Deployment of vendor capabilities and competences throughout the outsourcing process - DTU Orbit (30/09/2019)

**Deployment of vendor capabilities and competences throughout the outsourcing process**

Purpose - A vendor's capabilities are recognized as one of the most important factors for success in outsourcing. However, there is a lack of understanding of how vendors manage their capabilities throughout the outsourcing process. With an aim to contribute to filling this existing gap, the purpose of this paper is to explore how vendors deploy their capabilities in order to win, run and renew the outsourcing contracts.

Design/methodology/approach - The research question has been derived by integrating a resource-based view theory with a model of a vendor's process in outsourcing. A multiple-case study of three contract electronic manufacturers has been employed to explore the research question.

Findings - The results show that for achieving their outsourcing objectives, vendors use different capability mixes: the winning, the running, and the renewing. These mixes are created through utilization of different portfolios of competences (balanced, unit-dominant, and versatile) and capabilities (permanent and temporary) which need to be deployed in the right combination (deployment strategy) adequate for the stage of the industry dynamics in which vendors operate. The research also indicated the importance of the relationship management capability for the success of outsourcing arrangements in the electronic manufacturing service (EMS) provision industry.

Research limitations/implications - New research involving more case companies would improve the validity of the conclusions made in this paper. Results also suggest that more research into relationship management capability in the context of the EMS industry will be a fruitful area for future studies.

Practical implications - Vendors who seek to advance in the industry's value chain need to expand their portfolio of competences and adapt their deployment strategies to new, more dynamic and volatile environments. The paper proposes three different deployment strategies for three different operational contexts.

Originality/value - In contrast with the existing static approach towards studying vendor's capabilities in outsourcing, the paper's findings show that vendors use different mixes of capabilities throughout the outsourcing process. The authors have been able to show how those capability mixes are formed. In addition, it was found that relationship management is an important capability for consideration when studying and practicing manufacturing outsourcing.

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