IT OUTSOURCING DECISIONS AND IMPLEMENTATIONS IN MALAYSIAN PUBLIC HEALTHCARE SECTOR AGENCIES: GROUNDING AN ITO RELATIONSHIP MODEL USING QUALITATIVE APPROACH

BY

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ABSTRACT

As Information Technology Outsourcing (ITO) grows in complexity, there is a call for effective management of ITO relationship to reduce risks. This study integrates theoretical concepts from resources based view and social exchange theory with existing research on ITO to understand the process of ITO decisions and implementations in five Malaysian public healthcare sector agencies, particularly the problems, difficulties, critical factors and relationship management, to develop a conceptual model for understanding the complex relationship. Malaysia public healthcare sector involves complex organisations and managing ITO in this environment is challenging especially for public sector staff. Moreover, inconsistent findings raise confusion and doubt, leaving public managers uncertain about ITO directions and researchers unclear about theoretical perspectives relevant to ITO. This study, therefore, presents an interpretive empirical multiple case studies of the ITO relationship experience in Malaysian public health sector agencies. Qualitative method design for the study includes: (1) a single pilot exploratory case study and (2) a multiple case study of four agencies. The rich evidence obtained is also used to build a grounded theory and explanations for the phenomenon. Moreover, using GT, the study develops an ITO relationship model for better practices in the management of ITO relationship. The main findings from the study are: i) the case agencies adopted ITO for various reasons including technological, economic and business benefits, particularly access to external superior resources competences and capabilities and inadequate competent and capable staff in the agencies and IT division. The agencies can channel limited internal resources to focus on core businesses of healthcare functions and services. public sector has limited skills competences and capabilities in complex and latest technologies; ii) Public sector is well known for its structured hierarchical organisation involving inter and intra ministries and divisions. In the ITO process, proper committees were formed to evaluate on and manage ITO decisions and implementations. Selective ITO is common in public sector. Service providers were only involved in non-strategic areas such as IT infrastructure and systems development; iii) This study finds that most difficulties and challenges in ITO were due to human factors and IT technical aspects did not cause major problems. Inter and intra relationship management is crucial in those cases. Thus, project management competence and capability is required by both service provider and receiver; iv) For an ITO relationship model, the study summarises ITO strategy, due diligence, structure, stakeholders, contracts/SLAs, governance, resources competences and capabilities, working relationship context, project management and knowledge management as the critical elements in ITO relationship efficacious process. These factors must be given due consideration by service receivers prior to entering any ITO arrangement.
The thesis of Yusri bin Arshad has been approved by the following:

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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