

**THE INSTITUTIONAL THEORY PERSPECTIVE OF VALUE-BASED GOVERNANCE IN STRATEGIC
OUTSOURCING RELATIONSHIPS**

Framarz Byramjee, Indiana University of Pennsylvania, Indiana, Pennsylvania, USA
Parimal Bhagat, Indiana University of Pennsylvania, Indiana, Pennsylvania, USA
Varinder Sharma, Indiana University of Pennsylvania, Indiana, Pennsylvania, USA

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ABSTRACT

The systemic issue of outsourcing bears implications for organizations which this paper attempts to explain from the institutional theory perspective as an organic mechanism of firm governance. The paper employs the 'three-pillars' framework to illustrate the transition between the regulative to the cognitive to the normative modes of organizational functioning during the change management phases arising as a result of outsourcing prospects adopted and practiced by the client firm. The explanative focuses on the respective emergent and sustaining dimensions of total value orientation through this directive process of synergistic change for transacting partners in the outsourcing relationship. The discourse addresses how the functionality dynamics of organizational architecture and management governance are dealt with using the coercive, mimetic, and normative isomorphism initiatives cogently blended with facets of organizational knowledge and learning as interdependent entities amidst institutionalization process.

Keywords: *Outsourcing, Total Value Orientation, Institutional Theory, Isomorphism, Change*