Conceptual review of global outsourcing-offshoring in the last 20 years: Notes on systematic literature review

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Abstract

This paper aims to contribute to a better understanding of the relatively comprehensive breadth of information on outsourcing-offshoring from existing and open-source research articles. A systematic literature review was carried out on 700 articles related to global outsourcing to obtain results of scientific studies. The PRISMA method is used to get relevant articles that meet the quality control aspects of the article data used. Research on global outsourcing and offshoring showed significant progress from the start until its peak in 2008. In 2000 global outsourcing was in the implementation stage, requiring a lot of basic and conceptual research to develop global outsourcing activities. After 2008 the topic of global outsourcing research studies decreased. This was because research on global outsourcing became more specific. The 32 topic items grouped into 4 clusters are state-of-the-art research on global outsourcing-offshoring topics in the last 20 years.

Introduction

Outsourcing and offshoring are critical strategic approaches in a complex, dynamic, and competitive global supply chain. Global outsourcing and offshoring are two of the growing business trends carried out by companies (Awe et al., 2018; Contractor et al., 2011; Oshri et al., 2009). Outsourcing activities are currently not only in core production activities but have expanded to other activities such as customer service, provision of infrastructure facilities, to R&D activities which are considered very important for the company (Bunyaratavej et al., 2011; Fierro Hernandez & Haddud, 2018; Rilla & Squicciarini, 2011; Sayed & Agndal, 2022). The field findings prove that there is debate about the impact of outsourcing on companies and on problems in the relocation of activities. For companies, outsourcing-offshoring is considered a unique competitive strategic phenomenon in domestic and international markets. A review of several research articles regarding global outsourcing-offshoring shows that there are contradictions and differences between one study and another, we simply summarize that outsourcing can produce positive, unprofitable, varied, and moderate or even insignificant impacts on the company (Colamatteo et al., 2021; Handley & Benton, 2013; Pereira et al., 2019). Several positive research results show that global outsourcing-offshoring can have a good impact on cost savings, increased management effectiveness and flexibility, market access, and better quality of products and services (Colamatteo et al., 2021; Contractor et al., 2011; Roy & Sivakumar, 2011). While other research shows the opposite that global outsourcing-offshoring has a harmful impact on companies, the challenges to the quality and confidentiality of company data are far more important than simply saving production costs (Fierro Hernandez & Haddud, 2018; Maruping et al., 2021).

Offshoring and outsourcing have received much attention. They have raised concerns regarding job losses in the company's home country, not to mention that concerns about the impact

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of globalization and the negative impact of offshoring have become deeply rooted in the communities of destination countries (Handley & Benton, 2013; Wieland et al., 2020). This concern is especially evident in the location and relocation of company activities to the outsourcing destination country. The relocation of companies and their activities has been in the spotlight due to the challenges it poses to resource management and company competitiveness. However, behind these concerns, the interests of developed countries economic equality and the growth and development of developing countries remain (Contractor et al., 2010). The spirit of innovation and global networks underscores the importance of outsourcing activities from developed countries. Improvement of business practice models and ways of making decisions is an assumption to increase benefits and minimize negative aspects of global outsourcing-offshoring (Bruccoleri et al., 2019; Mihalache & Mihalache, 2016).

Assumptions that arise from insight and empirical aspects seem to provide hope for carrying out better outsourcing activities, but in reality, they often fail to be implemented (Moe et al., 2014; Mohiuddin et al., 2019), this will significantly hamper the company's ability to make decisions based on systemic and inclusive understanding. Then comes the fact that, among the many contributions to offshoring and outsourcing, only a few focus on outsourcing decision making, relocation, and aspects of research and development (Griffith et al., 2009; Gylling et al., 2015; Rahman et al., 2021). We believe that outsourcing, relocation and R&D decisions in outsourcing offshoring deserve attention because it is a necessity to answer the demands for improvement and value creation for many parties. Research information needs to be collected and updated to find additional accurate information and discover systemic understanding regarding the effective implementation of a combination of outsourcing and offshoring. The level of interaction between cultures, between groups and the negative aspects that may occur need to be analyzed and processed into important information for the development of knowledge and practical applications. Based on the post-positivism aspect, research and development related to global outsourcing and offshoring must be of concern because it is expected to have a significant impact and produce a deeper understanding of the practices and impacts that arise.

This paper aims to contribute to a better understanding of the relatively comprehensive breadth of information on outsourcing-offshoring from existing research articles, so the some problem formulation we set are: 1) What is a review of the relatively dominant and rapidly growing literature on global outsourcing-offshoring research?; 2) What are the main driving factors, strategies, and dynamics that occur in global outsourcing-offshoring are discussed in the results of past research?; and 3) What are kind of combination outsourcing and global offshoring strategy is recommended based on the results of previous research?. Integrated analysis in the form of bibliographic analysis based on topic co-occurrence, and author co-citation using VOSviewer, as well as thematic analysis is carried out to providing valuable insights and better understanding to academics, practitioners, and policymakers on how outsourcing-offshoring can be a strategic opportunity for growth and development for companies and countries. The review begins by reviewing the relatively dominant and rapidly growing literature on the topic of global outsourcing-offshoring, to do this we take as many openly published articles as possible without limiting the search time. We hope to get as much data as possible so that the research trends are taken. From publication, data can be analyzed in general and through bibliographic analysis. The study then discusses the main drivers, strategies, and dynamics in global outsourcing-offshoring decision making. We take from the literature we specify by capturing the content in the global outsourcing-offshoring.

Research Methods

This study chose a systematic literature review (SLR) because it has high scientific value and can be reproduced but can still be relied upon to create objective knowledge (Fisch & Block, 2018). The PRISMA method was implemented to help obtain appropriate and relevant article data for SLR research. The stages carried out in this research are: 1) Determine the research question, its limitations and establish inclusion criteria; 2) Conduct a comprehensive search for relevant articles; 3) Filter full text articles based on criteria; 4) Data extraction; 5) Quality Assessment; and 6) Reporting. PRISMA is a flow of sorting research data so that a literature review is systematic and

can be carried out correctly (Page et al., 2021). This research was carried out by making a thorough review of the results of research and other publications on theories, applications, ideas, and essential factors regarding global outsourcing-offshoring, then combined with bibliographical analysis to be able to find predicting trends and identify problems that arise actually.

We use data derived from Google Scholar around global outsourcing-offshoring publications. Google Scholar is a very common scholar search engine and is most widely used by researchers to find research publication data that is open, easy, and has a very unlimited collection (Gusenbauer & Haddaway, 2020; Haddaway et al., 2015). A search for articles using the keyword global outsourcing-offshoring was carried out in October 2023. The literature analysis process was carried out in accordance with the protocol and we used the software Publish or Perish (PoP), VOSviewer, Mendeley, and Microsoft Excel as tools. We use Publish or Perish (PoP) software to find every article relevant to the global outsourcing-offshoring theme. VOSviewer is used in conducting bibliographic analysis to describe keyword networks so that the most frequently appearing research topics are found, gap analysis, and future research recommendations. We use Mendeley for detailed analysis of articles. We use Microsoft Excel to display databases and graphs.

We use the keyword "global outsourcing-offshoring" as the main consideration in the PoP application. The publication year is limited to 2023, but for the initial year we do not limit it, this aims to find out the development of theory and discussions regarding outsourcing since the beginning, the keywords used tend to be general and not specific, the justification is to get comprehensive information about the context. Then, we carry out specialization criteria in R&D, policy, strategy and implementation stages in global outsourcing-offshoring at the data screening stage. This is difficult work but we need to do it to get the best results. We carry out this process as a form of differentiation so that our articles have broader coverage within the scope of global outsourcing-offshoring (GOO) but then focus on discussing topical subjects in analyzing actual studies, dynamics, and strategy findings that can be implemented. Then, we did not limit the year of publication as is usually done in SLR, this was done for the purpose of knowing the development of theory and discussion regarding outsourcing from the start, but the results that emerged were in the 2002-2023 range, our initial analysis suspected that discussions and publications regarding GOO began in the beginning of the millennium in 2002, although its practical application was long before that. Based on PoP software search results, there are 700 articles in Google Scholar using the keywords "global outsourcing-offshoring" (Figure 1). We consider this figure sufficient to represent the global presence of outsourcing-offshoring in an academic scientific context. Next, the database identification process was carried out using the PRISMA method (Figure 2).

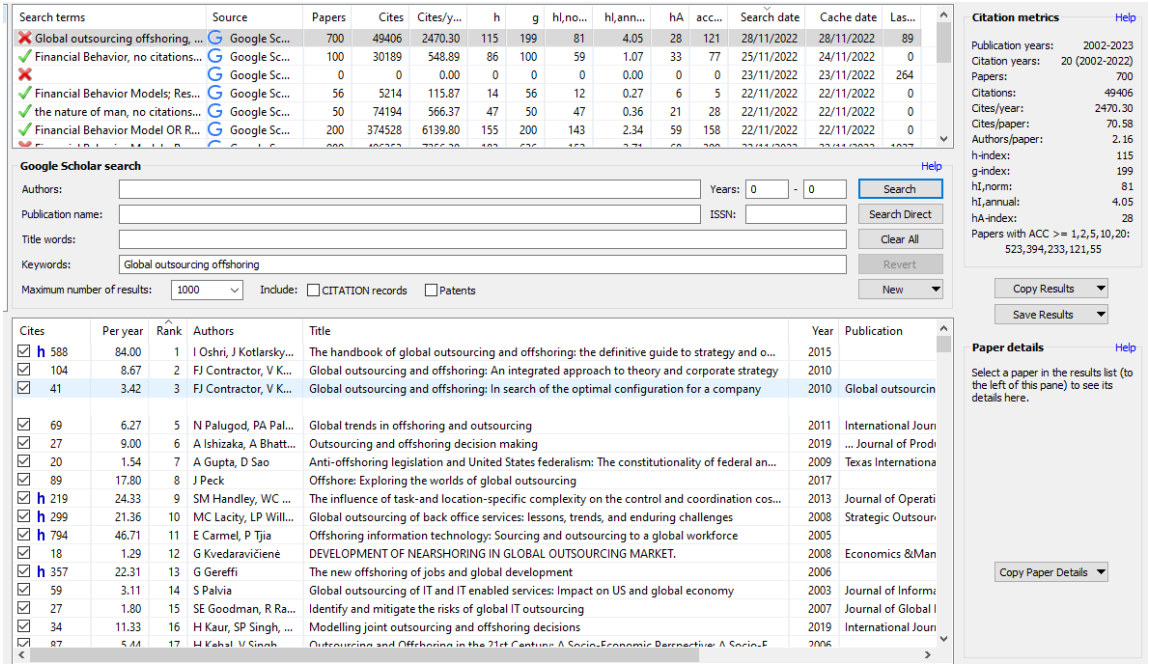

Figure 1. Publish or Perish (PoP) Application Search Results

We found 700 article data in the initial data identification. From the articles collected, there was some duplicate data and the data did not have a credible publisher, so we had to reduce it for credibility reasons. We reduce it because we expect quality control from articles, only articles with reputable publishers that we choose such as Emerald, Elsevier, Taylor and Francis, Springer, etc. However, articles that have a publisher are articles that have gone through peer review and publication editing. In the first data reduction stage, we removed 7 articles that came from inadequate publishers, 54 duplicate articles, and 273 articles that were inaccessible.

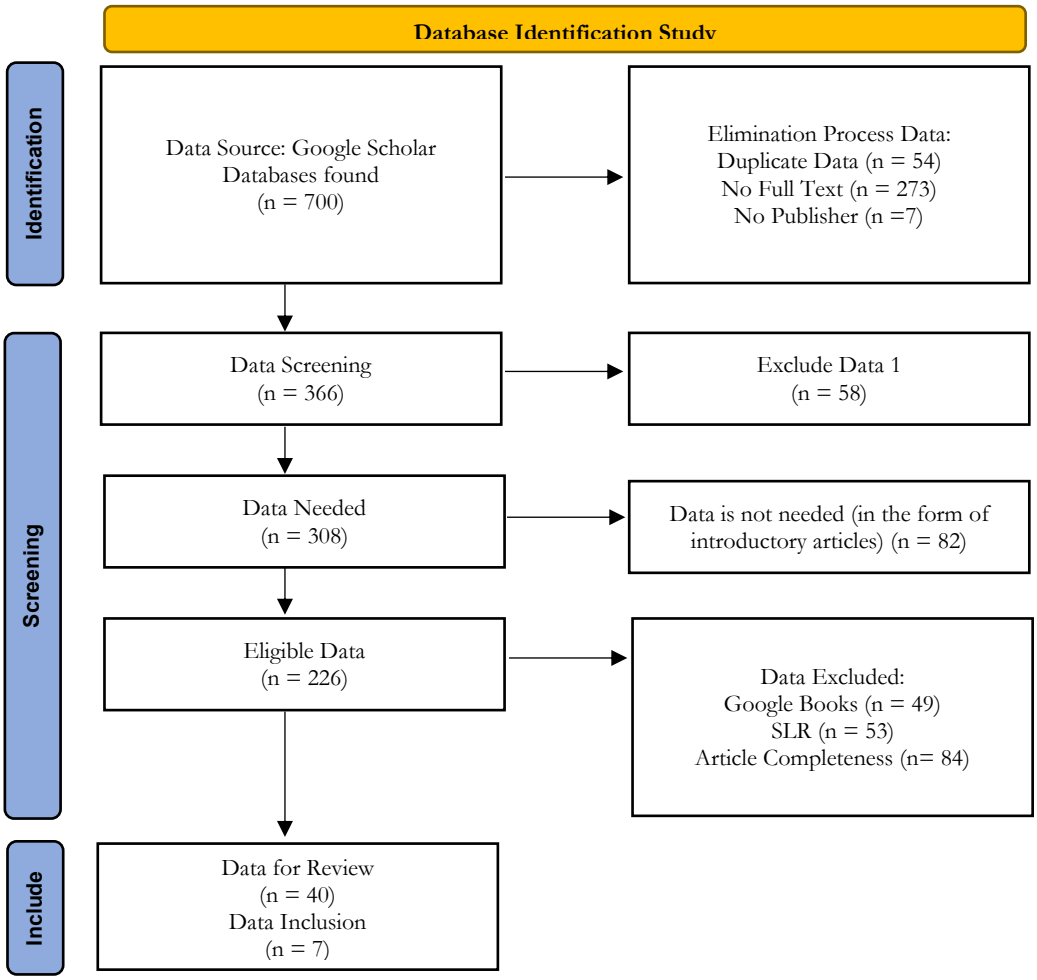

Figure 2. PRISMA Flow Diagram

Furthermore, the results of the screening stage left 226 articles that could be explored in full based on their relevance to the topic. The final stage is exclusion-inclusion. These articles were selected again to get the best articles by carrying out a checklist on all articles. This examination was carried out on the title, abstract, methods, results, discussion and conclusions, finally 47 articles were determined for further study and analysis according to systematic literature parameters. review. The selected articles are considered to be of good quality because they are selected based on strict criteria taken from the popular search source Google Scholar, top world publishers such as Emerald, Elsevier, Taylor and Francis, Springer, etc. as well as reputable international journals which of course are articles of very good quality. Several guidelines taken at the final stage of the PRISMA method relate to the specific criteria desired by researchers, these criteria are presented in Table 1.

Table 1. Restrictions Used in This Research

Searching Tools	Google Scholar, Harzing's Publish or Perish (PoP)
Keywords	Global outsourcing-offshoring
Inclusion Criteria	Reputable journals; Reputable publishers; Top citations
Exclusion Criteria	SLR articles; Text-books

Results and Discussion

A total of 700 articles were obtained with the keywords global outsourcing offshoring indexed by Google Scholar. Its publication range starts from 2002 to 2022. The first article that addresses this topic is "A framework for global IT outsourcing management: Key influence factors and strategies" written by Kumar and Palvia in 2002. This article discusses the complexities of global outsourcing in the IT field, which more and more companies are doing as a solution to their IT needs and problems (Kumar & Palvia, 2002). This article identifies the key elements that must be considered when managing outsourcing relationships with foreign vendors and the role a manager must play in a global outsourcing context.

Regarding the distribution of articles each year, 2008 was the highest year in global outsourcing-offshoring publications, with 69 articles published. Based on Figure 3, research trends regarding outsourcing-offshoring have declined since 2008. This is based on our study because the application of global outsourcing-offshoring is already in the development stage towards a more core focus, not just manufacturing activities such as production transfers, these core activities such as R&D, captive offshoring, and other activities. While before 2008, the trend was increasing because the application of outsourcing-offshoring was still relatively new and attracted attention to research on the concept of outsourcing-offshoring.

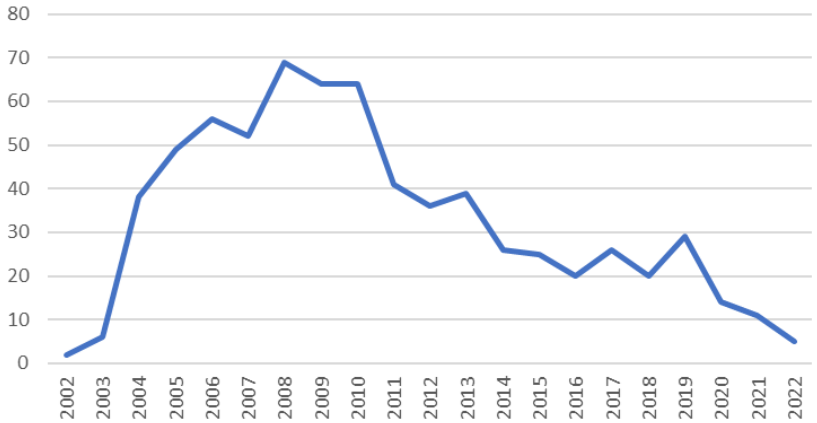

Figure 3. Global Outsourcing-Offshoring Research and Publication Number Trends

More than 100 publishers have generated articles from 2002 to 2022, some of which are world-renowned publishers. Based on the 700 articles obtained, 18% of the articles were published by Springer, 16% by Taylor and Francis and Elsevier, while Emerald and other publishers were under 11% for all published articles with global outsourcing-offshoring themes. This indicates that published articles on global outsourcing-offshoring are the result of research and studies that are of very good quality, because not all articles are able to penetrate publications in well-known publishers and some have very good reputations in the Scopus category. Then through publication in reputable journals and publishers it is ensured that articles have a very wide reach, can be accessed by everyone and create scientific developments that are very contributive.

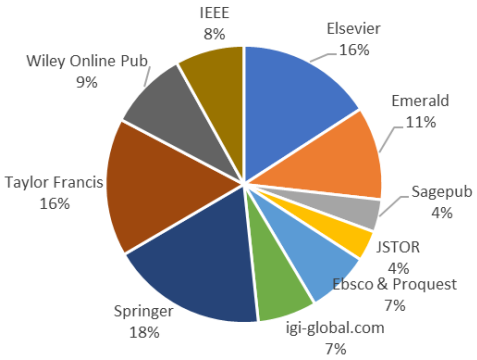

Figure 4. Article Publication Based on Publisher Category

VOSviewer Bibliographical Analysis

We performed network analysis of bibliographic data using VOSviewer. This application can help researchers analyze literature in terms of connectivity both to the context of the study, as well as connections between researchers who are also able to predict scientific developments (Wong, 2018). Using VOSviewer, we carry out topic analysis based on co-occurrence and author analysis based on co-citation, then see it in a network diagram that forms clusters. We do not use overlay visualization based on time, because we consider it too biased to look at the time range for all articles that appear, while we will do this for selected articles for deeper analysis.

The first analysis we carried out was regarding co-occurrence map based bibliographic keywords (Figure 5). Based on this network diagram, there are 32 items of the 10 minimum occurrences, 32 of these items are involved in the global outsourcing-offshoring concept. These items are keywords that are often found in the 700 articles obtained, so that we can find out the relationship between each item that discusses global outsourcing-offshoring. This bibliographic analysis found several interesting things, including 32 items grouped into 4 clusters which were differentiated based on their respective colors.

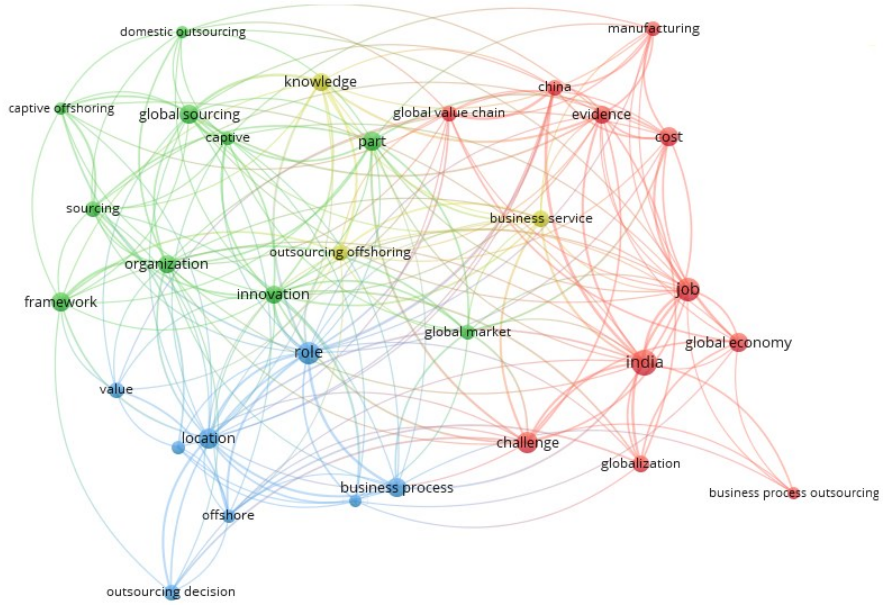

Figure 5. Network Overview Visualization on Global Outsourcing-Offshoring

The first cluster, resulting from the bibliography analysis, is marked with a red grid. This cluster comprises 11 items: business process outsourcing, challenge, China, cost, evidence, global economy, global value chain, globalization, India, jobs, and manufacturing. This cluster is the dominant cluster in state-of-the-art global outsourcing-offshoring, which is the main topic of research. It is interesting to discuss China and India contexts, which appear in this cluster, these two countries are the destination countries for global outsourcing carried out by developed countries. China is an offshoring destination country because it has relatively low production costs and is suitable for manufacturing companies with high production targets (Baumert et al., 2019; Oshri et al., 2009). At the same time, India in several literatures mentions that apart from having low production costs of this country, moving to excellent value chain provision, and having IT infrastructure capable of supporting global outsourcing-offshoring activities, companies that choose the option of delegating IT-related capabilities usually prefer to choose India (Baumert et al., 2019; Maruping et al., 2021; Oshri et al., 2009).

The next cluster is marked in green, this cluster consists of 10 items, including captive, captive offshoring, domestic outsourcing, framework, global market, global sourcing, innovation, organization, parts, and sourcing. This cluster also has a comprehensive composition of items related to activity strategy, captive offshoring, global offshoring, and other components, which are

strategic aspects in implementing cooperation with third parties. Captive offshoring refers to relocating some of the operating functions to a foreign country but remaining within the boundaries of the company's organizational structure (Bruccoleri et al., 2019; Ishizaka et al., 2019). The work transferred to the captive center varies from business processes, including even crucial for companies such as maintenance and development of corporate IT systems, the most common for carrying out a global outsourcing strategy requires a clear framework, organizational readiness, and also innovation capabilities (Bergkvist & Fredriksson, 2008; Oshri et al., 2009).

Cluster 3 consists of 9 items marked in blue. This cluster comprises business processes, information systems, locations, offshore, outsourcing decisions, R&D, and role values. This cluster is more suitable as an essential aspect for carrying out global outsourcing policies. The items in this cluster need to be considered carefully because they are related to outsourcing decision-making. However, global policy is a strategic step that must consider international business aspects and supply chain management capabilities because it is a cross-border activity and a broad perspective (Schmeisser, 2013; Wieland et al., 2020).

The last cluster is marked with a yellow cluster color, which consists of 3 items; business services, knowledge, outsourcing-offshoring. We agreed to call this cluster a supporting condition for global outsourcing activities. The service capability of the destination country and outsourcing partners is a crucial consideration for offshoring. While knowledge is also a determinant for principals to do or not cooperate with partners (Olsen, 2006). Countries that have service scale, skills availability, and service outsourcing maturity are considered the most attractive sourcing destinations for Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO) (Oshri et al., 2009).

The second analysis we carried out was regarding co-occurrence map based bibliographic authorship (Figure 6). This analysis was carried out on the emergence of authors or researchers in the context of global outsourcing-offshoring. Based on Figure 6, the author's collaboration network structure can be seen. We carried out a co-authorship analysis using the full counting method, data requirements were taken into account if the minimum number of documents was 3 (we assumed that with a minimum of 3 documents a researcher is able to show proof of his/her expertise). From the results of the network visualization, 44 items with researchers' names emerged which formed 16 cluster groups. A total of 44 researchers have at least 3 document articles regarding "global outsourcing-offshoring", researchers with the most documents are Ilan Oshri, and also Marie C. Lacity with 11 documents, then Julia Kotlarsky and Leslie P. Wilcock who each have 10 documents, and Torben Pedersen with 9 documents.

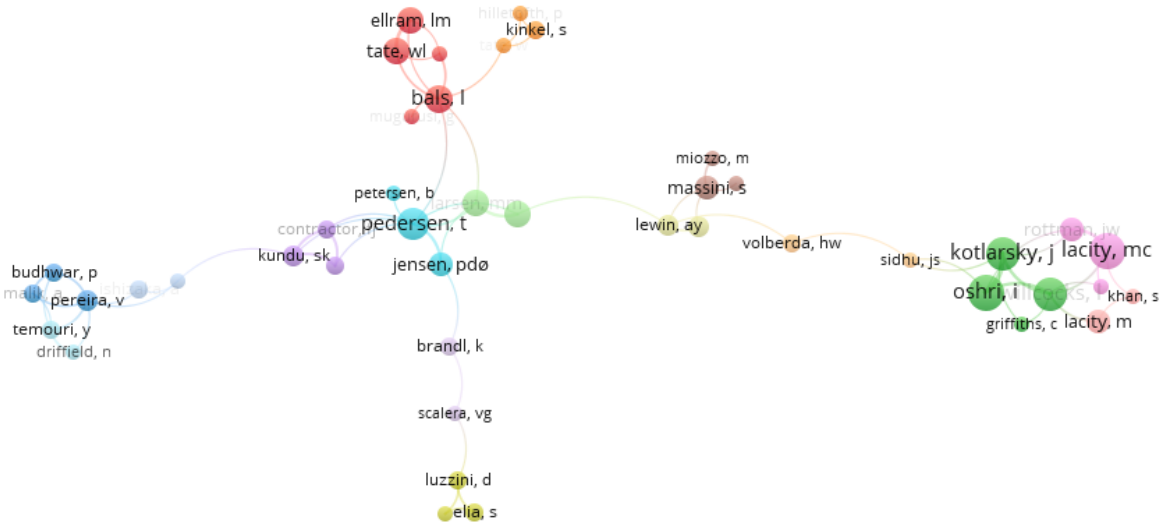

Figure 6. Authorship Network Visualization

The analysis results that emerge from the author visualization diagram show the relationships between researchers which determine how often authors collaborate with each other.

Based on Figure 6, information can be obtained regarding the author's connection pattern which makes the research direction clustered according to each group. This connection pattern also shows which author is the link between the clusters. This cluster of author groups may indicate a particular specialization group in studying global outsourcing-offshoring, and this connection also provides an indication of the extent to which the relationship between author groups is tight or loose. The 16 cluster groups each have almost the same amount of research data and no cluster dominates, this means that the productivity of groups of writers in the context of global outsourcing and offshoring tends to have varying levels of productivity, but there is no researcher who does not appear to dominate. All researchers have a central role in the collaboration network so that research diversification can occur. Through author network visualization, it can be identified that all authors have a central role in the collaboration network so that research diversification can occur through certain interdisciplinary developments according to the researchers' expertise which is shown by grouping authors into certain clusters marked with certain colors.

Global Outsourcing-Offshoring Thematic Analysis

Thematic analysis was then carried out in order to determine the relatively dominant and rapidly developing concepts regarding the global outsourcing-offshoring research context. The thematic analysis that we carried out was directed at answering research questions so that the codification of keywords included concepts, factors, dynamics and strategies in the context of global outsourcing-offshoring. Based on this theme, we then selected several dominant keywords in the context of global outsourcing-offshoring. These keywords are also the most dominant criteria appearing in the VOSviewer results (Figure 5).

World View Development related to Global Outsourcing-Offshoring

The global trend of outsourcing and offshoring continues to evolve along with changes in the business and technology environment. Economic, technological, and policy changes greatly influence the global dynamics of outsourcing and offshoring (Mihalache & Mihalache, 2016; Ndubisi & Nygaard, 2018; Sayed & Agndal, 2022). Analysis of trends in bibliographic data shows several significant shifts. First, digitalization and digital transformation are carried out as an effort to standardize the same business practices when outsourcing and offshoring (Nujen et al., 2018; Wieland et al., 2020). In addition, companies are increasingly concentrating on strategic added value rather than simply reducing costs. Outsourcing practices now include functions that generate added value as a whole, not just operational aspects. This shows the company's efforts to increase competitive advantage rather than just prioritizing financial profits (Rilla & Squicciarini, 2011).

Businesses are looking for new places to offshoring as geography changes and diversification becomes the third trend. "Nearshoring" strategies, which bring operations closer to countries with similar working hours and cultures, are becoming increasingly common. This happens even though countries such as India and the Philippines continue to be the main destinations (Ishizaka et al., 2019; Sayed & Agndal, 2022). In addition to the increasing role of freelance workers, another trend in outsourcing practices is hybrid models and flexibility in resource management. Hybrid models allow companies to use internal and external resources more flexibly, and the increasing role of discretionary workers indicates an evolution in labor structures around the world (Awe et al., 2018; Olsen, 2006).

India and China Contexts

Some literature states that India is still the country of choice for outsourcing services, both ITO and BPO. Its role as an outsourcer began in the late 1990s when global companies began to face the challenges of the Y2K (short for Year 2000) millennial era. India is well positioned because of its educated workforce, foreign investment-friendly government policies, stable political climate, and proficiency in English (Chanda, 2008; Lahiri, 2016; Maruping et al., 2021). India has steadily grown in reputation as an outsourcing partner providing higher value services and capabilities over the last twenty years (Baumert et al., 2019; Kirilenko et al., 2019; Oshri et al., 2009).

China can increase its role and presence in the global outsourcing-offshoring market. China has a higher investment nominal value compared to India (Eltschinger, 2007; Li et al., 2008). China continues to record impressive growth in its software industry, with a growth rate of 30.4 percent since 2008. China's economic strength and significant government support for the industry are the reasons. Today China's economy continues to be the fastest-growing economy in the world, and its Gross Domestic Product (GDP) is growing at more than 8 per cent annually. China offers an educated workforce, strong government support, and a common language and culture for Asia-centric operations (Leung et al., 2021). It is progressing in addressing critical issues of intellectual property protection and security (Fierro Hernandez & Haddud, 2018).

Other Countries as Outsourcing-Offshoring Destinations

The BRICS countries (Brazil, Russia, India, China, and South Africa) are known as excellent options for business process outsourcing strategies due to the scale of service, availability of skills, and maturity of service outsourcing achieved by them. However, today's highly competitive global service market presents opportunities for non-BRIC countries that can offer the right mix of cost, skills, and reliable services (Strange & Magnani, 2018; Oshri et al., 2009).

Egypt is offering its capacity as a low-cost outsourcing-offshoring global destination for call centers specializing in European languages. Then, Dubai and Singapore have their IT security and legal systems as their outsourcing service excellence. In Philippines, whose residents have excellent English skills, of course, this is a great opportunity to present an English-speaking call center. Meanwhile, Morocco is trying to attract French-speaking European clients to set up call centers (Oshri et al., 2009).

The literature notes that non-BRIC countries have successfully competed with BRICs by positioning their specialized expertise in specific areas and often by offering lower fees than other potential destinations (Oshri et al., 2009). The decision to determine offshoring activities will significantly consider a country's conditions because the country selection is crucial in determining the success of global outsourcing-offshoring goals (Johansson & Persson, 2019). Geographical position determines how far a country is from the leading company, and distance becomes a challenge for global activities. In addition, the sociographic aspects of a country can be another key to success because they are related to the culture, habits, and capabilities of the resources used. Finally, the condition of the destination country is also determined by its demographics. The ability of the workforce based on quantity will create company competitiveness in terms of productivity (Olsen, 2006).

Captive Center

Captive centers are wholly owned subsidiaries at offshore locations that perform work for the parent company (Bruccoleri et al., 2019). Initially, General Electric (GE) India carried out the captive center strategy in 1997; this is the largest captive center carried out by GE. Seeing the success of GE's captive center strategy, many companies did the same so that in 2000 the number of captive centers in India increased rapidly. Many companies with captive centers in India are dominated by companies affiliated with Forbes 2000, Fortune Global 250, affiliates, and other large companies. Specifically, companies that are members of the Fortune Global 250, for example, 153 companies, have captive centers in India. When accumulated, these companies have established more than 350 captive centers around the world (Strange & Magnani, 2018; Lacity et al., 2008).

The financial, banking, electronics, and computer sectors are the industrial sectors that are most active in building captive centers. Looking at the pattern of competition and industry market targets, the development of the offshoring market in the form of a captive center will grow by 30 per cent annually. At the same time, the visible trend for this captive center strategy is the establishment of virtual captive centers in offshoring destination countries. Captive centers can be carried out with three different strategies for utilizing offshoring assets. The strategies are captive hybrid, shared, and divested (Mella & Pellicelli, 2012; Wieland et al., 2020).

Outsourcing-Offshoring & Supply Chain Management (SCM) Practices

Global outsourcing activities in international business include not only outsourcing and offshoring activities, but there are terms often found among global outsourcing activities, such as reshoring and insourcing (Figure 7). Based on the literature review we conducted, the difference is from the governance and geographical aspects (Handley & Benton, 2013; Wieland et al., 2020). Outsourcing is a strategy that leads to a decision to buy governance that a third party already owns, for example, buying from a third-party provider or an offshore provider (Ndubisi & Nygaard, 2018; Nujen et al., 2018). While insourcing is a governance policy that leads to creation, for example, creating subsidiaries, acquiring, and establishing branch offices, and creating a local presence in a region (Hätönen, 2009; Iqbal & Dad, 2013). Another practice is related to the geographical dimension, there are two types, namely offshoring and reshoring, which have criteria onshore (within reach), near shore (the geographical distance that is not too far), and offshore, which has distant geographical boundaries (Gunasekaran et al., 2015; Maruping et al., 2021). These four global outsourcing activity frameworks have dominated supply chain management (SCM) and international business (IB) activities. The implementation of this global outsourcing practice can take the form of a global company adding another international factory to its factory network, this creates the need to source components and other semi-finished goods from existing factories to new factories (Charles & Ochieng, 2023; Galli, 2018).

Then our study leads to the global outsourcing situation from both the SCM and IB perspectives. Apart from the governance and location dimensions already included in Figure 6, we found additional dimensions in several literatures that discuss archetypal relationships that may develop in the global outsourcing activity environment, namely the dimensions of integration and coordination. In particular, various inter-organizational relationships can occur as long as integration and coordination needs may arise when corporate resources make connections across borders (Lin et al., 2017; Wieland et al., 2020).

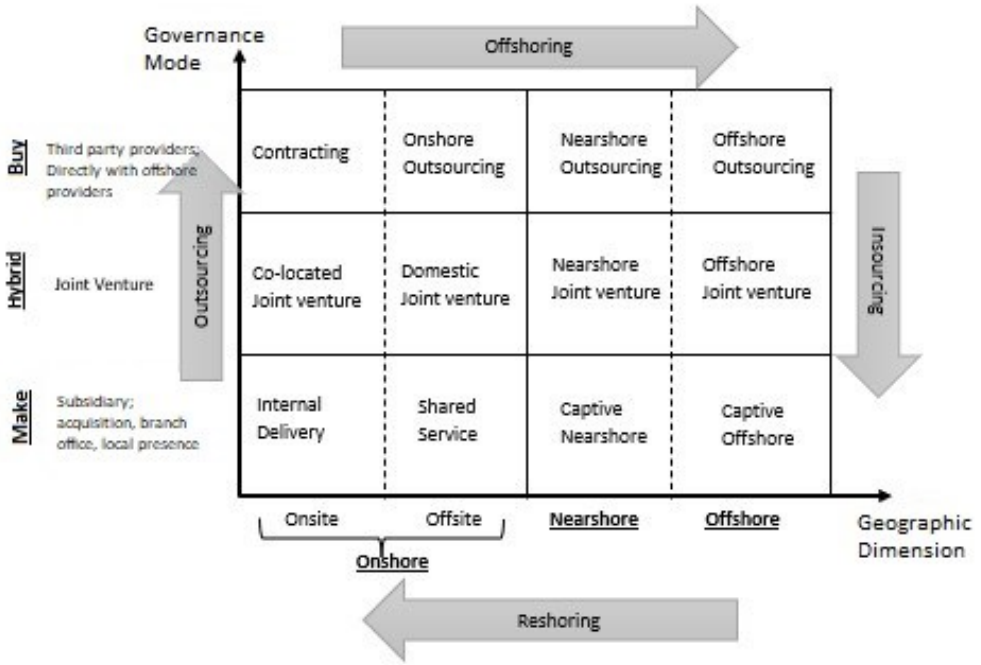

Figure 7. Global Outsourcing Practices
Adapted and modified based on sources: Bals et al. (2016); Foerstl et al. (2016); Hansen and Ahmed-Kristensen (2012); Tate and Bals (2017); Wieland et al. (2020).

Outsourcing-Offshoring Decisions

Many articles have discussed the theoretical contribution of research results to outsourcing-offshoring activities, especially for aspects of decision making which are considered the main reason for outsourcing is proven not only because of cost reduction but more broadly than that.

Most of the services are outsourced by the company. However, services are not easy to control because they are intangible, cannot be inventoried, and are consumed at production time. In general, company information and objectives affect performance ambiguity directly and indirectly (Gunasekaran et al., 2015).

Outsourcing carries several risks and can often lead to failure (Schoenherr, 2010). The choice of outsourcing-offshoring and captive offshoring strategies has been compared in the case of product recalls and shows that outsourcing offshoring reduces the magnitude of the risk of a product recall. In contrast, the captive outsourcing strategy increases the risk of a product recall (Bruccoleri et al., 2019; Kaur et al., 2019).

Efforts to increase the quality and level of trust in the global outsourcing market are carried out through vendor certification. Many companies do this to increase their competitiveness to be selected as an offshoring partner. The study conducted by Pongelli et al. (2019) investigated the direct and indirect impacts of this certification (Schoenherr, 2010). Certifications owned by partners directly help their growth as vendors, but this certification can also hinder aspects of vendor growth. The other side of this certification is that they are sometimes satisfied with the conditions of the certification results and do not innovate.

Another aspect that has an impact on the level of outsourcing-offshoring decisions is political conditions. Political risks impact outsourcing activities (Bettiol et al., 2023). Politics influences offshoring decisions and evaluates their impact on outsourcing entry mode decisions, whether to outsource Information Technology (ITO), Business Process Outsourcing (BPO) or Knowledge Process Outsourcing (KPO). The article suggests the need to strengthen institutional and regulatory factors. Since offshore service providers are critical in setting performance goals, it is important to evaluate provider performance (Wieland et al., 2020).

The last thing found as material for decision making is the evaluation results based on costs and benefits. This evaluation can provide feedback to make decisions. In the literature, it is found that several models are associated with qualitative models, such as the contextualization environment separation index (ESI) for the assessment and selection of outsourcing developing countries, taking into account internal and external environmental factors. While the non-linear programming model (MINLP) is associated with a quantitative approach. There are mixed models between qualitative and quantitative approaches, such as the fuzzy-Analytical Hierarchy Process and fuzzy-TOPSIS models (Mella & Pellicelli, 2012; McCann, 2014).

Implication and Conclusion

We can find literature that is relatively dominant in the discussion and is growing rapidly. Based on the study results, we found that from the beginning of 2000 to 2008, the trend of research on global outsourcing offshoring showed significant development. The number of publications was 272 articles in 9 years, with a peak of 69 articles in 2008. This increase in trend is one of them. This is because, at the beginning of 2000 global outsourcing was still relatively new, and in the implementation stage, much research and development was needed. Meanwhile, after 2008, the topic of global outsourcing research studies decreased because research on global outsourcing became more specific, this is shown by the overlay visualization which shows research based on a time line, co-cite or citation analysis. We have collected 700 articles in the last 20 years, and it is known that the publications are dominated by well-known publishers such as Springer, Elsevier, and Taylor and Francis, each of which publishes more than 15% of total publications. We can find studies that are developing to be discussed in the research results of researchers regarding global outsourcing-offshoring consisting of 32 topic items grouped into 4 clusters: cluster 1, namely business process outsourcing, challenges, China, costs, evidence, global economy, global value chain, globalization, India, jobs, manufacturing. Cluster 2 consists of captive, captive offshoring, domestic outsourcing, framework, global market, global sourcing, innovation, organization, parts, and sourcing. Cluster 3, business process, information system, location, offshore, outsourcing decision, R&D, role value. Furthermore, the last cluster consists of 3 items: business services, knowledge, outsourcing, and offshoring. We conclude that all 32 items are state-of-the-art research on global outsourcing-offshoring in the last 20 years.

We find the main drivers and various actual strategies in global outsourcing-offshoring activities in several literatures. Several studies regarding actual conditions and success in global outsourcing activity decisions colored our study. The destination country for outsourcing-offshoring activities is one of the essential things. India and China often come to the fore as destination countries. Then, because of the competitive outsourcing market, many countries provide good bargaining power by collaborating on costs, skills, and service specialization. The top emerging countries apart from India and China as options are BRICS countries, Egypt, Dubai, Singapore, Philippines, and Morocco. Then the strategy that often appears in global outsourcing activities is to combine two important aspects, namely aspects of governance and demographic aspects. Based on this combination, four strategies are formed; outsourcing, insourcing, offshoring, and reshoring.

A review of the literature shows that a combined strategy of global outsourcing and offshoring can increase efficiency, reduce costs, and provide access to specialized skills and resources. Collaboration in the form of reshoring-offshoring and outsourcing-insourcing involves 12 strategies that can be carried out according to company needs. The essence is that various relationships between organizations can occur to establish cross-border relationships to fulfill the need for integration and coordination of company resources. Based on the literature review, it can be formulated that organizations can benefit from collaboration strategies in various ways. Firstly, global offshoring allows companies to focus on their core competencies while outsourcing non-core activities to specialized service providers. Second, global offshoring allows companies to gain access to greater human capital and specialized skills that may not be available in the domestic market. Lastly, offshoring can help companies stay competitive in global markets by exploiting cost advantages and accessing new markets.

Recommendation For Future Direction

There are opportunities for research to be conducted in the future that focuses on global outsourcing-offshoring activities. As mentioned in the study results, the trend of research on global outsourcing-offshoring has moved towards specific research that is no longer about implementation and general strategies related to manufacturing. Our small recommendation is that future research is expected to discuss outsourcing governance at the offshore joint venture level. Very little literature examines this pattern, but there is much research on near and captive offshore. From the governance aspect, the offshore joint venture is between near and captive (see Figure 6). In addition, future research can also discuss the industrial sector outside of finance, banking, computers, electronics, health, and pharmaceuticals. Sectors other than those mentioned may require specific information because they may have different industry characteristics. To make it easier to find topics and research materials outside the industries mentioned above, perhaps you can start by selecting some of the actual topics we found in the network diagram (Figure 5), which contains the 32 most used topic items in the global outsourcing theme.

The link between the global implementation of outsourcing-offshoring and the concept of sustainability is an important subject of debate and analysis in the context of sustainability and the socio-environmental impact of global business. There are several elements where the implementation of global outsourcing-offshoring can intersect or conflict with sustainability principles. Further research recommendations can be directed towards sustainable aspects, such as involving nature conservation which evaluates the environmental impacts of global outsourcing and offshoring activities. For example, how shifting production to countries with looser environmental regulations could affect greenhouse gas emissions, natural resource use, and pollution. Development and analysis of sustainable business models that can be applied in the context of outsourcing and offshoring, considering economic, social and environmental aspects.

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