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QUALITY ASSURANCE ON OUTSOURCED OPERATION

(A case of cleaning service company)

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The aim of this research is to develop knowledge on the outsourced operation between B2B business. Research focuses on the service provider's side and it aims to find out how quality on provided service is assured among outsourcing parties. This research further checks on available measures on the part of the service provider for maintaining the quality service. Outsourcing operations is very common practice for the business to overcome the time and resource constraints. Maintaining the standard on service quality is thus totally handed to the service providers while the services are outsourced. It is a tough job for the service provider to meet the customers expectation and further exceed the expectation with an aim to attain customer satisfaction. This research highlights the need of proper agreement on the service level to ensure successful outsourced operation.

In this research paper company X is presented as the service provider and Company Y is the one outsourcing its services, the study does not include the end customers of the business as research is focused on B2B business and in case of outsourced services, outsourcing company is the customer for the service provider. Company X, case company is providing cleaning services in different sectors but research will only cover one area of business. Detail

information about Company X is not presented due to company confidentiality. This research focuses on the service level agreement regarding the service standards in the outsourced operation and the measures required for the company X to ensure quality on service provided.

Qualitative research method was used for data collection. Interviews and researcher's own experience at operational level in Company X helped to collect the required information. Various theories, books, articles, journals act as a framework to construct this paper.

The result shows that Company X is performing well in the outsourced operation in general but there are some issues to be checked and fixed at operational level regarding the service standards which is the internal factor to be considered. Agreement on the service level and standards among the contracting parties are also in need for a revision and it is essential for both parties to integrate it with the internal communication within companies. This research is based only on opinions of top level management and further research on this particular topic is suggested also including opinion of the operational level employees.

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LIST OF ABBREVIATIONS (OR) SYMBOLS

SLA   Service Level Agreement

B2B   Business-to-Business

SL   Service Level

KPI   Key Performance Indicators

KRI   Key Results Indicators

IT   Information Technology

HR   Human Resource

1 INTRODUCTION

This research paper focuses on outsourced service between B2B firm, where Company (X) is the service provider and company (Y) is the one outsourcing its service. Research is conducted to study about the available means and measures on part of the service provider to assure quality service to the outsourcing company. In this paper outsourcing in the cleaning business is presented and various agreements and conditions that are needed in the outsourcing process are discussed. Service quality and quality control plays very significant role in the service sector which helps to have satisfied customer and long term business relationship, hence these topics are also highlighted to have clear understanding on the measures used to ensure quality service.

These days outsourcing in the cleaning business has become very common phenomena as company wants to save time and the resources. In meantime companies wants to concentrate their time and resources for more valuable projects. Outsourcing is beneficial but at the same time it is very challenging and risky for the business as service providers are the ones to handle the operation on their regards which might result in situations that the outsourcing companies cannot have full control over the actions. On the other hand, it is also very challenging for the service provider to satisfy its customers and the end customers of the outsourcing company. Agreement plays a vital role and act as the guidelines for the service provider to handle the operation smoothly. Service Level Agreement (SLA), Key Performance Indicators (KPI) are the crucial factors which assist in proper service and good cooperation among the outsourcing company and service provider. Discssion on importance of SLA and KPI in outsourced service help to understand their impact in the outsourcing operation. Further it shows how service quality can be assured in the process. Gap model of service quality gives a clear vision regarding the loopholes that prevails in the service operation and how these can be tackled, implementation of the model in this research provides insight for the case company to develop its service in future.

The research methodology used for this thesis is qualitative research approach. Thematic interviews are the major source for gathering the required information on the desired topic. Researcher's own observation and experience on operational level in the sector has further facilitated to draw conclusions and justify the discussion raised. Information from various sources like books, articles, journals, school database have contributed to larger extend to come up with the research objectives.

1.1 Description of the research

The idea of the research is influenced by researcher's interest in the popularity in outsourcing trend among the companies. Researcher was highly interested in the outsourcing operation and willing to know how it works among B2B business. Researcher being involved in the operational level in service provider company also nourished researcher's interests to study the topic from supplier's perspective.

Research took steps by selecting the service provider company (X) for a company outsourcing its business (Company Y). Then the research questions were formed based on the research objectives. Data were collected through interviewing the related parties like service director and service supervisor from company X and head of housekeeping from outsourcing company Y to get answers to the research questions.

Researcher used various theoretical materials to find out more on outsourcing, outsourcing in facilities management, service quality, performance measurement, key performance indicators, gap model as a framework of the study which assisted to larger extend to further clarify the research objectives.

Furthermore, with respect to the information gathered from the interviews and other published and unpublished secondary sources the researcher is able to draw conclusion on the research topic and provide answers to the research questions.

1.2 Objectives and limitations of research

The aim of this research is to find out how quality assurance is provided by the service provider in case of outsourced operations in B2B business. Service quality assurance by the service provider is the main topic of the study which is the outcome of the proper agreement on the service quality and proper quality control system. This study also provides information about the agreements and negotiations needed for the outsourcing company and its service provider to ensure proper service standard. The research also highlights the importance of service level agreement for both parties to have things done in a mutually agreed way and brings forward the performance measurement measures used by Company X to do so. One of the objective of the research is also to understand the outsourcing operation from the operational level and how important is it for the service provider to make its employees familiar with the agreed objectives of the service agreement.

Following research questions are formulated for achieving the research objectives:

1.How important is it to have agreement in the service standards in the outsourced operation? What are the essential agreement for service delivery?

2. What are the measures and methods followed by Company X at present to provide quality service to its customer, Company Y?

3. How is the performance measurement done in the Company X to ensure service quality?

This research is done only considering one area of a business and also limited to B2B firm hence its application is not suggested to all organization or the business with wider operation. Further, this study is only focused on the service quality aspects hence it does not cover other quality aspects and service quality varies with nature of the service. In the research service quality is discussed based on the cleaning services and operations.

2 OUTSOURCING AND QUALITY

2.1 Outsourcing in general

In the globalized world with menacing competition in the market, business entities are looking for the new techniques to meet the need of its internal functions and at the same time they want to improve the quality of product and services. Outsourcing is that approach through which firms will be equipped with the ability to improve its efficiency and reduce the cost of operation. Outsourcing means purchasing ongoing services from an outside company that a company currently provides, or most organizations normally provide, for themselves (Linder, Jane C,2004).

Quinn and Hilmer (1994) indicates that Outsourcing is an abbreviation for "outside resource using" which provides firms with the subcontracting of its non-core activities to third party under the circumstances of downsizing and limited internal resources, as well as providing them with opportunities to focus on their core competencies. Outsourcing has dramatically increased in recent years. Harvard business school has identified outsourcing as ''one of the most important management ideas and practices of the past 75 years"(Eltschinger, 2008). They also have argued that considering the pace of outsourcing growth, most companies in future cannot survive without outsourcing (Eltschinger, 2008). As, outsourcing enables firms to achieve high-quality results with low cost (Eltschinger, 2008).

Kumar and Ecikhoff (2006) claims that outsourcing is highly driven by cost reduction, adding flexibility, access to know-how and facilities that a company may be unable to afford alone to address change in the market and customer demands. They also added that the viewpoint of outsourcing is to keep the intellectual property such as competencies, processes and know-how that is

core of the business to keep in house while to outsource the non-core knowledge.

Outsourcing is mainly influenced by the cost reduction factor. Cost reduction does not means compromising the quality of service rather it is handing the operations to the best suppliers in the market who can promise quality on service. Speed of development which is also termed as the pace of development of the product and services when they are develop outside is also adding to the benefit of outsourcing. Outsourcing also allows flexibility to the company to concentrate on other projects also at the same time so the market is properly understood by the company. Product and service development requires involvement of different specialists from various grounds which is difficult to gather by own company hence outsourcing helps to solve this problem. Political Maneuvering is another important privilege of outsourcing as it provides an opportunity to a provider to draw the functions near –shore while off-shoring would be a critical one. (Deloitte 2016)

Outsourcing not only brings opportunities for the business it is also fully fledged with risk of failure. Outsourcing failure create various complexities so it should be done with adequate advice, planning and the management. Organization should keep following things in consideration when outsourcing so that the failure risk can be minimized through Adequate plan, manage and retain the right level of control/direction in the outsourcing relationship. Establish and manage an effective governance process. Effectively manage the commercial, legal and financial risks of outsourcing. Effectively manage any transition and transformation phases (these being the highest risk, and most failed upon phases along the life cycle). (Deloitte, 2016)

As in this research outsourcing has been focused mainly in the facilities management sector which hold its unique features and characteristics.Outsourcing and its distinct aspects when applied in different sectors can be made clear when they are dealt in separate topics.

2.2 Outsourcing in facilities management

Facility management is a discipline that improves and supports the effectiveness of an organization by integrated management and delivery of the appropriate processes that are needed to achieve business objectives.(CEN/TC 348,Facility Management). Facility management covers all non-core activities of an organization that includes housekeeping, kitchen services, security and building setup, interior and gardening prices. Facility management is the process by which organization delivers and sustains agreed level of support service in a quality environment at appropriate cost to meet the business need (Alexander1996).

Cotts& Lee (1992) defines facility management as the practice of coordinating the physical workplace with the people and work of the organization, integrating the principles of business administration, architecture, and the behavioral and engineering sciences. Moreover, Tay and Ooi (2001) defines facility management on broader view as the integrated management of the workplace to enhance the performance of the organization.

Outsourcing is introduced from IT sector at first but its scope has widened now and it is applicable in all businesses such as HR, Finance, Procurement and Customer services. Outsourcing of facility management related services provides an organization with the expertise needed for maintenance of its facility while the organization can have focus on its core business. Operating cost for the business will be reduced as the facilities which has been maintained will not depreciate faster and have longer life.

Outsourcing comprises of various steps until finding the good service provider and having the final agreement. A good service provider is the asset for the outsourcing companies as they can trust that the conditions discussed will be followed and agreed service is provided. Service providers can be evaluated through various criteria as mentioned by Kurat (2011) like quality commitment: The vendor should be quality focused. The company should ask providers what

measures they have for quality assurance and quality control. Cost: Provider's price policy should enable customers to save money and still choose outsourcing as opposed to in-house development. Additional resources and capabilities: The vendor should have resources and capabilities that are not available to the customer internally or with other providers. These days customers are smart and are looking for additional capabilities of a vendor at competing price. Smarter vendors can use it as advantage over competitors. Prior work: The vendor should have experience of working with other organizations. The company should check provider's portfolio and if there are no testimonials available, the company should contact some of its clients and ask them what kind of experience did they have or still have with this vendor. Contract terms: The terms of contract should offer flexibility to the client to modify the requirements or terminate the contract easily if required. The best development methodologies for fast and frequent changes are agile-based. Confidentiality: How secure is the customer's data at the vendor site? The vendor should have well-defined security policies in place.

If all the above mentioned criteria is analyzed properly when choosing the service providers it will make the outsourcing even more effective for the organization and the company can forecast the successful business venture with that service providers.

Outsourcing in any sectors comprise series of actions which are binded with certain rules and actions. To have the knowledge about the things to do is not only enough for the service provider and outsourcing company, it is essential to have a clear agreement among the contracting parties about all the possible activities to be done which is often termed as Service Level Agreement.

2.3 Service level agreement (SLA)

2.3.1 Agreement (contract)

Service Level Agreement defines the agreement between the parties over the scope of the project, the level of service to be provided and the supplier's charges for performance of the contract (Kendrick&Rupert,2009). The SLA is a schedule to the main contract whose key areas are service levels, scoping and pricing. The supplier has a duty to use reasonable skill and care in the performance of the agreement, but the SLA defines the supplier's obligations much more precisely.

The aim of SLA is the quality of service, which is to be provided, but not merely the process by which it is to be delivered. Outsourcing entities and its customers are only interested in the end results not in the whole procedures. It is necessary to precisely allocate the responsibilities of related function so there is no ground for confusion. SLA is the prime management tool, which helps organization to manage the performance of the contracts and also define all levels of service to be provided to ensure consistent standard on the quality of service agreed among related parties. (Kendrick&Rupert,2009)

Depending upon the nature of the service provided there could be one or more SLAs. It is essential that the user have a clear understanding of the SLA, so while formulating it the users should be kept on mind. Its users can be board of directors, senior managers, end-users or specific user group which is totally dependable on the nature of service provided. The main objective of the SLA is to define the obligations of the parties regarding the performance of the contract. It decides the operational relationship between the parties. (Kendrick&Rupert,2009)

Service Level Agreement is a contract for breach of which is enforceable by penalties and as last resort actionable by law. It operates as a guarantee of meeting the demands of the organization and its customers. Service Levels should be measurable and realistic, vague and generalist aspirations that lead

to confusion and disputes should be avoided. There should be provision for the holidays and illness properly mentioned in SLA. (Kendrick&Rupert,2009)

The management of the SLA is concerned with operational issues, that is, the actual performance of the supplier under the agreement. It should not be confused with the contract management function, as when the conflict arises it is difficult to trace the key issues when discussing on the responsibilities in managing the whole project. Non-compliance to SLA can damage the success of the outsourcing contract and result in reduced productivity, higher labor-costs, additional expenses and unsatisfactory service to the end users. A properly managed SLA binds the parties to agreed standards and management processes. Objectives should be relevant to the parties desired outcomes and focus should be on the required topic only not on overall data. Managing the provision and managing the level of service are the core aspects to be taken in consideration while talking about the management of the SLA. (Kendrick&Rupert,2009)

SLA's scope is the quality of the service, what is provided rather than the process of the service delivery It is the agreement between the contracting parties for ensuring needed service is provided on right time and right way in the outsourcing operation but the agreement is fully governed by the set standards and the expected level of service. Service level are thus very important part for the outsourcing to be fully understood and performed successfully.(Kendrick&Rupert,2009)

2.3.2 Service Level (Standards)

Service levels are the set standards of the service defined by the contracting parties in the outsourcing operation. Service levels are subject to a continuous process of monitoring, reporting and reviews as per need and requirements. The supplier should have the knowledge of its performance capability hence should take lead in defining the service level at the time of agreement and also outsourcing company should also be very clear about the agreement made and standards set.

Service levels can be made clear through its types as continuous, eventbased or sampling as per (Kendrick&Rupert,2009).

Continuous measurement: service levels which are measured on a continuous basis: Event-based are those measures for all events completed in the measurement periods; whether the event was completed correctly at time; Sampling: service level, which measures a sample to confirm whether the sample meets a required standard.

While creating the service levels, there must be clear understanding of the service required. Contemporary service levels should be checked through available data and gap analysis should be done to make sure that new SLA meets the need of existing service level. The final service level put forward for the outsourcing should always be the updated one. Kendrick and Rupert (2009) has described service level as a very important document for the outsourcing operation and enlisted its components as:

a.Service

The service section in the service level explains about the service and the parties' respective responsibilities. It defines the anticipated level of use of the services, how often the service is required. It has to also define about the support facilities which are available during the contract to carry out the service and it should be agreed on the periods when the services are not provided. Hence, service level clearly states the use, availability, level required, unavailability of the service.

b.Security

Security is another component of service level which deals with securing the electronic data through various measures. It contains the confidential plans of business. It is also concerned with the compliance to legislation and industry standard force.

c.Performance

Performance in service levels refers to the performance levels. It describes the level and the volume of the use of the services. Various factors like service provision level. key performance indicators, performance reviews. performance integration to other supplier's forms as the base for the management and monitoring of the performance level and helps in incident reporting and resolution procedures with agreed targets for problem and incident resolution.

d.Costs and charges

It defines the payment process and procedures with agreed terms of payment. This section also covers the charges to be made and financial penalties and service credits provision.

e.Dispute resolution

This section covers the escalation process and procedures and referrals for the arbitration or mediation in case of dispute resolution. (Kendrick&Rupert, 2009 ,p 129-131)

SLA and service level standards revolve around the periphery of the service quality as it is the final aim of the agreement. Having talked about all the preparatory requirements for delivering the service and meeting the standards set it is essential to have understanding on the service quality which is the prime factor in the outsourcing operation.

2.4 Quality

2.4.1 General definition of quality

Quality is the abstract component which is intangible in nature and it can be defined as the features of the products and the services which meets the customer needs or exceeds it which results in the customer satisfaction. Quality holds different meanings for different individuals and it is difficult to define in certain way. Though customer satisfaction can be achieved through quality on service provided it should not be the sole objective of the company. According to Juran(1998) quality should also be able to ensure freedom from deficiencies so that the quality feature of the products and services are well figured out and proper investment is done on this. It will avoid further expenses in the future for fixing the quality and promise the continuous upgradation in the quality. Quality is closely related to the continuous improvement in the performance of the company. Lecklin(2002) states that quality concept largely depends on situation which varies case by case.

Quality is evaluated from various perspective but Lillrank (2003) has put forth six different aspects like production quality which is a traditional approach and focus in developing the manufacturing process of the organization. Product quality, whose focus is on the product development and improvement. Value quality, which emphasis on higher value with lower cost invested. Competitive quality, which focus to have an standard on quality which meets of exceeds competitor's quality level. Customer quality which concentrates on customers needs and satisfaction level. Environmental quality, which respects environmental issues and social responsibility aspect.

All these factors can have different hierarchical importance to an organization but of all the factors customer quality is the prime factor which integrates all other components. Quality in this research is more focused on the service quality aspects hence it is necessary to develop broader understanding on this topic.

2.4.2 Service Quality

Service is an intangible, which can be rather said as an activity than a thing, which is produced and used simultaneously, and customers are also the part of the production processes. Its distinct characteristics often creates difficulties for controlling the quality aspects as it should happen at the same time as the service is used by the customer (Grönroos,1988). Service is immaterial hence it create complexities in understanding, developing and measuring the quality as it is very difficult to evaluate prior to consumption.

Service sectors accounts for more than 70% of the total jobs in the economy now hence it has a major impact in the economy (WTO,2015). With everyone's interest in the service sector the blooming service sector has competition at the doorstep and in every corners possible. In order to sustain the competition the companies are required to stand out in the crowd with some distinct offerings, which is not merely the product but is quality on the products and the services. Customers are now evaluating the services and comparing it with other service providers and their final decision on the purchase of the services completely depend on their previous experiences and service quality. Business is not only one time transaction, so for the continuous operation of the business it has to always retain its customers. Companies should also attract new customers and service quality is the major marketing tool to have the positive influence and reviews in the market. Company's goodwill depends on its service quality and the promptness in service delivery that helps in attaining maximum customers satisfaction. Added value is mandatory with having good service quality which will help the business to survive in the consumer market (Boström,1995). Quality, competitiveness and performance of business are inter-related which is addressed deeply by service quality (Harrington,1996). Providing quality service act as competitive advantage for the company and is a distinct feature in itself. This competitive advantage is responsible to change the consumer behavior as well as satisfaction and loyalty (Lovelock and Wirtz,2007).

Zeithaml & Berry (1990) mentioned that service encounter is very important step for costumers to perceive the service quality. Through the service encounter they can easily capture the difference between previous and present experience and measure the overall service quality. It is not easy for the organization to identify their lacking, measure service quality and improve themselves according to customer's need. Berry et al.(1985) and Zeithaml and Bitner(1996) have found out the five important dimension of the service quality which are the measures to define the service quality as Tangible which refers to the appearance of physical facilities, personal and written materials. Reliability is the ability to perform the promised service dependably and accurately. Responsiveness means willingness to help customers and provide prompt service. Assurance concerns with knowledge and courtesy of employee and their ability to inspire trust and confidence. Empathy assures caring, individualized attention the firm provides to its customers.

Grönroos (1990), suggested that the mutual exchange and promise fulfillment between customers and service providers was a core construct to obtaining customer satisfaction and loyalty during the process of service delivery. Moreover, the study conducted by Zairi (2000) emphasized that customer satisfaction had greatly affected business, its corporate image, and obtaining new customer bases through direct recommendations.

Andrew(2016) states that service can only be managed formally defining not only supplier responsibilities but also, where appropriate, customer responsibilities in terms of input, through correct forecast of volumes and in meeting relevant deadlines. Customer also plays vital role in the proper service delivery

The process of delivering service includes various interactions between the customers and the service providers. These interactions are often the factors which brings out the perception of quality on the customers. Perception on the quality of the products and services are depended on two dimensions i.e,

technical and functional. Technical dimension focuses on how the customer actually receives the service and functional deals more with the how the service is experienced (Grönroos,1988). Six criteria as defined by Grönroos for the service perception are, Professionalism and skills Reputation and credibility Recovery. Reliability and trustworthiness. Accessibility and flexibility. Attitude and behavior.

These criteria can be presented in the figure as follows:

Figure 1. Six Service quality criteria by (Grönroos,1988)

In figure 1, six criteria of well perceived service quality are presented. Each criteria plays significant role for the individual to perceive the service quality as good or bad. Service quality holds varied meaning for the individuals and is dependable on the perceptional factors. Though perception plays significant role in the service quality, service quality is more dependable on the performance level of the service providers. If the service performance is not done in right way then service quality cannot be achieved. In order to upgrade

the performance and to maintain the consistency on the quality service it is very crucial for the service providers to have performance measurement on continuous level.

2.4.3 Performance measurement

Performance measurement is the tool for the company to ensure that all of its services and the activities are going in the right and stipulated direction. It is continuous process within the organization and act as the control mechanism as when the performance are measured, the knowledge can be gained regarding the effectiveness of the operations and deviations can also be traced which helps to bring the activities back to the right track following the objectives and set goals. Performance measurement is done on basis of the criteria set for the organizations and it is different for different organizations depending on the size and nature of business operations.

Globerson (1985), suggests following guidelines to be used to set the performance criteria. Performance criteria must be chosen from the company's objectives. Performance criteria must make possible the comparison of organizations which are in the same business. The   purpose of each performance criteria must be clear. Data collection and methods of calculating the performance criteria must be clearly defined. Ratio-based performance criteria are preferred to absolute number. Performance criteria should be under control of the evaluated organization unit. It should be selected through discussions   with   the   people   involved   (customers,   employees, managers).Objective performance criteria are preferable to subjective ones.

According to marketing perspective, organizations achieve their goals, that is they perform, by satisfying their customers with greater efficiency and effectiveness than their competitors (Kotler,P,1984). It is the effective tool to improve the business operation at the same time. All the quality –related efforts

can only achieve its height if there is a proper and standardized performance measurement measures.

There are two types of performance measures result indicators and performance indicators but when key factors are considered then the types can be made broader, as stated by (David,2015) which are: Key result indicators (KRIs) tell you how you have done in a perspective or critical success factor. Results Indicators (RIs) tell you what you have done. Performance Indicators (PIs) tell you what to do. KPIs tell you what to do to increase performance dramatically. Of all these performance measures Key Performance indicators is the one that is focused in the research as it is the one important aspect researcher would like to study more about.

2.4.4 Key Performance Indicators

KPIs represent a set of measures focusing on those aspects of organizational performance that are the most critical for the current and future success of the organization. KPIs are rarely new to the organization either they are not been recognized or remain unnoticed to current management team. Many times organizations fails to measure their performances irrespective of the size and nature of the company as they are unable to link the performance as the critical success factor of the organization. Performance measurement is a continuous process when it is done yearly, monthly and quarterly they are merely presenting the actual performance level (David,2015). KPIs has following benefits to the entity:
- Alignment and Linking Daily actions to the critical success factors of the organization
- Improving the performance
- Creating wider ownership, empowerment and fulfillment.

There are distinct features of KPI which differentiate it from other performance measures such as (David,2015)

- Non-financial: when the outcome is measured in monetary value then it is already converted as a result indicator and KPIs lay deep down than those. IT may be the actions focusing on the critical success factor of the business

- Timely: KPIs are to be monitored continuously.

- CEO focus: All KPIs have direct impact on the company hence they are always in CEO's concentration.

- Simple: KPIs being hard to measure but they should be simple and always tell what should be done next or what action should be taken in the company.

- Team Based: KPIs is not a single head and hand hence it is tied to a specific team.

- Significant impact: KPIs can have impact on various success factors of the companies hence when everyone focus on it success can be achieved in many ways.

- Limited dark side: Once the KPIs of the organizations are clearly defined success is inevitable but if vague topics are mixed then a failure is the

  outcome so it is also necessary to ensure that KPIs creates desired outcome for organization.

Key performance Indicators and Key Results Indicators are often mistaken to be the same but they present different outcomes for the company. Key Result are focused when company wants to compare its performance in mostly monetary terms while the key performance indicators are more focused on the performances which later yield profitable outcome for the business hence these two sounds similar but there are distinct factors which differentiate these two, which can be presented in table as (David,2015)

Key Performance Indicators (KPIs)	Key Result Indicators (KRIs)
• Non-financial measures • Measured frequently(daily /weekly) • Reported to the CEO or senior management • All staffs understand the measure and what corrective action is required. • Responsibility is tied to a team or the cluster of team working together. • Significant impact on one or more internal critical success factor of the organization. • Focus on specific activity. • Normally reported by way of an intranet screen indicating activity, person responsible, past history so meaningful call can be made.	• Can be financial and non-financial • Measures are performed mainly monthly or quartly • Reported to the board as progress to date. • Staff and management do not understand it as does not clarify what has to be fixed. • Responsible person is CEO. • Focus on the external success factors seen through the board's members. • It is result of many activities managed through performance measures • Reported by the trend graph covering at-least last fifteen months of activities.

Table1: Differences between KPIs and KPIs (David,2015)

From the differentiation on table 1, it can be made clear that in the outsourcing operation where the supplier is constantly trying to improve its performance level to satisfy the outsourcing company KPIs is the best tool to use to have desired result. KPIs are also the guidelines for the company to have focused operations towards achieving its objectives. KPIs are different depending upon the nature of the business and hence it is essential for all the business to have their KPIs set so that they are always objective and focused towards company's goals.

When the company has set all the KPIs and it is continuously measuring its performance it is easy for the company to trace any deviations on the actions from the company's goal of providing service quality. Various theories have

helped to understand the complexity of service quality models but Gap model helps to exactly locate the loopholes and shows how the customer satisfaction can be gained through service quality by closing or minimizing the gap. Gap model helps to understand the service gap which is resulted either from the customers side and from company's side clearly. The current problem in the case company is that, the company X's staff at operational level and Company Y's staff at operational level have conflicting procedures of carrying the same task. It can be the result of whether company X is not designing the service standards keeping Company Y on mind or company X is not able to communicate its objectives clearly to the operational level who execute the action and deal with its customer directly. The problem mentioned here are the reasons why the gap arises in the service quality hence Gap model is used in this research as a research framework. Before moving towards the gaps in individual it is essential to understand the model at first.

2.5 The Service Quality Model

Service Quality Model which is also known as Gap model was developed in 1985 by Parasuraman, Zeithaml and Berry. They together built a conceptual model of service quality, along with a questionnaire called SERVQUAL which measures service quality, and conceptualized a model for shortfall in service quality called the Gap Model. The model focus on the major requirements for delivering high level of service quality by showing the five crucial gaps which can be created that can lead to unsuccessful delivery of the services. The model demonstrates that the most critical service quality gap to close is the customer gap, difference between the customer expectations and perceptions. According to Boulding et al.(1993),expectations are :pre-trial beliefs about a product or service."
Service quality models enables managers and practioner's to identify the problems and improve the efficiency and profitability of overall performance. Gap is also defined as the significant hurdle to achieving a satisfactory level of service quality (Ghobadian et,al,1994). It shows that the four gaps which occur

within companies are providers gaps and they are to some extent the responsible factors for creating the customers gap. The model further addresses the responsible factors for providers gap. Gap model can be illustrated in the figure as below:
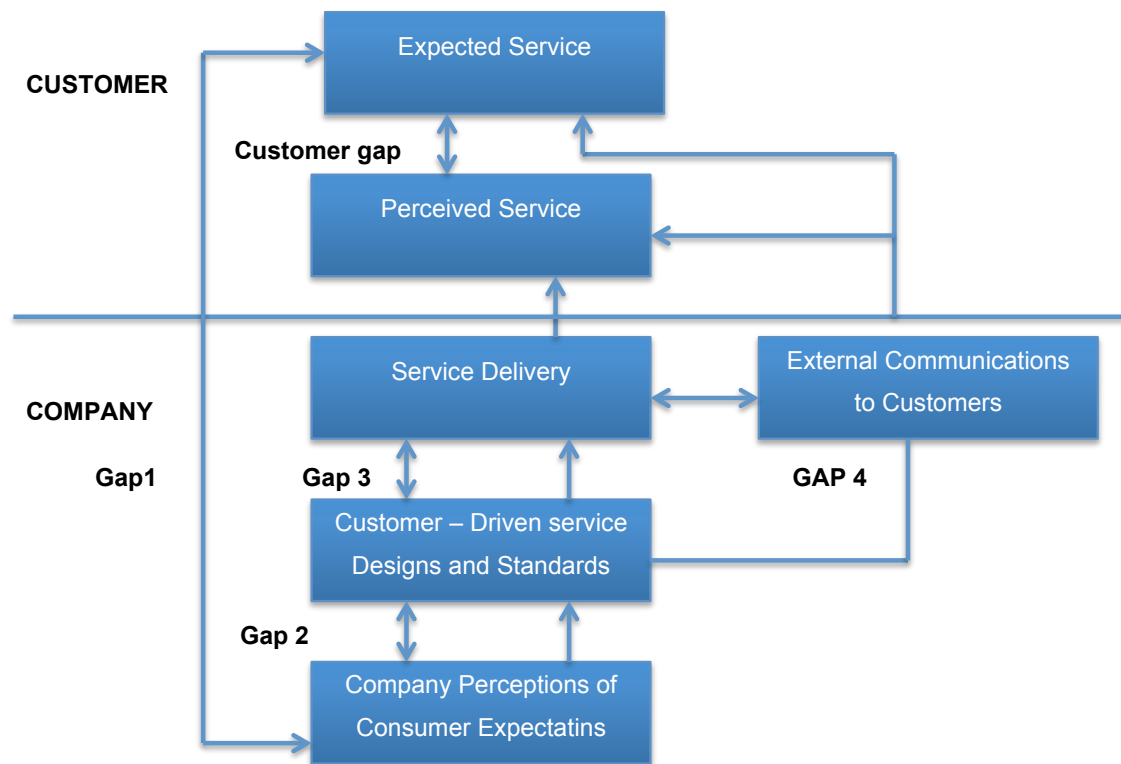

Figure 2.Gaps Model of Service Quality (Parasuramanl et .al,1985)

Figure 2 present the gap model of service quality. This model helps to find the gap between customers expectation and perception on service quality helps the firms to improve their service also find the reason for this gap. The researcher tries to check if Gap model of service quality (Parasuraman et al,1985) is suitable model to illustrate the service gap which occur in providing the service and hinders customer's satisfaction. Customer in this research means Company Y. Researcher compares the events and activities that are taking place in company X and tries to relate it with the service quality model. Company X has been providing services to company Y for quite long time now. The services designed by Company X is influenced by their potential and matching their

requirements. Company Y has assigned operations to company X and believing them to understand its motives. While Company X has been performing the activities that best suits their ability. It can be noticed that there is conflict of ideas on the standard of service among the contracting companies. Company Y's staff at operational level are the ones to directly deal with the Company X's operational level staff and more often those staffs are unhappy on the Company X's staffs performance of the tasks. They have different approach to the same task and often it creates confusion for the staffs of Company X. Both companies has designed a systematic process of delivering the service but it can be noticed from company Y's staff complaints that Company X has somehow not followed the exact procedures required but modified the actions to ensure productivity and efficiency. This particular problem can be linked with the Gap model which is defined as Gap 2 in the model.

Gap 2 is the gap between customer driven service designs and standards and company's perception of consumer expectations. It can be better illustrated in the figure as:
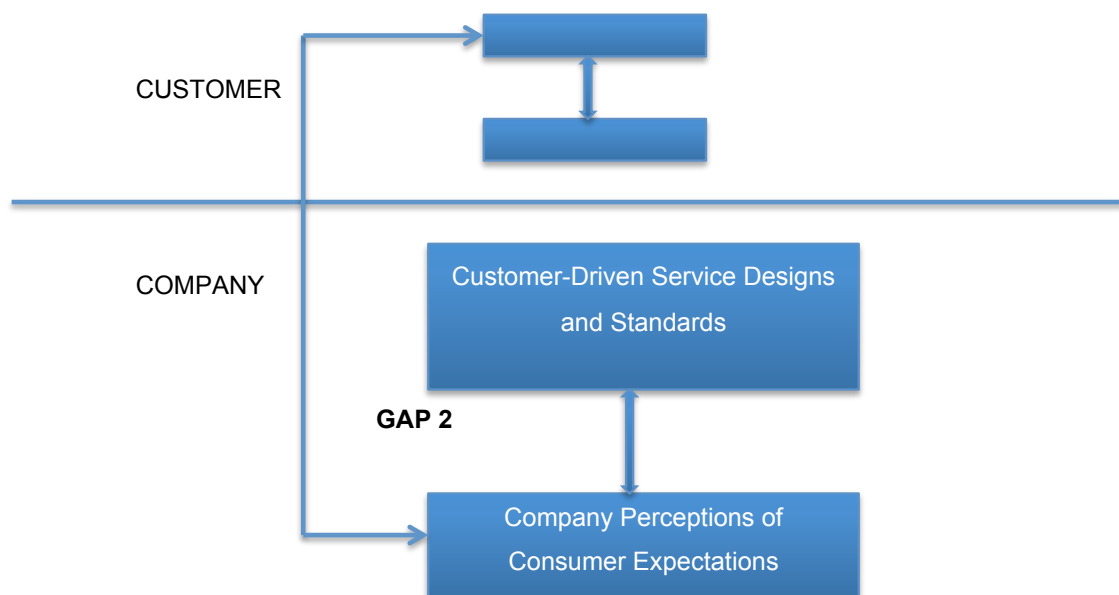
Provider Gap 2:

Figure 4.Provider's GAP 2 (Parasuraman et al,1985)

Gap 2 occurs in the company when the service provider set different service designs depending on its own perception rather than truly understanding the customer's mindset. This gap is created due to poor service design as the service should be designed appropriately considering customer's needs and demands. When service is designed poorly and in unsystematic way it creates dissatisfaction among the customers hence the gap is promoted. Absence of customer defined service standard is also a reason responsible for creating gap, services are good when they are customer driven or need driven then they are more likely to be rejoiced but if they are designed by the provider without linking it to the customers' needs and demands then they are not likely to yield positive result for the provider and the gap is created. Gap is created also because of inappropriate physical evidence and service capes if the services are designed without considering the physical environment in which the service process takes place this also brings dissatisfaction on the service rendered. Service setting also plays vital role in service process.

As gap on the service delivery are caused by different reasons it is also possible to reduce or close those gaps by taking corrective actions like the top management should be committed to provide service quality which ensure all managerial level will stick to it. Customer oriented service standards should be set, communicated well to all level of management and reinforced. Quality goals set should be realistic and challenging, more unclear the goals are wider will be the gap. Managers at all level are needed to be well trained regarding the service quality so they are objective towards it. New ways of delivering quality service should be developed, welcomed and tested as same routine is also, lethargic. Once the quality standard is set on certain function then repetitive tasks should be standardized considering the nature of service. Another vital aspect is continuous measurement of the performance of service standards. Setting priorities helps to achieve better results. Employees motivation also highly influenced the service quality. Involving them in the goal setting procedures and rewarding on achievement of quality goals will surely help to

enhance the service quality and eliminate the gap which could be possibly created.

Other situation which is faced by employees at operational level is the challenges in real time service delivery. The service delivery time for company X is really short and sometime due to various affecting reasons the time get even shortened to perform the task. In the process of completing the task and finalizing it has been experienced many times that customers are not getting the standard of service promised. Unavailability of the staff at the operational level staff creates hasty situation and the only way of performing and completing the task at the time is by compromising on the quality. Company X is more concerned with completing the task on time and sometimes it hardly have time to fix things regarding quality aspects. At present Company X do not have enough manpower needed for the busy days but still it is promising the customer to give them extra help which creates very stressful situation on the part of the employees just to complete the task and quality aspects cannot be assured in that situation. These situations can be linked with the Gap 4 of the gap model. GAP 4 which is a provider's gap and is caused when the performance does not match with the service promised. This gap can be illustrated in the figure as:
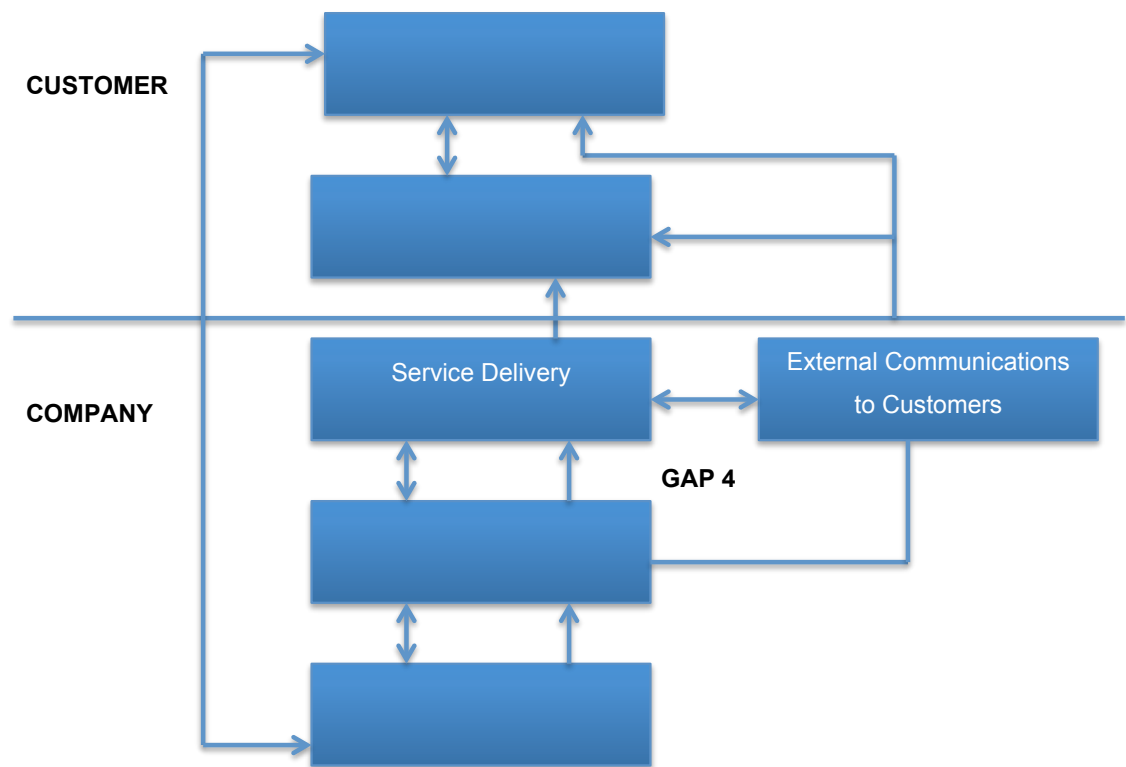
Figure 5.Provider's gap 4 (Parasuraman et al.1985)

Gap 4 is created when the service delivery does not go as planned or the external factors creates confusion on customer's mind regarding the service delivery process and the standards. Gap 4 is created due to various reasons like lack of integrated service marketing communications as all the factors like marketing, service and communication are interrelated they are effective when incorporated together.

Company needs to have proper idea about service when performing marketing activities regarding that particular service and also it should be well communicated. The marketing activities should be best design for B2B rather than the end customers hence while communicating it should be focused on fulfilling the promises made rather than selling by promising too much than company can actually offer. If the marketing and communication system is not able to present the service as it is designed it is also, problematic. Interactive

marketing in communication and strong internal marketing program are very important for successful service delivery. Ineffective management of customer expectations also promotes the gap as it is not necessary that customers are well aware of all the service designs hence it is very important for the companies to educate the customers regarding the service and its delivery process, communication with the customers is very vital at this stage. Mostly the problem occurs due to overpromising, advertising and personal selling can sometime be very tricky if unrealistic promises are made just to create whim. It is important to give true and realistic picture on the customer's mind regarding the service in spite of creating an image that can not be fulfilled. Communication on horizontal level is really important, inadequate horizontal communications creates confusion among the operational level staff and managers hence service delivery cannot be executed as planned. If communication is good between sales and operations, advertising and operations and cross branch and selling points then it also assists in proper service delivery.

Gap 4 can be reduced or eliminated if the actions are taken correctly. It is necessary that operations personnel involve in the real service delivery should be asked on what can be done to improve the situations as they have more idea about it. Advertising the service should be realistic and reliable. Employees opinion should be considered and applied while advertising the service. Horizontal communication should be developed between sales, operations and the customers so information flow is effective. Companies are always concerned about external communications but is it equally important to focus on internal marketing programs implementation. Consistency on the service standards should be ensured in multi-site operations as it should be continuous. Advertising should highlight the service features and characteristics. Customer's expectations should be managed by communicating with them on the real situation, taking the corrective actions possible. Designing different service standards for different range of customers with the option of users pay.

3 RESEARCH METHODOLOGY

3.1 Research methods

It is the method used in any research to come up with the answers to the research question and to come up with valuable conclusions on the discussion and queries arouse during the research. This research is more concerned on the process of providing the service by the service providers to its customer and how they are measuring their performance to ensure the service provided is at agreed level of standard. In this research it is not applicable to present the figures and compare them it is more of knowing the system and the flow of the activities to ensure standard on service provided. Even though customer satisfaction comprises a small part of the research it is not addressing the end customer so B2B customer is only taken into consideration. Qualitative data analysis is used as the method and conclusions are drawn based on the findings and analysis of the researcher.

Quantitative and qualitative research are two important terms to understand while undertaking any research as they are the most common research methods. Its importance is significant as any research conducted can be categorized either as quantitative or qualitative one. Quantitative research focuses on counting and measuring things, gathering statistical information which can be gathered and compared easily which requires very systematic planning on how to gather the data, compiling the accessed data and then finally analyzing and comparing those. Quantitative data are often based on the hypothetical analysis as before we conduct any research we have some perceived notions regarding the results or the outcome of the study. Considering the nature of this research it is not possible to implement quantitative research method hence qualitative research method has been implemented (Bryman,1998).

3.2 Qualitative research

Qualitative research does not concentrate on the figures or the numerical values rather it is more analytical and focus on analyzing the concepts, theories, feelings, experiences, people and choices and other abstract information which cannot be converted to statistical representation.

Bryman (1998) has stated that one of the motive of the qualitative research is the way in which people being studied understand and interpret their social reality. Strauss & Cobin (1998) further adds to it that by qualitative research it means the type of research that produces findings not arrived at by statistical procedures or other means of quantification.

This research was conducted through observation and the discussion and also researcher's own experience at operational level. According to Yin(2009) use of various information sources guarantees that the research is analyzed through several aspects. Yin(2009) also states that advantage of direct observations are contextaual. Sari(2013) has also mentioned that a researcher can collect qualitative data also by observing the target and by making systematic & beforehand planned notes about the observation.This research is based on the process and procedures of carrying the outsourcing with fulfillment of standard service level hence it is difficult to present the process in numerical values. Further, interviews were not sufficient source to get answers to the research questions hence own experienced helped to tackle this obstacle. Qualitative research is highly dependable on the researcher abilities to deal with the situations hence it creates difficulties in providing the validity of the research. Examples of qualitative research would be interviews, focus groups, content analysis and the information to be gathered, filtered and focused instead of relying on the statistical computation to analysis information as in case of quantitative research, gathering and finding the result lies on researcher's abilities. (Anderson,2010). Qualitative data are not so much about behavior as they are about actions, which carry with them the intentions and, earnings and lead to consequences (Miles et al 2013). The simplicity of qualitative data

makes a good deal of complexity, requiring plenty of care and self-awareness on the part of the researcher. The advantage of qualitative data is that they focus on naturally occurring, ordinary events in natural settings so it is connected to the real life as data is collected in close proximity to a specific situation. It is the best strategy for discovery, for exploring a new era, and for developing hypotheses hence qualitative data are useful when one needs to supplement, validate, or illuminate quantitative data gathers from the same settings.

3.3 Research approach and strategy

This research aims to discover the available service standards in the Company X and what kind of agreement is done with its Company Y so that standard on quality of service is ensured and the business relation goes in foreseeable future. The research being limited to B2B only its immediate customer (Company Y) is taken into consideration. The research being confidential and needed information regarding the contracts, agreements and the business policies interview was the only way suitable to conduct it. Interview is commonly used research tool employed by researchers in qualitative research (Bryman &Bell,2007).

With the aim of making the research accurate three interviews were conducted, two interviewees from the case company comprise of Service Director and Service Supervisor and one from the outsourcing company, Head of the Housekeeping Department. It helped compare and contrast the ideas presented and helped researcher to drawn appropriate conclusion on the research.

3.4 Data Collection Method

Interview is the major data collection source for this research, hence the interview questions were prepared in a way that all the research questions can

be answered. Researcher used thematic interview for getting the relevant information from the interviews. The interview questions were planned with the brief introduction of the interviewee and then about their position and respective duties and responsibilities. It is essential to select the related person for the interview. As the research focus more on the quality service, Service director and Service Supervisor would be the best selection to get the valuable information on the matter. In this research it is very essential to study the topic from the perspective of customer also hence Head of the Housekeeping department from outsourcing company was also interviewed. Both parties were asked questions regarding the agreement on the service standard, customer satisfaction level, performance measurements measures and feedbacks.

Data collection is always very vague and confusing factor for every researcher. While conducting research we keep on recording everything we came up as everything seems valuable. Once the research questions were sorted it was easy to have mind map on how to collect relevant data .The research signifies qualitative research analysis for which face to face interview would create ground for better understanding and discussions. Face to face interview was conducted with the service supervisor of the company which lasted for 55 minutes. The interview was recorded for the research purposes. Interview was conducted in friendly manner which helped researcher to get additional information beside those 19 questions (Appendix1) prepared for the interview which added to the advantage of face to face interview, we can always get more out of it. Other two interviews with the service director of the service provider and head of Housekeeping department which is the customer for this research were done through email as the interviewees were not available in Turku and phone interview was not thought effective as interviewees are travelling most of the time due to hectic schedules. The research purpose was clearly explained to the interviewees and it was requested to interviewees to answer the questions in as much details as possible which helps researcher to get all relevant information required for the research.

3.5 Findings

The whole process of interviewing took almost 2 months dated 16.4.2017 to 6.6.2017 due to starting of busy projects and holiday time for the interviewees. Finally, the answers received from interviews are evaluated to justify the research questions. The result obtained has been presented from both sides.

3.5.1 Company X

From the Company X's side Service Director and Service Supervisor were interviewed through mail and face to face respectively. When it is agreed among the service provider and the outsourcing company regarding the nature of the service, the means and methods to do so it is also very essential to have an agreed level of service to be mutually decided. The agreement though being an confidential document for the company any kind of disclosure was not made but it was said that they have an agreement.
Does company X have a proper Service Level Agreement with Company Y?

> *Agreement is there which means that there is a certain amount of quality checks to be done every month. We are also monitoring the results of quality checks together with Company B and also with other quality checks done by customer. (Service Director)*

> *It is really important! It tells us and also for the customer what is agreed to be done and what is not, how it should be done and what are the tools for doing. It also tells for both of us our responsibilities. (Service Director)*

We know what to do where to take the tools, who to contact…there is an agreed process which helps to make things easier. (Service Supervisor

Agreement is standard but sometimes few things are changed according to the need and requirement but they are informed earlier at least five days earlier. The agreements are barely changing in the winter but they are mostly changing in the summer time and busy seasons. There is a tailored cleaning instruction made together. (Service Supervisor)

What does quality service means to you?

Quality is very important aspects for the Company X as they have stated that:

Our service is eye catching hence we are more concerned about it (Service Supervisor)

Quality service for me is: Right people, doing the right things, at the right place with the right tools. The passengers are paying for excellent travel experiences and that is something we all need to mind us about every day. (Service Director)

For the quality control system, Company X put the results of quality form filled during each shift into the system and at the end of every month they are getting the points for every task they do and they compare it with the previous month which helps them to know about their performance in terms of quality . Quality checked is done everyday in each shift. The company has daily focus areas which has helped to maintain the quality standard.

How do you ensure quality service? How do you rate the performance of company X in terms of service quality?

The result of quality check shows where we are good, bad and what to focus to improve it further. The company's profitability and customer's positive feedback are also the indicators that we are doing good .The Company Y got the award in 2016 as best cleaned. Company Y's customer's feedback has also been good, which is also an example that we are doing very good job. (Service Supervisor)

Improvement in quality checking system has to be done more seriously and also the training should be done properly. Sometimes, quality check done is conflicting as something is written as sustained and overall quality is good hence it is necessary that every aspect has to be checked properly and sincerely and mistakes are fixed immediately. (Service Supervisor).

There is a good communication flow between Company X and Y. They have monthly meetings and daily short meetings and other meeting whenever needed. There is regular feedback from Company Y. (Service Supervisor)

Sometimes no feedback means things are going right way. Reclamation is paid for uncleaned or poorly cleaned areas. Corrective actions are taken immediately during the shifts (Service Supervisor).

In Company X, performance depends on the workers at the operational level as they are the one to execute the planning into action. Availability of workers on work shifts is very important considering the nature of the job. Properly functioning adequate tools are also affecting the performance as they consume time when the tools are not managed properly and not available in needed proportion. The major challenge is the duration of the service delivery.

3.5.2 Company Y

From the Company Y's side the Head of the House Keeping Department was contacted through mail. From her answers regarding those 13 questions (Appendix 1) formulated in the best way to answer the research question following points has been highlighted.

Company Y is not outsourcing all the cleaning service but just some specific areas cleanings like cleaning of cabins, some public areas and restaurants which are cleaned by Company X on daily basis. Beside these, there are some specific orders made when needed like bedmaking help and cleaning of the specific public areas which are open just in some seasons and occasions. Company Y have their own housekeeping staff as well.

Is there an agreed Service Level Agreement with Company X?

> *The agreement has been made among Company X and Company Y about the cleaning service agreement mentioning the tools, methods and time to do so which is normally one-hour time. The agreement is clear to both parties and it clearly mention their responsibilities towards one another. The agreement is revised when needed but there has not been such frequent needs to do so.*

Are there Key Performance Indicators to measure the service of Company X?

> For the quality measurement Company Y performs quality check from their side and Company X is also checking from their own side.

> *Our decision regarding good, bad or the satisfactory quality service depends on feedback from our end customers. Our service is on daily basis and we have very short cleaning times which can be very challenging sometime for the Company X. We are getting good service from Company X that is why we are able to have large number of travelers all the time. Satisfaction on the level and quality of service is moderate if there are negative feedback from our customers we have discussion and take corrective actions. Company X has been able to take correct actions on time which has been good part in the business relation.*

> *We don't have such a system or tool at present to evaluate the performance of the Company X but if and when necessary we have meetings and discussion and we solve them together immediately. We are always communicating within the cleaning time so things are dealt right away. We don't have any pending discussions (Head of Housekeeping , Company Y)*

Both companies have agreed to has mentioned that there is a proper agreement on the service standard. From the qualitative information generated through interviews and through the personal experience at the operational level it is seen that the agreement on the service level has been understood as the contract or agreement for the outsourcing while it is a total different aspect. The agreement is there but as a whole governing the outsourcing function and of which service level comprise just a small part. Quality has been viewed as a very crucial part by both the companies but it is challenging to claim for the

quality unless the standard are set and communicated well within the companies. Though communication has said to be smooth there seems to be lack of external communications and internal communication counts to be the weakest part.

3.6 Validity and Reliability

Validity of the data are determined by the extend they are able to complement the research purposes. It is often challenging to ensure that the data collected during a research are valid and reliable but they are the outcome of valid questions prepared for the research. Reliability in this research has been a real challenge as the interviewees might have been biased because of their involvement in the company. Facts and figures could not be presented on numerical form only the answers were interpreted hence the validity and reliability has been very difficult to dealt with. Researcher has tried to be neutral and was not biased.

4 CONCLUSION

Outsourcing is an opportunity for the business to bring additional benefits to the company and render multiple services at time with efficient utilization of available resources. Agreement on service standards plays very significant role in the outsourced operation and to have better performance from related parties to ensure service quality.

This research was conducted with the aim to know about the importance of agreement on service standards which is needed for parties involved in the outsourcing operations and to highlight its importance to ensure proper service standards. Also, to check the available approach in case company to measure and improve the service quality to provide quality assurance. Company X which is service provider for outsourced operation to Company Y was selected as the case company. Interviews were conducted with both parties which is the major contributor to the data collection and researcher also get benefited from her own experience at operational level in company X.

Researcher has her own experience on operational level of Company X for almost 4 years. During this time, various events encountered through the personal experience somehow do not complement with the results gained from interviews. It is difficult for the researcher to relate with the availability of the clear agreement on the service standards or proper communication at internal and interactive marketing.Researcher took help of service marketing triangle model to define the situation.

Company Management

Internal marketing   **External Marketing**

enabling the promise   *setting the promise*

Employees   **Customers**
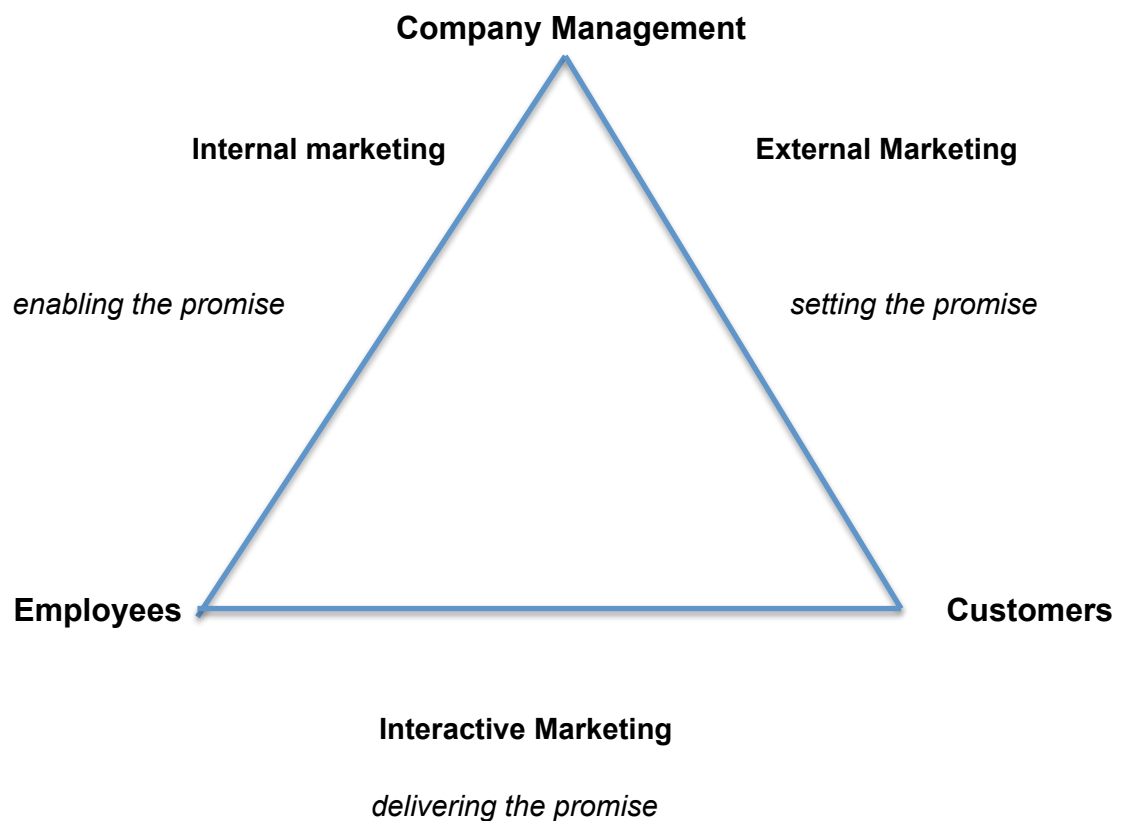
Interactive Marketing

delivering the promise

Figure 3.The Service Marketing Triangle (Grönroos ,1997 , p 415)

The figure above, shows the three interrelated components of the marketing that works together to develop, promote and deliver quality services to the customers. In between these three pillars, three types of marketing must be properly carried out for the service to succeed. Internal marketing takes place between the company and its employees, external marketing among company and customers while interactive marketing takes place among the customers and the employees.

In this triangle the researcher is focusing in the interactive marketing which is also knowns as the real–time marketing. This is the place where the promises made with the customers are kept or broken by the employees of the organization. For the interactive marketing to be successfully internal marketing is highly responsible. Unless the company's employees are able and willing to

deliver the service according to the promises made, the company cannot be successful in its service operation and thus the service triangle collapses.

All three sides of the triangle play vital role for the triangle to stand and function well. Each side of the triangle is connected to other sides hence they are interrelated. So, for the triangle to be in proper form there should be the same flow of information so as the internal and external marketing has same objective and the promises made should be delivered the same way. In the case company it is observed that there is not proper communication flow in internal organization which affects the performance of the employees as employees are not made clear of what actually customers wants and what is the level that should be met in the service. Weak internal communication leads to a very poor interactive communication among the employees and the customers which is also the root cause for the customer dissatisfaction. Company X is in highly need to focus on the internal marketing and interactive marketing keeping on mind what it has promised through external marketing to enhance its service delivery. Employees turnover is a real challenge for the company to make the internal communication effective but it is the only way through which company's performance level will rise.

Further,to answer the first research question about the need and importance of the agreement on the service standards it can be made clear from the interviews that both contracting parties have mention it as very important aspect of the outsourcing. They have said it more from the contract agreement aspect than the service agreement. It can be said from the analysis that the agreement is there but not clearly as a service level agreement but service has just formed a part of it. There is need for the effort from both Company X and Company Y to revise the agreement and clearly construct service level agreement and also communicate it well to operational level staff on both sides so the service delivery goes smoothly.

The second research questions is complemented by Company X quality control aspects and their claim of continuously measuring the performance depending

on the quality results displayed by quality measuring system. It can be seen that Company X is has given priority to improve the quality aspect but the quality checking system in practice is not the reliable one. The system is putting the record each day and showing the results each month which helps them to compare to previous month but the actual quality aspects depends on the person checking the quality each day. The average quality result is not reliable to conform that quality has been excellent it has to be measured without any prejudices. Beside the system employee's turnover, short duration of service time and resource constraints have hindered company's X performance to larger extent.

Performance in the case company is highly depended on the personnel as they are the ones to put the plans into actions. Company X should also focus its actions on the internal marketing approach and ensure that the interactive marketing is following the firm's objectives. Performance and quality shared positive and direct connection in the case companies. Hence, to ensure better performance much effort should be made for the training and motivating the employees so they are dedicated and work with common objectives Performance measurement is done in Company X through the monthly results of quality checking, feedback from Company Y and feedback from the third customers. Gap model analysis shows there are factors influencing the performance at operational level which can be seen due to lack of internal communication.

 Gap model analysis for the case company shows that gap 2 and 4 are visible in the company. For the mitigation of this gap company should take corrective actions by designing customers driven services and assuring realistic promises to be made while communicating with the customers about the services offered. Company X should communicate more and make the operational level staff to come in the same level of understanding regarding the nature and level of service standards. The model highlight the loopholes to be checked and fixed which yield company with improved service quality.

On the other side, Company Y also needs to have a proper system to continually measure the performance of company X. It is recommended to have

regular revision on the agreement to make it better and clear. Company Y also have significant role in making the service operation successful which is only possible when they together make the agreement much clear, develop the system for quality check and provision for the rewards and appraisal.

5 DISCUSSIONS

Outsourcing is the best option for the firms at present as the resources are costly and difficult to handle in-house. It is also challenging in terms of maintaining the service quality and keeping the customers satisfied. Agreement on the service level in the outsourced operation is really crucial as it is the one to rule the operation. Service quality can only be assured when there are proper connections among the agreements, parties involved in the outsourcing and operational level employees.

This research is influenced by my interests in the outsourcing operations and its trending success. Hence, I choose an outsourced operation in Turku region for conducting the research. While studying various theories during the process like outsourcing, SLA, KPI, Gap model, I have developed broader knowledge in the outsourcing, its requirements and associated risks. This research has changed my opinion regarding the service quality aspects and has amazed me how crucial it is for the business.

I faced many difficulties during the research phase of the thesis. Two interviews were done through email, if it were possible to do it face to face more information would have been collected. As the research focused in the SLA it was difficult to get any concrete information from the Company X as they mistaken it with the company management function and clear information were not provided telling those are confidential documents for them. I had to use own experience to conclude the research. With the information that I could collect from the operational level I have done the best justice as possible to this research.

Furthermore the research topic is quite big and with the availability of the information in books and internet it was very difficult for me to screen the information and I am really thankful to my thesis supervisor who helped me with the guidance and supervision as and when needed.

For future research on this topic, it is suggested to organize the research more carefully so that more valuable information can be collected . Outsourcing is

rapidly growing business and service quality will always be important for the customers hence the research has ever ending ground to develop further.

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Interview questions

I. Interview questions to Service Director Company X (through email)

1. Would you like to tell about your background?

2. How long have you been in Company X?

3. How do you describe company X among the competitors?

4. What is company X's vision?

5. Does company X have a proper Service Level Agreement with Company Y?

6. How important is SLA for the service provider? Why?

7. As a service director do you think there is balance between the expected standard of service by company Y and the service provided by Company X?

8. What does quality service means to you?

9. How do you ensure quality service?

10. Is there mutual agreement in the SLA and Key Performance Indicators?

11. If SLA are not meet what are the remedies for it?

12. What kind of feedback are you getting from company Y regarding service quality at present?

13. Are you frequently checking the SLA and revising them?

14. Are you interested to implement new strategies in the company for better services?

15. How satisfied are you with company's performance?

I. Interview questions to Service Supervisor Company X (Face to face)

1. Would you please introduce yourself?

2. How long have been in Company X?

3. How do you describe Company X?

4. What is its vision?

5 What kind of value do you have as growing company in Finland?

6. How long have you been providing services to Company Y? How is the business relation?

7. What are the challenges as a service provider to outsourced operation?

8. How aware are you regarding Service Level Agreement?

9. How often the SLA's are revised?

10. What would quality service mean to you?

11. How do you rate the performance of company X in terms of service quality?

12. Are there Key Performance Indicators to measure the performances?

13. Do you think SLA makes it easier to provide service? Why?

14. Does company Y provides proper service specification?

15. Is company X getting enough feedback from company Y?

16. Beside SLA and KPI what factors affects company X's performance?

17. What provisions are there for emergency, immediate situations?

II. Interview questions to Head of Housekeeping Department, Company Y (through e-mail).

1. Would you like to tell about your background?

2. How long have you been in company Y?

3. How do you describe the cleaning job in the Company Y?

4. What kind of cleaning services does the Company Y outsource?

5. What are the reasons for outsourcing the cleaning services?

6. What are the advantages and disadvantages of outsourcing?

7. Is there an agreed Service Level Agreement with Company X?

8. How often the Service Level agreement is revised?

9. Are there Key Performance Indicators to measure the service of Company X?

10. How do you define quality service?

11. Are you satisfied with service provided by Company X?

12. What improvements do you want to see in Company X's Performance?