due to their interdependence and mutual influence. To widely analyse the cultural dimensions that affect organisational change and, in particular, change determined by outsourcing choices, we had to identify what dimension(s) of societal or national cultures are important to consider regarding this issue.

We found that one relevant element of societal culture that is reflected in organisational culture is the trust that individuals place in potential interlocutors (Wicks et al., 1999; Van der Meer-Kooistra and Vosselman, 2000). This trust, regarding our specific focus on human action, is important to every form of collaboration and every partnership among companies that outsource. Concerning this theme, some studies have emphasised trust in entrepreneurial relationships and have identified a link between trust and societal-cultural dimensions. Among these, there are some interesting studies that concern this type of analysis and which include Hofstede's theory (1983, 1993) of societal culture, which states that there are four main dimensions of societal culture: individualism, power distance, uncertainty avoidance and masculinity.

Excluding the dimension of masculinity, some studies confirm the existence of a link between the other three dimensions and the level of trust that people and, as a result, the organisation, indirectly express during a relationship. Regarding collectivism versus individualism, Realo et al. (2008) and Etzioni (1993) find a higher level of interpersonal trust in countries where collectivism prevails over individualism. Similarly, Putnam (2001) underlines that, where collectivism prevails, people understand that the pursuit of their wellness can be achieved more easily when pursuing collectivistic goals. Regarding power distance, Huff et al. (2002) demonstrate that, the more people feel a high hierarchical order, the

less they are willing to trust other people. Finally, in a study on uncertainty avoidance, Inglehart (1997) demonstrates that a high level of uncertainty avoidance generally decreases interpersonal trust; in this kind of society, people find it more difficult to place their trust outside their inner circle of family, friends and acquaintances.

METHODOLOGY

Methodologically, this paper reviewed existing research and was characterised as a conceptual study with a qualitative approach. It has striven to contribute to the existing literature by correlating relevant theoretical concerns about organisational culture and strategic outsourcing. The literature review was conducted with the objective of identifying the dimensions and factors of organisational culture that, more than others, impact outsourcing choices, both in the phase of choosing whether or not to resort to outsourcing, and in its implementation phase.

The logical path followed to achieve the purposes of this study includes the following steps: first, the meaning and dimensions of organisational culture were analysed from a management science perspective; then, the relationship between organisational culture and strategic and organisational change was analysed, in order to identify the main cultural factors that condition the change processes in general; lastly, the conditioning of organisational culture on organisational change was discussed, with particular reference to a specific type of change linked to outsourcing choices.

Therefore, this paper is organised as follows: after the introduction, the second section provides the conceptual background about the meaning and main dimensions of organisational culture from a management science perspective; the third section shows the results of the literature review, identifying the main cultural factors that condition the processes of organisational change by acting as facilitator or by applying the brakes; the fourth section deals with the central topic of this essay and discusses how organisational culture affects the outsourcing choices, providing a conceptual model to explain how the identified organisational factors affect the choice of whether or not to resort to outsourcing; the same section discusses the conditioning of organisational culture over the structuring of the relationship established between outsourcer and outsourcee; finally, in the conclusion section, both the findings of this study and future research are identified.

RESULTS

The results of the literature review show, first of all, that organisational culture is unique to each organisation because it includes tradition, shared values and beliefs, shared expectations about organisational life and refers to the present as well as the future. Quoting Cartwright and Cooper (1993), it may be stated that culture is to an organisation what personality is to an individual.

Moreover, it has emerged that organisational culture is the result of a long-term process of spreading and consolidating values, principles, procedures, attitudes, and ways of working, and that these elements are partially formal and partially informal. As a consequence, it is inevitable that organisational culture plays a significant role when the organisation is called upon to

change by external or internal environmental factors. In particular, with regard to change, organisational culture may be a factor of both hindrance and facilitation; when organisations are called upon to change, both centrifugal forces which promote and facilitate change, and centripetal forces exerting an inertia that hampers change, are created. Therefore, organisations often resist organisational change because organisational culture results from successfully adapting to both internal and external environments (Gordon, 1991), which is difficult to achieve.

In light of the conceptual backgrounds analysed earlier, the following three factors of organisational culture take on, more than others, importance in the processes of organisational change:

The degree of "path dependency" that each organisation choses vis-à-vis change; quoting Shein (1985), organisational culture is 'a pattern of shared basic assumptions', that is constructed over time and that may be translated into difficulty of change, or into a full-blown obstacle. Similarly, Arthur (1989) and Gordon (1991) highlight that organisations are often mistrustful about implementing new working conditions that consolidate a particular organisational culture. In many cases, the company is bound to a dependence phenomenon that conditions both the objective and rational evaluation of all factors involved in the outsourcing choice.

Since each entrepreneurial decision is taken in conditions of uncertainty, every organization shows a different degree of "uncertainty avoidance." It is a dimension of organisational culture that regards the way in which the organisation perceives and deals with the uncertainty of change; often, it is translated into an overestimation of risks and an underestimation of potential benefits of change.

The 'trust' that companies have towards partners, if decreased, can limit the tendency to collaborate and share, create mistrust towards the goals achieved by the counterpart, create a tendency to organise strict processes of control and make the relationship quite formal.

The first two elements have an importance of a general nature, and carry out their conditioning role with regard to every kind of organisational change; the third, that of trust, has specific relevance with regard to those change processes, like outsourcing, that entail establishing partnership relationships with other businesses. In these cases, the organisational culture shows very different attitudes with regard to the new relationship, and in these cases as well, the degree of trust towards potential partners can be an element hampering or facilitating change.

DISCUSSION

Having outlined the link between organisational culture

and organisational change, the discussion analyses this link with reference to a particular type of organisational change, which is the one connected with outsourcing choices. The research questions defined in this study regard, firstly, the identification of the factors of organisational culture that, more than others, condition outsourcing choices; secondly, the way in which the link between organisational culture and outsourcing choices can be conceptualised; and thirdly, the way in which organisational culture impacts the structuring of the partnership relationship between outsourcer and outsourcee.

Before providing answers to these research questions, some notions on outsourcing bear discussion. During the last decades, outsourcing has become a sensational phenomenon in entrepreneurial practice. In today's market, all companies' activities, functions and processes can be outsourced to a third party (Leavy, 2001; Marjit and Mukherjee, 2008, Feeny et al., 2005). The phenomenon has recently changed physiognomy and has suffered from a progressive increase concerning content (or activities subject to outsourcing) and aims.

From the content perspective, there has been a transition from outsourcing that is limited to companies' activities and functions of both low management complexity and low strategic importance (commodities) to activities, functions and even entire processes that either have a strong proximity or belong to the company's core business. Therefore, more complex forms, such as strategic outsourcing, business process outsourcing and transformational outsourcing, have joined more traditional and less complex tactical outsourcing.

Regarding aims, there has been both an increase and a differentiation of goals; they have transitioned from traditional cost reduction to goals linked to the use of knowledge, skills and technologies of a third party (McIvor, 2000; Maskell et al., 2007). One of the main features of post-Fordism is the loss of the 'self-sufficiency' feature of companies that have progressively developed evolved relational skills (Popoli and Popoli, 2009). They have learned to follow a company's sourcing strategy perspective, which is the more innovative feature in a business system structure when inside a hypercompetitive and globalised environment such as the current one (Brown and Wilson, 2005; Popoli, 2011).

Notably, outsourcing choices result from a complex evaluative and analytic process, which consists of the following phases:

(i) Evaluation followed by the decision to outsource as well as what to outsource;
(ii) Definition of objectives;
Choice of provider;
(iii) Negotiation of terms and conditions (service-level agreement and stipulation of contract);
(iv) Managing relations;
(v) Monitoring and evaluation of results.

Each of these phases requires a set of criteria and certain approaches, which must be derived from the patrimony of technical knowledge and the management skills developed throughout a company's history.

In light of this brief remark, the thesis proposed in this paper was that an outsourcing choice is not only led by "rational criteria" but also by a company's organisational culture, which conditions every phase of the process above described. Conditioning occurs both implicitly and tacitly because organisational culture is partly within both the criteria and the procedural methods used consciously in the choice; it is partly tacit as a factor of conditioning, which, through unconscious mechanisms, affects the choices and behaviours of all companies' employees. This occurs at all organisational levels, both top management, responsible for the choice, and middle and lower management responsible for the implementation of the adopted outsourcing choice. For example, as Greaver (1999) states, the motivations expressed by top management to justify the renouncement of outsourcing choice are proper 'excuses' concealing the will not to change; the author highlights typical excuses, including 'closer studies are necessary', 'it is a good idea, but it is not the right time' and 'there are many fields where hidden costs can emerge', and so on.

The conditioning role of organisational culture can relate to every company's change because it includes characteristics that are produced by the intersection of rational factors as well as irrational and unconscious ones. Hence, outsourcing—as a specific process of both strategic and organisational change—is not free from organisational culture in both choice making and implementation.

The following discussion therefore regards two separate analysis areas in which organisational culture conditioning over the outsourcing process may be observed: i) the adoption of the choice of whether or not to rely on outsourcing, and ii) the structuring of the partnership relationship that is established between outsourcer and outsourcee.

The following two sub-sections explore these different analysis areas.

Organisational culture and outsourcing choice: A conceptual model

The thesis proposed in this study was described through a conceptual model that underlines the critical factors in outsourcing choices by identifying those related to organisational culture and those that use the 'rational' tools.

Preliminarily, the rational factors for the outsourcing choices are: the need for change (given the external environmental conditions), the costs and benefits of outsourcing and the related risks.

The need for change refers to the company's need to

implement an external environment change. Importantly, outsourcing choices must be considered as an adaptive response to the technological, economic and cultural changes that occur in environmental systems, and companies should search for new sources of competitive advantage, such as cost advantages, focusing on the core business, risk fragmentation, access to resources, know-how and technologies only possessed by third parties. Therefore, the need for change instigates outsourcing because it is then that the company becomes aware of a potential competitive advantage that can be gained from outside its organisational circle.

Costs and benefits are elements that must be compared through the analysis of all economic, strategic and organisational aspects involved in the choice to outsource. In addition, through a cost-benefit ratio, a company can identify every possible repercussion of outsourcing on the entire company system, including its value chain, strengths and weaknesses, strategic and operational flexibility, organisational structure and operational processes and human resources management.

Risk refers to all unknown aspects that are inevitably present in every strategic and operational change that the company might undertake. The main risks include economic, strategic and organisational aspects, such as loss of control of either activities, outsourcing functions or processes, loss of internal competence and subsequent dependence on a supplier, 'hidden costs', difficulty in including the outsourcing process or functioning within the activity though backsourcing.

These three factors, which appear to be merely rational, are conditioned by organisational culture through an unconscious mechanism that influences the individual perceptual sphere, so it becomes more appropriate to speak of "perceived need for change", "perceived costs and benefits" and "perceived risks". This means that managing outsourcing choices relying exclusively on economic rationality is an unrealistic ambition and conceptually deceptive. In detail, amongst all the organisational culture perspectives discussed within this article, those that directly affect outsourcing choices are the following:

(i) Degree of path dependency;
(ii) Uncertainty avoidance;
(iii) Trust.

These three factors, above analysed, were summarised in our innovative concept of 'relational culture'. The reason why the three factors are included in the concept of relational culture lies in the fact that there was the desire to identify, in the area of the general organisational culture, those factors that, more than others, play a major role in building and managing a partnership relationship. Therefore, in the choices of strategic outsourcing, in which the relationship between outsourcer and

outsourcee is played out in accordance with a partnership-based approach, the three identified "relational factors" may, taken together, be considered the expression of the "relational culture" possessed by the business.

The conceptual model shown in Figure 2 clarified the role that organisational culture plays on outsourcing choices and the ways in which its effects emerge.

This model highlights the critical factors in outsourcing choices by identifying those related to organisational culture and those that use the 'rational' tools.

As shown in Figure 2, each of the three rational factors is under the relational culture influence; the degree of relational culture will inevitably affect the evaluation of critical factors at the root of the outsourcing choice, starting from the same perception of the need for change, which will affect both the significance and the importance given to the cost-benefit analysis, and the identification and evaluation of economic, strategic and organisational risks that are linked to the outsourcing choice. In detail, in Figure 2, the arrows' directions show either the positive or negative correlation of each factor that affects an outsourcing choice; the arrows' widths indicate the influence intensity of each factor.

Organisational culture and the structuring of the partnership relationship

Relational culture and its three constituent elements – degree of path dependency, uncertainty avoidance, and trust – do not only impact the choice of whether or not to resort to outsourcing, but also have a major influence on the structuring of the relationship established between outsourcer and outsourcee. In fact, it is clear that the attitude and behaviour that each of the two partners takes on towards the other are conditioned by these three dimensions of the organisational culture. The characteristics taken on by the relationship between the two parties may therefore differ greatly in terms of control mechanisms, degree of formalism in terms of the outsourcing contract, degree of detail of the respective rights and duties, modes and procedures of coordination, and intensity in exchanging information.

Moreover, the more the two parties show cultural differences, the more difficult it becomes to manage the relationship, both in the planning phase and in the ongoing management phase. In this regard, many researchers have identified cultural differences as one of the main obstacles to positive performances (Kvedaraviciene and Boguslauskas, 2010); many aspects of the organisational culture concept can create relational problems.

For example, Hofstede et al. (1990) note six main problem areas, including process versus result, employee versus job, parochial versus professional, open versus closed systems, loose versus tight control and normative
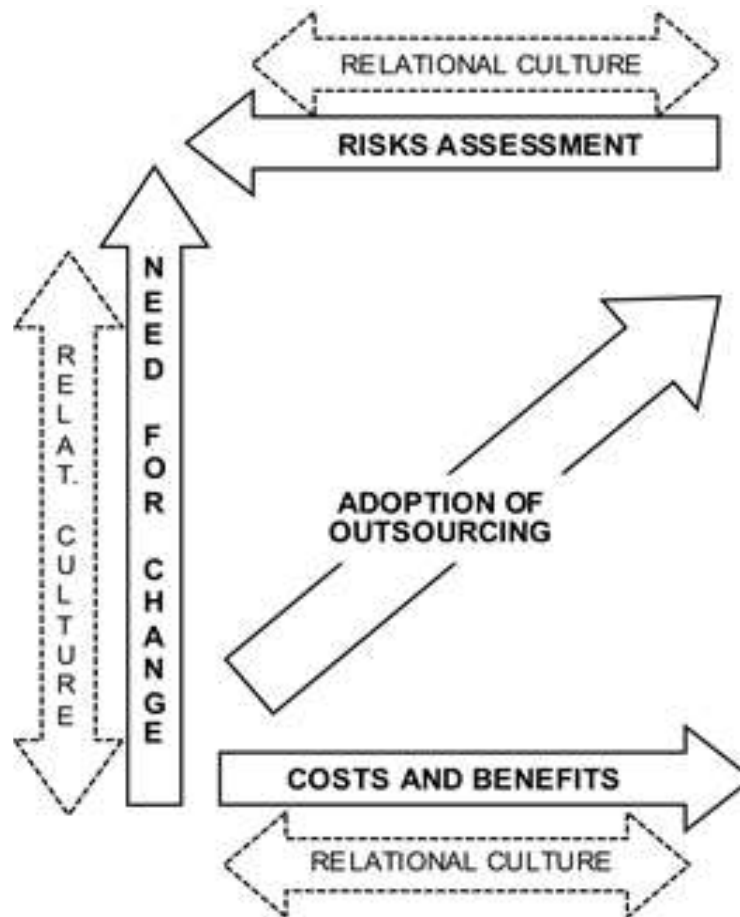
Figure 2. Critical factors at the root of outsourcing choices: A conceptual model.

versus pragmatic. The process versus result orientation refers to different approaches to tasks, such as either striving to achieve specific well-identified goals, according to a mechanistic vision of the division of roles between the two subjects (results orientation), or achieving general goals that are related to both partners, according to an organicist vision of the relationship, which can imply more frequent variation in each partner's goals and greater sharing of difficulties.

The employee versus job orientation refers to differences in management style, such as different considerations regarding problems that employees can face while doing their job; specifically, from the employees' perspective, individual problems become general problems to be faced, while, from the job's orientation, they become negative evaluation elements of a single worker's conduct.
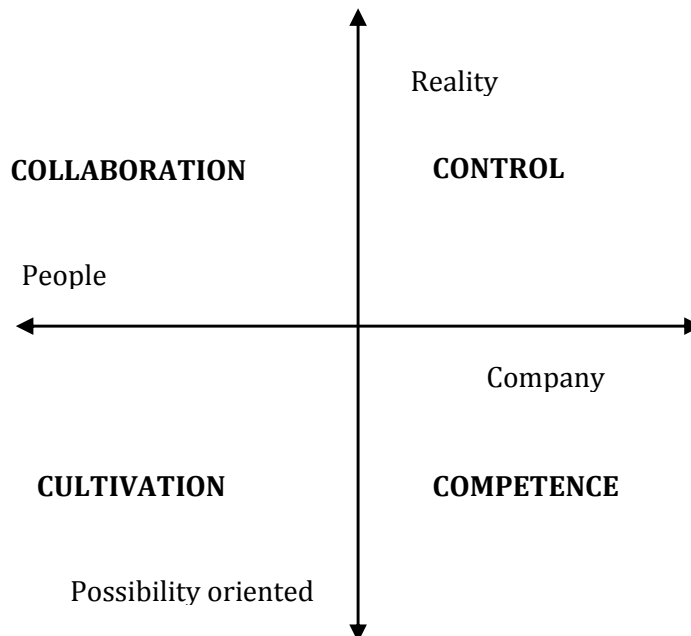
The parochial versus professional orientation refers to the identification of workers within the organisation (parochial) or in the kind of job that they do (professional). This difference is also linked to the famous distinction made by Ouchi (1980) between 'clan' and 'market' as an organising environment, from which

different work organisational systems, coordination mechanisms and reward and punishment systems emanate.

The open versus closed system refers to the communication climate, which includes an organisation's ability to change its organisational practices between partners, interact during activities and introduce changes via ongoing management processes.

The loose versus tight control orientation refers to the differences in the control systems of the jobs done by partners. This element can either create a climate of suspicion and eliminate mutual trust (tight control) or be less strict and more informal (loose control), which facilitates mutual trust and the sharing of problems.

Finally, the normative versus pragmatic orientation refers to differences in the structuring of managerial processes that include either well-defined, standardised norms (normative) or tight cohesion with customers' differentiated needs (pragmatic). In other words, this cultural dimension concerns both the formalisation and codification levels of managerial processes, and it is another element that creates relational difficulties between partners.

Figure 3 — Schneider cultural model quadrant diagram:

- Top: **Reality**
- Left: **People**
- Bottom-left axis label: **Possibility oriented**
- Right axis label: **Company**
- Top-left quadrant: **COLLABORATION**
- Top-right quadrant: **CONTROL**
- Bottom-left quadrant: **CULTIVATION**
- Bottom-right quadrant: **COMPETENCE**

Figure 3. Schneider cultural model.
Source: Schneider (1994).

Another important analysis of the differences in the characteristics of the organisational culture can take on various organisations was done by Schneider (1994), who identified four different ideal culture types: Competence, Control, Collaboration, and Cultivation. The author's cultural model presents a matrix with four quadrants representing the four types of culture, which arise from the intersection of the variables that were considered (reality orientation; possibility orientation; people orientation; company orientation) (Figure 3).

Referring to Schneider's book (1994) for more in-depth examination of the characteristics of the four types of culture, for the purposes of this work it is useful to emphasize only that the relationship between outsourcer and outsourcee is highly conditioned by the predominant culture possessed by one and the other. It is intuitive to think of the difficulties that can arise when outsourcer and outsource present dominant cultures opposing or different from one another. For example, if one of the two parties has a control culture, that party will obviously try to structure the relationship with a high degree of formalism and standardisation, a hierarchical coordination, and a process orientation; this may result in conflict with a collaboration culture that the other party might have, which is instead people-oriented, and based on trust, teamwork, interaction, and partnership.

Based on these considerations, cultural differences between clients and vendors often become difficulties when managing all partnership activities (Ertel, 2009), communicating effectively, managing performance, generating innovation, identifying, raising and resolving issues, establishing an effective governance structure, managing commitments, creating buy-ins with stakeholders, managing the scope and making joint decisions. These difficulties hinder the achievement of goals, decrease innovation and synergy chances, hinder the achievement of cost-saving goals, create conflicts, which waste time and increase costs, lower provider service quality, lower motivation and worsen the general conditions of the organisational environment.

Lastly, three considerations are to be made for an additional examination of the conditioning role of organisational culture on the outsourcing relationship:

(i) The importance of cultural differences obviously depends on the realised method of outsourcing, such as if either tactical outsourcing or strategic outsourcing are used, that is if the goal is a mere cost reduction or if there is something more in the creation of the value perspective. In tactical outsourcing, the outsourcing objectives are business activities and/or functions that are strategically unimportant (commodities). Their main goal is cost savings; therefore, cultural differences cannot adversely affect the decision-making process. By, contrast, in strategic outsourcing, the objects of the outsourcing are business activities and/or functions that are characterised by both strategic importance and the purpose is to obtain a significant contribution to value creation; as consequence, there are many ways in which cultural differences can influence the partnership organisation and its management.

(ii) The problem with cultural compatibility between clients

and vendors becomes more important when a company adopts a multi-sourcing strategy because it must weave multiple relationships to enable the supply of goods and services and conduct business activities and processes with multiple suppliers. The multi-sourcing strategy requires differentiation of the relational approach, depending on the cultural differences that emanate from the related subjects as well as on the different planning schemes of each relationship (that is, the different objectives and goals of every outsourcing relation).

(iii) Finally, it is important to underline the concept of 'cultural compatibility', which should not be confused with 'cultural similarity'; some cultural differences between partnership subjects can create learning and synergy opportunities. According to Larsson and Filkelstein (1999), cultural differences may affect the extent to which synergies can be realised by enhancing the 'combination potential'. Similarly, Vermeulen and Barkema (2001) affirm that existing cultural differences between relating subjects can improve innovation, resource sharing and learning opportunities. As noted by Slangen (2006) and Bjorkman et al. (2007), a potentially positive cultural difference intensity must be controlled so that it will not affect coordination and interaction mechanisms between subjects.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

Starting from the analysis of organisational culture dimensions and their impact on organisational change in general, this paper provided a conceptually detailed examination of a particular change that can be generated by the choice to outsource either activities, functions or company processes to a third party.

Within the different aspects of the organisational culture concept, the study identified the main factors that directly affect outsourcing choices (research question n. 1): the degree of path dependency, uncertainty avoidance, and trust. These factors were categorised under the innovative concept of 'relational culture', through which there was the intention to give emphasis to those cultural factors that, more than others, affect both the choice of whether or not to resort to outsourcing, and the way in which the relationship between outsourcer and outsourcee is structured.

Regarding the way in which the three identified factors play a significant role of conditioning the choice on whether or not to resort to outsourcing (research question n. 2), this study found that the three cultural factors impact how decision makers perceive: the advantages and disadvantages of outsourcing, the correlated risks and the economic conditions based on which assessments of convenience are made. In detail, the thesis proposed in this study is that the choice of whether or not to resort to outsourcing is not only founded upon objective and rational assessments, but undergoes the influence of the degree of path dependency, of uncertainty avoidance, and of the degree of trust nurtured with regard to potential partners. Therefore, the three cultural factors that were identified as most determinant of the outsourcing choices interfere with the rational factors ascribable to "economic rationality"; the different impacts that every culture factor (irrational and/or emotive) can have on an outsourcing choice are expressed through a conceptual model charted in Figure 2.

Regarding the organisational culture conditioning role over the structuring of the relationship that is established between outsourcer and outsourcee (research question no. 3), this study has found that the three cultural factors (degree of path dependency, uncertainty avoidance, and trust) are not limited to conditioning the choice of whether or not to resort to outsourcing, but also play a conditioning role over determining the characteristics of the consequent outsourcing relationship. In particular, the degree of formalism and of informalism attributed to the relationship, the mechanisms of coordination between the two parties, the degree of specification of the expected results and of the respective rights and duties, the degree of flexibility or rigidity characterizing the outsourcing contract, and others, are all elements that undergo the influence of cultural factors as well. Moreover, this study has found that these factors' role is even more critical when in the presence of significant cultural differences between outsourcer and outsourcee. In fact, cultural differences are one of the main reasons for difficulty or failure of the outsourcing relationship; this is particularly true in strategic outsourcing, where the relationship between outsourcer and outsourcee is founded upon a partnership-based approach, which is to say upon flexibility, mutual trust, the sharing of resources and skills, and therefore the cultural compatibility between the two parties.

In conclusion, the main aim of this paper was to provide a detailed examination of the outsourcing choices, particularly regarding the factors on which the choices are based. The proposed conceptual model with regard to the choice of whether or not to resort to outsourcing could be improved and expanded through future research, both conceptually and empirically. Conceptually, future research could identify other dimensions within organisational culture that could potentially influence outsourcing choice, improve the "relational culture" content beyond the three identified elements and analyse more details of a particular type of outsourcing by exploring particular objectives and aims. Empirically, it could be useful to survey decision makers with the aim of measuring the incidence levels of the cultural factors that were identified for the outsourcing choices and their interaction with the rational factors.

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