

**UNIVERSITI TEKNOLOGI MARA**

**ICT Outsourcing in Public Sector:  
Relationship Intensity Among Vendor and  
Client**

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## **ABSTRACT**

Malaysia has its own recipe of building a long term success in ICT industry. Since the Multimedia Super Corridor (MSC) was conceptualized in 1996, Multimedia Development Corporation (MDeC) has been tasked to develop the unique corridor into a regional operation and as a home for global ICT companies. The overall of this research is all about the ICT outsourcing in public sector. The aims of this research are to identify the SLA problems the organizations, the factors that influence the relationship intensity among vendor and client and the effect of use of CRM in ICT outsourcing. In order to achieve the aims of this research, a research model was used to develop the research instrument for this study. The primary data for this research was collected by means of a questionnaire survey conducted among Malaysian public sector organizations. There are about 50 federal government agencies based in Putrajaya. Out of that, 28 federal government agencies and 12 state federal government agencies (within Klang Valley) were selected to participate in the survey. A total of 285 questionnaires were distributed among the selected organizations and within one and half months, questionnaires were returned. Although the research was conducted successfully, several limitations were encountered. The limitations are time constraint, limited academic reference on ICT outsourcing based in Malaysia and lack of cooperation during field study. The findings from this research indicated the relationship among vendor and client and how significant the factors influence it. Problems that inherent in SLA also will be identified.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Research Background**

In recent years, outsourcing information communication and technology (ICT) has received much attention and has become a widespread worldwide phenomenon both in the private and public sectors (Currie, 1996). In recent years, outsourcing information communication and technology (ICT) have been used to relocate employment for many years now. During the latter half of the 1990's, the rapid development of an export-orientated information technology (IT) sector in many developing countries, was generally seen as a welcome solution to the IT skills shortage experienced in the developing nations.

ICT outsourcing refers to the third-party management of IS assets, people and/or activities required to meet pre-specified performance levels (Lacity and Hirschheim, 1995). The outsourced work includes the operating of data centers, network and communication management, systems development and maintenance, and training. Issue of outsourcing has risen to the top of the policy agenda and has become the focus of significant media attention, often characterized by somewhat hysterical tone. Outsourcing has emerged as an effective tool to revamp strategies and beneficial to business in a financially viable and proactive manner (Pinnacle Systems Inc. 2003). ICT outsourcing is an affective strategy for gaining and maintaining competitive advantage when it is executed as part of an overall program to build a high-performance IT organization (Lankford and Parsa, 1999).

According to Ming (2006), from School of Information Technology, Monash University Malaysia, he said that many Small Medium Enterprises (SME) companies in Malaysia realize that ICT is critical to the productivity and performance of their