

**Exploratory Study:
Contributing Factors to Successful IT
Outsourcing in Information Systems
Functions of Financial Service Industry in
Hong Kong.**

Dissertation Proposal

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1. Introduction

Outsourcing is a crucial strategy that companies consider reducing costs and increasing competitiveness, productivity, and profitability (Taponen and Kauppi, 2020). It is the business strategy of hiring a third party outside a company to create products and perform services that were traditionally performed by the company's staff and employees. Outsourcing is a widespread decision and one of the most strategic for companies, which addresses maintaining expertise internally and meeting financial objectives (Sundquist, Hulthén and Gadde, 2015; Taponen and Kauppi, 2020).

IT Outsourcing (ITO) has become a common practice for in-house services and the development of Information Technology (IT) in the last twenty years. However, IT outsourcing (ITO) successful rate was not good enough in the market. Some researchers conducted the research on IT outsourcing success and failure rates. The researchers found a failure rate of 40% in ITO (Delen et al., 2016, 2019; Hodosi and Rusu, 2019), and some commercial information indicated 25% - 50% of outsourcing projects failures (Woodyer, 2016; Rouag, 2018; Dąbrowska, 2020; Luu, 2022). The several key factors cause failure were insufficient scoping and unclear spelled out service level agreement in contract, lack of trust, and cost were higher than expected (Devos, Van Landeghem and Deschoolmeester, 2012; Cabral, Quelin and Maia, 2014; Jørgensen, 2014). Some factors had positive result for building a successful case in ITO, such as communication, partnership, core competencies evaluation, cost saving, management support, and contractual management (Gottschalk and Solli-Sæther, 2005; Rhodes et al., 2016; Hodosi, 2017; Cha and Kim, 2018; Blijleven et al., 2019; Erdoğan, 2020). It was a significant problem in ITO and needed to determine the factors to improve the success rates.

1.1 IT Outsourcing Definition, Significant, and Trends

Definition

The definition of ITO is company's information system functions, such as IT assets, resources, processes, or services, are handed over to one or more third-party vendors to manage for a contractually agreed monetary fee and period (Leimeister, 2010). It is the closest to the actual scenario in ITO.

Significant

Companies considered ITO as one of the business strategies that was mentioned in the section of introduction. It is an important arrangement for companies to concentrate on core business functions and processes to improve their competitive advantages. Many companies treat IT as specific expertise and companies can get a professional service from service providers in outsourcing (Hodosi, Kaye and Rusu, 2015). Moreover, IT assets and services were one of the major costs in companies for operating their business. All these reasons were driving the intention of ITO in last two decades. These companies actively seek to outsource their IT because they believe that it would be cheaper and get better services (Leimeister, 2010).

Trends

The IT market in Hong Kong is projected to grow significantly in the forecast period between 2021 and 2026 (Fitchsolutions, 2021; Mordorintelligence, 2021; reogma, 2021; Technavio, 2022). The demand for IT services in Hong Kong was expanding due to the presence and expansion of IT outsourcing. Moreover, there was a survey in 2022 for IT outsourcing. 44% of CIOs employ outsourcing service providers more often. The IT executives who outsource the maintenance of the applications and data centers are 51% and 40%, respectively (Mordorintelligence, 2021; morganlewis, 2022). According to survey of IMF in 2021, 95% of the responding banks in Hong Kong was developing to outsource technology related processes to server providers, and over 100 Authorized Institutions¹ have outsourced their business processes to service providers (IMF, 2021). Thus, IT outsourcing will be a more common practice in the future.

Note 1: Authorized Institutions are companies that provide banking, asset and wealth management, private equity business, and securities services (hkma, 2021).

1.2 Research Background in IT Outsourcing in Financial Service Industry

Research Problem

According to the survey of IMF and forecast in market, outsourcing IT will expand in the future, but it will remain problematic for the service buyer due to the high failure rates of ITO (Lacity,

Willcocks and Rottman, 2008; Amplifyre, 2022). It needs to be improved to sustain the ITO for achieving competitive advantages.

The literature of outsourcing in previous studies have researched different factors that influenced ITO and impacted the result of ITO but has no research specific for financial service industry in success factors in ITO. Core competencies and agency resources were fundamental factors in typical ITO research in previous studies, but partner quality factor has different result from their findings. Some researchers had findings that partner quality had positive effected to result in ITO (Kim and Chung, 2003; Fjermestad and Saitta, 2005; Rhodes et al., 2016), but same factors did not find the relation in the other research (Gottschalk and Solli-Sæther, 2005; Delen et al., 2016). Moreover, the technologies were rapidly change in last ten years and IT security was becoming more important for different industries, especially it is crucial element in FSI. Therefore, IT security risks affected the ITO in FSI under regulatory framework and compliance requirements in Hong Kong. It is more uncertainty in ITO in this industry. Those issues are important and need to identify for FSI in ITO.

IT Outsourcing is common in FSI in Hong Kong, especially in banking service. There are different IT assets, systems, and infrastructure for supporting their business operations. The trend of IT outsourcing remained and was forecasted to increase as a business strategy. There were many research studies focusing on identifying critical success factors and intending to reduce unsuccessful ITO (Kim and Chung, 2003; Fjermestad and Saitta, 2005; Gonzalez, Gasco and Llopis, 2005; Kronawitter et al., 2009; Hodosi et al., 2013; Bianchi and Junior, 2015; Shaheen, 2016; Bashir et al., 2020), but the result of ITO was still not good enough. There properly has gap between the research and caused the problem cannot be improved effectively. For instance, the quality of service provider had no significant impact on ITO success (Rhodes et al., 2016; Cha and Kim, 2018; Blijleven et al., 2019; Hodosi and Rusu, 2019), but this factor is positive relation in others paper (Grover, Cheon and Teng, 1996; Lee, 2001; Lane and van der Vyver, 2005; Wibisono et al., 2019); contractual management had no significant impact on ITO success (Bachlechner, Thalmann and Maier, 2014; Moon et al., 2016; Karimi-Alagheband and Rivard, 2020), but is positive in other researches (Hodosi, Kaye and Rusu, 2015; Qi and Chau, 2015; Delen et al., 2016; Fehrenbacher and Wiener, 2019; Erdoğan, 2020). The review result motivated this research for verifying ITO in Hong Kong.

Research Goals

This research goals to identify the gap of critical success factors for improving the success rate of ITO by focusing IT security risks, regulatory policy, and success factors in ITO in FSI in Hong Kong. This research designed three research questions (RQ) to address this problem.

RQ1: To identify success factors impacts in ITO in FSI.

RQ1 aims to identify the success factors in ITO in FSI and verify the partner quality whether significant effect to relationship in ITO. The gap was found in the findings from the previous and focus group from author. It is necessary to verify these factors whether important in ITO in FSI.

RQ2: To identify IT security risk factor impacts in ITO success.

RQ2 aims to consider risk factor in ITO. Due to the interdisciplinary nature of the IT outsourcing idea, ITO becomes quite difficult to research and to optimize beneficial results. However, the previous knowledge is not enough to determine the high failure rate in ITO and uncertainty risks are increasing in external environment, such as rapidly change in technological environment (cloud computing, artificial intelligence, etc.). The IT security is consented importance from among researchers and professionals, but this factor was less studied in research area that potentially contributes to ITO risks (Liang et al., 2016; Reyes González, 2016; Lacity, Khan and Yan, 2017).

RQ3: To identify regulatory policy factor impacts in ITO success.

RQ3 aims to explore the regulatory factor whether significant effect to ITO success in FSI. There has a lot of regulations and guidelines to ensure the operations of companies in FSI compliant with regulation in Hong Kong that protected the asset and wealth of investors and customers. The regulatory policies always influence the operations in FSI's companies, and it may be overlooked in the ITO research of other industries.

2. Literature Review

The major ITO literature review in previous studies provide an insight for this research. It is well known that ITO has benefits. Scalability, cost savings, accessibility to new technologies, improved maintenance and update, concentration on core capabilities, and flexibility are the primary advantages (Lee, Chae and Cho, 2013; Hanafizadeh and Zararavasan, 2020). The ITO papers were organized mainly based on ITO implementation phases, and papers of ITO decision were also reviewed in this research. It is because the success means that has achieved the objectives of intention in ITO.

2.1 Theoretical Framework

ITO involved different disciplines in whole outsourcing process. There are multiple theories to cover different process in ITO, such as ITO strategy, resource, contract, relationship, and monitoring. A systematic review and empirical study summarized the major theories in ITO in 2005 and 2020, respectively (Gottschalk and Solli-Sæther, 2005; Hanafizadeh and Zararavasan, 2020). Each theoretical frameworks are briefly described in follow.

2.1.1 Technology, Organization, and Environment (TOE)

Tornatzky and Fleischer's TOE framework has been presented to describe the innovation process in the context of an organization (Tornatzky and Fleischer, 1990). It considers three aspects of a business (technology, organization, and environment) that affect the adoption of innovation.

2.1.2 Transaction Cost Theory (TCT)

Transaction Cost Theory (TCT) is a comparative institutional framework for studying economic structure where the transaction serves as the fundamental analytical unit (Williamson, 1985). TCT is the most well-known economic theory and one of the main theories for ITO outsourcing choices (Nyrhinen and Dahlberg, 2007). It is multidisciplinary and involves trading with complicated goods and services as well as economics, organization theory, laws, and regulations.

2.1.3 Transaction Cost Economics (TCE)

Transaction Cost Economics (TCE) is another theoretical framework that is commonly used to research ITO. TCE has been recognized as a solid theoretical foundation for studying ITO choices since it clearly addresses make-or-buy decisions (Hanafizadeh and Zareravasan, 2020). There has findings in previous research that internal and external influences have a significant impact on ITO decisions (Barthélemy and Geyer, 2005).

2.1.4 Core Competency Theory (CCT)

According to the core competences theory, tasks should be handled internally or by service providers. Consider outsourcing with service providers for tasks that are not core strengths. If they are a defensive measure to preserve a competitive edge, certain non-core operations may need to be kept in-house (Gottschalk and Solli-Sæther, 2005).

2.1.5 Partnership and Alliance Theory (PAT)

Partnership, sometimes known as an alliance, is commonly cited as a key characteristic of IT outsourcing. Partnership may lessen the danger of insufficient contractual provisions. If it did exist, it often consisted of several intangibles (e.g., trust, communications, etc.) rather than a legal agreement. In contrast to outsourcing of operations and IT infrastructure maintenance, where service providers required a deeper knowledge of the. (Hancox and Hackney, 2000).

2.1.6 Contractual Theory

An outsourcing contract offers a legally binding, institutional structure in which each party's rights, obligations, and liabilities are outlined together with the objectives, rules, and tactics that will guide the agreement. Every outsourcing agreement aims to promote communication and thwart opportunism. Appropriate contractual agreements may limit room for opportunism, forbid moral risks in a collaborative partnership, and safeguard each party's confidential information.

2.1.7 Resource-Based Theory

The choice to outsource is made based on the client company's capacity to invest in internal resources and maintain competitive advantage (Mweru and Maina, 2016). Before looking for

resources outside the company, companies should confirm the availability of internal resources (Johansson, 2004).

2.1.8 Agency Theory

This theory is applied when the service buyer outsources to service provider. The aims or priorities of the service buyer may vary from those of the service provider, and the service buyer finds it difficult to assess the performance of the service provider owing to a lack of visibility, are two possible caveats in this outsourcing arrangement (Mathew 2011). Priorities between service providers and customers often diverge. Due to the worldwide character of contemporary organizations, especially in multilateral contracting, this issue arises very often in ITO when one service provider delivers services to numerous ITO service buyers (Hodosi and Rusu, 2019).

2.1.9 Expectation-Confirmation Theory (ECT)

Expectation-Confirmation Theory (ECT) is often used in the literature on consumer behavior to research service marketing in general, as well as customer satisfaction and post-purchase behavior (such as repurchasing and complaining) (Oliver, 1980). The measurement of ITO success is like service buyers repurchase decision. First, service buyer examines the initial decision that are reasons (service buyer's expectation) for conducting ITO, and then examines the use of experience (the service was whether confirmed the expectation). Finally, ITO is continuous or ex-post reversal of the initial decision (Bhattacharjee, 2001).

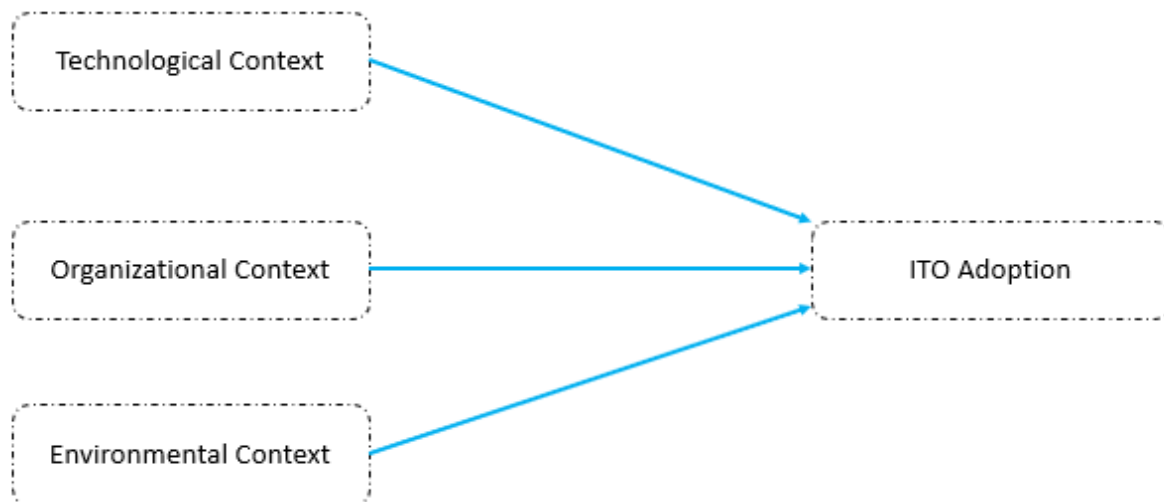
2.1.10 Summary of Theoretical Framework

ITO involved the multidisciplinary in whole process that was discussed in previous section. There has no single theoretical framework that can be cover all factors in ITO after reviewed the literature review in previous studies. TOE, TCT, and TCE were most popular to use as main framework in ITO research studies. This research aims to identify the success factors and explore FSI regulations whether significant effect to ITO success. Therefore, Technology, Organization, and Environment (TOE) theory is more suitable for analyzing internal and external factors in ITO success. TOE will be adopted as base theoretical framework in this research.

2.2 Factors in IT Outsourcing

Several theoretical frameworks had been reviewed in section 2.1 and concluded a TOE framework was adopted in follow study. Figure-2.1 shows a model that is illustrated attributes of TOE theoretical framework.

Figure-2.1: Research Theoretical Framework



Source: Hanafizadeh and Zare Ravasan (2018)

Technological, Organizational and Environmental are three independent variables that affect ITO adoption. Follow-up study will examine these independent variables to identify any discrepancies in further research.

2.2.1 Technological Context

The technical context encompasses all the technologies that are pertinent to the company, including both those that are presently in use there and others that are marketed but not yet used. The adoption process is influenced by an organization's current technologies because they place restrictions on the amount and speed of technological change an organization may make (Baker, 2012). The technology was rapidly developing in recent ten years, such as smart mobile phone, mobile application, and cloud computing. It is facilities company's operations more efficiency but introduced the IT security risks at the same time. The companies conduct for ITO because of its significant benefits. However, they need for understanding the risks involved (Delen et al., 2019). A risk is the potential for an event that might have negative effects on the company. One of the most serious sorts of hazards to ITO is information security.

Especially ITO in FSI, the perceived IT security risk is a crucial area and need to identify whether affects the success in ITO. Thus, the below hypothesis is made:

H1: Perceived Information Security Risk significantly affects ITO success in FSI.

Sharing the expertise and knowledge from service providers is one of all benefits in ITO (Lane and van der Vyver, 2005; Wibisono et al., 2019). The quality of server provider manage the technology in this rapidly change environment that would be interesting for this research. It is because the capabilities of service provider will affect the trustworthiness from service buyer. This correlation needs to identify whether affects the success in ITO. The other hypothesis is made:

H2: Quality of server provider has a significantly effect on Trust.

2.2.2 Organizational Context

The organizational context describes the features and assets of the company. This setting has a variety of effects on ITO success and implementation choices (Baker, 2012). The supply of services and charges that must be completed within a contractual term between two contracting parties are defined by a contract in the context of ITO. The risk of opportunistic conduct, uncertainty, and ambiguity between two contractual parties might be eliminated by creating a comprehensive contract (Gantman, 2011; Jain Palvia and Palvia, 2017). Contract management has also a gap in literature review section. Even if most agreements reached by parties to a contract are comprehensive, this is not always the case. Incomplete contracts might lead to lawsuit proceedings in addition to implementation challenges (Hanafizadeh and Zare Ravasan, 2018). Therefore, the following hypothesis is made:

H3: Contract management significantly affects transaction cost in ITO in FSI.

2.2.3 Environmental Context

The environmental context involves the industry's structure, the availability or lack of technological service providers, and the regulatory landscape (Hanafizadeh and Zareravasan, 2020). The impact of government regulation on ITO might be positive or negative. The supplementary remediation plan is mainly required for those businesses when governments place new restrictions on FSI, such as mandating third party risk management. Compliance

policy is applied for companies in FSI and need to identify whether affects in ITO. The below hypothesis is made:

H4: Regulatory policy significantly affects transaction cost in ITO in FSI.

2.2.4 Trust

The degree of confidence a customer has in a service provider is reflected in that service's trustworthiness. This can be explained by prior work history or by one of the three trust modes listed below: ability, benevolence, and integrity. Ability refers to the service provider's competencies and skills. Benevolence refers to the service provider's legal actions that will protect the interests of the service buyer. Integrity refers to the service provider's adherence to the expected ethical codes and commitment to being honest (Alwahdani, 2019). The below hypothesis is made:

H5: Trust has a significantly affects ITO success in FSI.

2.2.5 Transaction Cost

In transaction cost theory, contains two fundamental assumptions: bounded rationality and opportunism. Bounded rationality refers to the human mind's incapacity to locate or understand all the information concerning a transaction; as a result, there is some degree of uncertainty while conducting the transaction. Opportunism is more than just defending one's interests or maximizing one's worth (Aubert, Rivard and Patry, 2004). The incomplete contracts will generate opportunistic behaviour, ambiguity, and hidden cost. For instance, the scope of works in ITO had not been clearly spelt out, the extra resources are necessary to fill up the gap. Bounded rationality is in this search due uncertainty of contact management and regulatory policy. Therefore, the below hypothesis is made:

H6: Transaction Cost has a significantly affects ITO success in FSI.

2.2.6 Summary of Independent Variables

The independent variables in the TOE model were identified to build a base of this research. There had two independent variables from TOE model that had inconsistent and could not find consistent findings to the environment context in the literature reviews. However, two

individual's independent variables: Perceived Information Security Risk and Regulatory policy are proposed to add into technological and environmental context in model for this research. It is because information security and regulatory are important area in financial service industry (IMF, 2021). Therefore, four independent variables: Perceived Information Security Risk, Quality of Server Provider, Contract Management, and Regulatory Policy will be adopted to investigate in further. Moreover, two intervening variables: Trust and Transaction Cost were also identified for this research. Other than the above independent variables, the participant demographics will also be considered when analyzing the driving forces behind independent variables. Table-2.1 summarized the hypotheses in this research.

Table-2.1: Summary of hypothesis in this research

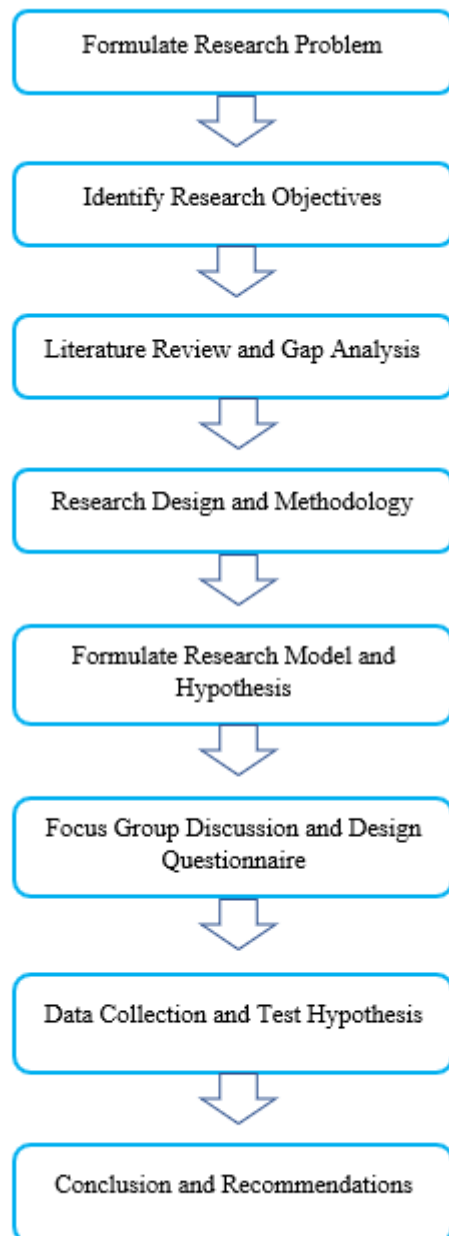
#	Hypothesis
H1	Perceived Information Security Risk significantly affects ITO success in FSI.
H2	Quality of server provider has a significantly effect on Trust.
H3	Contract management significantly affects transaction cost in ITO in FSI.
H4	Regulatory policy significantly affects transaction cost in ITO in FSI.
H5	Trust has a significantly affects ITO success in FSI.
H6	Transaction Cost has a significantly affects ITO success in FSI.

Source: Compiled by Author

3. Research Methodology

The research approach and research activities are conducted to address the research questions in section 1 in follow. Figure-3.1 shows the flow for this research.

Figure-3.1: Research Flow for this Research



Source: Compiled by Author

3.1 Research Method

The nature of research is categorized two types of research that are qualitative and quantitative research (Rutberg and Bouikidis, 2018). The qualitative research is often used for collecting descriptive or factual data to answer the research questions (Hammarberg, Kirkman and de Lacey, 2016). The quantitative research is used for collecting and analyzing structural data that can be represented numerically (Goertzen, 2017).

3.1.1 Qualitative Research

The qualitative approach is adopted to seek on opinions, views, and preference from participants about this research topic (Hammarberg, Kirkman and de Lacey, 2016). The focus group will be formed for collecting data.

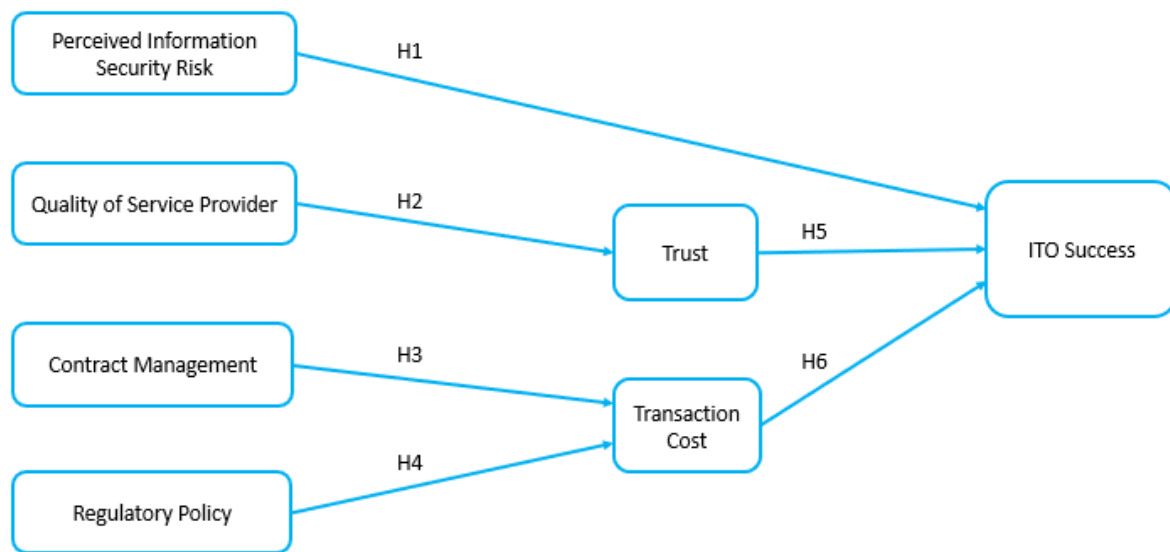
3.1.2 Quantitative Research

The quantitative approach is adopted to collect and analyze data that can be measured for supporting the hypothesis. The survey method will be used to collect the data and design is based on hypothesis. Moreover, the snowball sampling method in this survey is adopted because the target population in this research is working for FSI or worked for FSI (Parker, Scott and Geddes, 2019).

3.2 Research Model

The independent variables were defined in the literature review and two intervening variables were added for the research model. The hypotheses were made and list in Table-3.1 was based on the inconsistent findings and the other beneficial factors for ITO success. Figure-3.2 shows the research model that was based on the theoretical framework of TOE and modified to match actual FSI situation for this research purpose.

Figure-3.2: Research Model



Source: Compiled by Author

4. Research Time Frame

The research will be breakdown into different tasks in 6 months with the below time frame.

Table-4.1: Proposed Research Time Frame

					2022	2023	2023	2023	2023	2023	2023
					November	December	January	February	March	April	May
Name	Begin date	End date	Duration	Completion							
Meeting with Supervisor	24/10/2022	27/10/2022	189.0 day	0							
Online Research Logos	24/10/2022	30/10/2022	7.0 day	0							
Lecture Review	31/10/2022	20/11/2022	82.0 day	0							
Online Research Framework	31/10/2022	13/11/2022	14.0 day	0							
Write Research Proposal	14/11/2022	11/12/2022	29.0 day	0							
Design Questionnaire	1/12/2022	6/12/2022	6.0 day	0							
Pilot Test - Questionnaire	6/12/2022	16/12/2022	11.0 day	0							
Submission of Research Proposal	12/12/2022	12/12/2022	0.0 day	0							
Final Tuning - Questionnaire	19/12/2022	1/1/2023	14.0 day	0							
Revised Questionnaire (if needed)	2/1/2023	1/1/2023	12.0 day	0							
Finalized Questionnaire	16/1/2023	20/1/2023	5.0 day	0							
Data Collection	21/1/2023	5/2/2023	16.0 day	0							
Write a report	6/2/2023	27/4/2023	81.0 day	0							
Submission of Dissertation	28/4/2023	28/4/2023	0.0 day	0							

Source: Compiled by Author

5. Research Ethic

An ethic form (Appendix I) the approval of this research was completed and attached in this dissertation proposal. Data privacy statement and the collection of purpose will be notified to the participants at the start of the focus group and survey. Participants will be given an option

to opt out from the focus group or survey anytime. All data collected will be anonymous and solely used for this research purpose. The data will be kept in personal computer or laptop that is password protected and will be destroyed once the research has passed the examination board.

6. Further Research & Limitation

This study focuses on the success factors in IT outsourcing of financial service industry in Hong Kong and the data collection method is based on the snowball sampling. The representation of this sample may be biased to a certain group of population thus cannot reflect the whole demographic population in industry. A larger scale of research will be required to understand the whole population which will be more appropriate for the industry to understand the need and construct any policy.

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Appendix I – Application for Ethical Approval

APPLICATION FOR ETHICAL APPROVAL

RESEARCH STUDENTS

This form is to be completed by the student within **SIX** months for full-time students and **TWELVE** months for part time students, after the commencement of the research degree or following progression to Part Two of your course.

Once complete, submit this form via the **MyTSD Doctoral College Portal** at (<https://mytsd.uwtsd.ac.uk>).

This document is also available in Welsh.

RESEARCH STAFF ONLY

All communications relating to this application during its processing must be in writing and emailed to pgresearch@uwtsd.ac.uk, with the title 'Ethical Approval' followed by your name.

STUDENTS ON UNDERGRADUATE OR TAUGHT MASTERS PROGRAMMES should submit this form (and receive the outcome) via systems explained to you by the supervisor/module leader.

In order for research to result in benefit and minimise risk of harm, it must be conducted ethically. A researcher may not be covered by the University's insurance if ethical approval has not been obtained prior to commencement.

The University follows the OECD Frascati manual definition of **research activity**: "creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications". As such this covers activities undertaken by members of staff, postgraduate research students, and both taught postgraduate and undergraduate students working on dissertations/projects.

The individual undertaking the research activity is known as the "principal researcher".

Ethical approval is not required for routine audits, performance reviews, quality assurance studies, testing within normal educational requirements, and literary or artistic criticism.

Please read the notes for guidance before completing ALL sections of the form.

This form must be completed and approved prior to undertaking any research activity. Please see Checklist for details of process for different categories of application.

SECTION A: About You (Principal Researcher)

1	Full Name:	Chiang Chun Wah			
2	Tick all boxes that apply:	Member of staff:	☐	Honorary research fellow:	☐
	Undergraduate Student	☐	Taught Postgraduate Student	☒	Postgraduate Research Student
3	Institute/Academic Discipline/Centre:	HKMA Hong Kong			
4	Campus:	HKMA Hong Kong			
5	E-mail address:	raycwchiang@gmail.com			
6	Contact Telephone Number:	98006024			
For students:					
7	Student Number:	2119645			



8	Programme of Study:	Master of Business Administration
9	Director of Studies/Supervisor:	Prof. HO, Leo

SECTION B: Approval for Research Activity

1	Has the research activity received approval in principle? (please check the Guidance Notes as to the appropriate approval process for different levels of research by different categories of individual)	YES	☐	NO	☒
					Date
2	If Yes, please indicate source of approval (and date where known): Approval in principle must be obtained from the relevant source prior to seeking ethical approval	Research Degrees Committee	☐		
Institute Research Committee		☐			
Other (write in)		☐			

SECTION C: Internal and External Ethical Guidance Materials

	Please list the core ethical guidance documents that have been referred to during the completion of this form (including any discipline-specific codes of research ethics, location-specific codes of research ethics, and also any specific ethical guidance relating to the proposed methodology). Please tick to confirm that your research proposal adheres to these codes and guidelines. You may add rows to this table if needed.	
1	UWTSD Research Ethics & Integrity Code of Practice	☒
2	UWTSD Research Data Management Policy	☒
3	[List any other relevant documents here]	☐

SECTION D: External Collaborative Research Activity

If there are external collaborators then you should gain consent from the contact persons to share their personal data with the university. If there are no external collaborators then leave this section blank and continue to section E.

1	Institution					
2	Contact person name					
3	Contact person e-mail address					
4	Is your research externally funded?	YES	☐	NO	☐	
5	Are you in receipt of a KESS scholarship?	YES	☐	NO	☐	
6	Are you specifically employed to undertake this research in either a paid or voluntary capacity?	Voluntary	YES	☐	NO	☐
7		Employed	YES	☐	NO	☐
8	Is the research being undertaken within an existing UWTSD Athrofa Professional Learning Partnership (APLP)?	If YES then the permission question below does not need to be answered.	YES	☐	NO	☐
9	Has permission to undertake the research has been provided by the partner organisation?	(If YES attach copy) If NO the application cannot continue	YES	☐	NO	☐

Where research activity is carried out in collaboration with an external organisation

10	Does this organisation have its own ethics approval system?	YES	☐	NO	☐
If Yes, please attach a copy of any final approval (or interim approval) from the organisation (this may be a copy of an email if appropriate). Not Applicable – no collaboration with any external organization.					

SECTION E: Details of Research Activity

1	Indicative title:	Exploratory Study: Contributing Factors to Successful IT Outsourcing in Information Systems Functions of Financial Service Industry in Hong Kong.			
2	Proposed start date:	30 Oct 2022	Proposed end date:	28 Apr 2023	
Introduction to the Research (maximum 300 words per section) Ensure that you write for a <u>Non-Specialist Audience</u> when outlining your response to the points below: <i>Purpose of Research Activity</i> <i>Proposed Research Question</i> <i>Aims of Research Activity</i> <i>Objectives of Research Activity</i> Demonstrate, briefly, how Existing Research has informed the proposed activity and explain <i>What the research activity will add to the body of knowledge</i> <i>How it addresses an area of importance.</i>					
3	Purpose of Research Activity Outsourcing has become a common practice for in-house services and the development of Information Technology (IT) in the last twenty years. However, IT Outsourcing successful rate was not good enough in the market. The purpose of research is to improve the success rate of IT Outsourcing (this box should expand as you type)				
4	Research Question (this box should expand as you type)				
5	Aims of Research Activity This research aims to identify the gap of critical success factors for improving the success rate of IT Outsourcing by focusing IT security risks, regulatory policy, and success factors in IT Outsourcing in Financial Service Industry in Hong Kong. (this box should expand as you type)				
6	Objectives of Research Activity 1. To identify success factors impacts in ITO in FSI. 2. To identify IT security risk factor impacts in ITO success. 3. To identify regulatory policy factor impacts in ITO success. (this box should expand as you type)				



	Proposed methods (maximum 600 words) Provide a brief summary of all the methods that may be used in the research activity, making it clear what specific techniques may be used. If methods other than those listed in this section are deemed appropriate later, additional ethical approval for those methods will be needed. You do not need to justify the methods here, but should instead describe how you intend to collect the data necessary for you to complete your project.		
7	Two types of research methods that are qualitative and quantitative research will be used in this researches. The qualitative research is used for collecting descriptive or factual data to answer the research questions. The quantitative research is used for collecting and analysing structural data that can be represented numerically. This research used both methods with primary and secondary data for generating a more objective outcome. The primary data is real-time data that is originated by author for first time. The second data has already existed data that was collected by the other researchers, agencies, and organization in the past. The second data of both research methods were collected from literature review and other research studies. The focus group and survey will be used for collecting data. Focus group collects pinions, views from participants who are working or worked for financial service industry. Survey is based on data from focus group to design the questionnaire for collecting statistical data that supports the analysis the relationship in hypotheses. (this box should expand as you type)		
	Location of research activity Identify all locations where research activity will take place.		
8	Hong Kong (this box should expand as you type)		
	Research activity outside of the UK If research activity will take place overseas, you are responsible for ensuring that local ethical considerations are complied with and that the relevant permissions are sought. Specify any local guidelines (e.g. from local professional associations/learned societies/universities) that exist and whether these involve any ethical stipulations beyond those usual in the UK (provide details of any licenses or permissions required). Also specify whether there are any specific ethical issues raised by the local context in which the research activity is taking place, for example, particular cultural and/or legal sensitivities or vulnerabilities of participants. If you live in the country where you will do the research then please state this.		
9	N/A (this box should expand as you type)		
10	Use of documentation not in the public domain: Are any documents NOT publicly available?	NO YES	☒ ☐
11	If Yes, please provide details here of how you will gain access to specific documentation that is not in the public domain and that this is in accordance with the current data protection law of the country in question and that of England and Wales.		

	(this box should expand as you type)
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	Does your research relate to one or more of the seven aims of the Well-being of Future Generations (Wales) Act 2015?	YES	NO
12	A prosperous Wales	☐	☒
13	A resilient Wales	☐	☒
14	A healthier Wales	☐	☒
15	A more equal Wales	☐	☒
16	A Wales of cohesive communities	☐	☒
17	A Wales of vibrant culture and thriving Welsh language	☐	☒
18	A globally responsible Wales	☐	☒
19	If YES to any of the above, please give details:		
	(this box should expand as you type)		

SECTION F: Scope of Research Activity

	Will the research activity include:	YES	NO
1	Use of a questionnaire or similar research instrument?	☒	☐
2	Use of interviews?	☐	☒
3	Use of focus groups?	☒	☐
4	Use of participant diaries?	☐	☒
5	Use of video or audio recording?	☐	☒
6	Use of computer-generated log files?	☐	☒
7	Participant observation with their knowledge?	☐	☒
8	Participant observation without their knowledge?	☐	☒
9	Access to personal or confidential information without the participants' specific consent?	☐	☒
10	Administration of any questions, test stimuli, presentation that may be experienced as physically, mentally or emotionally harmful / offensive?	☐	☒
11	Performance of any acts which may cause embarrassment or affect self-esteem?	☐	☒
12	Investigation of participants involved in illegal activities?	☐	☒
13	Use of procedures that involve deception?	☐	☒
14	Administration of any substance, agent or placebo?	☐	☒
15	Working with live vertebrate animals?	☐	☒
16	Procedures that may have a negative impact on the environment?	☐	☒



17	Other primary data collection methods. Please indicate the type of data collection method(s) below.	☐	☒
	Details of any other primary data collection method: (this box should expand as you type)		

If NO to every question, then the research activity is (ethically) low risk and **may** be exempt from **some** of the following sections (please refer to Guidance Notes).

If YES to any question, then no research activity should be undertaken until full ethical approval has been obtained.

SECTION G: Intended Participants

If there are no participants then do not complete this section, but go directly to section H.

Who are the intended participants:		YES	NO
1	Students or staff at the University?	☐	☒
2	Adults (over the age of 18 and competent to give consent)?	☒	☐
3	Vulnerable adults?	☐	☒
4	Children and Young People under the age of 18? (Consent from Parent, Carer or Guardian will be required)	☐	☒
5	Prisoners?	☐	☒
6	Young offenders?	☐	☒
7	Those who could be considered to have a particularly dependent relationship with the investigator or a gatekeeper?	☐	☒
8	People engaged in illegal activities?	☐	☒
9	Others. Please indicate the participants below, and specifically any group who may be unable to give consent.	☐	☒
	Details of any other participant groups: (this box should expand as you type)		

Participant numbers and source Provide an estimate of the expected number of participants. How will you identify participants and how will they be recruited?	
10	How many participants are expected? 300-400 (this box should expand as you type)
11	Who will the participants be? Participants who are working or worked for Information Technology (IT) of financial service industry in Hong Kong. (this box should expand as you type)
12	How will you identify the participants? Participants who have engaged in IT Outsourcing will be selected.



		(this box should expand as you type)
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	Information for participants:	YES	NO	N/A
13	Will you describe the main research procedures to participants in advance, so that they are informed about what to expect?	☒	☐	☐
14	Will you tell participants that their participation is voluntary?	☒	☐	☐
15	Will you obtain written consent for participation?	☐	☐	☒
16	Will you explain to participants that refusal to participate in the research will not affect their treatment or education (if relevant)?	☒	☐	☐
17	If the research is observational, will you ask participants for their consent to being observed?	☐	☐	☒
18	Will you tell participants that they may withdraw from the research at any time and for any reason?	☒	☐	☐
19	With questionnaires, will you give participants the option of omitting questions they do not want to answer?	☒	☐	☐
20	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	☒	☐	☐
21	Will you debrief participants at the end of their participation, in a way appropriate to the type of research undertaken?	☐	☐	☒
22	If NO to any of above questions, please give an explanation			
	(this box should expand as you type)			

	Information for participants:	YES	NO	N/A
24	Will participants be paid?	☐	☒	☐
25	Is specialist electrical or other equipment to be used with participants?	☐	☒	☐
26	Are there any financial or other interests to the investigator or University arising from this study?	☐	☒	☐
27	Will the research activity involve deliberately misleading participants in any way, or the partial or full concealment of the specific study aims?	☐	☒	☐
28	If YES to any question, please provide full details			
	(this box should expand as you type)			

SECTION H: Anticipated Risks

	Outline any anticipated risks that may adversely affect any of the participants, the researchers and/or the University, and the steps that will be taken to address them.		
	If you have completed a full risk assessment (for example as required by a laboratory, or external research collaborator) you may append that to this form.		
1	Full risk assessment completed and appended?	Yes	☐
		No	☒
2	Risks to participants For example: sector-specific health & safety, emotional distress, financial disclosure, physical harm, transfer of personal data, sensitive organisational information		



	Risk to participants: No major risk for anonymous survey <i>(this box should expand as you type)</i>	How you will mitigate the risk to participants: N/A <i>(this box should expand as you type)</i>
3	If research activity may include sensitive, embarrassing or upsetting topics (e.g. sexual activity, drug use) or issues likely to disclose information requiring further action (e.g. criminal activity), give details of the procedures to deal with these issues, including any support/advice (e.g. helpline numbers) to be offered to participants. Note that where applicable, consent procedures should make it clear that if something potentially or actually illegal is discovered in the course of a project, it may need to be disclosed to the proper authorities	
	N/A <i>(this box should expand as you type)</i>	
4	Risks to the investigator For example: personal health & safety, physical harm, emotional distress, risk of accusation of harm/impropriety, conflict of interest	
	Risk to the investigator: <i>(this box should expand as you type)</i>	How you will mitigate the risk to the investigator: <i>(this box should expand as you type)</i>
5	University/institutional risks For example: adverse publicity, financial loss, data protection	
	Risk to the University: <i>(this box should expand as you type)</i>	How you will mitigate the risk to the University: <i>(this box should expand as you type)</i>
6	Environmental risks For example: accidental spillage of pollutants, damage to local ecosystems	
	Risk to the environment: <i>(this box should expand as you type)</i>	How you will mitigate the risk to environment: <i>(this box should expand as you type)</i>

Disclosure and Barring Service				
	If the research activity involves children or vulnerable adults, a Disclosure and Barring Service (DBS) certificate must be obtained before any contact with such participants.	YES	NO	N/A
7	Does your research require you to hold a current DBS Certificate?	☐	☒	☐
8	If YES, please give the certificate number. If the certificate number is not available please write "Pending"; in this case any ethical approval will be subject to providing the appropriate certificate number.			

SECTION I: Feedback, Consent and Confidentiality

1	Feedback What de-briefing and feedback will be provided to participants, how will this be done and when? N/A <i>(this box should expand as you type)</i>
2	Informed consent Describe the arrangements to inform potential participants, before providing consent, of what is involved in participating. Describe the arrangements for participants to provide full consent before



	data collection begins. If gaining consent in this way is inappropriate, explain how consent will be obtained and recorded in accordance with prevailing data protection legislation.
	Description of the study will be provided at the beginning of the survey. Respondents will also be briefed on their rights to discontinue or opt out from the middle and information on confidentiality and data privacy will also be described. <i>(this box should expand as you type)</i>
3	Confidentiality / Anonymity Set out how anonymity of participants and confidentiality will be ensured in any outputs. If anonymity is not being offered, explain why this is the case.
	No personal information will be asked in the survey and the participants will not be required to provide any names or identifier for anonymity. All data will be kept in the private computer with password protected and will not be shared with third parties. The data will be destroyed upon passing the examination board. <i>(this box should expand as you type)</i>

SECTION J: Data Protection and Storage

	Does the research activity involve personal data (as defined by the General Data Protection Regulation 2016 "GDPR" and the Data Protection Act 2018 "DPA")?	YES	NO
1	"Personal data" means any information relating to an identified or identifiable natural person ('data subject'). An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person. Any video or audio recordings of participants is considered to be personal data.	☐	☒
	If YES, provide a description of the data and explain why this data needs to be collected:		
2	<i>(this box should expand as you type)</i>		
	Does it involve special category data (as defined by the GDPR)?	YES	NO
3	"Special category data" means sensitive personal data consisting of information as to the data subjects' – (a) racial or ethnic origin, (b) political opinions, (c) religious beliefs or other beliefs of a similar nature, (d) membership of a trade union (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992), (e) physical or mental health or condition, (f) sexual life, (g) genetics, (h) biometric data (as used for ID purposes),	☐	☒
	If YES, provide a description of the special category data and explain why this data needs to be collected:		
4	<i>(this box should expand as you type)</i>		
	Will data from the research activity (collected data, drafts of the thesis, or materials for publication) be stored in any of the following ways?	YES	NO



5	Manual files (i.e. in paper form)?	☒	☐
6	University computers?	☐	☒
7	Private company computers?	☐	☒
8	Home or other personal computers?	☒	☐
9	Laptop computers/ CDs/ Portable disk-drives/ memory sticks?	☒	☐
10	"Cloud" storage or websites?	☒	☐
11	Other – specify:	☐	☒
12	For all stored data, explain the measures in place to ensure the security of the data collected, data confidentiality, including details of backup procedures, password protection, encryption, anonymisation and pseudonymisation:		
	All stored data is only accessed by researcher with password protection.		
	(this box should expand as you type)		

Data Protection			
	Will the research activity involve any of the following activities:	YES	NO
13	Electronic transfer of data in any form?	☐	☒
14	Sharing of data with others at the University outside of the immediate research team?	☐	☒
15	Sharing of data with other organisations?	☐	☒
16	Export of data outside the UK or importing of data from outside the UK?	☐	☒
17	Use of personal addresses, postcodes, faxes, emails or telephone numbers?	☐	☒
18	Publication of data that might allow identification of individuals?	☐	☒
19	Use of data management system?	☐	☒
20	Data archiving?	☐	☒
21	If YES to any question, please provide full details, explaining how this will be conducted in accordance with the GDPR and Data Protection Act (2018) (and any international equivalents, where appropriate):		
	(this box should expand as you type)		
22	List all who will have access to the data generated by the research activity:		
	The researcher only.		
	(this box should expand as you type)		
23	List who will have control of, and act as custodian(s) for, data generated by the research activity:		
	The researcher only.		
	(this box should expand as you type)		
24	Give details of data storage arrangements, including security measures in place to protect the data, where data will be stored, how long for, and in what form. Will data be archived – if so how and if not why not.		
	Data will be sent through google form and upon closing the response date, the data will be extracted and stored at the researcher's computer for 6 months. Once the research has passed the examination board, data will be destroyed.		



	<i>(this box should expand as you type)</i>		
25	Please indicate if your data will be stored in the UWTSD Research Data Repository (see https://researchdata.uwtsd.ac.uk/). If so please explain. <i>(Most relevant to academic staff)</i>		
	N/A <i>(this box should expand as you type)</i>		
26	Confirm that you have read the UWTSD guidance on data management (see https://www.uwtsd.ac.uk/library/research-data-management/)	YES	☒
27	Confirm that you are aware that you need to keep all data until after your research has completed or the end of your funding	YES	☒



SECTION K: Declaration

	The information which I have provided is correct and complete to the best of my knowledge. I have attempted to identify any risks and issues related to the research activity and acknowledge my obligations and the rights of the participants. In submitting this application I hereby confirm that I undertake to ensure that the above named research activity will meet the University's Research Ethics and Integrity Code of Practice which is published on the website: https://www.uwtsd.ac.uk/research/research-ethics/		
1	Signature of applicant:	<i>Ray Chiang</i>	Date: 25 Nov 2022

For STUDENT Submissions:

2	Director of Studies/Supervisor:	Prof. HO, Leo	Date: Nov 25, 2022
3	Signature:		

For STAFF Submissions:

4	Academic Director/ Assistant Dean:		Date:
5	Signature:		

Checklist: Please complete the checklist below to ensure that you have completed the form according to the guidelines and attached any required documentation:

☒	I have read the guidance notes supplied before completing the form.
☒	I have completed ALL RELEVANT sections of the form in full.
☒	I confirm that the research activity has received approval in principle
☐	I have attached a copy of final/interim approval from external organisation (where appropriate)
☐	I have attached a full risk assessment (where appropriate) ONLY TICK IF YOU HAVE ATTACHED A FULL RISK ASSESSMENT
☒	I understand that it is my responsibility to ensure that the above named research activity will meet the University's Research Ethics and Integrity Code of Practice.
☒	I understand that before commencing data collection all documents aimed at respondents (including information sheets, consent forms, questionnaires, interview schedules etc.) must be confirmed by the DoS/Supervisor, module tutor or Academic Director.

RESEARCH STUDENTS ONLY

Once complete, submit this form via the **MyTSD Doctoral College Portal** at (<https://mytsd.uwtsd.ac.uk>).

RESEARCH STAFF ONLY

All communications relating to this application during its processing must be in writing and emailed to pgresearch@uwtsd.ac.uk, with the title 'Ethical Approval' followed by your name.

STUDENTS ON UNDERGRADUATE OR TAUGHT MASTERS PROGRAMMES should submit this form (and receive the outcome) via systems explained to you by the supervisor/module leader.