



**The Impact of Trust and Reciprocity on Knowledge  
Exchange: A Case Study in IT Outsourcing**

**Thesis submitted in accordance with the requirements of the  
University of Liverpool for the degree of Doctor of Business  
Administration**

**by**

**AHMAD ALWAHDANI**

**April 2017**

---

## **DEDICATIONS**

I would like to thank my wife Wafaa for her continuing support and love. My thanks go also to my daughters Walaa & Batool, and my sons Mohammad & Ibrahim, for their encouragement and inspiration. I would not have been able to complete this study without them.

# ACKNOWLEDGEMENTS

I would also like to thank my supervisor Dr. Rhona Johnsen for her time and dedication, and for sharing her valuable knowledge with me. I am also very grateful to all the members of staff who have worked with me and encouraged me to achieve this work.

# **The Impact of Trust and Reciprocity on Knowledge Exchange: A Case Study in IT Outsourcing**

**AHMAD ALWAHDANI**

## **ABSTRACT**

The aim of this study is to analyse the mechanisms of trust and reciprocity that impact knowledge exchange in IT outsourcing projects. This study develops a framework that shows the impact of the trust and reciprocity components on knowledge sharing and IT outsourcing projects. IT outsourcing represents the way in which a company can accelerate the achievement of its goals by handing over all or some of its IT services to vendors.

This study adopts a social exchange theory perspective. The conceptual model has been developed based on Wong and Cheung's (2005) trust categories (Partners' Performance, Partners' Permeability, Relational Bonding, System-based Trust) and Cohen & Bradford's (1989) exchange currencies model (Task-related Currencies, Position-related Currencies, Relationship-related Currencies, Personal-related Currencies).

In this study, the researcher applied a single-case study qualitative approach combined with a core action research methodology covering three action research cycles. The researcher collected the data using two types of interviews: semi-structured and focus group interviews. The total number of conducted interviews was 45, covering managers, team leaders, and IT technical staff. Computer Aided Qualitative Data Analysis Software (CAQDAS) was used to analyse the collected qualitative data. The study was a good chance for the researcher and participants to apply action research methodology for the first time in the organisation. An action research co-generative knowledge creation module was applied to provide a workable solution for the identified study question.

Four factors were found to make a significant contribution to reciprocity: a well-designed contract, client capability, operational readiness, and the client-vendor relationship. Four elements were found to have a significant impact on building mutual trust between the client and the vendor: a well-designed contract, vendor capability, transparency, and communication. The study found that two factors can assist in increasing the level of trust and the vendor's strengths during the IT outsourcing process. Those two assisting factors are external consultant support (in the contract negotiation phase) and top management support (in the contract implementation phase).

The main contribution of the study is the conclusion that both reciprocity and trust must be combined to have effective knowledge transfer. Trust and reciprocity are not one single factor, however; each is a category with associated subcategories.

Outsourcing contracts and vendors' good intentions are not in themselves enough to achieve the outsourcing targets. The salient outcomes of the study are the realisation of the importance of having skilled resources on the client's side, and that these resources must not be used only to monitor the vendor; rather, the client must have a plan to engage and integrate those resources with the vendor's activities. The study also advises the client's management to consider the contract as a means to IT outsourcing success and not an end in itself. A continuous effort is needed during the project to achieve the company's targets and to overcome any gaps in the signed contract.

# Table of Contents

ABSTRACT .....	III
LIST OF TABLES .....	VIII
LIST OF FIGURES .....	VIII
<b>CHAPTER 1 INTRODUCTION .....</b>	<b>1</b>
1.1 PURPOSE AND OBJECTIVES .....	1
1.1.1 Purpose of the Thesis .....	1
1.1.2 Aim and Objectives of the Thesis .....	1
1.2 IT OUTSOURCING .....	1
1.3 RATIONALE FOR RESEARCH .....	2
1.3.1 Researcher’s Professional Experience .....	2
1.3.2 Introduction to the Organisation Under Study .....	3
1.3.3 Fundamentals of a High-Reliability Organisation (HRO).....	4
1.3.4 Organisation IT Operating Model .....	5
1.3.5 Problems Associated with IT Outsourcing.....	5
1.4 GAP IN LITERATURE AND CONTRIBUTION OF THE CURRENT RESEARCH TO THEORY .....	9
1.4.1 Gap in Literature .....	9
1.4.2 Contribution of the Current Study to Theory.....	10
1.5 STRUCTURE OF THE THESIS .....	10
<b>CHAPTER 2 LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT .....</b>	<b>12</b>
2.1 THE PURPOSE OF A LITERATURE REVIEW .....	12
2.2 PREVIOUS LITERATURE ON OUTSOURCING .....	12
2.2.1 IT Outsourcing Strategies – Intents and Impacts .....	13
2.2.1.1 Intents for IT Outsourcing .....	14
2.2.1.2 IT Outsourcing Impacts.....	16
2.2.1.3 Critical Summary .....	19
2.2.2 Relationship Management and Knowledge Exchange.....	19
2.2.2.1 Client-Vendor Relationship Management and Trust .....	20
2.2.2.2 IT Outsourcing Knowledge Exchange and Reciprocity.....	24
2.2.2.3 Social Exchange Theory (SET) and Reciprocity.....	29
2.2.2.4 Critical Summary .....	31
2.2.2.5 Main Contributions of the Selected Studies .....	34
2.3 CONCEPTUAL DEVELOPMENT.....	37
2.3.1 Introduction .....	37
2.3.2 Study Variables: Trust and Reciprocity Impact on Knowledge Exchange.....	39
2.3.2.1 Outsourcing Success .....	39
2.3.2.2 Knowledge Sharing .....	39
2.3.2.3 Trust .....	40
2.3.2.4 Reciprocity.....	41
2.3.2.5 Definition of Study Terms.....	42
2.3.3 Study Framework.....	44
2.3.4 Conclusions .....	45
<b>CHAPTER 3 METHODOLOGY .....</b>	<b>46</b>
3.1 RESEARCH PHILOSOPHY .....	46
3.2 CONCEPTUALISING THE RESEARCH FIELD .....	47

3.3 DEVELOPING INDUCTIVE REASONING.....	48
3.4 INTERPRETIVISM AS AN APPROACH TO ACTION RESEARCH .....	48
3.5 ACTION RESEARCH.....	49
3.5.1 <i>What is Action Research?</i> .....	49
3.5.2 <i>The Key Characteristics of Action Research</i> .....	49
3.5.3 <i>The Purpose of Conducting Action Research</i> .....	50
3.5.4 <i>The Development of Action Research</i> .....	51
3.5.5 <i>The Models and Definitions of Action Research</i> .....	52
3.5.6 <i>The Philosophical Worldview of the Action Researcher (Insider Action Research)</i> .....	54
3.5.6.1 Collaborative Management Research .....	54
3.5.7 <i>Action Research as a Methodological Tool (Action Research Cycles)</i> .....	55
3.6 CASE STUDY .....	60
3.6.1 <i>What is a Case Study?</i> .....	60
3.6.2 <i>Types of Case Studies</i> .....	60
3.6.3 <i>Conducting Case Study Research</i> .....	60
3.6.4 <i>Study Case Data Collection and Analysis</i> .....	63
3.7 FEASIBILITY .....	64
3.8 QUALITATIVE RESEARCH QUALITY.....	65
3.9 QUALITATIVE DATA COLLECTION .....	66
3.9.1 <i>Secondary Data Collection Sources</i> .....	66
3.9.2 <i>Primary Data Collection Sources</i> .....	66
3.10 DESIGNING STUDY QUESTIONS .....	67
3.11 INTERVIEWS .....	67
3.12 QUALITATIVE DATA INTERPRETATION .....	70
3.13 NVIVO SOFTWARE.....	71
<b>CHAPTER 4 DATA ANALYSIS AND RESULTS .....</b>	<b>72</b>
4.1 INTRODUCTION .....	72
4.2 QUALITATIVE DATA ANALYSIS SOFTWARE (CAQDAS) NVIVO .....	72
4.3 DATA CODING AND THEMES GENERATION .....	72
4.4 DATA CODING AND THEMES GENERATION – FIRST PHASE OF INTERVIEWS.....	74
4.4.1 <i>Data Coding – First Cycle of Analysis</i> .....	74
4.4.2 <i>Themes Generation – Second Cycle of Analysis</i> .....	76
4.4.3 <i>Narrative Description of the Phase 1 Pattern Codes</i> .....	79
4.4.3.1 Trust .....	79
4.4.3.2 Reciprocity.....	80
4.4.3.3 Lessons learned .....	81
4.4.4 <i>Reflection on Phase 1</i> .....	82
4.4.4.1 Study Updated Framework – Phase 1 .....	82
4.4.4.2 Discussion of Key Findings from Phase 1.....	88
4.5 DATA CODING AND THEMES GENERATION – SECOND PHASE OF INTERVIEWS.....	90
4.5.1 <i>Data Coding and Themes Generation</i> .....	90
4.5.2 <i>Narrative Description of the Phase 2 Pattern Codes</i> .....	91
4.5.2.1 Trust .....	91
4.5.2.2 Reciprocity.....	96
4.5.3 <i>Reflection on Phase 2</i> .....	100
4.5.3.1 Study Updated Framework – Phase 2 .....	100
4.5.3.2 Discussion of Key Findings from Phase 2.....	102
4.6 ACTION PLAN PROPOSAL – THIRD PHASE OF INTERVIEWS.....	104

4.6.1	<i>The Purpose of Phase 3</i> .....	104
4.6.2	<i>Narrative Description of the Phase 3 Pattern Codes</i> .....	105
4.6.2.1	Trust .....	105
4.6.2.2	Reciprocity.....	108
4.6.3	<i>Reflection on Phase 3</i> .....	111
4.6.3.1	Study Updated Framework – Phase 3 .....	111
4.6.3.2	Discussion of Key Findings from Phase 3.....	112
<b>CHAPTER 5 CONTRIBUTION OF THE RESEARCH PROCESS TO THE RESEARCHER’S PROFESSIONAL PRACTICE AND THE RESEARCHED ORGANISATION .....</b>		<b>115</b>
5.1	INTRODUCTION .....	115
5.2	CONTRIBUTION OF THIS STUDY TO THE PROFESSIONAL DEVELOPMENT OF THE WRITER AND HIS PRACTICE .....	116
5.2.1	<i>Action Research Inquiry</i> .....	116
5.2.2	<i>Framing the Action Research Project</i> .....	116
5.2.3	<i>Designing and Implementing the Action Research Study</i> .....	117
5.2.4	<i>Knowing and Learning</i> .....	117
5.2.5	<i>Inter-level Dynamics in Insider Action Research</i> .....	119
5.2.6	<i>Issues and Challenges in Researching Your Own Organisation</i> .....	119
5.3	IMPACT OF THE RESEARCH PROCESS ON THE RESEARCHED ORGANISATION .....	120
5.3.1	<i>Proposals for Improvements</i> .....	121
5.3.2	<i>Change and Learning</i> .....	131
5.3.3	<i>Difficulties and Challenges</i> .....	132
5.4	STUDY RESULT IMPLEMENTATION – CHANGE PROJECT .....	134
<b>CHAPTER 6 DISCUSSION AND CONCLUSIONS.....</b>		<b>141</b>
6.1	INTRODUCTION .....	141
6.2	DISCUSSION OF THE STUDY QUESTIONS .....	141
6.3	SUMMARY OF THE FINDINGS.....	142
6.3.1	<i>Knowledge Transfer</i> .....	143
6.3.2	<i>Reciprocity</i> .....	144
6.3.2.1	Contract.....	144
6.3.2.2	Client Capability.....	145
6.3.2.3	Operation Readiness .....	147
6.3.2.4	Client-Vendor Relationship.....	148
6.3.3	<i>Trust</i> .....	149
6.3.3.1	Contract.....	149
6.3.3.2	Vendor Capability .....	151
6.3.3.3	Communication Quality.....	152
6.3.3.4	Transparency .....	153
6.3.4	<i>Assisting Factors</i> .....	154
6.3.4.1	Top Management Support .....	154
6.3.4.2	External Consultant Support .....	154
6.4	CONTRIBUTIONS TO KNOWLEDGE .....	154
6.4.1	<i>Evolution of the Study Framework</i> .....	154
6.4.2	<i>Contribution</i> .....	156
6.4.3	<i>Managerial Implications</i> .....	158
6.4.4	<i>Action Research</i> .....	160
6.5	THE CREDIBILITY OF THE RESEARCH FINDINGS .....	160
6.6	LIMITATIONS .....	161
6.7	DIRECTIONS FOR FUTURE RESEARCH .....	162

6.8 CONCLUSIONS .....	162
<b>APPENDICES .....</b>	<b>164</b>
Appendix A. Literature Review Classification .....	165
Appendix B. Interview Protocol (Guide) .....	167
Appendix C. NVivo Guide and Phase 1 Coding.....	171
Appendix D. Phase 1 Pattern Codes – Sources Summary .....	185
Appendix E. All Phases Interviewees Summary .....	192
Appendix F. Phase 2 Coding.....	193
Appendix G. Samples of Supporting Documents .....	197
Appendix H. Samples of Interview Transcripts .....	200
Appendix I. Samples of Interviewees’ Quotations .....	203
<b>BIBLIOGRAPHY .....</b>	<b>210</b>

## List of Tables

TABLE 2-1 CONTRIBUTION OF THE SELECTED STUDIES.....	35
TABLE 2-2 STUDY VARIABLES DEFINITIONS.....	42
TABLE 3-1 DATA COLLECTION MATRIX.....	69
TABLE 4-1 PATTERN CODING –TRUST & RECIPROCITY .....	78
TABLE 4-2 PATTERN CODING – LESSONS LEARNED .....	78
TABLE 4-3 STUDY VARIABLES DEFINITIONS.....	84
TABLE 5-1 SHORT-TERM IMPROVEMENTS: TRUST.....	126
TABLE 5-2 SHORT-TERM IMPROVEMENTS: RECIPROCITY .....	128
TABLE 5-3 LONG-TERM IMPROVEMENTS: TRUST .....	130
TABLE 5-4 LONG-TERM PROPOSALS: RECIPROCITY.....	131
TABLE 5-5 OPPORTUNITY STATEMENT ANALYSIS WITH SAMPLE RANKING .....	134
TABLE 5-6 CONFLICT HANDLING STYLES .....	136
TABLE A-1 LITERATURE REVIEW CLASSIFICATION .....	166
TABLE C-1 PHASE 1 CODING .....	172
TABLE C-2 PHASE 1 CODE BOOK .....	173
TABLE C-3 CODE REFERENCES – TRUST.....	179
TABLE C-4 CODE REFERENCES – RECIPROCITY.....	180
TABLE C-5 CODE REFERENCES – LESSONS LEARNED .....	180
TABLE C-6 NODES COMPARED BY NUMBER OF ITEMS CODED_ TRUST & RECIPROCITY PATTERN CODES.....	182
TABLE C-7 NODES COMPARED BY NUMBER OF ITEMS CODED_ LESSONS LEARNED PATTERN CODES.....	182
TABLE E-1 ALL PHASES INTERVIEWEES SUMMARY.....	192
TABLE F-1 PHASE 2 CODING.....	193
TABLE F-2 PHASE 2 CODE BOOK .....	194
TABLE I-1 QUOTATIONS SAMPLE – PHASE 1 INTERVIEWS – TRUST .....	203
TABLE I-2 QUOTATIONS SAMPLE – PHASE 1 INTERVIEWS –RECIPROCITY.....	204
TABLE I-3 QUOTATIONS SAMPLE – PHASE 1 INTERVIEWS – LESSONS LEARNED.....	205
TABLE I-4 QUOTATIONS SAMPLE – PHASE 2 INTERVIEWS – TRUST .....	206
TABLE I-5 QUOTATIONS SAMPLE – PHASE 2 INTERVIEWS – RECIPROCITY .....	207
TABLE I-6 QUOTATIONS SAMPLE – PHASE 3 INTERVIEWS – TRUST .....	208
TABLE I-7 QUOTATIONS SAMPLE – PHASE 3 INTERVIEWS – RECIPROCITY .....	209

## List of Figures

FIGURE 1-1 COMBINATION OF OUTSOURCING AND OFFSHORING .....	4
FIGURE 2-1 STUDY FRAMEWORK .....	45
FIGURE 3-1 FOCUS OF RESEARCHER AND SYSTEM .....	53

FIGURE 3-2 Co-GENERATIVE ACTION RESEARCH MODEL.....	54
FIGURE 3-3 ACTION RESEARCH CORE CYCLE.....	57
FIGURE 3-4 CORE ACTION RESEARCH AND THESIS RESEARCH .....	58
FIGURE 3-5 CORE ACTION RESEARCH AND THESIS RESEARCH (DETAILED).....	59
FIGURE 3-6 STUDY CASE-ACTION RESEARCH INTERACTIONS .....	62
FIGURE 3-7 DATA COLLECTION CIRCLE.....	67
FIGURE 4-1 ENHANCED STUDY FRAMEWORK.....	75
FIGURE 4-2 PHASE 1 STUDY FRAMEWORK.....	83
FIGURE 4-3 PHASE 2 STUDY FRAMEWORK.....	101
FIGURE 4-4 PHASE 3 STUDY FRAMEWORK.....	112
FIGURE 5-1 SHORT-TERM IMPACT FOR TRUST AND RECIPROCITY DIMENSIONS.....	124
FIGURE 5-2 LONG-TERM IMPACT FOR TRUST AND RECIPROCITY DIMENSIONS.....	125
FIGURE 5-3 PDCA CYCLE.....	137
FIGURE 6-1 STUDY FINAL FRAMEWORK.....	143
FIGURE B-1 PHASE 1 INTERVIEW GUIDE.....	167
FIGURE B-2 PHASE 2 INTERVIEW GUIDE.....	168
FIGURE B-3 PHASE 3 INTERVIEW GUIDE.....	170
FIGURE C-1 NVIVO GUIDE.....	171
FIGURE C-2 WORD CLOUD.....	172
FIGURE C-3 TRUST CODING SUMMARY .....	175
FIGURE C-4 RECIPROCITY CODING SUMMARY (PART ONE).....	175
FIGURE C-5 RECIPROCITY CODING SUMMARY (PART TWO).....	176
FIGURE C-6 RECIPROCITY CODING SUMMARY (PART THREE).....	176
FIGURE C-7 LESSONS LEARNED CODING SUMMARY .....	177
FIGURE C-8 TREE DIAGRAM: SOURCES COMPARED BY NUMBER OF NODES CODING .....	177
FIGURE C-9 TREE DIAGRAM – NODES COMPARED BY NUMBER OF CODING REFERENCES: TRUST .....	178
FIGURE C-10 TREE DIAGRAM – NODES COMPARED BY NUMBER OF CODING REFERENCES – RECIPROCITY .....	178
FIGURE C-11 TREE DIAGRAM – NODES COMPARED BY NUMBER OF CODING REFERENCES – LESSONS LEARNED.....	179
FIGURE C-12 TREE DIAGRAM – NODES COMPARED BY NUMBER OF ITEMS CODED_ TRUST PATTERN CODES.....	180
FIGURE C-13 TREE DIAGRAM – NODES COMPARED BY NUMBER OF ITEMS CODED_ RECIPROCITY PATTERN CODES .....	181
FIGURE C-14 TREE DIAGRAM–NODES COMPARED BY NUMBER OF ITEMS CODED_ LESSONS LEARNED PATTERN CODES.....	181
FIGURE C-15 NODES CLUSTERED BY WORD-SIMILARITY_ TRUST PATTERN CODES.....	182
FIGURE C-16 NODES CLUSTERED BY WORD-SIMILARITY_ RECIPROCITY PATTERN CODES .....	183
FIGURE C-17 NODES CLUSTERED BY WORD-SIMILARITY_ LESSONS LEARNED PATTERN CODES .....	183
FIGURE C-18 NODES CLUSTERED BY WORD SIMILARITY_ TRUST AND LESSONS LEARNED PATTERN CODES.....	184
FIGURE C-19 NODES CLUSTERED BY WORD SIMILARITY_ RECIPROCITY AND LESSONS LEARNED PATTERN CODES.....	184
FIGURE D-1 TREE DIAGRAM – VENDOR'S ADEQUATE COMPETENCY – CODING BY ITEM.....	185
FIGURE D-2 TREE DIAGRAM – COMPREHENSIVE CONTRACT – CODING BY ITEM.....	185
FIGURE D-3 TREE DIAGRAM – RESPONSIBLE TRANSPARENCY – CODING BY ITEM.....	186
FIGURE D-4 TREE DIAGRAM – PROPER COMMUNICATION CHANNELS – CODING BY ITEM .....	186
FIGURE D-5 TREE DIAGRAM – CLIENT'S ADEQUATE COMPETENCY – CODING BY ITEM.....	187
FIGURE D-6 TREE DIAGRAM – COMPREHENSIVE CONTRACT – CODING BY ITEM.....	187
FIGURE D-7 TREE DIAGRAM – IN-ADVANCE PLANNING – CODING BY ITEM.....	188
FIGURE D-8 TREE DIAGRAM – MUTUAL STRONG RELATIONSHIP – CODING BY ITEM .....	188
FIGURE D-9 TREE DIAGRAM – OPERATION READINESS – CODING BY ITEM .....	189
FIGURE D-10 TREE DIAGRAM – NEEDED CLIENTS CAPABILITIES – CODING BY ITEM .....	189
FIGURE D-11 TREE DIAGRAM – CLIENT MANAGEMENT RESPONSIBILITY – CODING BY ITEM .....	190
FIGURE D-12 TREE DIAGRAM – CLIENT OPERATION READINESS – CODING BY ITEM.....	190
FIGURE D-13 TREE DIAGRAM – CONTRACT AND RELATIONSHIP WITH VENDOR – CODING BY ITEM .....	191
FIGURE F-1 TRUST (PHASE 2) CODING SUMMARY .....	194
FIGURE F-2 RECIPROCITY (PHASE 2) CODING SUMMARY .....	195
FIGURE F-3 NODES CLUSTERED BY WORD SIMILARITY_ RECIPROCITY PATTERN CODES .....	195
FIGURE F-4 NODES CLUSTERED BY WORD SIMILARITY_ TRUST PATTERN CODES .....	196
FIGURE F-5 NODES CLUSTERED BY WORD SIMILARITY_ TRUST – RECIPROCITY PATTERN CODES .....	196

FIGURE G-1 SAMPLE OF OUTSOURCING CONTRACT .....	197
FIGURE G-2 DAILY DASHBOARD REPORT .....	198
FIGURE G-3 DAILY SAMPLE OF PHASE 1 OBSERVATION.....	199
FIGURE H-1 TRANSCRIPT SAMPLE – PHASE 1 INTERVIEW .....	200
FIGURE H-2 TRANSCRIPT SAMPLE – PHASE 2 INTERVIEW .....	201
FIGURE H-3 TRANSCRIPT SAMPLE – PHASE 3 INTERVIEW – FOCUS GROUP.....	202

# **Chapter 1 Introduction**

## **1.1 Purpose and Objectives**

### **1.1.1 Purpose of the Thesis**

The purpose of this study is to identify practically the trust and reciprocity factors that affect knowledge transfer from vendors to clients in IT outsourcing projects. In this study, the researcher will identify the current knowledge gap in existing literature. The study will depend on existing literature to build the basic framework for the study and to identify the factors that influence knowledge transfer. The existing literature focuses on the impact of mutual trust between vendors and clients on knowledge transfer. Another dimension will be added and studied in this thesis, which is reciprocity.

### **1.1.2 Aim and Objectives of the Thesis**

The main aim of the thesis is to find the trust and reciprocity sub-factors that have an impact on knowledge transfer from the vendor to the client. The following objectives can help in achieving the main aim of the thesis:

- 1- Review the existing literature on IT outsourcing
- 2- Identify the main factors that can lead to successful outsourcing
- 3- Narrow the found factors to focus only on the ones that have an obvious impact on knowledge transfer, such as trust and reciprocity
- 4- Find with the help of study participants how trust and reciprocity can lead to outsourcing success and enhance organisation learning through efficient knowledge transfer

## **1.2 IT Outsourcing**

IT Outsourcing is the endeavour of a company to expedite achievement of its goals by handing over of all or a part of its IT services to a vendor (Cheon et al., 1995). The technology sector is characterised by complexity and uncertainty. It is noted that in the last decade, changes in technological entry and exit barriers have changed

the map of the key technology vendors. The barriers, which were preventing easy entrance to the ICT (Information and Communication Technology) sector, have been removed. The technology gaps between companies have been reduced and thus small companies have the chance to grow quickly and start controlling the technology market. To maintain their position in highly competitive markets, many operators and companies began to use managed services or outsourcing as a way to focus on their core business and reduce the cost of acquiring new technologies and software. In some cases, companies use outsourcing as a fast entrance to the market and to build a competitive advantage so that they can survive. Common IT outsourced functions are applications development, systems operations, telecommunications and networks management, applications maintenance, systems planning and management, and a help desk (Grover et al., 1994). Outsourcing can help companies to eradicate the headaches and high costs of daily operations and shift the risk of changes in technologies and software to other companies (vendors). Studies show that the main reasons for operators to outsource IT are cost, risk, flexibility, and skills. Outsourcing can also be applied to health care organisations. This study will be conducted in one of these health care organisations.

## **1.3 Rationale for Research**

### **1.3.1 Researcher's Professional Experience**

The researcher is a DBA student (enrolled in the Doctor of Business Administration at Liverpool University – thesis stage). The researcher is an MBA-educated operations manager with an MSc in Telecommunication Engineering. The researcher is a results-oriented, high-energy, hands-on professional, with a successful record of accomplishments in the managed services sector, IT-service management, staff recruiting management and training, change management, problem and crises management, and performance and optimisation management. The researcher has experience in service operations, network planning, transition/transformation management planning and implementation, workforce management training, quality management, Health, Safety & Environment (HSE) management, and customer care service, with a focus on providing the customer

with the highest quality of services. The researcher possesses technical knowledge of the ICT (Information and Communication Technology) domain, which covers mobile and fixed networks, OSS & BSS, MVNO, Tetra and infrastructure, IT, and the service desk. The researcher has international work experience in the Middle East, Africa, Asia, Europe and South America. This experience covers service design, transition, operation and continuous improvement.

The researcher is now working in the healthcare sector, in the IT department. The main role of the researcher is service and vendor management. The job responsibilities cover incident, problem, change, release, request, and knowledge management. Performance management and reporting are another part of the job responsibility. Part of this job is vendor management and working as a counterpart to vendors in outsourced projects.

This study is a real chance and challenge for the researcher to apply what has been learned during the DBA program and to share this knowledge with the organisation's employees to achieve the main goals of the organisation, i.e. to be one of the best health care providers in the Middle East. Modern health care organisations depend heavily on technology; this explains why managing outsourcing is crucial to health care organisations.

### **1.3.2 Introduction to the Organisation Under Study**

The organisation is planned to be one of the largest medical and research health care centres in the Region. The organisation will provide the highest standards of patient care, biomedical research, and medical education in the region. To achieve this aim, the organisation is building a state-of-the-art IT infrastructure that includes two modern data centres. The organisation uses the best Enterprise Resource Planning (ERP) and clinical systems to help achieve its targets. The organisation has invested millions of dollars in its IT infrastructure and software applications. The organisation has outsourced the operations of the new IT equipment and software applications to IT vendors. The vendors have teams in the country and outside the country to cover 24 hours/7 days operations. This means that the organisation uses both inshore (Help Desk and first-line support teams) and offshore (leverage teams or the second-line support teams) outsourcing models. Outsourcing can be either

offshoring or inshoring, or both combined as seen in Figure 1-1. The organisation has a huge IT department with more than one hundred employees distributed in infrastructure, ERP, and clinical applications. These employees are from different countries with high diversity of experience. The outsourcing contracts are short-term contracts. The ending of these contracts will depend on the IT team’s readiness to take over.

		Outsourcing	
		NO	YES
Offshoring	NO	Operations kept in-house and onshore	Operations transferred to an external vendor onshore
	YES	Operations kept in-house but transferred offshore	Operations transferred to an external vendor offshore

Source: Karstila (2010)

Figure 1-1 Combination of Outsourcing and Offshoring

### 1.3.3 Fundamentals of a High-Reliability Organisation (HRO)

An HRO is characterised by a work environment with zero harmful incidents. Hospitals are considered to be HROs. In the studied organisation, the aim is to have a zero-harm health care institution. To achieve this, the studied organisation is working to ensure quality, safety, and efficiency. An HRO culture requires staff at every level to be comfortable about sharing concerns and information with other.

For this, the company is acquiring the best medical and IT equipment available on the market. The company is outsourcing the operations of such sophisticated equipment to vendors for a short period until the company can build up a bank of skilled employees. IT is one the crucial systems within this company. Patient data records and data flows depend mainly on IT systems. High availability in these systems is a must for an HRO. The company should be prepared to take over the vendor’s responsibility, and to be able to deliver the same quality level of services. This study will help the company to understand how to benefit from outsourcing and how to successfully take over the vendor’s activities.

### **1.3.4 Organisation IT Operating Model**

IT branch departments work on delivering many IT services to business, clinical, administration units, and support services within the company. IT consists of different organisational units, technologies, processes, and expertise; the IT structure is designed to align departmental services with business goals and demands.

The internal operations of the infrastructure and the operational teams are organised into three main tiers:

- Tier 1: the first contact line with the end users. First-line resources are responsible for reviewing the tickets opened by the end users and to provide an immediate response to known situations, or to escalate them to Tier 2.
- Tier 2: second-line domain specialised resources with in-depth knowledge in the different technologies and applications used by IT. The second-line support receives escalations from the first-line support resources, or incidents from the monitoring system.
- Tier 3: third-line support is the vendors who supply the different IT technologies. Third-line support receives vertical escalations from the second-line support and can also be contacted in emergency situations.

### **1.3.5 Problems Associated with IT Outsourcing**

The organisation under study has to take many decisions during the outsourcing process, such as adding and deploying new operational tools, new projects, signing new contracts, adding new vendors and hiring new employees. The problem identified is related to the long-term impact of outsourcing on knowledge transfer from the vendor to the organisation's employees and organisation learning. The importance of this study is that it can help the organisation to identify the long-term targets from outsourcing, and to enhance knowledge transfer during the whole project lifecycle, without waiting until the final stages. In this study, the researcher will try to identify the best strategies to enhance knowledge transfer from the vendor to the client. The study is conducted in a country where many organisations depend on outsourcing to run their initial operational phases; this means that the study will

help other organisations to overcome knowledge transfer problems and to plan in advance to enhance the transfer process. IT outsourcing is affected by the four industry characteristics (munificence, dynamism, concentration, and capital intensity). These characteristics will determine whether the organisation should keep IT within the company or outsource it, based on time to market, capital availability, and willingness to take the risk. QU et al. (2011) found that munificence and dynamism lead to an outsourcing preference, while concentration and capital intensity lead to a preference for keeping IT in-house (risk averse). Tiwari (2009) found that a transition phase can be fruitful if there is role clarity (vendor-client) and process clarity (workflow process and monitoring process). The transition phase is the stage after which the knowledge and responsibilities are transferred from the vendor to the client.

The identified workplace problem (WPP) is related to knowledge transfer during IT outsourcing. Outsourcing means an operator is paying the supplier to manage the daily operations of the operator's ICT network, in order to improve the quality of the provided services and the operator's financial performance. Knowledge transfer is the transfer of expertise, processes, and technologies from the vendor to the client company during the IT outsourcing project. Knowledge Exchange covers implicit and explicit knowledge sharing, communication quality, and collaborative participation (Lee & Kim, 1999; Lee, 2001).

To have efficient knowledge transfer there is a need for mutual trust between the parties, and to have reciprocity strengths or currencies in the client's hand, to help the client to obtain the required information during the project. Some researchers found that trust is a strong guarantee that the vendor will fulfil the contract obligations and behave in a predictable manner (Park et al., 2011; Qi & Chau, 2013; Han et al., 2008; Lee & Johnsen, 2011). Other researchers saw that reciprocity (mutually contingent exchange of benefits between two or more units) is linked with people's expectations of being paid back (Gouldner, 1960; Cohen and Bradford, 1989).

WPP focuses on identifying the trust and reciprocity factors that can assist the efficient knowledge transfer from the vendor to the client in IT outsourcing projects.

The study focus will be on transferring knowledge to Tier 1 and Tier 2 resources; Tier 3 support will always stay with the vendor. Outsourcing also impacts other stakeholders, such as shareholders, supplier subcontractors, and the community. In general, the decision makers need to consider the needs and interests of all stakeholders when deciding to go for outsourcing. The focus will be on previous outsourcing studies within the ICT sector. Early studies in the 1990s focused on IT determinants of IT outsourcing, outsourcing strategies, and mitigating IT outsourcing risks. After the year 2000, there was a shift to study new areas related to outsourcing, such as business process outsourcing, offshore outsourcing, and relationship management (Lacity et al., 2009). These studies were classified as theoretical (conceptual) studies, illustrative studies (practical) or applied-concept studies (theoretical-practical) (Gonzalez et al., 2006). The primary focus of the existing literature about outsourcing is on the financial impact of outsourcing (the profit bottom line). Few articles focus on the ethical impact of outsourcing on domestic employment security, information security, and product quality. Customers' perceptions of outsourcing were also considered in some studies. Some studies shed light on offshoring benefits and threats, while others focused on impact of outsourcing on the company's employees' morals and core competencies.

Knowledge exchange from vendors to clients is impacted by the level of mutual trust between the client and vendor (Park et al., 2011; Qi & Chau, 2013; Han et al., 2008; Lee & Johnsen, 2011; Paravastu, 2007)) and the benefits each party is expecting to receive from the other party (reciprocity) (Gouldner, 1960; Cohen and Bradford, 1989; Wai et al., 2010; Qi & Chau, 2013). Without reciprocity and trust, communication with vendors will be one way and the client will only obtain the knowledge that the vendor wants to share, regardless of its relevance or value to client learning.

The aim of this research is to contribute to existing knowledge by focusing on the client-vendor relationship during outsourcing. It will examine the factors shaping this relationship, in order to improve the efficiency of the knowledge transfer (sharing) process by establishing a win-win relationship between all parties.

The research will be a case study addressing the following questions:

Is trust enough to assure knowledge transfer from the vendor to the client? How can employees use reciprocity to improve knowledge transfer from the vendor to the client?

These questions can be combined in one general study question:

**What is the impact of trust and reciprocity on knowledge exchange in IT outsourcing projects?**

**Reciprocity** is the mutually contingent exchange of benefits between two or more units, as people expect to be paid back (Gouldner, 1960; Cohen and Bradford, 1989).

**Trust** is the expectation that the other party can be relied upon to fulfil their obligations and to behave in a predictable manner, negotiate and act justly (Park et al., 2011).

**Knowledge exchange** (sharing) is the transfer of expertise, technologies, and processes between the vendor and the client company through individuals (Lee & Kim, 1999).

The reason for choosing trust and reciprocity is the fact that in practice, the clients usually depend on the contract and the vendor's good intentions to achieve the outsourcing targets. The client must have other strengths, called reciprocity strengths, to achieve the outsourcing targets. In the available literature, there are many articles discussing the relationship between trust and knowledge exchange. Adding the reciprocity dimension to the trust-knowledge exchange relationship will be one of the contributions of this study.

In addition to the case study approach, the researcher will seek the help of action research methodology to handle the situational research problem. In this study, the researcher will gather multiple perspectives through a mixture of data collection methods. A qualitative research method will be adopted to analyse the collected data. Three cycles of action research will be used to collect and analyse the data.

## **1.4 Gap in Literature and Contribution of the Current Research to Theory**

### **1.4.1 Gap in Literature**

Outsourcing is a flourishing market in the ICT sector. Many companies use this approach to overcome market entrance barriers and reduce the cost. Despite its advantages, there are drawbacks for outsourcing if not planned properly. Most studies have focused on the short-term benefits and financial impacts of outsourcing. Companies' success not only depends on financial performance (bottom line profit) but also depends on other competencies and innovations. As an expert who has worked on many outsourced projects, the researcher found that this is not the complete truth. In the long term, outsourcing has adverse impacts on many stakeholders, such as the employees and the community, if the interests of all the stakeholders are not considered before signing outsourcing contracts. In this case study, the researcher will try to shed light on the knowledge exchange between clients and vendors. This is not a straightforward relationship. Trust and reciprocity are two pillars that can lead to efficient knowledge transfer and thus successful outsourcing. The researcher also found in most cases that outsiders scholars conducted the studies. In this case, the researcher will carry out a practical study as an insider researcher. The researcher will be close to employees affected by outsourcing and will have easy access to their narrative and stories. In this study, the researcher will examine the impact on employees during the outsourcing phase and will listen to their recommendations and feedback to gain new knowledge that can be added to the company's existing knowledge. This will be an opportunity for employees to practice action research and learn the importance of participation and democracy in handling work problems, without causing harm to any stakeholder within the company. Action research is a co-generative learning process, which can help to enrich the learning knowledge of the research participants. Learning can be attained through experience, reflection on planning, intentions, actions and outcomes (Coghlan & Brannick, 2010).

### **1.4.2 Contribution of the Current Study to Theory**

The main contribution of the study is the emphasis on the importance of having trust and reciprocity together to achieve IT outsourcing success and to improve knowledge sharing. The study also clearly identified the sub-factors of trust and reciprocity that can lead to this success. For trust, the study finds that four factors can work together to increase the level of trust; these are a well-designed contract, vendor capability, communication quality, and transparency. For reciprocity (exchange), the study finds that four factors can give the client the strength required to obtain the knowledge they seek; these are a well-designed contract, client capability, operation readiness, and a healthy relationship. The study finds that three factors are primary, and the rest are secondary factors that depend on the primary factors. The primary factors are a well-designed contract, vendor capability, and client capability.

## **1.5 Structure of the Thesis**

The thesis is composed of six chapters.

**Chapter One** is an introductory chapter that contains a general overview of IT outsourcing, and the rationale, implications, and feasibility of the study. Moreover, it presents the study's aim and objectives.

**Chapter Two** is a critical overview of the existing literature on IT outsourcing plus a conceptual development of the study and the research framework. The main focus is on the factors affecting successful outsourcing and the relationship between vendors and clients.

**Chapter Three** covers the adopted research methodology, which includes the research philosophy, and the research methods that were used in this study, such as action research and study case research.

**Chapter Four** covers the data collection interviews, data coding, theme generation, and a narrative description of the generated pattern codes in the three interview phases. The chapter also includes the researcher's reflections on the interview results.

**Chapter Five** is a summary of the study's contribution to the researcher's professional development and the study's contribution to organisational development and learning. This includes short-term and long-term recommendations for improvements. The final section of the chapter covers the proposed project for applying the study's results.

**Chapter Six** is the discussion and conclusion chapter. This chapter includes a summary of the study findings, its contribution to knowledge, and implications for practice. This chapter also lists the study's limitations and the directions for future research.

## **Chapter 2 Literature Review and Conceptual Development**

### **2.1 The Purpose of a Literature Review**

The aim of the study is to find the trust and reciprocity factors that can help to improve the knowledge transfer from the vendor to the client's resources during the IT outsourcing project. A literature review can help to explore and identify the current themes, bodies of research, and schools of thought related to the topic in order to inform the study and its research questions. A literature review can help the researcher to identify the gaps in the existing literature. These gaps can be filled by the knowledge generated from the new research. A literature review is an ongoing process, which needs to continue through the study and not only be conducted at the initial stage of the study (Easterby-Smith et al., 2012). In this chapter the author will review the past studies about IT outsourcing, then the author will critically review the researches that covered similar subjects that have a link with this study. This chapter will also cover the conceptual development and identify the determinants of trust and reciprocity from existing literature. Finally, the chapter will introduce the first draft of the study framework that will be used as a base for designing the first study review guide.

### **2.2 Previous Literature on Outsourcing**

The literature of outsourcing has evolved from a focus on reducing the cost of running operations to a more contemporary view of outsourcing knowledge transfer and partnership with vendors to achieve the strategic objectives. The focus of this critical literature review will be on peer-reviewed articles, books, and theses that handled outsourcing in the ICT sector, and factors that lead to successful IT outsourcing.

The found articles were classified into the following main categories (concepts):

- 1- IT Outsourcing Strategies – Intents and Impacts**
- 2- Relationship Management and Knowledge Exchange**

Appendix A, Table A-1 summarises the list of found articles, classified based on the concept covered. This table was used as a journal for the found IT outsourcing articles.

### **2.2.1 IT Outsourcing Strategies – Intents and Impacts**

Increased competition, technological changes, and the impact of socio-economic factors are the main drivers that force companies to start focusing on their core strengths and outsourcing other functions to other companies. Outsourcing is not a new trend in the IT industry. For decades, companies have outsourced their IT functions to vendors to increase their chance of survival in highly competitive markets.

Many articles and research studies have been conducted on IT outsourcing. This category of outsourcing articles is of great help to researchers by saving their initial efforts to find the starting point of their studies. Some researchers have collected together articles about IT outsourcing over a certain period, and classified these found studies according to their field of study. Lacity et al. (2009), Gonzalez et al. (2006) and Patil & Patil (2014) collected and analysed most of the studies related to IT outsourcing. Gonzalez et al. (2006) found that IT outsourcing studies have been increasing since the 1960s and new areas are covered every year. They also found that existing studies treat outsourcing either from the client perspective, vendor perspective, relationship perspective or economic perspective. In a comprehensive study, Lacity et al. (2009) found that the initial focus of IT outsourcing studies was on the IT outsourcing strategy, determinants of IT outsourcing, and mitigating IT outsourcing risks. Lacity et al. found that recent studies started to focus on new areas such as focusing on best practices, client and vendor capabilities, relationship management, and offshore outsourcing. The most recent literature review analysis is Patil & Patil's (2014) study. The authors classified the existing outsourcing studies into thirteen concepts such as saving in operational expenditure (Opex), core competence, innovations, management control, the impact of Service Level Agreements (SLAs) and Quality of Service (QoS), hidden cost, agent change, return and risk sharing, and strategic partnership. All of the studies in this category are a collection and categorisation of existing IT outsourcing studies.

### **2.2.1.1 Intents for IT Outsourcing**

Rao (2004) examined the influence of country factors and individual factors on outsourcing decisions. Country factors that are considered before taking an outsourcing decision are ICT infrastructure of supplier and buyer, legal issues, security, and time zone differences (for call centres and help desks). Individual factors include language issues and cultural issues. Considering the individual and cultural issues will help managers to choose the type of outsourcing – inshoring or offshoring. There is a need to consider the switching cost linked with the decision to discontinue outsourcing, either by switching vendors or back sourcing. Companies may prefer to continue outsourcing and not to backsource if they find that the switching cost is too high. Examples of switching costs associated with changing vendors are uncertainty cost, vendor search cost, and information transfer costs (Whitten et al., 2010). This explains why companies decide to go for outsourcing for a short period, and then become stuck in outsourcing. Other factors that encourage companies to outsource their IT are technological and environmental turbulence. Companies' avoidance of permanent employment arrangements and cost factors are the two primary drivers for outsourcing (Slaughter & Ang, 1996). Outsourcing is pervasive in current times as many companies start to focus on their core business and endeavour to create flexibility by benefiting from the dynamics of the available IT skills market. The possibility of improving performance in a short time is another driver for outsourcing in intensively competitive markets.

Companies can achieve innovation (incremental innovation or radical innovation) by choosing the outcome of the outsourcing transition. The outsourcing outcome mainly depends on tacit knowledge, maturity of core competencies, and best way of control (soft normative or rigid explicit) (Roy & Sivakumar, 2012). In a short article, Wong (2010) listed many reasons that make company leaders choose to outsource, such as meeting changing demands, driving growth, and rising to challenges. This creates a market for vendors (mainly telecom companies) to offer services supporting the achievement of these goals, such as Voice over Internet Protocol (VOIP) and video conferencing, Telepresence, and wireless. Selflessness and self-interest implicitly impact outsourcing decisions. Companies that heavily depend on

outsourcing to acquire new technology and have a competitive advantage may, in the long run, impact their performance and integrative capability in the market.

Companies used to outsource back-office functions like information technology and human resources in order to reduce the cost. Lacity et al. (2004) found that companies can turn their back-office functions into commercial enterprises through a partnership with reliable suppliers. This can be done by focusing on service competency, people competency, technology competency, process competency, and partner competency. In service management, these are the four Ps (product, process, people, and partner) (OGC, 2007).

To create value through outsourcing, Tadelis (2007) proposed several areas that companies need to focus on before deciding to outsource, for example understanding the reason for outsourcing, a well-defined contract, timing, accountability (vendor-client), vendor selection, and the life cycle of the project. Outsourcing provides a fast track for companies to utilise state-of-the-art technologies, in addition to strategy focus, flexibility, quality improvement, and cost savings. The outsourcing decision can be considered as an intervention decision, which can be a result of problems or crises stemming from organisational change (Kambiz, 2010). Kambiz found that intervention decisions can be productive in start-up businesses and counter-productive in mature businesses. The dynamic decision-making process follows this sequence: decision-making, intervention, goal achievement, feedback, and updates. Managers may continue to intervene to reach the optimal state, which may lead to catastrophic results.

IT jobs that require no face-to-face interaction with customers are the main functions favoured by companies for outsourcing (Tambe & Hitt, 2010). The financial gains of outsourcing should not obscure other raised costs such as human costs, or switching costs. Samaddar & Kadiyala (2006) studied the impact of culture on the outsourcing decision in Asian countries. It was found that outsourcing decisions were affected by the following cultural dimensions – power distance, long-term orientation, and uncertainty avoidance. The same was found by Hofstede (1994). Hofstede found that long-term orientation is salient in East Asian countries. These countries place emphasis on obtaining and maintaining long-term business relationships.

Many risks are associated with outsourcing, such as poaching (misuse of information), shirking (agent problem) and opportunistic renegotiation. Aron et al. (2005) classified outsourcing risks under four categories: 1) strategic risks; 2) operational risks; 3) intrinsic risks of atrophy; 4) intrinsic risks of location. Understanding these risks can help managers to choose the right outsourcing decision (what to keep within the company and what to outsource). McKenna & Walker (2008) agreed with Aron et al.'s results in that managers' consideration and judgement towards outsourcing should be based on the evaluation of contextual factors, strategy, structure, and transaction costs. Managers may decide to go for outsourcing to improve strategic focus and to reduce risks and costs. In many cases, outsourcing incurs unanticipated costs and hidden risks, and thus, companies cannot achieve their intended objectives (Young & Macneil, 2000).

The outsourcing decision is not an easy one; once it is decided, it will be difficult to turn back. For this reason, the client's management should study this decision carefully. Goo et al. (2007) studied the factors that can facilitate a long healthy relationship between the vendor and client. The researchers studied seven factors, some of which are ex-ante variables, and some of which are ex-post variables.

The outsourcing decision can be considered as in antecedent to outsourcing success. In this phase, the functions to be outsourced are identified. The impact of this phase will spread over the whole life cycle of the outsourcing project. Companies need to know their capabilities and needs before considering outsourcing as a future strategic decision.

#### **2.2.1.2 IT Outsourcing Impacts**

The ethical impact of the outsourcing decision is a debatable issue among those in favour of outsourcing and those against it. Fink (2010) identified four dimensions that have an effect on an organisation's outsourcing decision: 1) organisational IT asset position (technical); 2) organisational IT value position (strategic); 3) relational capability position (knowledge sharing); 4) relational asset position (safeguard duration and transaction volume). The first two dimensions are used in the decision phase; the other two are used in the implementation phase. Combinations of the four

dimensions' strengths and weaknesses will determine the effectiveness of IT outsourcing.

Elmuti et al. (2010) found a positive relationship between outsourcing and outsourcing decisions and job satisfaction, quality of work life, organisational commitment, and employees' intentions to quit the organisation. The effective communication between management and employees during the outsourcing contract preparation and negotiation is crucial to have a positive impact on the above relationships. Taylor (2012) attributed adverse outsourcing impacts to the focus of companies on lowering the costs and increasing the flexibility and core competencies, at the expense of issues relevant to employees such as morals, attitudes, trust, behaviour, and job security. Outsourcing (if not planned well) can breach the virtual psychological contract between the company and its employees, thus leading to low morale, job insecurity, loss of identity, increased labour turnover, and breakdown of commitment and trust. Companies can overcome these issues by collaboration and facilitation, equity and fairness, and open communication channels. Other researchers found that employer-employee relationships during outsourcing are positively impacted by perceived organisational support and organisational commitment (Sivalogathan & Hashim, 2013).

Outsourcing arrangements can result in role conflict and role ambiguity, which can lead to adverse impacts on task performance, commitment, and turnover intention (Soli-Saether, 2011). Quan & Cha (2010) dig deeper into the relationship between outsourcing and turnover intention. They proposed a three-level framework to study the main factors that increase turnover intention. These levels are environmental level (outsourcing, offshoring); firm level (HR practices, industry type); and individual level (personal factors, and job-related factors). The industry type, the time employees last acquired an IT certificate, and the previous employee turnover behaviour are the most influencing factors on turnover intention (ibid., 2010). International outsourcing can lower employees' job security regardless of their experience level. Turnover increases with employment duration (Geishecker, 2008). Harris et al. (2009) found a relationship between job satisfaction (job security, compensation, rewards) and organisational commitment. These factors have an impact on productivity and retention. As a result of outsourcing and offshoring, the

IT workforce have started to have concerns about their job security. Companies need to consider these issues before deciding to outsource their operations. These fears led to other studies, in which the focus was on human assets. In his article, Hurley (2001) emphasised the importance of human assets for both clients and vendors; there is a need for both to keep qualified people. Companies need to anticipate the factors that can lead to people leaving their job, and try to improve the situation in advance before reaching the 'no return' point.

In most of the studies, the impact on employees is considered from the management perspective through empirical studies. Employees are affected by outsourcing. Some of the affected employees leave the company, and the remaining ones may be reluctant to talk. That is why the exact impact of outsourcing can only be heard by listening to employees talk and their stories through qualitative studies.

On the other hand, Antonucci (1998) and Palvia (1995) listed the cons of outsourcing as loss of control, being held hostage, bad employee morals, personal upheaval, and high switching and coordination costs. Lin et al. (2007) mentioned the factors that can help companies to have successful outsourcing as changing SLA focus to have tangible, measurable objectives; focusing on contract negotiations in the alliance and partnership; risk assessment; and assessment of in-house IT and management capabilities. These findings agreed with Marshall et al. (2007) in that the most successful outsourcing is found when there is a high-level collaborative relationship between the client and supplier. According to Haried & Ramamurthy (2010), the lessons learned from outsourcing (mainly offshoring) are: 1) an opportunity to leverage 24/7 (follow the sun); 2) hidden costs; 3) there is a mismatch between client and vendor expectations; 4) outsourcing affords strategic opportunities; 5) globalisation and offshoring are irreversible; 6) partnership between client and vendor; and 7) it enhances the thinking horizon of individuals working for both the client and vendor. Face-to-face communication is still mandatory and needed; also, there is a need for cultural homogeneity to have successful communication. Lacity et al. (2008) mentioned other lessons learned from back-office outsourcing such as keeping core capabilities and a qualified IT team in-house (insourcing), the outsource non-core capability, aligning the business and outsource strategy, following a robust outsourcing process, planning and

managing the outsourcing portfolio, and planning learning. Readers can see that some of these lessons learned are common among many researchers, and some are still debatable.

### **2.2.1.3 Critical Summary**

The researcher noticed that there was a shortage of practical studies focusing on the impact of outsourcing on employees' gained knowledge and organisation learning, during and after outsourcing. In the few studies found, there was a focus on factors impacting knowledge transfer from the vendors to the clients, such as the outsourcing contract, organisational capability, trust, and communication.

The studies in this category shed light on outsourcing strategies, intents, and impacts. Determining the advantages and disadvantages of outsourcing was one of the main targets of these studies. A historical summary of outsourcing studies was covered in this category. I used these studies as a guideline for conducting the literature review and identifying the studies related to IT outsourcing. Outsourcing is already in place in the studied organisation, so I used the advantages and disadvantages of IT outsourcing as a guide for identifying the existing gaps within the studied organisation. The other value of this category is that it helps in narrowing the broader focus of the study question.

There is a known phenomenon related to decision-making called the performance issue or "better-before-the worst phenomena" (Kambiz, 2010, P. 569). This means that the performance improves for a short period after a new decision, but in the long run, it worsens.

In general, these studies are of great help to researchers as an aid to identifying the topics already covered in this area.

### **2.2.2 Relationship Management and Knowledge Exchange**

The research in this category comprises mixed studies that will be used in this study to examine trust and reciprocity and identify the sub-factors of each of them. The researcher will benefit from these categories by highlighting the main factors that can raise the mutual level of trust between the client and the vendor to have successful knowledge transfer. These factors will be classified in the study framework under a main category called trust.

Another important contribution from this category is the social exchange theory (SET) that explains the motives for an inter-organisational relationship (IOR). SET will help the researcher to explain the reciprocity term that will be used in the study, and its impact on knowledge transfer.

#### **2.2.2.1 Client-Vendor Relationship Management and Trust**

The relationship between outsourcing companies and vendors has been extensively covered in the literature. Goo et al. (2008, 2009) and Goo (2010) covered the impact of SLAs on outsourcing. All these studies tried to construct a structural SLA framework, which covers both relational governance and formal contracts. Commitment and trust are necessary for successful outsourcing. The studies identify three sets of characteristics: 1) foundation (process ownership; service level contents and objectives); 2) governance (enforcement and communication plans; conflict arbitration charters and measurement); 3) change (feedback; demand management; change; and innovation plans). Each project can have its unique sets of these characteristics based on the target of the project. In reality, SLA is one of the main parts of the outsourcing project, and little emphasis is put on its design. In most cases, SLAs are based on shared practice for the same industry. Barthélemy (2001) concluded that outsourcing success depends on two pillars – the contract (hard side) and mutual trust (soft side). The proper combination of hard and soft sides will determine the success of outsourcing. The researcher found that the client can meet outsourcing objectives and achieve the highest level of satisfaction when both hard side and soft side are strong; i.e., there is a well-designed contract and a high level of mutual trust between parties.

George et al. (2014) called for the utilisation of the social capital concept in the study of outsourcing relationships. Three perspectives need to be considered during the outsourcing decision state: structural dimensions (network ties and configuration); cognitive dimensions (language, shared codes, and narratives); and relational dimensions (norms, trust, and expectations). These dimensions can help in creating intellectual capital through combinations and exchange. Building social capital using the above three dimensions is impacted by communication, the age of relationship, dependence, and closure (task boundaries). The social capital elements are employed in all outsourcing phases – partner selection, operations and

management, negotiation and contract, and evaluation of the outsourcing relationship.

The partnership between supplier and buyer in the outsourcing contract must be built on a win-win relationship. The ongoing relationship is controlled by SLAs. SLAs usually have credit and malice (bonus and penalty). The pitfall of many operators is to focus on malice only; this can affect the trust relationship with vendors. Kern et al. (2002) looked at the problem from a vendor perspective and called this the winner's curse in IT outsourcing. Many vendors tried to capture new markets by offering low price services, which, in the long run, will lead to vendors failing to deliver the required quality of service. On the other hand, operators have tried to put strict conditions on suppliers to minimise the cost of the outsourcing contract; this can also affect the relationship between parties.

The operators use different criteria when selecting their suppliers, such as strategic, financial, technical, business, and political benefits. Cost saving (financial) is the most widely used criterion. This can force suppliers to deliver promises that they cannot then fulfil later, based on the contract cost. This will reflect badly on the client. For this reason, the relationship should be carefully studied and renegotiated before signing the outsourcing contract; this will protect both parties from falling into the winner's curse trap. Negotiation is vital to have a good contract and successful outsourcing. Negotiators need to learn the best available negotiation techniques to improve their negotiating skills and obtain the best results. Negotiators need to avoid some identified habits to be effective negotiators, such as focusing on the price and neglecting other issues, positions driving out interests, neglecting the other side's problems, neglecting alternatives, being a victim of skewed vision, and striving to find common ground (Sebenius, 2001). Karstila (2010) reached the same conclusion with regard to cost reduction through offshoring outsourcing. Karstila found communication and cultural issues were the two main challenges that can have negative impacts on outsourcing success.

The vendor-client relationship is not straightforward, and it is changing with time as a result of a change in power and dependency between clients and vendors. The aim of this relationship is to improve business and construct the contract in a way that

clearly defines both parties' obligations. Kern & Willcocks (2002) defined a model that summarised the relationship between supplier and client. This model has five dimensions: contract; context (expectations and objectives); interactions (financial, communication and social exchanges, service enforcement, and monitoring); behavioural (trust, commitment, conflict, and power); structural dimensions.

The primary focus should be on achieving the contract objectives. Factors that can help or hinder the achievement of these goals are experience in managing outsourcing and cultural factors (power distance and collectivism). These factors can assist in increasing the level of knowledge that is transferred from vendors to buyers (Beulen & Ribbers, 2003). Hansen & Rasmussen (2013) found that three determinants can shape the buyer-vendor relationship and these need to be considered when selecting the vendor's strategy. These determinants are: vendor expectations, vendor potential, and long-term relationship goals. Koh et al. (2004) considered the outsourcing contract as a psychological contract, which is built on the principle of the contract being a mutual obligation, not one-sided. The contract is an individual level of analysis, not inter-organisational, and the contract has psychological obligations that are distinct from the legal ones. Paravastu (2007) found that trust can be used as a moderator to improve the quality of the vendor-client relationship. Paravastu found that three types of trust can increase the client's trust level with the vendor; these are: 1) calculative-based trust (it is in the vendor's interest to fulfil his contractual obligations); 2) transference-based trust (top management trust in the vendor); 3) knowledge-based trust (based on positive experience with a vendor in the past). These different types of trust will impact the quality of service received from the vendor. Contracts can be the foundation of good partnerships between clients and vendors. Goo & Nam (2007) found that well-prepared contracts with well-structured SLAs can be a significant factor in fostering trust and commitment in outsourcing projects. These two factors can help to achieve the outsourcing targets from the perspective of both the business and the users.

In general, the relationship between vendors and clients can be perceived as either positive or negative, based on many factors. Claybaugh & Srite (2009) identified some of the factors that can have positive or negative impacts on this relationship.

These factors are customer service, communication, commitment, people, support, product, process, cost, licensing, honesty, and stability.

Cost reduction is the primary driver for outsourcing, but still, there are many success factors that can determine the success of the outsourcing relationship. Gottschalk & Solli-Saether (2005) found that there are two non-cost factors that have a significant impact on relationship success. The first of these is stakeholder management, which is enforced by honouring agreements, effective communication, and doing no harm to others. The second is core competence management through outsourcing, not core competencies. A stakeholder is any individual or group who is affected by or can influence the achievement of the organisation's purpose. Stakeholders include employees, customers, stockholders, suppliers, banks, the government, environmentalists, and other groups who can help or hurt the organisation. Effective communication can help to enhance mutual trust and reduce the information risk throughout the outsourcing period (Sharma et al., 2008).

Initial trust between clients and vendors is essential to attain good results from outsourcing, but ongoing trust is a major factor for successful knowledge sharing and consequently successful outsourcing (Lee & Choi, 2011). Ndubisi (2011) emphasised the importance of trust and commitment during the outsourcing period. Ndubisi found that accommodating conflict handling, integrating conflict handling, and compromising conflict handling are directly related to trust and commitment. Trust can change over time; in many cases, the vendor behaviour can change after signing the contract, and the clients will suffer during the contract period.

Vendor performance is one measure of IT outsourcing success. According to Mao et al. (2008), this performance can be achieved by having special controls and by mutual trust. The controls can be either goal setting or cultural blending (shared norms, values, and beliefs). Trust building can be achieved through information sharing, communication quality, and inter-firm adaptation.

It can be seen that many studies cover this area. The client-vendor relationship is vital for any outsourcing project success. Without a healthy relationship, outsourcing projects will fail. A healthy relationship is a win-win relationship, in which all parties gain benefits. This means that a well-written contract has to be good for both

parties in order to guarantee a healthy relationship. This area is mostly covered by empirical studies, and there is a chance for qualitative studies to dig deeper and reveal hidden aspects affecting the client-vendor relationship.

#### **2.2.2.2 IT Outsourcing Knowledge Exchange and Reciprocity**

Tiwari (2009) studied the transition phase in which knowledge is transferred from the vendor to the client. This phase has three main activities: transfer, adapt and routinise. In all of these phases, lack of clarity, limited knowledge and lack of expertise are the main factors that can affect the success of the transition phase. Qi & Chau (2012) found that successful outsourcing has two dimensions; the first dimension is the relationship dimension which has four components – trust, commitment, communication quality, and knowledge sharing. The second dimension is related to the contract and has two components: contract complexity and contract management. These two dimensions together can bring strategic, economic, and technological benefits to clients; these benefits are the measures of outsourcing success.

In one of the few studies covering IT outsourcing in the public sector, Swar et al. (2012) found that the relationship quality between clients and vendors determines the success of IT outsourcing projects. The relationship quality has three components: trust, cooperation, and mutual understanding. Swar et al. identified the determining capabilities of this relationship quality. These determinants are communication capability, cultural compatibility capability, flexibility capability, information sharing capability, conflict handling capability, and confidentiality maintaining capability.

Han et al. (2008) reached the same results and found that the firm's capability (client managerial and technical capabilities, vendor capability) and the interaction processes (effective communication, information sharing, and collaborative participation) of both the vendor and client can positively impact mutual trust and commitment, and consequently lead to successful outsourcing. Lee (2001) proposed a similar model that has three pillars for outsourcing success: knowledge sharing (both implicit and explicit); organisational capability; and partnership quality. Park et al. (2011) emphasised the above results. They found that mutual trust during outsourcing has an impact on cooperative learning, which will have an impact on

knowledge transfer. The level of cooperative learning depends on IT human capability. That is why clients need to keep excellent IT resources to achieve the best results from outsourcing.

The seamless flow of technical communication between the client and the vendor in an outsourcing project can help to achieve the goals of outsourcing, such as business competitiveness enhancement, market branding, and quality. Sharma et al. (2008) studied the impact of communication on outsourcing project success. They found that a communication strategy is needed in any outsourcing project. Effective technical communication can lead to project success, induces trust, and reduces information risks. The communication platform and tactics affect the relationship between the client and the vendor. The communication tactics depend on outsourcing activities such as user support, scope change, and SLA audits. In general, the most effective communication modes are face-to-face, email, audio conferencing, and net meetings. Sharma et al. proposed some trust drivers (tactics) which can result in risk inhibitors (outcomes) such as a tactic to inform in order to attain understanding, a tactic to negotiate in order to attain acceptance, and a tactic to regulate in order to attain fulfilment. Outsourcing may also reduce tacit knowledge and company learning by doing (Weigelt, 2009).

Cohen & Bradford (1989) used the concept of currencies to explain how exchange can be done. People will gain power if they can offer what others need using these currencies. The currencies relevant to outsourcing are: 1) task-related currencies (resources, excellence, cooperation, information); 2) position-related currencies (reputation, recognition, importance, network/contacts); 3) relationship-related currencies (personal support, acceptance, and understanding); and 4) personal-related currencies (self-concept, challenge/learning, ownership/involvement, gratitude).

Reciprocity can be understood by returning to the social exchange theory (SET) that explains the motives for an inter-organisational relationship (IOR). SET was developed by Homans (1958) to explain human behaviour and social interaction during tangible and intangible exchange activities, with the main focus on rewards and costs.

Blumenberg et al. (2009) considered knowledge transfer from the vendor to the client from a process perspective. The transfer of explicit or tacit knowledge has an impact on resulting outsourcing performance. This impact depends mainly on the dedicated knowledge transfer process. Blumenberg et al. found that explicit knowledge transfer has two dimensions, the content dimension, and the sender–receiver dimension. In the content dimension, clients and vendors can provide training, communication standards, and SLAs. The sender–receiver dimension focuses on defining and documenting the interaction structures that guide the communication between the client and the vendor.

The rationale for outsourcing is to improve business performance, cut costs and gain a competitive advantage. In addition to these rational factors, there are success factors which determine the outsourcing success. These are not spontaneous, and they are linked to the organisation’s learning process. These success factors are senior management’s involvement in the outsourcing decision, the careful selection of which functions to outsource, contract duration, contract flexibility and detail, relationship management with the supplier, and retention of high-skilled IT people (Fisher et al., 2008). The combination of the production knowledge transfer rate (knowledge gained from vendor) and the client coordination knowledge depreciation rate (learning by doing) can determine the optimal outsourcing or insourcing strategy of the client – total or partial outsourcing (Cha et al., 2009). This is in line with other researchers’ conclusions about the importance of the retention of qualified IT personnel in-house during outsourcing. Willcocks et al. (2004) added that in order to achieve the best results out of outsourcing; there is a need for both the client and the vendor to understand the role of knowledge creation and application.

Wang et al. (2008) found a relationship between outsourcing and improving the client process level, and the presence of a high IT capability. Wang et al. were unable to find a relationship between outsourcing and improving company performance. Plugge & Bouwman (2013) went a step further and found a relationship between successful outsourcing and the supplier’s organisational structure and IT capability. These factors can help the supplier to provide a sustainable sourcing performance.

Companies that decide to outsource IT activities to vendors need to convert their tacit knowledge into explicit knowledge and share this with vendors in order to understand and fulfil their business requirements. Yakhlef (2009) considered this as a way of enhancing organisational learning by developing new rules, new procedures, and routines related to how to manage the outsourced IT activities. Outsourcing will increase documentation and the vendor-client dialogue. Writing documents and face-to-face interaction with suppliers will improve learning and enable the client to gain new knowledge. Clients also need to develop new processes and routines to monitor the effectiveness of vendors. All of these activities can enhance organisational learning (Yakhlef, 2010).

Teo & Bhattacharjee (2014) proposed a model to show the impact of knowledge on outsourcing performance. In this model, antecedents (client motivation, knowledge modifiability, and vendor willingness) have an effect on knowledge transfer from the vendor to the client, and knowledge utilisation by the client with the presence of a knowledge integration mechanism (proper communication, documentation, project meetings, and resource availability). Proper combinations of antecedents, knowledge transfer, integration and utilisation will improve strategic performance and client operation. Trust between the supplier and buyer plays a significant role in IT outsourcing success. Mutual trust, which is either inter-organisational or interpersonal trust, can improve the dissemination or transfer of knowledge between the vendor and the client company, thus leading to outsourcing success (Qi & Chau, 2013).

Knowledge exchange has two parties; the vendor (sender) and the client (receiver). The effective interaction between these two parties is a mark of effective knowledge sharing. Bandyopadhyay & Pathak (2007) studied this relationship and found that top management support from both sides is needed to force this cooperation between employees. Management involvement should not be limited to just the contract, and must extend beyond the signing of the contract phase. The researchers found that cooperation is fruitful if both parties knowledge complementarity is high enough. This is in agreement with the exchange concept in which both parties can benefit from each other.

Outsourcing is a way for companies to improve their learning capabilities. This learning is a two-way communication. There is a need for experience, a capable vendor, and capable client resources to complete this learning equation. Trust and reciprocity in knowledge exchange are major factors that can impact knowledge transfer. The researcher found this gap in the literature review, where the impact of these two factors was not studied thoroughly and simultaneously.

The researcher will benefit from trust and reciprocity categories by bringing out the main strength factors that the client should have in order to achieve successful knowledge transfer. These factors will be classified in the study framework under a main category called reciprocity.

There are a considerable number of failed outsourcing projects in the market. This fact creates a new challenge for researchers to identify the critical success factors needed for successful outsourcing. Recent studies have identified some of the major success factor determinants. Vorontsova & Rusu (2014) found that a successful relationship between the client and the vendor is a crucial factor for successful outsourcing projects. This relationship is governed by many determinants; each one of these determinants can contribute to project success. Vorontsova and Rusu identified these determinants based on existing theory: trust, communication quality, information and knowledge sharing, commitment, cooperation, cultural compatibility, conflict handling, shared values, and objectives, shared benefits and risks, flexibility and adaptation, satisfaction, business and mutual understanding, mutual dependency, top management support, confidentiality, and participation. Vorontsova and Rusu found that top management support, trust, cooperation and communication quality were in the top ranks of these determinants. If the top determinants exist, others can follow easily.

In another study, Marchewka & Oruganti (2013) focused on the factors that affect the quality of the partnership between clients and vendors and thus lead to outsourcing success. Outsourcing success is measured from business and users' perspectives. The relationship quality is measured by trust, business understanding, commitment, conflict, and risk share and benefits. Marchewka and Oruganti identified the factors that affect the relationship quality. These factors are grouped

into the following categories: 1) dynamic factors (coordination, communication quality, information sharing); 2) static factors (relationship age, mutual dependency); 3) contextual factors (top management support, culture similarity); 4) configuration (contract, governance, outsourcing intent); 5) operationalisation (transition, performance management, knowledge exchange, contract management); 6) cultural factors (communication barriers, time zone differences); and 7) service provider factors (project management, process maturity and capability). According to Kronawitter et al. (2013), these factors are distributed along six phases of the outsourcing project – the preparation phase, the selection phase, the contract, the transition phase, the execution phase, and the post-deal phase. The researcher identified the following core success factors: client capabilities, vendor capabilities, contract clauses, stakeholders' involvement, roles and responsibilities, regular monitoring and reporting of vendor's performance, knowledge transfer, effective communication, and risk assessment and management.

Qi & Chau (2015) developed a relationship-contract module for IT outsourcing success. In this module, the researcher identified the relationship dimensions (trust, commitment, knowledge sharing, communication quality), and the contract dimensions (contract management, contract complexity). These dimensions have an impact on the IT outsourcing measures (strategic benefits, economic benefits, technological benefits, and overall satisfaction). Qi and Chau found that trust and communication quality have a significant impact on relationship dimensions and thus on outsourcing success. In a similar study about outsourcing success factors, Zhang et al. (2007) divided IT projects into four development stages: preparation, selection, negotiation, and implementation. The critical success factors that are associated with the implementation phase are an inter-organisational relationship, IT organisational capability, knowledge sharing and transference, and dual-role skilled people. The dual role is an important factor that is rarely covered in IT outsourcing studies.

### **2.2.2.3 Social Exchange Theory (SET) and Reciprocity**

Lewin's stated that "nothing is so practical as a good theory" (cited from Van de Ven, 1989); this statement highlights the important of existing theories in advancing knowledge and guiding the researcher towards creating crucial questions. Some

researchers (e.g. Wai et al., 2010; Qi & Chau, 2013) used social exchange theory (SET) to give a better understanding of inter-organisational relationships (IORs) in areas such as outsourcing. SET was developed by Homans (1958) to explain human social interaction and behaviour during exchange activities (tangible and intangible) with the main focus on costs and rewards. The primary condition for SET is the existence of more than one party engaged in a relationship that provides benefits to all of the parties; these benefits cannot be achieved without this mutual relationship (Blau, 1964). The elements of SET are trust, equity, opportunism, and conflict (Ring and Van de Ven, 1994; Ganesan, 1994; Mayer et al., 1995; Van de Ven and Walker, 1984). Trust is essential to reduce the risk of opportunism, to increase the confidence that the other party will fulfil his obligations, and to establish a long-term relationship. Equity implies a sharing of burdens and benefits.

There are two assumptions for SET; the first assumption is that the benefits obtained from the exchange parties' relationships are not achievable on their own. The second assumption is that evaluation of the relationship outcome is at the basis of the relationship's growth and maintenance. Usually, the client is looking for attractive relationships with the vendor; if the relationship is attractive enough, the client might continue the relationship, and if not, the client might search for another vendor. SET focuses on the behaviour of each party contributing to the exchange (Kern 1997).

The exchange is a social process of give-and-take in relations. The exchange is a reciprocal stimulus. Any violation of reciprocity can impact parties' dependence, power, and cohesion (Emerson, 1962). Hence, exchange theory is said to centre on "enduring long-term social relations", as distinguished from "one-shot transactions" in the market realm (Cook, 2000, p. 687).

Trust is considered by social exchange theorists as a key variable in relational exchange; trust can help exchange parties to achieve their objectives. For this, SET assumes the existence of a cooperative intention of the other party in an exchange relationship. Exchange parties' cooperation takes place in a reciprocal manner; this cooperation leads to further cooperation and this kind of reciprocity is a key feature of SET. This kind of relationship is evolving over time; as time passes, mutual

understanding between the exchange parties is fostered, and this helps to enhance the parties' performance (Swar et al., 2012).

#### **2.2.2.4 Critical Summary**

The best way to improve our theorising is by adopting multiple independent thought trials, learning to live with different existing paradoxes, and introducing new concepts that can help to dissolve the existing paradox (Van de Ven, 1989). Many researchers have studied the impact of the client-vendor relationship on knowledge transfer and outsourcing success, e.g. Lee (2001), Goo & Nam (2007), Han et al. (2008), Swar et al. (2012), Park et al. (2011), Qi & Chau (2012), Marchewka & Oruganti (2013), and Teo & Bhattacharjee (2014). The common remarks and critiques on these studies are:

All of these studies have been conducted by scholar researchers. These studies were purely theoretical and used existing literature and theories to reach the final findings.

In these studies, the authors tried to prove a certain hypothesis with no intention of solving practical problems. The authors focused on answering "what?" questions and failed to answer "how?" questions that were relevant to the practical implementations of the study findings. The study outcomes were general without any suggestions on how to improve in practice.

The data was collected using questionnaires with specific questions about each hypothesis (except Qi & Chau's (2012) study, where interviews were used). The participants were required to choose one of multiple choices or agree-disagree based on the researchers' questionnaires. The design of the questionnaire would force the participants to choose the best answer as top managers in the studied companies; the managers were involved in running the IT outsourcing projects. Also, the way of collecting the study data would force the participants to agree that the researcher's pre-identified factors were the best factors. This narrows the participants' impact on the research outcomes.

The participants numbered one or two from each organisation that was involved in the outsourcing project. Usually, these participants will try to show that they did a good job during the outsourcing project. Furthermore, in general, the studies either

focused on trust and commitment or on a formal contract to achieve IT outsourcing success. In reality, formal contract, trust, and commitment work together towards achieving outsourcing success.

Also, the researcher noticed that there was no clear demarcation in the previous studies for some concepts such as trust, contract, capabilities, and relationships; these concepts did not appear under same categories in different studies.

These studies helped to draft the initial framework of my study.

Lee (2001, p.332) concluded that the ability of the client to absorb the knowledge shared by the vendor is a critical success factor for outsourcing. The criticism of this study is that knowledge sharing is by default one target for outsourcing and hence Lee should focus on how to advise the clients to improve knowledge sharing. Lee admitted on p.333 that selecting the IT outsourcing project manager from each organisation brings selection bias to the study. Park et al.'s (2011) study revealed the importance of the client's and the vendor's human character factor in building trust. Park et al. did not provide any guidance on how to alter these characteristics in order to optimise the learning process. Park et al. claimed that this can be done during the hiring process on the client's and vendor's side. I see this measure as being insufficient to guarantee successful knowledge sharing. Other measures are needed such as a well-written contract.

Goo & Nam (2007) highlight the importance of contract and relational governance in achieving outsourcing success. The authors claim that well-structured SLAs can help to achieve this goal. The authors forgot that strictly sticking to contracted SLAs would not be helpful to all parties all the time and that there will be a need to update these SLAs in the future. Goo & Nam did not offer any future actions for clients to guarantee their right to get what they expected from the contract. By selecting CEOs and CIOs, the authors also brought some selection bias to their study.

Han et al. (2008, p.40) found that having a good relationship on a managerial level can help to achieve outsourcing success. The authors claim that the impact of an informal relationship may exceed the impact of an official contract. This may be valid in some cultures, but cannot be generalised. There is a need to have a synergy

between the formal and informal relationships between the client and vendor. Qi & Chau (2012, p.865) considered trust, knowledge sharing and commitment to be components of the outsourcing relationship. I see that trust and commitment are part of the outsourcing relationship that can help to enhance knowledge sharing. This means that knowledge sharing is an outcome of a good relationship and not an input. In another study, Swar et al. (2012) found trust, cooperation, and mutual understanding to be IT outsourcing success factors. I disagree about separating mutual understanding from cooperation; both are different names for the same factor.

Marchewka & Oruganti (2013, p73) proposed a comprehensive theoretical model for outsourcing success. This is a purely theoretical model that can be used as a guide in an outsourcing study but has no practical proposals on how to achieve success. Teo & Bhattacharjee (2014) proposed another model for outsourcing success. The main critique of this study is that it ignored the impact of the outsourcing contract on the outsourcing success. Client motivation and vendor willingness will not be enough to guarantee effective knowledge transfer if they are not supported by a well-designed contract.

Most IT outsourcing studies focus on trust and contract as the main warranty for outsourcing success. Even the studies that consider SET in their analysis link SET with trust. Cohen & Bradford (1989) introduced the concept of exchange currency. This concept will be adopted in this study to find the second leg of successful knowledge sharing, which is reciprocity, in addition the first leg of trust. According to Cohen & Bradford, these currencies (exchange strengths) can be task related, position related, relationship related, and position related currencies. In this study, the author will work to identify the currencies that can lead to IT outsourcing success.

In this study, I tried to combine the findings of the selected studies in order to create the initial study framework. I tried to overcome some of the limitations of these selected studies. I interviewed a large number of IT human resources rather than one or two senior managers. I tried to minimise the bias that may have resulted from the chosen sample by choosing individuals from different cultures and different

hierarchical levels. This study was conducted over a one-year span, which gives a chance to study the knowledge transfer and knowledge utilisation in addition to the impact of short-term recommendations.

In almost all of the selected studies, quantitative research methodologies were used. This fosters the bias resulting from the chosen sample and the bias resulting from a low questionnaire response rate. In this study, I used qualitative research methods – action research and case study – to overcome these limitations and to ensure a practical study. Action research enforces joint learning processes among participants by focusing on doing “with” rather than doing “for” the stakeholders. As a result of this, participant stakeholders can enrich their experience, improve their reflective possibilities, and learn how to deal with complex situations.

The limitations that persist in this study are that the interviews were done on the customer’s side; nothing was done on the vendor’s side. Knowledge transfer is bidirectional, so focusing on the client’s side may introduce some bias in the results. Another limitation is that a longer period is needed to see the full utilisation of transferred knowledge and to implement the study’s long-term recommendations.

#### **2.2.2.5 Main Contributions of the Selected Studies**

In this study, I will focus on how trust can impact knowledge transfer and which factors engender trust. I will use Wong and Cheung’s (2005) model of trust in outsourcing projects. In this model, the authors identified four categories of trust: partners’ performance, partners’ permeability, relational bonding, and system-based trust. I will consider knowledge utilisation as an important measure in my study and through discussion with the participants find the best ways to enhance knowledge sharing. I will work on finding the best meaning and applications for these categories that can fit IT outsourcing projects. This will be done by conducting collaborative action research and with the help of past research.

In this research, the focus will be on the selected studies that handled knowledge transfer in IT outsourcing. Table 2-1 summarises the main contributions of the selected studies in outsourcing relation management and knowledge transfer.

Table 2-1 Contribution of the Selected Studies

Selected Literature	Focus of Literature	Selected Literature Findings
Lee (2001)	Relationship between outsourcing success and knowledge sharing.	Lee modelled this relationship with two additional factors: organisational capability and partnership quality. The study positively linked knowledge sharing with outsourcing success and identified client capability as the main factor in shaping this success.
Goo & Nam (2007)	The importance of a contract in building trust between outsourcing parties and how the resulting commitment can lead to IT outsourcing success.	The relational governance and contracts are both essential to achieve outsourcing success.
Han et al. (2008)	Examined the causal structure of capability, process, and relationship in IT outsourcing.	The study found that information sharing, collaborative participation, and communication quality positively influenced the relationship intensity (trust and commitment) with outsourcing vendors.
Swar et al. (2012)	The relationship quality factors that can lead to IT outsourcing success	The factors are trust, cooperation, and mutual understanding. The study helped to identify the relationship quality determinants as communication capability, knowledge sharing capability, and cultural compatibility capability.

Park et al. (2011)	Examined the effects of human character, human capability, cooperative learning and trust, on knowledge transfer in IT outsourcing.	The authors identified the important role played by the vendor's human characteristics in the knowledge transfer from the vendor to the client during an IT outsourcing project. The study revealed one important factor in building trust, which is the human character factor of both client and vendor human resources.
Qi & Chau (2012)	The effects of both contract and relationship on IT outsourcing success.	The study identified four relationship dimensions: trust, knowledge sharing, commitment, and communication quality. The identified contract dimensions were: contract management and contractual complexity. One critique is that three relationship dimensions (trust, knowledge sharing, and commitment) can lead to the same answer with regard to the willingness of the vendor to share knowledge with the client. The study again emphasised the importance of both relationship and contract dimensions on IT outsourcing success.
Marchewka & Oruganti (2013)	Enhance IT outsourcing partnership and success models.	The authors added 'Process Factors' and 'Cultural Factors' to existing outsourcing models. Process factors include project management and process maturity. Cultural factors cover communication barriers, cultural differences, and time zone differences.

Teo & Bhattacharjee (2014)	Knowledge transfer and knowledge utilisation in the client's organisation.	The authors found that the characteristics of the outsourcing vendors, the clients, and the knowledge transferred played important roles in facilitating knowledge transfer.
----------------------------	----------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## 2.3 Conceptual Development

### 2.3.1 Introduction

Researchers should not look to outsourcing from the bright side as there is another dark side of outsourcing that has negative impacts on some of the stakeholders. The researchers in many cases are academic, and build their conclusions on theoretical frameworks. Choudhuri et al. (2009) combined the findings of many research studies on outsourcing into one study, to examine the learning outcomes. He concluded that for successful outsourcing outcomes, clients need to consider creation of customer value, business objectives, technology management, disaster recovery and business continuity planning, vendor contract management, people management, quality management, and change management. Barthélemy (2001) discussed the hidden costs associated with outsourcing and identified them as vendor research and contracting costs, transitioning to vendor costs, managing the effort of cost (controlling and monitoring), and transitioning after outsourcing cost (insourcing). Clients can reduce these hidden costs by identifying the activities that are safe to be outsourced, carefully selecting vendors, drawing up tight and well-written contracts, hiring people with experience in outsourcing, improving the relationship with vendors (trust culture), and keeping qualified IT people in-house. Romero (2011) has a different view of outsourcing. According to Romero, outsourcing does not inevitably lead to “know-how” loss. It can be used as a tool for culture, and obsolete routines change management.

Vorontsova & Rusu (2014), Marchewka & Oruganti (2013), Kronawitter et al., (2013), Qi & Chau, (2015), and Zhang et al., (2007) agreed on common success factors that can lead to outsourcing project success as trust, client and vendor

capabilities, commitment, and communication quality. The new idea in these studies is that outsourcing projects have many phases, and each phase has its success factors. Our focus in this study is on the implementation and transition phases, in which knowledge transfer and sharing are practised. It is noticed that many researchers agreed that communication, commitment, and trust are the main pillars of outsourcing success.

Outsourcing can increase the culture of teamwork, focus on improvement and innovation, help with process re-engineering, and improve client know-how over a short period. Outsourcing can lead to successful organisation change if the following factors are addressed during the outsourcing process: strategic planning, marketing of services, profitability, communication channels, and social impact. Organisations need to be learning focused not performance focused. This can help in outsourcing by allowing clients' employees to start gaining knowledge from vendors and not to focus on SLA numbers, which can be misleading in certain cases. This can help clients to stabilise their performance and learn over time (Coget, 2010). Strategic performance and operation performance are both impacted by knowledge transfer and utilisation mechanisms.

The common aspect of the previous studies on outsourcing success is that most of them are empirical studies which used questionnaires to test the proposed hypothesis. The participants in these questionnaires were one or two key persons from each company who had gone through outsourcing.

The two categories (concepts) of the available literature review discussed above helped in drafting and building the initial conceptual framework for this study.

The majority of previous studies (Lee & Choi, 2011; Ndubisi, 2011; Han et al. 2008; Lee, 2001; Park et al. 2011) found that trust, commitment, organisational capability and vendor capability are the main factors that have an impact on the knowledge transfer from the vendor to the client and thus can play a major role in achieving successful outsourcing. Other researchers, for example, Wai et al. (2010), Qi & Chau (2013), considered outsourcing as an IOR and used social exchange theory (SET) to study the mutual relationship between vendors and clients during outsourcing.

In this study, the researcher will combine different parts from the above two groups to create a new framework of the main factors that can lead to successful outsourcing. The study will focus on two main determinants (trust and reciprocity) that have a direct impact on knowledge transfer and consequently on outsourcing success. Signing a well-prepared contract does not mean that the outsourcing project will be successful. The people who will be engaged in the contract are the client's and vendor's human resources, who are rarely involved in contract negotiation and signing. The clients' and vendors' employees will execute the contract; for this reason, the researcher will focus on this gap. In this study, the researcher will work directly with clients' employees to find out the factors that can lead to trust and increase the clients' chances of achieving better knowledge transfer from the vendor's side. Reciprocity is driven by the client's ability to force the vendor to share the required information. This study will shed light on factors that can improve mutual trust with the vendor, improve the client's negotiation strengths, and enhance knowledge transfer. This will be handled in the next chapters.

### **2.3.2 Study Variables: Trust and Reciprocity Impact on Knowledge Exchange**

#### **2.3.2.1 Outsourcing Success**

Outsourcing success can be measured using four operational dimensions: financial success, technological success, strategic success, and relationship satisfaction (Grover et al., 1996; Lee and Kim, 1999). Strategic success is the ability of the organisation to outsource its routine IT activities in order to focus on its core business. Technological success is the ability of the organisation to source expertise in using the latest technologies and the latest developments in the IT field. Relationship satisfaction is the level of the client stakeholders' satisfaction with the IT outsourcing relationship. Finally, financial satisfaction is the ability of an organisation to reduce costs and increase its profitability. Financial satisfaction is outside the scope of this study.

#### **2.3.2.2 Knowledge Sharing**

Knowledge sharing or transfer is one of the determinants of outsourcing success. Knowledge transfer is defined as the flow of information from the vendor to the

client, and its success is measured by the degree to which this transferred knowledge is utilised. This is a mutual relationship, and both client and vendor need to be engaged to guarantee the success of this process. Teo & Bhattacharjee (2014) found that this transfer depends on the client's motivation to learn this new knowledge and the vendor's willingness to transfer this knowledge. Knowledge sharing can be explained using SET theory, where trust is one of the primary drivers of knowledge sharing. In order to have successful knowledge sharing, firstly both the client and the vendor should have clear common goals and a vision for partnership. Secondly, the client should have the ability to acquire and absorb the required knowledge from the vendor, and consequently apply this knowledge to enhance the organisation's innovative capability (Lee, 2001). Thus knowledge sharing occurs only when learning takes place. Knowledge transfer has three phases: acquire, absorb, and utilise. Knowledge transfer covers both explicit and implicit (tacit) knowledge. In this study, I will consider the ways to improve all knowledge transfer phases (Park et al., 2011).

#### **2.3.2.3 Trust**

Trust means confidence in being able to rely on the other party. In this study, the researcher will focus on the best ways to use trust and reciprocity and to have efficient knowledge transfer during outsourcing. Trustworthiness reflects the level of trust that the trustor (client) places in the trustee (vendor). This can be attributed to past work experience or can be based on the following trust modes: ability (vendor's competencies and skills), benevolence (vendor's legitimate acts that will protect the interests of the client), and integrity (the vendor's adherence to the expected ethical codes, and the vendor's adherence to his commitment to be honest in his dealings) (Mayer et al., 1995).

According to Wong and Cheung (2005), there are four categories of trust:

**Partners' Performance:** a sense of unity, the competence of works, problem solving and respect for each other's efforts.

**Partners' Permeability:** frequency of communication, openness, and frequency of information flow.

**Relational Bonding:** the long-term relationships among partners and the compatible working styles, goals and culture shared among the partners.

**System-based Trust:** satisfaction with agreements and contract terms, and the reputation recognised by society.

The researcher will use the above categories as a guide during code generation and theme findings, to find elements that can lead to trust in the thesis analysis phase.

#### **2.3.2.4 Reciprocity**

The outsourcing contract is an implied contract (inter-organisational relationship), which also can be classified as a psychological contract. “The term psychological contract refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (cited from Rousseau, 1989, p.123).

According to Cohen & Bradford (1989), the client and vendor can use exchange currencies to exchange knowledge. People will gain power if they can offer what others need using these currencies. The currencies that are relevant to outsourcing are:

**Task-related Currencies:** resources, excellence, cooperation, information.

**Position-related Currencies:** reputation, recognition, importance, network/contacts.

**Relationship-related Currencies:** personal support, acceptance, and understanding.

**Personal-related Currencies:** self-concept, challenge/learning, ownership/involvement, gratitude.

During the outsourcing period, the client and vendor can use these exchange currencies (position-related, task-related, and relationship-related) to increase their benefits from outsourcing. The study will use these exchange currencies to identify the main strengths that the client must have in order to obtain the knowledge that the client needs. These currencies will be classified under a more general term called reciprocity.

### 2.3.2.5 Definition of Study Terms

Table 2-2 summarises the definitions of the terms that will be covered in the study and that will be used in the study framework. The identified indicators will inform the questions posed by data collection via the phase 1 interview guide (Fig B-1 in Appendix B).

Table 2-2 Study Variables Definitions

Characteristics	Definitions and sources	Indicators
Shared Knowledge	The transfer of expertise, technologies, and processes between the vendor and the client through individuals (Lee & Kim, 1999; Lee, 2001; Qi & Chau, 2013; Park et al., 2011; Teo & Bhattacharjee, 2014)	<ol style="list-style-type: none"> <li>1. Share business knowledge of core business process if necessary</li> <li>2. Exchange information that helps business planning</li> <li>3. Share know-how from work experience</li> <li>4. Education and training</li> </ol>
Reciprocity	Reciprocity is the mutually contingent exchange of benefits between two or more units as people expect to be paid back (Gouldner, 1960; Cohen and Bradford, 1989)	<p>Which of the following exchange currencies people have to exchange:</p> <ol style="list-style-type: none"> <li>1. Task-Related</li> <li>2. Position-Related</li> <li>3. Relationship-Related</li> <li>4. Personal-Related</li> </ol>
Trust	The expectation that the other party can be relied upon to fulfil their obligations and behave	<ol style="list-style-type: none"> <li>1. The other team members are trustworthy</li> <li>2. The vendor has the competence to be able to produce what the</li> </ol>

	in a predictable manner, and negotiate and act justly (Park et al., 2011; Qi & Chau, 2013; Han et al., 2008; Lee & Johnsen, 2011; Paravastu, 2007; Wong and Cheung, 2005; Mayer et al., 1995)	contract requires 3. The vendor makes beneficial decisions for the client under any circumstances 4. The vendor is willing to provide assistance to the client without exception 5. The vendor is sincere at all times 6. Client has a friendly relationship with the vendor
Outsourcing Success	Fulfilling the outsourcing contract and achieving the company's objectives of outsourcing (Han et al., 2008; Lee, 2001; Qi & Chau, 2013; Goo et al., 2008)	1. Ability to refocus on the core business 2. IT competence enhancement 3. Increased access to skilled IT personnel 4. Reducing the risk of technological Obsolescence 5. Increased access to key information technology/IT services 6. Client is satisfied with the overall benefits of outsourcing with this vendor 7. Sharing know-how from work experience, education, and training between vendor and client

The aim of this study will be to contribute to existing knowledge by practically investigating how trust and reciprocity can be used to improve knowledge exchange and achieve successful outsourcing.

### **2.3.3 Study Framework**

The framework of this study is based on existing knowledge with the addition of reciprocity as an additional factor that has an impact on knowledge transfer and outsourcing success. In existing studies, the factors that have an impact on knowledge transfer are mixed. Some of these factors can lead to trust, and some can be considered as exchange currencies. In this study, the researcher will make a clear demarcation between trust factors and reciprocity (exchange) factors. Another issue found in the existing literature is the fact that trusts can lead to successful outsourcing without an emphasis on the other factors that must exist alongside trust to achieve outsourcing success. In the previous studies, there are scattered factors that affect knowledge transfer; these factors are not classified under main categories. In this study, the aim is to find the factors that affect trust and the factors that affect knowledge exchange and to classify them under two main categories – trust and reciprocity.

In Figure 2-1, the researcher will assume that trust and reciprocity have an impact on knowledge exchange in an IT outsourcing contract, and that the success of this contract will depend on these two factors.

In this initial framework, the researcher will use Wong and Cheung's (2005) identified trust categories and Cohen & Bradford's (1989) identified exchange currencies. This initial step will help with writing the interview questions. Throughout the study, modifications will be introduced to this framework based on the study findings.

In Chapter Two the researcher identified the main factors that have an impact on knowledge exchange during IT outsourcing projects with the help of the existing literature. Also, the researcher drafted the initial study framework. In Chapter Three, the researcher will identify a suitable research methodology to test this framework and reach the final framework.

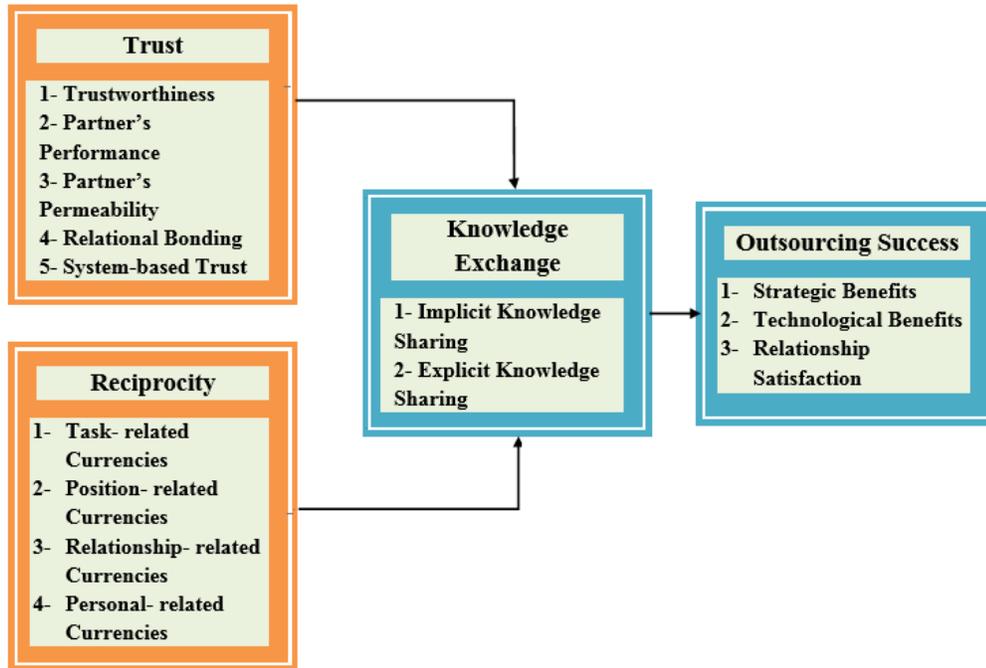


Figure 2-1 Study Framework

### 2.3.4 Conclusions

The trend for newly established companies is to use outsourcing as a way to enter markets quickly and build their core competencies. The IT domain is characterised by complexity and high-speed evolution. This makes it easy for management to justify outsourcing decisions. As outsourcing is not cheap in the long run, organisations usually plan to build their core competencies with the help of vendors. The client depends mainly on the signed contract and trusts the vendor to fulfil the contract obligations. The study considers trust as one pillar of the study framework. One aim of the study is to find the trust determinants (factors) that (if they exist) can enhance the mutual trust between the client and the vendor. From practice, it can be seen that this does not work all the time. The client needs to have other strengths that can force the vendor to exchange the required information. The researcher added reciprocity as a second pillar of the study framework. The second aim of the study is to find the reciprocity determinants that, (if they exist) give the power to the client to acquire the required knowledge from the vendor.

## Chapter 3 Methodology

### 3.1 Research Philosophy

This study will adopt a social constructionism epistemology as a way of inquiring into the nature of the social world. In the social constructionism paradigm, the researcher is a part of what is being observed; the researcher can induce ideas from the gathered data and the theoretical abstraction. The benefit of this approach is the close collaboration between the participants and the researcher; this relationship will encourage the participants to share their stories. The taxonomy of knowledge has three components: epistemology, technical knowledge, and phronesis. Phronesis knowledge refers to 'practical wisdom' or being 'street smart' to make things happen. This means that the researcher's action is linked with the demands of a given context (Cassell et al., 2009). Kram et al. (2012) studied the identity of the Scholar-Practitioner and found that the identity is mainly built on two metaphors – the scholar as deep thinker (expertise and discipline) and the scholar as producer (creativity). The concepts of Phronesis and the identity metaphors will help in identifying the outcome expectations of this study for me as a Scholar-Practitioner and for my organisation.

The collected data cannot be generalised as it is only relevant to the situation under study. Qualitative research methods are commonly used in this paradigm. Case study and action research are two aspects associated with this research paradigm. Its value is in its ability to generate theory in addition to its flexibility and practicality. On the other hand, it has some weaknesses, such as difficulties in accessing the data and the fact that it is time-consuming (Easterby-Smith et al., 2012).

Cunliffe (2010) proposes three knowledge problematic of explaining experience: objectivism, subjectivism and inter-subjectivism. Knowledge creation can be considered a science if the researchers move towards objectivism, while it can be seen as a craft if the researchers move towards inter-subjectivism.

Objectivism means that reality exists; researchers identify laws, rules, and variables to produce generalised results about individual behaviours.

Subjectivism means that more than one truth exists; knowledge is relative to place and time. Knowledge cannot be generalised. Research is influenced by researcher-

embedded experience. Inter-subjectivism means knowledge is studied in interpretive procedures; this includes the reciprocity of perspectives and means sharing our world with others in a mutual relationship to create relevant knowledge.

In this study, the researcher will gather multiple perspectives through a mixture of data collection methods. The assumption of the constructionist position is that many realities may exist. That is why triangulation is used to collect different experiences and the views of diverse individuals (Easterby-Smith et al., 2012). The study will use an interpretive procedure (case study and action research cycles); thus the inter-subjectivism approach will be adopted to explain experience and create relevant knowledge (Cunliffe, 2010). Reflection will be used as a process of discovery and exploration to find the impact of the study on problem solving and the possibility to use the generated knowledge in similar future situations (Cassell et al., 2009).

This thesis does not aim to investigate causal connections, but rather focuses on influences and relationships between key constructs.

### **3.2 Conceptualising the Research Field**

The aim of the research is either to solve a problem or to fill a knowledge gap. The first step in conceptualising the research is to define the problem that the research will solve. This requires positioning and contextualising the research in terms of what is already known. The literature review will help in identifying the research problem, research objectives, and research questions. This study focused on solving problems linked with knowledge transfer during IT outsourcing. Framing good questions is a crucial factor in good qualitative research. These questions need to show the relevance of the study to the discipline or to the field. The questions are developed using the interrogative and reflective processes in which the questions are initially developed as a draft, and can then be refined throughout the study (Agee, 2009). As this is a thesis study, the research questions were developed at the beginning of the study. The following question was chosen after cycles of interrogation and reflection “What is the impact of trust and reciprocity on knowledge exchange in IT outsourcing projects?” This question will help the researcher to understand a particular situation with a particular team. In my situation, this means understanding knowledge transfer from the vendors to my

organisation's IT teams. Questions are usually linked with existing theories; theories can help in questioning about particular issues. In this study, I used social exchange theory (SET) to understand the inter-organisational relationships in IT outsourcing (Agee, 2009).

### **3.3 Developing Inductive Reasoning**

Qualitative research is an applied research methodology that will be used in this study. Complex reasoning in this methodology will be done through inductive reasoning by discovering recurrent phenomena in the stream of field experiences and finding recurrent relationships among them. Meaning emerges from analysing the collected data (Miles et al., 2013).

Although inductive approach does not rely on identifying a theoretical position, the researcher still needs to be familiar with the existing theory on the chosen subject. Inductive logic will be based on building patterns and themes, then organising the collected data inductively into abstract units of information. Collaborating interactively with participants will be used to shape the emerged themes (Creswell, 2013). The researcher will not report the first emerged pattern from the sorting procedure. Interpretive description is used to find the relationship between the emerged patterns in order to know something new about the phenomenon (Thorne, 2016).

### **3.4 Interpretivism as an Approach to Action Research**

The qualitative research begins with an interpretive framework to inform the study of the research problem using an emerging qualitative approach to inquiry. Human interpretation is the starting point for any analysis in qualitative research in order to construct social reality around us. Data is collected in the field where the participants experience the researched problem. In interpretivism studies the researcher keeps learning meaning from the participants' perspectives. Open-ended questions give the researcher a better chance to listen to what the participants say. In the interpretivism approach, the researcher should appreciate the differences between people. The social constructionism paradigm is often described as interpretivism (Creswell, 2013). In this type of research, the researcher makes an interpretation of what he observes or finds in order to make sense of others' world

meaning; this interpretation may be shaped by the researcher's background and experience. The researcher needs to interpret the observations and examine relevant documents and be able to make sense of any contradiction that may result from the collected data. Action research is one such interpretivism method that allows a creation of knowledge with practical value. The research will affect the situation under investigation by using the cyclic revision of action followed by reflection. Action research methodology was chosen because the best way to learn about the organisation is by changing it, and also because the people who are part of implementing this change are involved in the research process (Easterby-Smith et al., 2012). The following sections will shed more light on action research.

### **3.5 Action Research**

#### **3.5.1 What is Action Research?**

Action research is “social research carried out by a team that encompasses a professional action researcher and the members of an organisation, community, or network (“stakeholders”) who are seeking to improve the participants’ situation” (cited from Greenwood, D.J., 2006, p.3).

Situational problems can be handled by action research. In action research both the researcher and the researched persons can participate in knowledge creation using a collaborative inquiry (Coghlan & Brannick, 2010). In summary, action research has three pillars (elements) that must exist together: research, action, and participation (Greenwood, 2006).

The identified problem in this study is a situational problem. Action is needed to solve this problem, and this action needs the participation of all stakeholders. This makes action research the correct choice for this study.

#### **3.5.2 The Key Characteristics of Action Research**

The core characteristics of action research are (Greenwood, 2006): context bound; addresses real-life problems; knowledge is co-generated using collaborative communicative processes; research credibility is measured by its ability to solve

problems and the workability of the suggested solutions or actions; and action research benefits the diversity of group capacities and experiences.

The action research inquiry process is an integration of action, reflection on the action, and the test of the tangible outcome of the action (workability). The action research inquiry process has four steps: construct the meaning, create social action, reflect on the social action, and construct new meaning.

The above characteristics encouraged me to choose action research methodology in this study. Outsourcing is adopted by many IT organisations. The problems associated with outsourcing are real-life problems and measures with credibility are needed to solve these problems. Researchers can not alone provide magic solutions for such problems, and there is a need for a collaborative effort between researchers and employees to have practical solutions. Another reason for choosing action research is that this will be a new experience for all of the participants to be part of collaborative research; this will be reflected positively in their willingness to share their experiences during the interviews.

### **3.5.3 The Purpose of Conducting Action Research**

The aim of the study is to find the sub-factors of reciprocity and trust that have an impact on the knowledge transfer in IT outsourcing projects. There is no straightforward answer to this question. There is a need for an iterative process to generate general answers, and then to narrow down these answers to suit the situational identified problem.

The study started with a proposal sent to management; the proposal addressed four areas (Coghlan & Brannick, 2010):

**Context:** the context area focuses on the internal organisation issues. We identify knowledge transfer in IT outsourcing projects as a research subject. The difficulty involved with achieving the outsourcing targets, mainly the ability to raise the core competence of the client's IT team, is the main concern of this study. The team's responsibility is to keep the service running without interruption and within the agreed service levels. Also, they must restore the service within a predefined time, as agreed with the customer.

**Action:** this covered the current status and customer satisfaction level, the future state and the improvement in service quality and customer satisfaction. The intended action is to raise the team's awareness of the signed contracts, learn from the current outsourcing experience, and increase the organisation's readiness to take over the vendor's responsibilities. This also includes reducing the service outage time to the lowest level and increasing customer satisfaction levels.

**Research:** the type of inquiry and the reasoning behind this; how the researcher will ensure the rigour and quality of the research. I chose collaborative inquiry for this study. Action research with its four cycles and four operational functions for each cycle will be an appropriate methodology for such a study. The study's final target is to generate new knowledge in this field. There is a need to engage the client's employees in the study in order to generate practical solutions and relevant proposals for future improvements. Action research can offer this chance to employees, so that they can share their current and previous experiences to achieve this aim.

**Insider process:** This will cover the ways to deal with different insider research challenges, such as preunderstanding, role duality, access and organisational politics and ethics. This covers the proposed data collection methods, workshops and meetings to discuss the project progress. Responsibility distribution among the local team will be covered as part of this participative study.

### **3.5.4 The Development of Action Research**

Kurt Lewin is the founder of action research. Lewin proposed a three-stage process for change: unfreeze, change the structure, and freeze. Lewin linked knowledge production with solving real-time problems. He shifted the role of the researcher from being a distant observer to full engagement in problem solving. The quality criteria of the research are based on the ability to solve real-life problems (Greenwood, 2006).

Action research differs from conventional research in three areas:

**Techniques:** in conventional research the researcher uses techniques that are centred on the separation of the researcher from the research subject. In action research, the researcher is free to use any available method that can lead to democratic knowledge construction.

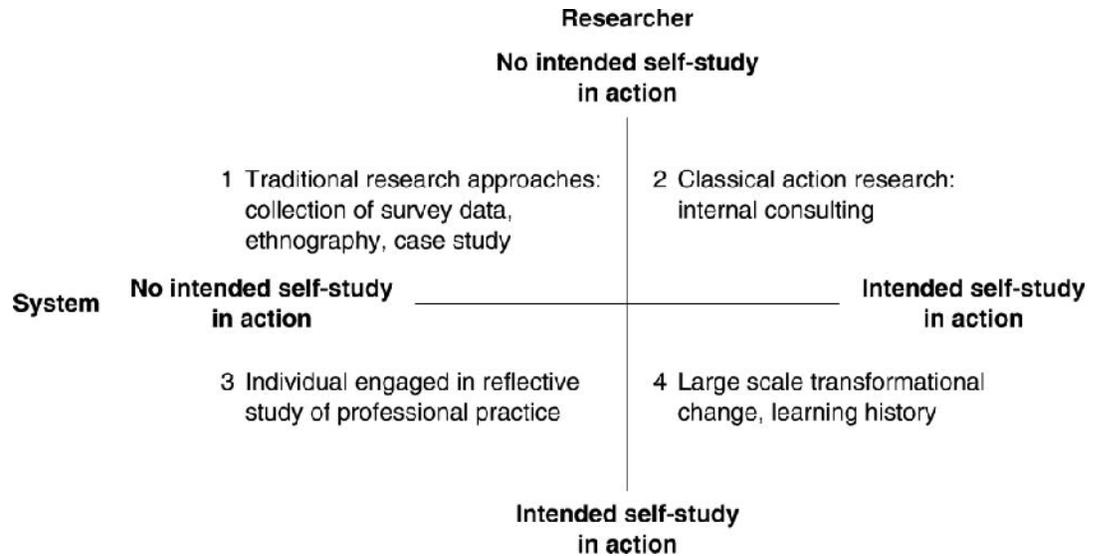
**Work Form:** in conventional research the researcher orchestrates all the dimensions of the research process such as topic selection, techniques, hypotheses formulation, data collection, and data analysis techniques; stakeholders should not influence this process. In action research, the focus is on the work forms that can enable the co-generative learning ground such as dialogue and search conferences.

**Research strategy:** in conventional research, the focus is on maximising data collection and analysis effectiveness and efficiency. Reflection is only shared among trained professionals with the same specialties. In action research, the aim is to create learning for professional researchers and problem owners by giving the freedom to all stakeholders to take part in knowledge creation.

### **3.5.5 The Models and Definitions of Action Research**

The focus of the system (organisation) and the researcher can determine the type of intended research. Coghlan and Brannick proposed a four quadrant system to determine the recommended research methodology based on the system and researcher focus, as seen in Figure 3-1 (Coghlan & Brannick, 2010, p. 103). Based on Figure 3-1, the study will be located either in Q1 (traditional research), Q2 (action research), Q3 (professional practice) or Q4 (transformational change).

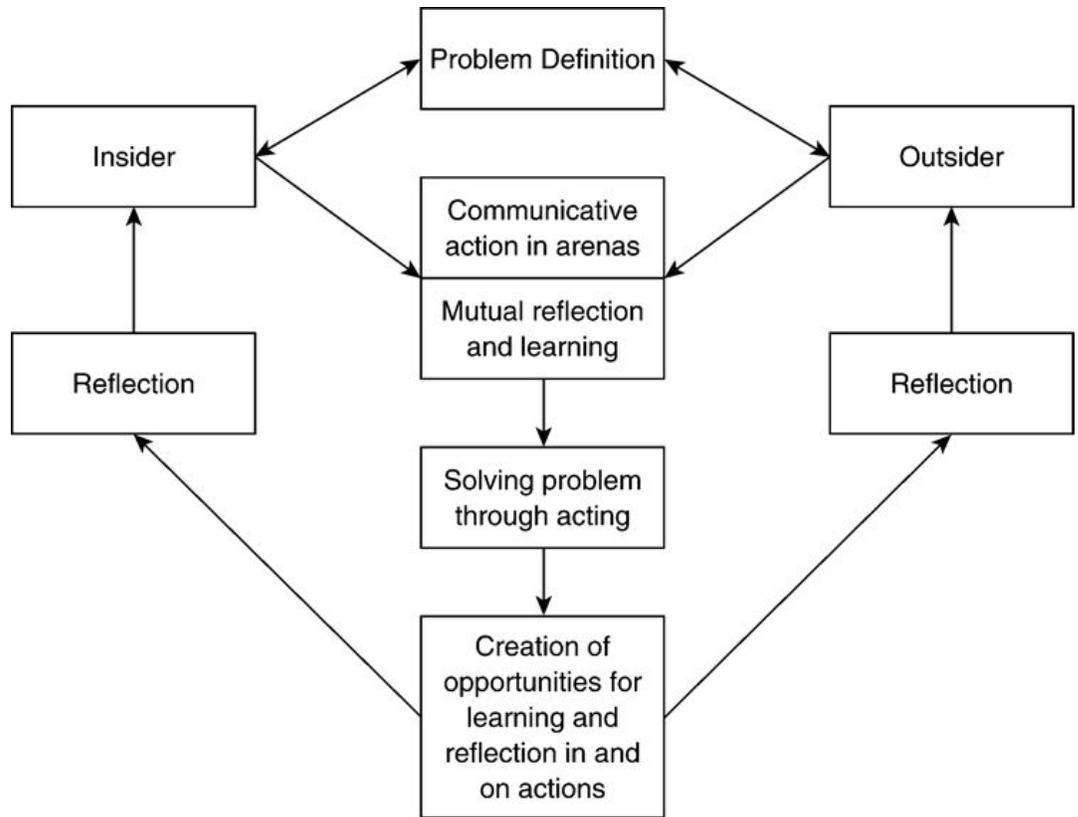
Initially, my study was planned to be located in Q3 as a professional study; after some weeks, I found a real opportunity for improvement. The improvement needed top management support to gain access to the necessary resources and to implement changes required. Thus the study moved to Q4 as organisational limited change.



Source: (Coghlan & Brannick, 2010)

Figure 3-1 Focus of Researcher and System

The action research co-generative knowledge creation model is summarised in Figure 3-2. From this model, it can be seen that action research is composed of two analytic phases: the first one is about identifying the research question. The second phase is about social change and meaning construction. Also, there are two main actors in this model: insider researchers and problem owners. Communication between the actors and the feedback loops are the main drivers for the learning process. In this study, I will use this co-generative knowledge creation module to provide a workable solution for the identified study question. I will work with my organisation's IT team to achieve this goal.



Source: (Greenwood, 2006).

Figure 3-2 Co-generative Action Research Model

### 3.5.6 The Philosophical Worldview of the Action Researcher (Insider Action Research)

Action research has different methodologies (paradigms); some of these methodologies have been developed from sociology, others from applied behavioural science. These methodologies are: classical action research, participatory action research, action learning, action science, developmental action inquiry, cooperative inquiry, appreciative inquiry, learning history, collaborative management research, reflective practice, evaluative inquiry, and clinical inquiry (Coghlan & Brannick, 2010).

This study will use the collaborative inquiry methodology.

#### 3.5.6.1 Collaborative Management Research

Collaborative management research is a multi-party effort; at least one of the parties should be a member of the organisation, and also at least one of the parties should be

an external or internal researcher. All parties will work together to learn about the behaviour of the organisation using scientifically based methods. The purpose of the research is to improve the organisation's performance and to enhance the body of knowledge in the field of management. This research is also called intervention research or interactive research. Collaboration inquiry emphasises a high degree of participation and stresses the importance of joined learning between the researchers and participants (Coghlan & Brannick, 2010). All of the IT operation team will have the chance to participate in this study; participation is optional and the analysis results of each study phase will be shared and discussed with all of the participants.

### **3.5.7 Action Research as a Methodological Tool (Action Research Cycles)**

Action research is done through repetitive cycles. Each cycle has four phases: constructing, planning action, taking action and evaluating action (Coghlan & Brannick, 2010) or planning, acting, observing and reflecting (Zuber-Skerritt and Perry, 2002).

In this study, the author will use Zuber-Skerritt's action research cycle, which is called the action research core cycle, combined with thesis research (Figures 3-3, 3-4, 3-5).

The four phases of action research and the activities within each phase are:

**Plan and design of thesis:** identify research problem; thesis design and rationale; literature review; and justification and methodology. This is the first cycle in which the thesis proposal is made, and ethical approval is solicited. The decision to use a case study was made in this phase. The researcher designed the study framework in this phase in addition to designing the study questions.

**Action (field work):** identify workgroup's thematic concerns; planning, acting, observing and reflecting on organisational learning and practices. In this cycle, the researcher identifies the study participants, and obtains their signed approval (via consent form) to participate in this study. The researcher identifies the data collection methods, for example interviews and available documents. Data collection will be conducted using semi-structured interviews in this cycle. The

study indicators listed in Table 2-1 will be used to form the interview protocol. This cycle will be repeated three times; one cycle per interview phase.

**Observation in the thesis:** description of the research procedure and process; analysis and evaluation of the results in light of the literature review. The researcher will start the qualitative data analysis in this cycle. This will include data coding, finding common themes and generating new knowledge based on the existing literature. This cycle will be repeated three times; one cycle per interview phase.

**Reflection in the thesis:** analysis of practitioners' and participants' reflections; research conclusions; new knowledge creation and limitations; and suggestions for future research. This cycle will repeat cycles 2 and 3 in order to gain a better interpretation of the results, and also to give a chance to the participants to critically reflect on the results and share their opinions. Research conclusions and future research suggestions will be part of this cycle.

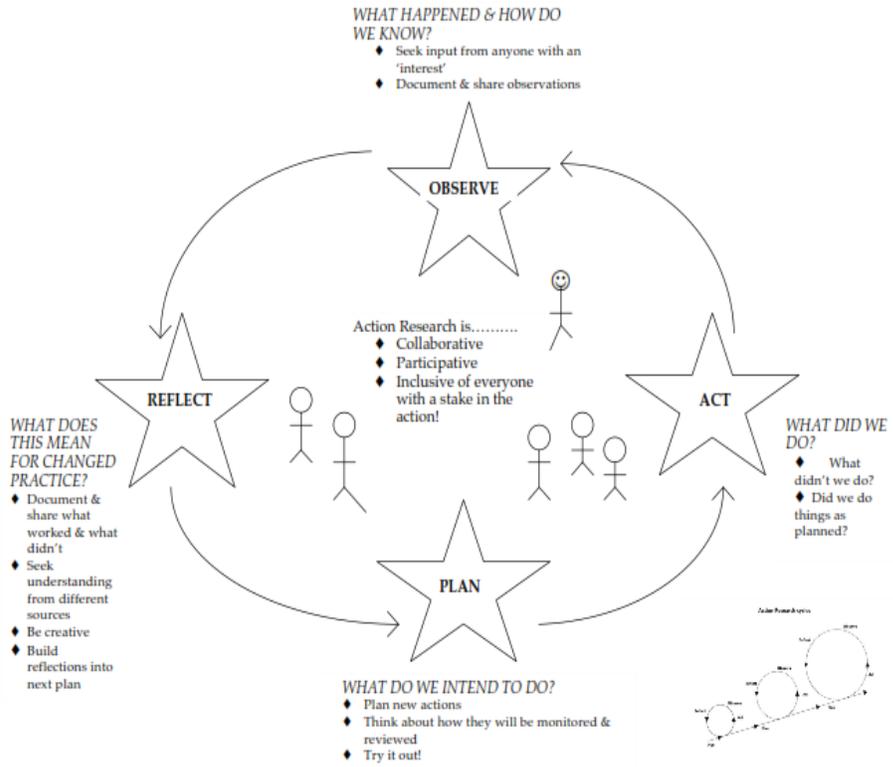
In each action research cycle the researcher has four operational functions (Coghlan & Brannick, 2010):

Experiencing: attending, sensing and imagining the activities of the problem.

Understanding: understanding and inquiring about what is happening.

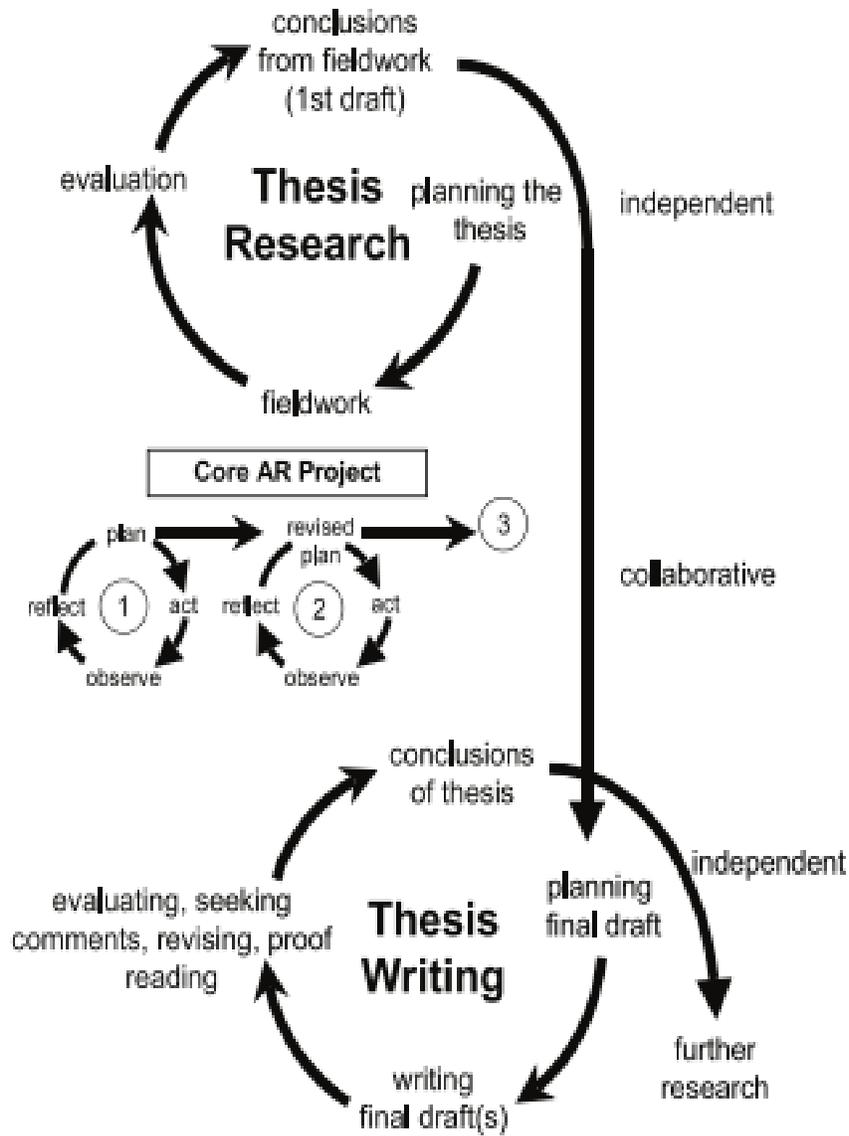
Judging: reflecting and waiting for the evidence and judging which actions to start.

Acting/Deciding: deciding and acting.



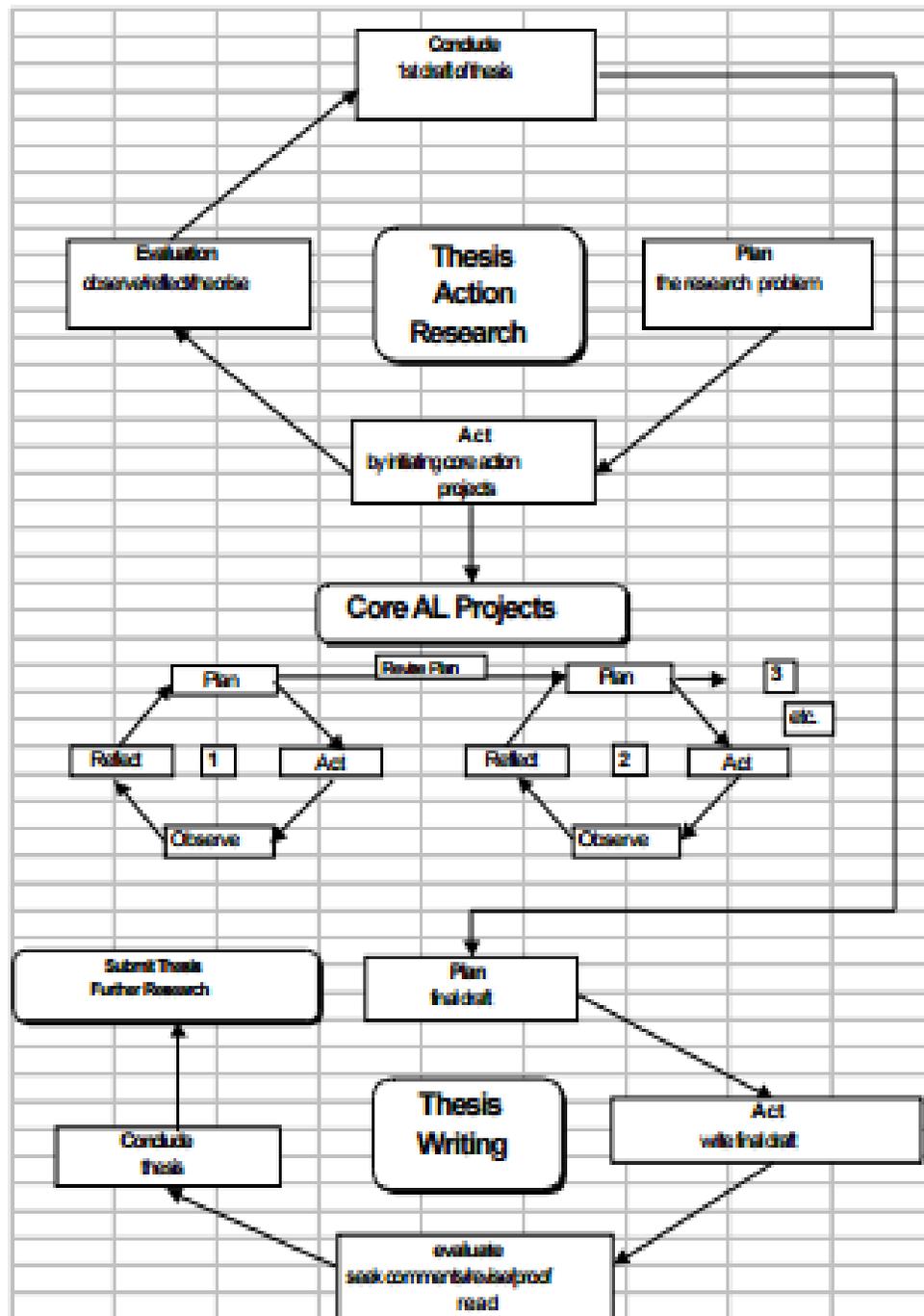
Source: Zuber-Skerritt and Perry (2002)

Figure 3-3 Action Research Core Cycle



Source: Perry and Zuber-Skerritt (1992, p. 204)

Figure 3-4 Core Action Research and Thesis Research



Combined AR/AL Framework (Adapted from Perry & Zuber-Skerrit 1992: 204)

Figure 3-5 Core Action Research and Thesis Research (detailed)

## **3.6 Case Study**

The researcher will use the case study qualitative approach to handle the identified workplace problem (WPP), combined with the core action research methodology of at least two action research cycles.

### **3.6.1 What is a Case Study?**

The common definitions of case study focus on the topics that can be covered by case study “The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result” (cited from Yin, 2003, p.27). The case study is used in examining contemporary events, in which the researcher has no control over the behavioural events.

### **3.6.2 Types of Case Studies**

Case studies can be either a single-case study or a multiple-case study depending on the studied phenomenon. In this study, the researcher will use a single-case study to cover one organisation. The case study will assist with answering ‘how?’ and ‘why?’ questions (Yin, 2003). There are many types of case study depending on the researcher’s intention of describing a case, exploring a case, or comparing between cases. According to Yin (2003), there are three types of case study: explanatory, exploratory, and descriptive. Stake (1995) identified three different case study categories: intrinsic, instrumental, and collective. The case study will be of a single instrumental type, in which the researcher focuses on an issue or concern and then selects a bounded case to illustrate this issue (Tellis, 1997).

### **3.6.3 Conducting Case Study Research**

Yin (2003, p.120) defined the stages of data analysis in a case study as "Data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study". Yin suggested the following analytic techniques for a case study: pattern-matching, explanation-building, and time-series analysis. According to Yin (2003), a case study has four stages:

**Designing the case study:** this research will be a single-case study, bounded to one organisation within the outsourcing period. The organisation is the unit of

analysis. There will be no propositions in this study. This case will be more exploratory than confirmatory. There will therefore be several ‘what?’ questions in the interview. The study topic will focus on the impact of reciprocity and trust on knowledge exchange in outsourced IT projects. Data sources will be interviews, observations, and available documents to assure the triangulation of evidence. All IT employees are candidates for this study. Study approval is obtained at this stage. This stage will depend on what the researcher knows about the case from the literature review and experience. Many factors have a direct and indirect impact on knowledge transfer. From available knowledge, trust is the primary factor in many studies, while reciprocity is rarely highlighted. This case stage is equivalent to the planning cycle of action research.

**Conducting the case study:** Data will be collected through semi-structured interviews and focus groups. This will be done in three phases. There is a need to avoid poor questions and response bias during the interviews. These interviews must be complete to gain insightful evidence about the case. Information from available documents can support the evidence that is generated from interview analysis. There is a need to organise the data collected in this phase to assure easy retrieval of data during analysis. This will be done in the second cycle of action research – the action or field work.

**Analysing the case study evidence:** "Data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study" (Yin, 2003, p.120). Data is interpreted relative to the study design. In this stage, the key themes about the case(s) are developed. Miles and Huberman’s (1984) techniques of case analysis will help in this case study. Some of the techniques are: displaying the data in arrays, creating displays, tabulating events frequency, and information ordering. Also, Yin’s (2003) pattern matching technique will be used during analysis. This will be done in the observation cycle of the action research.

**Reporting the case:** develop the conclusions, recommendations, and implications. This covers case description, analysis, and interpretation. This will be covered in the reflection cycle of the action research.

The phases of case study and action research will inform each other to reach the final target – the thesis writing. These interactions between the case study and action research are shown in Figure 3-6.

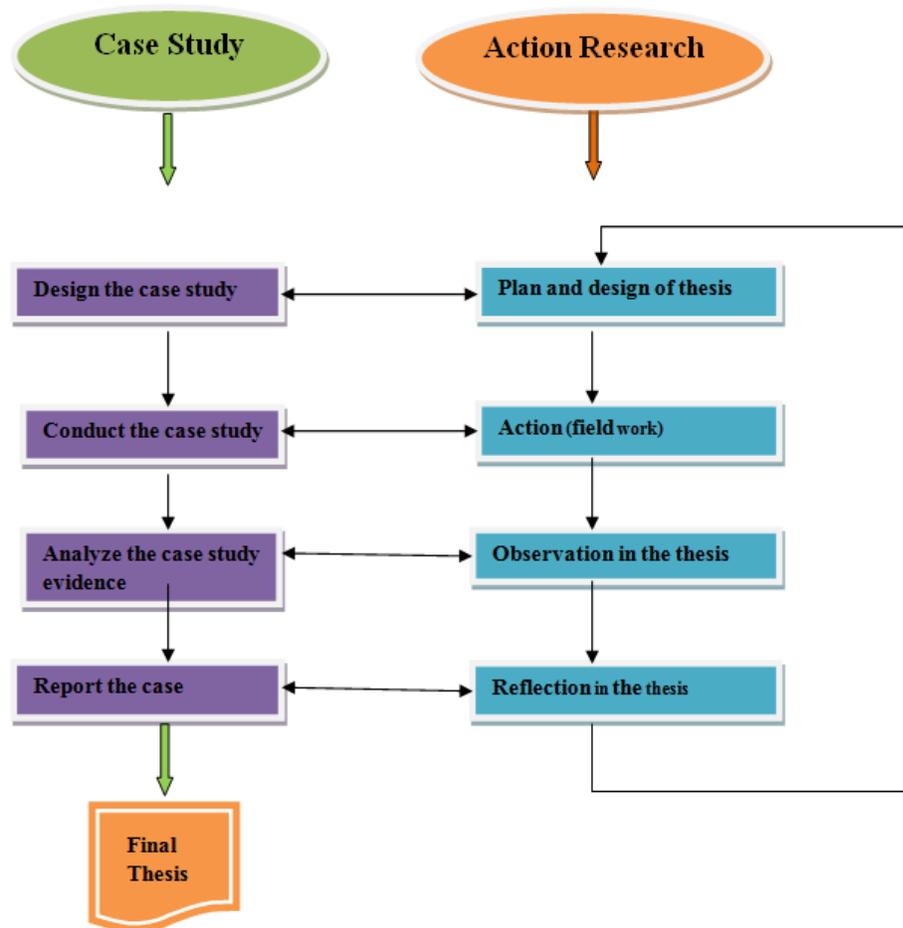


Figure 3-6 Study Case-Action Research Interactions

The aim of selecting a case study methodology is to explore the factors impacting knowledge transfer from the vendor to the client in IT outsourcing projects through different lenses. This allows multiple aspects of the phenomenon to be understood

and revealed. It will be a good chance to engage IT teams who are still in the project to share their experience. There will be no pressure on them as the outsourcing decision has been taken, and the participants just need to enhance knowledge transfer and learn some lessons for the future.

### **3.6.4 Study Case Data Collection and Analysis**

Available documents and interviews will be the primary sources for data collection. In the case analysis, the following four-stage plan will be followed to analyse, interpret and represent the collected information (Creswell, 2013):

Describing the data as codes and themes: a detailed description of the case and setting. This includes a view of the case and the related facts. In the identified workplace problem, there will be a detailed description of the outsourcing project phases in chronological order to show the different teams involved in the projects and their responsibilities during each stage. This will provide evidence of each project phase. Three action research cycles will be used in this phase.

Classifying the data into codes and themes: categorical aggregation will be used to create themes and patterns. In this stage, the researcher will try to find issue-relevant meaning. This will be done in three action research cycles.

Interpreting the data: the researcher will use direct interpretation to draw meaning from single incidents. This will assist in putting the data together in a meaningful way. The pattern can be used to find a correspondence between categories. A researcher can develop a naturalistic generalisation at this stage; this can be either used by other people or applied to similar cases. Three action research cycles will be used to reach the final conclusions.

Representing the data: the researcher will represent an in-depth picture of the case using narrative, tables, and figures.

As seen from Figure 3-6, there will be interactions between case study phases and action research cycles. There will be no duplication of actions. The case study will be used as the overall guidance for planning the thesis, collecting the data, analysing

the date, and presenting the case. Action research will be used within the case phases to have more than one cycle of data collection, analysis, and final interpretation.

### **3.7 Feasibility**

The researcher will depend mainly on interviews, observations and available documents for data collection. The researcher has daily contacts with different IT teams. This will facilitate the researcher's access to the necessary data. Also, the researcher has management approval to conduct this study.

As an insider researcher, the researcher needs to be aware of these main challenges, which were identified by Coghlan & Brannick (2010) and Roth et al. (2007):

**Preunderstanding:** researcher's experience and familiarity within the company. This experience can help with identifying the hot spots easily and understanding the company's culture. In some cases, the researcher may find it difficult to stand back from this culture.

**Role Duality:** being an inside researcher and an employee at the same time may lead to goal conflict. The researcher needs to convince the researched employees that he is a researcher, not an auditor, in order to encourage people to talk openly during the interviews. Coghlan & Brannick (2010, p. 136) called this 'role episode mode,' which covers five dilemmas: goal conflict and values, coercion and manipulation, misuse of data, misrepresentation and collusion, and technical ineptness.

**Access:** inside researchers can easily gain access to primary data resources, but they need top management and sponsor support to access secondary data resources.

**Acting in a political landscape:** an inside researcher needs to be a 'political entrepreneur' or a 'street smart' researcher to cope with company politics, mainly when talking about structural change. Björkman & Sundgren (2005) see that the inside researcher needs to be shrewd enough to handle these politics while conducting action research by having strategies and tactics to deal with different political situations and behaviours. Kakabadse (1991) identified some

of these strategies as identifying the stakeholders, using informal networks, working in comfort zones, and making deals.

**Ethics:** the researcher must avoid causing harm to any participant in the study. The researcher must preserve their anonymity and confidentiality. The researcher has to treat other employees as he wants employees to treat him, choose the proper things to do, and treat people as ends not a means (Coghlan & Brannick, 2010).

**Action research quality:** there is a need to fulfil the following four criteria: handling real-life problems, joint meaning construction, participation, and workable outcomes (2010).

**Research validity:** the researcher needs to use different intuitive and experiential ways of knowing, using the world of practice, being participative, and researching with people, not on people, (journalising) (2010).

### **3.8 Qualitative Research Quality**

Research validity can be achieved by using experiential and intuitive ways of knowing, researching with people, not on people, being participative, and using the world of practice.

The researcher used Lincoln and Guba's (1985) four trustworthiness criteria to test reliability and validity measures. :

**Credibility (internal validity):** beer debriefing, field engagement, triangulation of data and member checks.

**Transferability (external validity):** detailed description of concepts and categories and use of process and structures to understand data.

**Dependability (reliability):** use of purposive sampling, protecting confidentiality, inquiry audit of data collection and analysis processes.

**Confirmability (objectivity):** separation of first- and second-order findings, accurate records of interviews, and clear notes of methodological and theoretical decisions.

The criteria for trustworthiness for presenting the findings and interpreting ‘interpretive rigor’ are (Fossey, 2002): Authenticity, Reciprocity, Coherence, and Typicality in the written report, and the Permeability of the researcher’s intentions, and engagement in interpretations and findings.

### **3.9 Qualitative Data Collection**

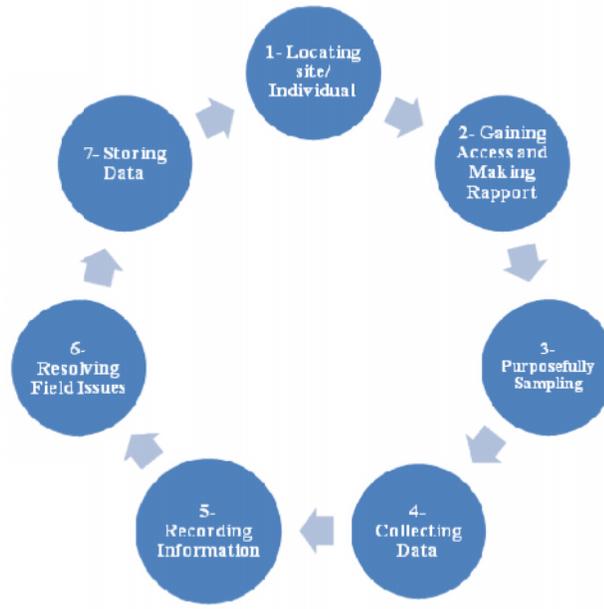
There will be two sources for data collection: secondary sources (existing literature – books, journals, and theses) and primary sources (interviews, observation, company documents, and reports).

#### **3.9.1 Secondary Data Collection Sources**

Secondary data collection sources are used during the literature review. These sources cover journals, books, dissertations, conferences, etc. The secondary data resources will be mainly used to help with drafting the study framework and as supportive documents for the study findings. These resources can help to craft the research questions, design the research framework, and find a suitable research methodology with which to conduct the study.

#### **3.9.2 Primary Data Collection Sources**

These primary data collection sources represent the real-life data that is collected through fieldwork. Interviews will be the main source of data in this study in addition to existing company reports and documents. Observation of daily work will be used as another source of data when possible. Interviews will be conducted after confirming the study questions and study framework. The data collection activities are shown in the data collection circle in Figure 3-7.



Source: Creswell (2013, p. 146)

Figure 3-7 Data Collection Circle

### 3.10 Designing Study Questions

Interview questions are usually generated based on experience and practice. Questions need to be carefully designed and checked to ensure that they do not contain implicit assumptions and are not general or vague. The questions in this study will be open-ended questions. McCrossan (1985, p.27) states that “open-ended questions require the Informant to answer the question in his or her words.” Open-ended questions are appropriate for interviews and focus group discussions.

### 3.11 Interviews

Interviews are used to conduct qualitative research, in which the researcher is interested in understanding opinions, behaviours, and processes. Usually, interviews are preferred over a questionnaire when the sample is small. If the interviewees are properly selected, and the interviews are appropriately designed, then it could be possible to generalise the study results (Rowley, 2012).

There are three types of interview: structured (similar to the questionnaire); semi-structured (using a small number of flexible questions); unstructured (encourage

interviewees to talk freely on a limited number of topics). The study will mainly use semi-structured interviews and focus groups interviews (Easterby-Smith et al., 2012; Saunders et al., 2009). Table 3-1 presents data collection matrix. The researcher will use interview protocols shown in Appendix B. In total, the researcher will conduct 45 interviews.

All interviews will be conducted in the workplace as face-to-face interviews and will be audio recorded (depending on the participants' consent). First, two phases of interviews will be conducted using individual interviews; in the third phase of interviews, individual interviews and focus group interviews will be used.

The interviews will be semi-structured in-depth interviews. This is a non-directive informal interview, in which the interviewees have the chance to talk freely about behaviours, beliefs, and events related to the study topic. This kind of interview is called a topic-guide interview, in which the researcher uses questions that are to some extent tied to the study framework. They can be one-to-one interviews or group discussions, where the interviewer meets the interviewee(s) face-to-face or over the telephone. In-depth interviews can help to probe deeply to reveal new ideas and open new dimensions for the problem. The gathered data in an in-depth interview are commonly analysed using qualitative methods, as with case study research. These data are likely to be used not only to understand the 'how' and the 'what' but also to place more emphasis on the 'why.' Focus and group interviews are loosely structured 'steered conversation' group discussions. The interviewer acts as a facilitator and an initiator of the interview. The interviewer usually uses a 'topic guide' to control the interview.

Table 3-1 Data Collection Matrix

Data Collection Matrix: Type of Information by Source				
Information Source/ Number of Interviewees	Semi-structured Interview-1/# Interviewees	Semi-structured Interview-2/# Interviewees	Focus Group/# Interviewees	Documents/Observation
Service Management	Yes/ 3	Yes/ 2	Yes/ 2	Yes
Infrastructure	Yes/10	Yes/ 6	Yes/ 5	Yes
IT Operation	Yes/ 2	Yes/ 2	Yes/1	Yes
Quality/Projects	Yes/ 3	Yes/ 2	Yes/2	Yes
IT Security	Yes/ 2	Yes/ 2	Yes/1	Yes

The research is an exploratory case study, so in-depth interviews are very helpful to find out what is happening and to understand the context. Managers are usually more receptive to interviews than to questionnaires, and consider interviews as an opportunity to reflect on events. Interviews give the opportunity for interviewees to receive personal feedback and an assurance about the way in which the information will be used.

In-depth interviews are suitable for open-ended questions. To gain the trust of the interviewees and to conduct effective interviews, the interviewer needs to consider these 5Ps: **P**rior **P**lanning **P**revents **P**oor **P**erformance. This requires the interviewer to consider the following key measures: the interviewer’s level of knowledge, the interview themes’ readiness, the appropriateness of the interview location, and supplying relevant information to the interviewees before the interview.

Participants will be chosen based on purposive sampling. In this sampling method, the researchers know in advance which sample units are needed and thus can approach the potential sample members who can meet the eligibility criteria. In our case, all IT employees who are involved in IT outsourcing projects are eligible to participate in this study.

Available reports and documents will be used as evidence for knowledge transfer. This data will be used as supporting evidence during the study discussions. The

study will use the reports that are already published to show the level of knowledge transfer. The secondary data will be de-identified from the moment it is used, and the study will refer to its availability when needed

### **3.12 Qualitative Data Interpretation**

Researchers can use different techniques to make sense of natural language data such as grounded analysis and content analysis (Easterby-Smith et al., 2012). The grounded analysis is an open approach. It has seven main stages: formalisation, reflection, conceptualisation, cataloguing concepts, re-coding, linking, and re-evaluation.

Dey (2003) proposes a three-stage sequential process for qualitative data analysis, comprising data description, data classifying and categorising, and data connecting (to see how concepts are interconnected). Miles & Huberman (1994) propose eight methods that can be used in the early analysis of qualitative data:

The contact summary sheet: a single sheet with some summarising questions about a particular field contact.

Codes and Coding: tags or labels for assigning units of meaning to the inferential information compiled during the study.

Pattern coding: an explanatory second level of coding. Pattern coding uses the summaries generated from the previous coding to form constructs and themes.

Memoing (general themes): Memos are used to turn different pieces of data into a recognisable general concept or cluster.

Case analysis meeting: a meeting between the researcher and participants, to summarise the current status of the case and to develop new ideas and constructs to be used later.

Interim case summary: case summary to show the current researcher's knowledge about the case and what still needs to be investigated.

Vignettes: a narrative, story-like structure used to describe a series of events to make them representative during the case study.

Pre-structured case: a conceptual framework of study questions, which is created before starting the study. It is used as a shell for the data to come and is revised steadily after each field visit, with the final one being generated after the final field visit.

Miles & Huberman's (1994) methods will be used as a guide to this study analysis with the help of NVivo software.

### **3.13 NVivo Software**

There are many Computer Aided Qualitative Data Analysis Software (CAQDAS) that can help with analysing qualitative data, such as text, video, audio and graphics. NVivo is one of these CAQDAS packages, and it will be used in this study. NVivo is a code-based package. NVivo can import Word documents, PDF documents and audio recorded files. In NVivo, data is analysed through the application of codes to the selected data. These initial codes will be used as free nodes in a data analysis. A researcher can give a definition or description to these nodes based on data selection. There will be a tree node that is hierarchical and can be used to structure developing concepts. Free nodes can be easily modified and re-coded. The coding process can be either guided by a theoretical framework (data is coded into pre-existing user defined codes) or emergent (data is coded into themes and developed into independent concepts) (Easterby-Smith et al., 2012).

## **Chapter 4 Data Analysis and Results**

### **4.1 Introduction**

This chapter will cover the data analysis procedures, the tools used for analysis and the analysis protocols that have been followed during all the phases of the study. In this study, data will be collected in three cycles. The total number of interviews will be 45, covering both the semi-structured interviews and the focus group interviews. Available documents and researcher observations will be included in these phases.

### **4.2 Qualitative Data Analysis Software (CAQDAS) NVivo**

A project is created in NVivo software to record all of the study steps from raw data import until the submission of final thesis report. Bazeley & Jackson (2013) provide a step-by-step guide to NVivo using qualitative study design and analysis. This book was used during this project to achieve better organisation and the presentation of the collected data. Three waves (phases) of interviews will be recorded. The first wave has 20 semi-structured interviews. The other two phases will have 25 semi-structured and focus group interviews, as seen in Table 3-1. Some of these interviews were audio recorded and the rest were not, as per the participants' wishes. Some participants preferred to have only written interviews as they felt more relaxed with this approach. Available reports and contracts are also considered during this phase. The contract document contains the scope of work of the vendor during the contract period, the agreed SLAs, and the types of reports and their frequency. The daily reports cover the numbers of daily incidents, including the ones that breach SLAs and the changes implemented in the network. Researcher observation is a supporting document that can add invaluable information to the collected data. A sample of these reports and observations are available in Appendix G, Figures G-1, G-2, and G-3. These data resources will be used throughout the study.

### **4.3 Data Coding and Themes Generation**

Codes are “labels that assign symbolic meaning to the descriptive or inferential information compiled during a study. Codes usually are attached to data “chunks” of varying size and can take the form of a straightforward, descriptive label or a more

evocative and complex one (e.g., metaphor)” (Miles et al., 2013, p.111). In each data collection phase, two cycles of coding will be used: the first cycle is coding; the second cycle is pattern coding and general themes’ derivation (ibid., 2013). Coding can be descriptive (assigning labels to data to summarise the basic topic of the passage), in vivo (using participants’ language to create codes) or process coding (using gerunds to signify conceptual action in the data) (ibid., 2013). There are different categories of coding based on the researcher’s subjective experience (emotion, values and evaluation coding). Coding can be deductive coding that uses the conceptual framework to develop the coding provisional start list, or inductive coding, in which codes emerge progressively during data collection (ibid., 2013). The researcher used both deductive and inductive coding to generate the codes of this phase of the study. Deductive Coding is based on the existing literature on which the study framework was developed; this means that deductive codes are mainly the ones existing in the study framework (Figure 2-1). Inductive codes are generated based on new ideas that emerged during data collection. Deductive codes can help the researcher to have a quick restart if there are time constraints and to have high-quality research that uses the existing theories. On the other hand, inductive codes show that the researcher is open to any new ideas raised by the participants and is not force-fitting the data into existing codes. In this study, some of the above categories will be used in the first cycle of the data analysis. A clear code definition is indispensable in qualitative studies; this definition can give more clarity to selected codes and serve as a reliability check for the study, mainly in studies that involve more than one researcher (ibid., 2013).

The second cycle will group the first cycle’s coding into a smaller number of themes, categories, relationships or theoretical constructs. Pattern codes can be either inferential or explanatory. Pattern coding can help to create a smaller number of analytic units from a large amount of collected data, and enable the researcher to be more focused in subsequent phases of data collection (ibid., 2013).

## **4.4 Data Coding and Themes Generation – First Phase of Interviews**

### **4.4.1 Data Coding – First Cycle of Analysis**

In the first cycle of analysis, the researcher will use 20 conducted interviews, daily observation notes and available documents and reports. Table E-1 is a summary of all the interviewees who participated in this study and in which phase each interviewee will participate in the coming phases. Proper transcription of audio data is done to have readable data; samples of these transcripts are shown in Appendix H, Figures H-1, H-2, and H-3 for different interview phases. All these data were imported into NVivo software for further analysis. In Appendix C, Figure C-1 is a brief summary of the steps followed in NVivo software to analyse the study data. By considering the study framework (Figure 2-1) and the available studies on outsourcing success, a new enhanced framework is shown in Figure 4-1. In this framework, the researcher added a continuous improvement element linked directly with outsourcing success; the purpose of this addition is to bring out the presence of action research within this study. The continuous improvement is a result of participants' feedback and comments during the study on the studied factors that have an impact on knowledge transfer. The function of continuous improvement is to enhance the outsourcing success using team experience from other projects and team innovative ideas. This means that success is not relative, and there is always a chance of enhancement. The researcher used the NVivo Word Frequency Query to have general ideas about the common words used by interviewees. The Word Cloud (Appendix C, Figure C-2) shows the most commonly used words, where frequently occurring words are in larger fonts. These frequently used words can help with code creation and theme building. In Appendix C, Table C-1 shows a summary of the data sources. The summary shows the number of codes per resources and the frequency of coding references per resource. The collected data were coded using descriptive, in vivo and process coding, as seen in Appendix C, Figures C-3, C-4, C-5, C-6, and C-7. Figure C-8 is a tree diagram<sup>1</sup> of all the resources compared with the number of nodes coded; the width of the rectangle indicates the number of codes per

---

<sup>1</sup> Tree Diagram is a naming of certain diagrams used by NVivo

resource. From this figure, it is noticed that there is a similarity in the coding of all the data sources, and there is no odd source coded differently. Table C-2 in Appendix C is a code book summary of all the codes used in the first cycle of interviews, the resources used for each code and the number of times (frequency) the resources are used to record each code.

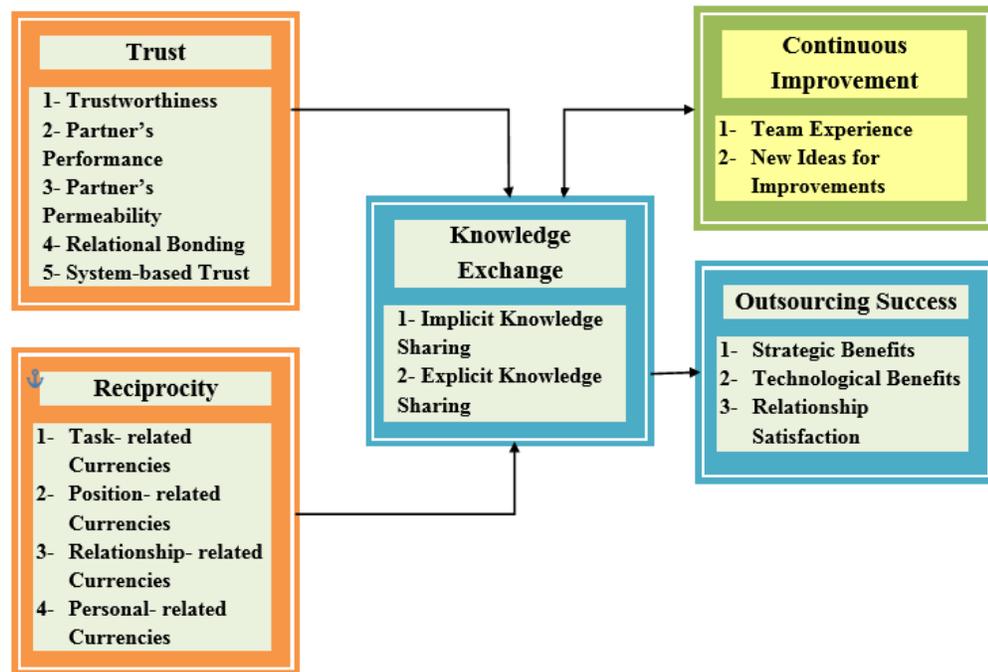


Figure 4-1 Enhanced Study Framework

In the first cycle, codes were generated under three main categories: trust, reciprocity, and lessons learned (continuous improvement). These are the factors that have a relationship with outsourcing success. In Appendix C, Figures C-9, C-10, and C-11 show the codes generated for the three categories trust, reciprocity and lessons learned. The size of the rectangles indicates the number of references for each code. These codes are either deductive (such as client capability, vendor

capability, proper communication, comprehensive contract, mutual understanding, management support, shared responsibility) or inductive (such as auditing, long-term contract, transition plan, operation readiness, availability of good service management system, and good documentation). These codes will develop and change during the study phases; some of these codes may not work or decay due to lack of support field material.

#### **4.4.2 Themes Generation – Second Cycle of Analysis**

The second cycle of analysis is a pattern coding that groups the codes generated in the first cycle of analysis into a small number of themes, categories or constructs. The output of this cycle will be inferential or explanatory codes that can generate an emergent theme or identify an explanation (Miles et al., 2013). The focus will be on codes that are frequently referenced in the data resources. In the first step, all of the codes that have less than three references will be ignored for trust and reciprocity. For lessons learned, all of the participants' concerns will be considered, as there are different concerns, and some are valuable even if they are not repeated. The chosen codes are shown in Appendix C, Tables C-3, C-4 and C-5 for all code categories.

Pattern codes consist of four interrelated summarisers: categories or themes; relationships among people; causes or explanations; and theoretical constructs (Miles et al., 2013).

The first selected code types in Tables C-3, C-4, and C-5, can be classified into the following clusters:

##### **Trust**

Cluster#1: Vendor capability, vendor size, vendor experience

Cluster#2: Communication methods and reporting

Cluster#3: Transparency, responsibility, and goodwill for job enhancement

Cluster#4: Good contract and contract fulfilment

##### **Reciprocity**

Cluster#1: Client capability, client resources availability, past client experience

Cluster#2: Shared responsibility and healthy relationship with vendor

Cluster#3: Well-defined contract and contract sharing

Cluster#4: Documentation and training programme

Cluster#5: Transition plan and vendor resources onsite availability

### **Lessons Learned**

Cluster#1: Adequate Resources, Building Knowledge Base, Process Understanding, Proper Training, Same Level of Skill Sets, Technical Expertise, and Tools

Cluster#2: Enough Transition Period, Knowledge Transfer Plan, and Proper Communication, Transition Plan

Cluster#3: Building Relationship with Vendor, Long-Term Contract, Mutual Understanding, Client Vendor, Onsite Resources, Proper Communication, and Well-Defined Contract

Cluster#4: Having Consultant, Management Support, Proper Training, Share Contract with IT Teams, and Tools

Tables 4-1 & 4-2 summarise the new pattern codes associated with the above clusters; these new pattern codes will be used for further analysis in this study. The summary of a number of coded references in these new pattern codes are shown in Appendix C, Figures C-12, C-13 and C-14 and Tables C-6 and C-7. The summary of the percentage of contribution of each data resource to these pattern codes is shown in Appendix D (Figures D-1 to D-13).

Table 4-1 Pattern Coding –Trust & Reciprocity

<b>Trust Clusters</b>	<b>Pattern coding</b>	<b>Reciprocity Clusters</b>	<b>Pattern coding</b>
Cluster #1	Vendor's Adequate Competency	Cluster #1	Client's Adequate Competency
Cluster #2	Proper Communication Channels	Cluster #2	Mutual Strong Relationship
Cluster #3	Responsible Transparency	Cluster #3	Comprehensive Contract
Cluster #4	Comprehensive Contract	Cluster #4	Operation readiness
		Cluster #5	In-advance Planning

Table 4-2 Pattern Coding – Lessons Learned

<b>Lessons Learned Clusters</b>	<b>Pattern coding</b>
Cluster #1	Needed Clients Capabilities
Cluster #2	Client Operation Readiness
Cluster #3	Contract and Relationship with Vendor
Cluster #4	Client Management Responsibility

Cluster analysis can help by showing the similarity between the identified pattern codes within the same main categories – trust reciprocity and lessons learned (Pearson Correlation, 2015 & Linkage Clustering, 2015).

From the patterns in the coded data (Appendix C, Figures C-12, C-13, and C-14), it can be noticed that the identified pattern codes are almost equally referenced in the data resources (interviews, observation, and available documents). This data shows the importance of contracts and vendor competency in outsourcing projects as will be seen in the coming analysis. From the cluster analysis, the researcher noticed the high word similarity between vendor competency, vendor transparency and communication channels in the trust category (Figure C-15), while in the reciprocity category (Figure C-16), the researcher noticed a high word similarity between client competency and strong relationship with the vendor. In lessons learned, the researcher noticed high word similarity among the three pattern codes: relationship

with the vendor, client management responsibility, and client operation and readiness as seen in Figure C-17. Still, there is moderate word similarity between other reciprocity pattern codes. The interpretation of these word-similarity figures is that in trust the contract is already there, and participants are talking about enhancing the current situation. On the other hand, in reciprocity, the participants are talking about factors that are available and can help to improve knowledge transfer, and at the same time they are factors that, if available, will improve knowledge transfer from the vendor to the customer.

#### **4.4.3 Narrative Description of the Phase 1 Pattern Codes**

##### **4.4.3.1 Trust<sup>2</sup>**

**Vendor's Adequate Competency** is the main factor that increases the client's trust in the vendors during the project's lifecycle. This competency can be measured by the vendor's years of experience in the market, the vendor organisation's size and financial position, and the vendor's available resources. The vendor's reputation is based on available references, which are another trust-enhancing factor, and they may be the only available factor before signing the outsourcing contract. During the contract implementation phase, the vendor's daily performance is the tangible evidence that can increase the client's trust level.

**Comprehensive Contract** can be considered as a factor that has a major impact on the client's level of trust. Vendor performance and capability are measured based on contractual agreed SLAs; in the majority of cases, the vendors will do what they are obliged to do by the contract. Some participants believe that the contract dominates trust in a vendor-client relationship, as in many cases, the vendor will refer to the contract to solve any conflicts. This demonstrates the importance of having a strong, detailed contract to avoid any conflict in future; in any future disputes, all of the parties will refer to the contract, and there is no room for good intentions if they are not covered in the contract.

**Responsible Transparency** plays a major role, continuously increasing the client's level of trust. The vendor needs to be transparent and to share all the information

---

<sup>2</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-1

with the client, mainly about major outages; they should not hide information. The vendor needs to delegate the task of sharing knowledge with a client to the technical teams, without the need for managers' approval. The client needs to start considering the vendor as a partner, not a vendor. The dilemma of responsible transparency is most salient when there are offshore resources, as the client cannot instantly control what these resources are doing, and the client has to monitor the results and security. To be effective, the vendor's responsibility should be translated into practice. Continuous improvement and knowledge sharing are measures of vendor responsibility and goodwill.

**Proper Communication** is the way of conveying knowledge from the vendor to the client. Without a proper communication plan, it will be difficult to achieve the project goals. As mentioned before, these communications need to be transparent and agreed. There are many channels for communication such as emails, reports, meetings and telephone conferences. For onsite vendor resources, many participants prefer face-to-face communication over other channels. As part of the communication activities, the vendor has to document all of their activities and tasks and deliver them through reports or emails to the client, to be used as an evidence reference or as part of the knowledge database. The client is better prepared if the communication channels and their frequency are covered in the signed contract.

#### 4.4.3.2 Reciprocity<sup>3</sup>

**Client's Adequate Competency** is a counterpart to vendor's capability. This is a strength in the client's hand, which enables them to have better control of the outsourcing project and to achieve outsourcing success. Client technical ability is a currency that can be reflected in a better relationship with the vendor and improvements in knowledge transfer. The client resources' rich experience is not sufficient if the client does not have enough resources to shadow the vendor. The client-team's position within the organisation, and top management support, can leverage the technical experience to smoothly obtain knowledge from the vendor. The client resources' experience with handling different vendors in other

---

<sup>3</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-2

organisations is another strength that can improve knowledge transfer. The vendor will not share knowledge if they perceive that the client does not have the proper resources to utilise this knowledge.

**Comprehensive Contract** is one of the client's strengths that can impact levels of knowledge transfer. Some participants linked knowledge transfer with what is agreed in the contract. Vendor performance can only be measured against the signed contract. A well-written contract is a client weapon that can be used to gain better knowledge transfer. Management should share the contracted scope of work with all of the technical team to have better control over the vendor's deliveries and to improve knowledge transfer.

**In-advance Planning** is a strength in the client's hand that can be used to achieve the outsourcing goals. The main concern of all participants was the short unplanned transition period for project handover from the vendor to the customer. In this planning phase, the client and the vendor have to agree on the scope of work (SOW) and what knowledge has to be transferred and how. This planning needs to cover client resource availability at the right time and preparing the checklist and documentation for handover.

**Mutual Strong Relationship** can relieve both parties of excess stress and conflict by identifying each party's responsibilities. The relationship could be considered as one of the client's strengths if linked with technical competencies.

**Operation Readiness** is a gauge of the client's ability to start the takeover. Training is one part of readiness. Processes, documentation and procedures availability are also part of operation readiness. In this part, client management support is needed to secure the required budget and resources.

#### **4.4.3.3 Lessons learned<sup>4</sup>**

**Client Operation Readiness** is the major concern of all participants. This covers knowledge transfer and the shadowing plan. A transition plan and resource

---

<sup>4</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-3

availability are necessary for successful knowledge transfer. Finally, there should be a checklist to know what is needed.

**Required Clients Capabilities** is another concern of the participants, as the number of resources is as important as their competency. There is a need to build a knowledge base on the client's side, to have a better idea about the existing skill levels of the client resources and the plan to train these resources.

**Contract and Relationship with Vendor** is a prominent concern of client teams. Without this dimension, it will be difficult to guarantee outsourcing success. A well-prepared contract can help to build trust and reserve clients' and vendors' rights. Experienced consultants need to participate in the contract preparation phase, and there is a need to engage client's technical resources in the early stages of contract negotiation.

**Client Management Responsibility** is needed in all phases of the outsourcing contract. There is a need to engage resources in contract negotiations. This responsibility extends to sharing the scope of work in the signed contract, planning a long enough transition period, and having a budget for employee training programmes.

#### **4.4.4 Reflection on Phase 1**

##### **4.4.4.1 Study Updated Framework – Phase 1**

After consolidating the number of identified codes into a smaller number of codes, the updated study framework is as shown in Figure 4-2.

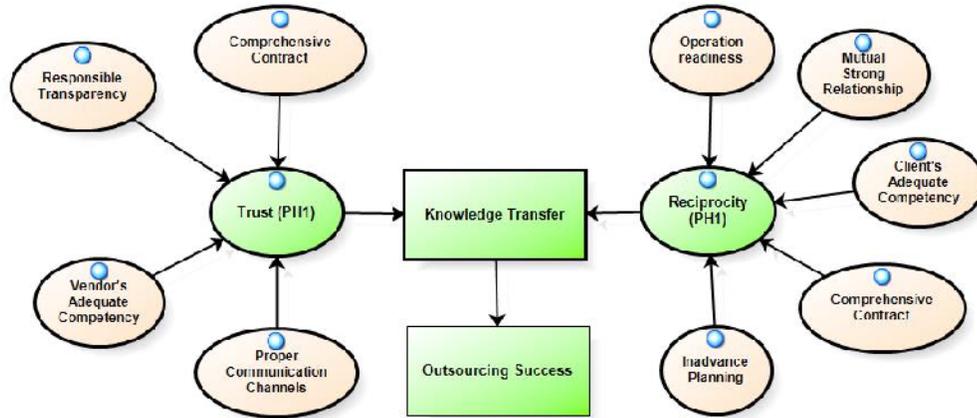


Figure 4-2 Phase 1 Study Framework

Still, the main two factors affecting outsourcing success are trust and reciprocity. These factors are broken down into a few factors using pattern codes. The definitions of the terms that will be used in the Phase 1 study framework are listed in Table 4-3. The researcher refers to the existing literature in defining these indicators. These identified indicators will inform the questions posed by data collection via the Phase 2 interview guide (Figure B-2 in Appendix B).

In-depth interviews with selected persons will be conducted in the second phase. Selection is made based on experience in outsourcing, mainly in the current project. As in previous interviews, an audio recording will be done with the participants' approval. The researcher will sit with the interviewees, explain what is needed, explain the interview questions and ask them to answer thoroughly with any thoughts in their minds. Also, they will be reminded that a third interview will be conducted to finalise the results. As with Phase 1, the collected data, transcript program, and NVivo qualitative data analyses software will be used for data analysis and theme generation.

Table 4-3 Study Variables Definitions

Characteristics	Definitions and sources	Indicators
Outsourcing Success	Fulfilling the outsourcing contract and achieving the company objectives of outsourcing. This is measured in terms of the user and business perspective (Han et al., 2008; Lee, 2001; Qi & Chau, 2013; Goo et al., 2008; Lee & Kim, 1999)	<ul style="list-style-type: none"> <li>1 – Ability to refocus on our core business</li> <li>2 – IT competence enhancement</li> <li>3 – Increased access to skilled IT personnel</li> <li>4 – Reducing the risk of technological obsolescence</li> <li>5 – Increased access to key IT services</li> <li>6 – The client is satisfied with the overall benefits from outsourcing with the current service provider</li> <li>7 – Sharing know-how from work experience, education, and training between vendor and client</li> </ul>
Knowledge Transfer	The transfer of expertise, technologies, and processes between the vendor and the client company through individuals (Lee & Kim, 1999; Lee, 2001; Qi & Chau, 2013; Park et al., 2011; Teo & Bhattacharjee, 2014)	<ul style="list-style-type: none"> <li>1- Share business knowledge of core business process if necessary</li> <li>2- Exchange information that helps business planning</li> <li>3- Share know-how from work experience</li> <li>4- Education and training</li> </ul>

Reciprocity		
Comprehensive Contract	Well-designed contract between client and vendor that covers foundations, change management and governance (Alborz et al., 2003; Goo & Nam, 2007; Heide and John, 1992)	<p>1 – Flexibility (the willingness to make changes and adaptations in the contract as circumstances change)</p> <p>2 – Service Level Agreements (joint understanding of reasonable and agreed-upon levels of service)</p>
Mutual Strong Relationship	The first part is commitment, which is defined as the engine that drives parties' ex-post motivation towards a good relationship (Goo & Nam, 2007; Newman & Sabherwal, 1996). The second part is cooperation, which is defined as a will of working together by the vendor and client to achieve mutual benefits (Anderson and Narus 1990; Goo et al., 2008)	<p>1 – Durability of relationship</p> <p>2 – Input (investment in capital and effort)</p> <p>3 – Consistency (relationship stability)</p> <p>4 – Process of working together to address specific issues, and to identify and implement the best possible solutions</p>
In-advance Planning	Having clear vision about the future, considering contract extension or termination decision	<p>1 – Training plan</p> <p>2 – Transition plan</p> <p>3 – Resources acquisition plan</p>
Client's Adequate Competency	The client's ability to generate clear requirements, to receive the	1 – Availability of dual-role skilled people to

	<p>service delivery, and to integrate business activities with IT functions (Willcocks et al., 2006; Feeny &amp; Willcocks 1998; Han et al., 2008)</p>	<p>handle the vendor and the technical issues</p> <p>2 – Technical IT and managerial IT capabilities</p> <p>3 – Organisational relationship capability</p> <p>4 – Vendor management capabilities</p>
<p>Operation Readiness</p>	<p>Assess the client’s readiness to take over all the activities that are done by the vendor. Assess if they can do the tasks without affecting the offered services (OGC, 2007)</p>	<p>1 – Prepared transition plan</p> <p>2- Documented and shared SLAs</p> <p>3 – Technical teams are participating in all activities during transition</p> <p>4 – Availability of process and procedure documentation</p> <p>5 – Roles and accountabilities are assigned</p>
<p>Trust</p>		
<p>Vendor’s Adequate Competency</p>	<p>The vendor’s ability to deliver services that match the client’s requirements and to add value to the client (Willcocks et al., 2006; Feeny &amp; Willcocks, 1998; Mao et al., 2008)</p>	<p>1 – The level of satisfaction of the client with vendor performance and to what extent it is matched with quality standards</p> <p>2- To what extent the</p>

		vendor matches these criteria: communication quality, conflict handling, flexibility and adaptation
Proper Communication Channels	This is linked with communication quality, which is defined as the degree of accuracy, adequacy, timeliness, and credibility of the communication process between client and vendor (Vorontsova & Rusu, 2014; Lee & Kim, 1999)	<ul style="list-style-type: none"> <li>1 – Frequency of reporting</li> <li>2 – Accuracy and timeliness of reports</li> <li>3 – Adequacy of meetings and reports</li> <li>4 – Relevant information</li> </ul>
Comprehensive Contract	Well-designed contract between client and vendor that covers foundations, change management and governance (Alborz et al., 2003; Goo & Nam, 2007)	<ul style="list-style-type: none"> <li>1 – Flexibility (the possibility to make changes in the contract’s necessities and requirements efficiently)</li> <li>2 – Service Level Agreements (joint understanding of reasonable and agreed-upon levels of service)</li> </ul>
Responsible Transparency	What is occurring in the project and why it is occurring? This is linked with operational effectiveness (Berg & Berg, 2008)	<ul style="list-style-type: none"> <li>1 – Do currently used measurements reflect the real situation?</li> <li>2 – What are the missing measurements?</li> <li>3 – How are plans and changes executed?</li> </ul>

#### **4.4.4.2 Discussion of Key Findings from Phase 1**

The discussion in this section will be based on the study indicators that are listed in Table 4-3. The vendor's capability is one of the main pillars in building client trust. This can be attributed to the fact that the client, in the initial stages, wants to rely on a trustable vendor, who has the competencies required to run the new project. The vendor's capability has an influence on the next two major pillars in building client trust – vendor's transparency and willingness to take responsibility. From Figure C-15, the researcher noticed a high word similarity between vendor transparency and vendor competency. Competency has no value if the vendor is irresponsible and not transparent about sharing the real work data.

Proper communication channels are the third pillar in building mutual vendor-client trust. This pillar has a high word similarity with the previous two pillars. There is a need for proper communication channels to share vendor capabilities and expertise with the vendor. Sharing information through proper reliable channels is part of transparency and can prove vendor commitment and responsibility to develop client's resources.

A fourth pillar is a comprehensive contract. Without this, the previous three pillars will lose some of their meaning and value. Usually, vendors share what is contracted as a way to reduce conflict with clients. This can help to increase trust and, on the other hand, can be a major currency (strength) in the client's hand to get the required knowledge from the vendor. In some projects, this factor might be strength in the vendor's hand if not prepared properly by an experienced team from the client's side. A weak relationship (word similarities) with other trust pattern codes can be attributed to the fact that the majority of the participants joined the company after signing the contract.

Coming to the strengths that can help the client to achieve the outsourcing goals and get the needed knowledge from the vendor; the interviews highlighted the main strengths that can help in knowledge transfer. The client's resource capability is one main strength that can help the client to monitor the vendor's compliance to the signed contract and to gain the utmost knowledge from the vendor. The strong mutual relationship is another strength that can help both the vendor and client to

run the project effectively. A comprehensive, clear contract with capable resources on the client's side can help with having a good relationship with the vendor. This is evident in Figure C-16 by the strong relationship (word similarity) between the above three factors.

In-advance planning can help to overcome surprises in the project. The client can predict in advance the resources that are needed and when to hire them. The client can plan a sufficient transition period for transfer of knowledge from the vendor. From the interviews, the researcher noticed that this in-advance planning was missing, and that an ad-hoc policy is adopted instead. Operation readiness is another concern of many participants and can be used as strength in the client's hand to obtain more knowledge from the vendor. This covers availability of training plans, documentation, audit checklists, and proper tools.

Studying the interrelationships between lessons learned, pattern codes, trust and reciprocity pattern codes can reveal some important facts about outsourcing success. Cluster analysis can help by showing the similarities between the identified pattern codes of lessons learned, trust, and reciprocity. Figures C-18 and C-19 in Appendix C, show the word similarity between trust, reciprocity and the lessons learned pattern codes. The figures indicate that adequate resources with proper competencies are needed in order to have a good relationship with the vendor. A comprehensive contract can enforce the vendor to be more transparent. Management plays an important role in forcing the vendor to be more transparent by preparing a good contract and giving continuous support to the client's teams during the project; also by providing the required resources and training. Client capabilities are another factor that can enhance vendor transparency and cooperation, as it will be difficult for the vendor resources to hide information. In the following phases of interviews, the researcher will focus on isolating the factors that have an impact on the running of the outsourcing project and factors that can be considered as antecedents to outsourcing success.

In Phase 2 of the study, the researcher tried to shed more light on the previous findings. The researcher also noticed that some participants are reluctant to give detailed information during the interviews. This can be attributed to the participants'

experience of similar studies, and also the fact that some of them joined the company just a few months before. The researcher will try to avoid such obstacles by side discussions before the interviews, in order to have a more relaxed atmosphere during the interviews.

## **4.5 Data Coding and Themes Generation – Second Phase of Interviews**

### **4.5.1 Data Coding and Themes Generation**

In the second round of interviews, the researcher conducted 14 interviews in addition to observation. The data was imported into the NVivo program and used as one of the data sources for generating the Phase-2 pattern codes. Appendix E, Table E-1 is a summary of all the interviewees who participated in this study, and in which phase each interviewee participated. The exclusion criteria were based on the participants' availability during the second round interviews and the participants' knowledge of outsourcing, which was revealed in the first-phase interviews. Some interviews were audio recorded, and the remaining were not, at the request of the interviewees. The interviewees were not familiar with repetitive interviews; this increased the difficulty of data collection.

All of the data were imported into NVivo software for further analysis. The codes generated will be used to enhance the framework that was established in Phase 1 of the study. The collected data were coded using descriptive and process coding as seen in Appendix F, Figures F-1 and F-2. In Appendix F, Table F-1 shows a summary of the data sources. The summary shows the number of codes per resources and the frequency of coding references per resource. Table F-2 in Appendix F is a code book summary of all the codes used in the second cycle of interviews, the resources used for each code and the number of times (frequency) the resources are used to record each code. These codes will also be considered as the pattern codes of this phase.

## 4.5.2 Narrative Description of the Phase 2 Pattern Codes

### 4.5.2.1 Trust<sup>5</sup>

**Vendor Capability** is one of the main vendor selecting criteria. Clients are looking for a competent vendor with proven experience. After signing the contract, it will not be easy to change the vendor if they are found to not be capable. The client has every right to verify the vendor's competency during contract negotiation to achieve the outsourcing objectives. The client needs to closely monitor the vendor's performance during the project execution phase, regardless of what is written in the contract. For vendor selection, clients can either depend on their experience with vendors or ask for references from clients who already work with those vendors. This will give clients confidence and increase their level of trust. This is not an easy task; the client has to spend time in the selection phase, as it will not be easy to revert. The client should be careful during the vendor selection process, and they should carry out some checks to make sure of the right selection. The client needs to have the required intelligence to avoid falling into the vendor-reputation trap by checking and interviewing some of the vendor's resources assigned to the project. The effort put into vendor selection will help the client in the future, avoid problems caused by bad vendor performance and increase the level of trust with the vendor. Vendor competence will increase the chance of a long-lasting outsourcing contract; the client will not need a high number of resources to monitor the vendor's performance. In general, a capable vendor will help the client to achieve the outsourcing goals and vendor competence can be considered as complementary to client competence. In the end, what the client needs is to be able to deliver high-quality service at an affordable cost with less problems; if this can be achieved using outsourcing, then the vendor will do this without hesitation.

The researcher observed during this phase that the vendor has good resources. The vendor shares some knowledge, but the vendor resources always keep some knowledge to themselves to justify their presence. In general, good resources on the vendor's side can be considered as assets for the client if the delivered service has the required quality and the end users are satisfied.

---

<sup>5</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-4

**Well-designed Contract** is the umbrella of all future project activities. The client cannot ask the vendor to carry out extra activities not mentioned in the contract. Extra effort should be put into drafting a good contract with a clear scope of work. Thus, the vendor who can deliver those requirements is chosen. The client is the master of the game and can decide what the vendor should deliver. If staff training is needed, this can be added to the contract. If everything is clear in the contract, knowledge transfer responsibility will be the vendor's responsibility. The client can agree with the vendor on a contract change if any gaps are found in the future. In many cases, the client is not capable of writing a good contract, and in such a case, consultant companies can help with achieving this task. The client may be bounded by time constraints and have no IT services contract background. For this, it is necessary to hire a specialised law firm. This lack of contract knowledge might be a big obstacle and lead to delays, customers' complaints, and dissatisfaction.

A good contract defines the scope of work of all the parties with more emphasis on SLAs and communication. The client usually will not have the right experience to be able to include all of the requirements in the initial contract; there is a need to agree with the vendor on a flexible contract that enables both parties to add new changes in future. A well-designed contract will help both parties to avoid any future conflicts and to have a good durable relationship. The contract must detail the client's requirements. The vendor needs to know what he has to do, and the client needs to know the process and schedule through which he will get his requirements. Any future contract breaches or disputes should be solved by referring to the contract with the support of both parties' senior management. In the case of an SLA continuous breach, high management intervention is needed to decide the way to move forward. For this, the contract scope of work should be shared with the client's employees so that they are aware of the vendor's duties and to avoid any conflict with vendor resources.

Finally, the researcher observed that the employees who joined the project in its early stages were more aware of the contract. After a certain time, things become an axiom and people do the same as their previous colleagues. From observation, it is noticed that adherence to a contract can be effective in the early stages, when both the vendor and customer are satisfied with what is going on. The vendor is always

saying that he is following the contract and the client's employees almost always agree on this after a certain amount of time.

**Communication Quality** – two-way communication is the only way to share knowledge between the vendor and the client, and to monitor the vendor's work. The client and vendor need to agree on communication details in the contract. In reality, vendor performance may be different from what is contracted. For this reason, the client needs to have a mechanism for vendor monitoring. Quality of communication and open communication between all parties can help to achieve the outsourcing targets. It is important to establish open vendor-client communications early in an outsourcing initiative. Developing a clear communication strategy will enable a smooth transition of work. Mishandling communications can result in resentment on the part of the client's staff and unwillingness to cooperate fully. By providing tools and approaches to communicate effectively, the transition can be eased for everyone.

The presence of a mature change management process can help to control the vendor's activities within the project and enable the client to be aware of all the changes within the project. Scheduled meetings and ad-hoc meetings can help to solve any disputes between the client and the vendor if both parties understand their responsibilities within the contract. The client should not expect the vendor to do things not mentioned in the contract. Also, the client has some responsibilities stated in the contract. If the vendor is waiting for client support to do a job, the client has to give the vendor what is required.

Communication has different levels, a technical level, and a management level. Issues need to be solved on the ground (technical level); in the case of escalation, management engagement is needed. All of this flow needs to be defined within the contract. Also, if something happens which means that the contract is not being fulfilled, there should be a clearly defined line of communication to tell the client whom they should talk to in order to escalate the process. These communications need to be defined in the contract with the expectation of a response time either by phone or email. All of this should be part of the contract.

Communication can be achieved through meetings, emails, and reports. Client management support is one way of guaranteeing the success of the outsourcing project targets. Management support is needed to solve escalated issues with a vendor, according to the signed contract. Communication has to be two-way, open, and involve no judging of one another because at the end of the day everyone is aiming to achieve the same goal – client success. The vendor is getting paid; they know why they are there for a specific period, and they have to deliver with quarterly meetings with the client to discuss the deliverables. Two-way communication is vital for all parties in order to have effective knowledge sharing; each party can share his thoughts and receive feedback from the other party. The same can be applied to the client; communication can help the client to be on top of all the ongoing activities within the project. The quality of communication needs to increase the mutual understanding between all the parties. The client should have all of the measures to control all of the vendor teams (onsite and offsite). A proper communication plan is needed to give the client a clear picture of what is going on in the project. A good point raised by the interviewees is that the client cannot expect a perfect vendor who will share and do everything required.

The researcher observed that during normal operations the vendor does not share all of the knowledge with the client's resources, for various reasons such as the fact that some vendor resources are offshore, some major activities occur after working hours, there is no policy for overtime on the client's side, and there is a shortage of client resources compared to vendor resources. The transition plan for the transfer of operations from the vendor to the client is short, and not all employees are aware of the need (or are unwilling) to give or acquire the required knowledge.

**Responsible Transparency** means that all parties engaged in the outsourcing project need to understand that success is for all of them, and failure will affect all of the parties engaged in the project. The client has to be clear in his requirements, and the vendor should fulfil these requirements. Contract fulfilment will impact the vendor's image in the market (positively or negatively), whereas a successful project may be taken as a showcase for future vendor contracts. The vendor needs to be transparent and to share all of the required knowledge; the client on the other side needs to have the right resources to absorb the vendor's shared knowledge. If the

vendor is not doing this, it means that three things are happening: the client does not have the right people to acquire the vendor's knowledge and get things done; this is not covered in the contract; and the client does not involve the legal team in the dispute. There has to be a legal bond in the contract that obliges the vendor to share all of the contracted knowledge and documents. Vendor transparency can be judged by having proper measurement mechanism of ongoing activities. The vendor's competency can be a major motivation for open communication and transparency; this must be accompanied by client capabilities for there to be a balance in this relationship.

Again, participants came back to the issue of vendor and client capabilities. A capable vendor can do a good job, and a capable client can realise whether the vendor is doing a good job or not. It will not be enough for the client to depend on the received documents from the vendor to trust him; the client needs to have access to all of the running equipment to verify the supplied data, including interviewing the vendor's employees.

The long-term objective of the vendor is to extend the contract; for this reason, the vendor may try to hide some information. The client should be aware of these games and have an inspection plan to verify what the vendor is doing. It will be good if this plan is part of the signed contract. The client needs to manage the vendor the way he wants, using regular inspections and evaluations of the vendor's work; there will be regular surveys with the client's services users about their satisfaction. There is also a need for regular meetings to compare documents and update them according to the progress of the outsourced program. The vendor has good resources and shares some knowledge, but the vendor's resources keep some knowledge to themselves to justify their presence. The client can also verify whether the vendor is transparent or not by checking the daily operational reports about incidents, changes, and SLAs, and compare the data to the real environment performance.

The researcher observed that good resources at the vendor's side can be considered as assets for the client if the delivered service has the required quality and end users are satisfied. The benefit at the vendor's side is the availability of resources 24/7 in different countries. Those resources can back each other up, and the client does not

feel any service disruption. On the other hand, offshore resources cannot share the same knowledge as inshore resources.

#### **4.5.2.2 Reciprocity<sup>6</sup>**

**Client Capability** can be considered as a thermometer for the outsourcing project; it is needed to control the vendor, measure vendor performance and absorb vendor's transferred knowledge. The level of capability and number of client resources depends on the outsourcing model and duration, whether it is full or partial outsourcing, long-term or short-term outsourcing. This will require the availability of technically qualified client resources to manage the knowledge transfer part and daily operations.

The client needs to have a qualified person to manage the transition project, and to ensure that the vendor has fulfilled all of the contract's obligations. This will enable the client to start with a stable environment. Companies can initially depend on temporary contracted SMEs (subject matter experts) to fill this gap. In addition to being a strength item in the client's hand, capability can help to improve the relationship with the vendor and increase mutual trust. Resource shortage or lack of capability in the client's resources can ruin the outcomes of the outsourcing project, and leave only one choice for the client – to extend the outsourcing contract. The client needs to start building this capability from the initial phases of the project and not wait until the contract ends; each phase needs special capabilities. Specific competencies are needed during the project phases to improve communication with the vendor and to have efficient knowledge transfer.

The client should have the skill sets that enable him to communicate with the vendor and ask the right questions. In some cases, the vendor may suffer from a low capability profile at the client's side. As mentioned before, the client cannot rely on the vendor's goodwill to acquire all the needed information; capable resources have their ways of obtaining this knowledge from the vendor.

Before the end of the outsourcing contract, the client must have all of the required resources to take over all of the vendors' tasks, and be able to continue delivering

---

<sup>6</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-5

the same service without degradation. There is a need to have all the tools, documents and processes that are used by the vendor and if this is not possible, to start looking for alternatives. Finally, there is a need for dual capability resources on the client's side to manage vendor compliance to all the contracted terms and to manage the technical knowledge transfer. Vendors are usually forced to respect competent client resources and find it easy to work with those resources; that is why the capability dimension is one of the main strengths in the client's hand.

The researcher noticed that resources with dual capability (vendor management and technical skills) were able to exert more control over vendor resources, because they know how to get the useful information from vendor and the best time to get this information. For example, for a new upgrade they always obtained implementation and acceptance materials and got on-site training from the vendor. The main issue is the shortage of resources at the client's side.

**Well-designed Contract** can increase the client's levels of confidence and trust, and can also be considered as the main strength in the client's hand to achieve the outsourcing targets and obtain all the required information from the vendor. In contract negotiation, the client has the strength to shape the contract and add all of his requirements. A good contract can protect the client from any future violations from the vendor's side, and can be used as an assurance tool to protect the client's interests. A well-written contract can save all of the parties' effort spent on false assumptions or identifying responsibilities; by referring to the contract; there should be no room for assumptions. A good contract should identify the scope of work for all parties, in addition to all communication and monitoring mechanisms.

Misleading terminologies can cause conflicts in the future; the client needs to avoid these before signing the contract with the help of external consultants if needed. They should not rely on a vendor to write the contract; this will help the client from falling into the vendor goodwill trap.

**Healthy Relationship** has two sides, the client, and the vendor. Without fulfilling the interest of both parties, the contract will fail. That is why there is a need for a healthy win-win relationship between the client and vendor. This relationship will

help the client to achieve outsourcing targets, and the vendor to improve its reputation in the market.

Client capability is needed to have a good relationship with the vendor; this capability includes both business and technical capability. Business capability is needed to manage the vendor's compliance to the contract, while technical capability is needed to monitor the vendor's resources' performance.

A good relationship with a vendor can help the client to continue providing the same quality of services by hiring some vendor's resources at the end of the contract. The client-vendor relationship should occur at all levels (management and technical staff). This will help technical teams to gain more support from the vendor. Both parties should work together to achieve a trustworthy durable relationship; this durable relationship will help all parties to achieve their goals. A relationship based on respect and trust is a must for success. The client needs the fulfilment of all the contract's requirements. The vendor also wants to fulfil the contract without hiring extra resources. Top management from both sides is responsible for creating a good relationship between vendor and client resources.

The role of the client's management is to hire capable resources as a competent counterpart for the vendor's resources. Also, management support is needed to keep the balance in this relationship and to support technical teams in any escalations.

The researcher noticed that there were two levels of relationship – management relationship and normal staff relationship. Personal relations play a major role in shaping normal staff relationships, and also the period for which the client and vendor resources work together. The longer this period is, the better relationship they have. Daily operational issues are solved at lower levels, and escalations or new requirements are usually escalated to management. On the management side, the same condition is valid for the transition period as before. Also, here we noticed that the managers from the client side who are responsible for the contract and project monitoring have more influence on the vendor than other managers.

**Operation Readiness** covers resources, capabilities, tools, documents, and management engagement and support. This phase starts at the early stages of the

project. If the vendor is flexible and agrees to give his resources to the client, this will save time and guarantee smooth transition as in such cases the client will have the know-how and there is no need to search for skilled people. The client needs to have resources and capable teams who have the same skill sets as a vendor to start delivering services from day one of the vendor's handover. Secondly, knowledge of the process that the vendor is following is a must in addition to resources and capabilities. Clear documentation and support operation procedures (SOPs) are needed. Hiring plans, training plans, a transition plan, and roles and responsibilities should be ready before reaching the end of the contract. The client needs to have clear future targets involving what to achieve and how to achieve them. This will cover the type of outsourcing contract (temporary or permanent). The transition plan must cover all scenarios – shadowing and reverse shadowing, the time frame and what knowledge will be transferred.

The checklist of operation readiness should cover resources, documents, and capabilities. The client needs to have 1) sufficient capable staff from the company to obtain the information; 2) capable persons to give this information; 3) good environment (classroom/meeting room) and enough time to be able to handle aspects such as education and practising; and 4) well-written documentation.

Knowledge transfer can be done side-by-side or on the phone using shadow and reverse shadow. The transition should be handled as a project with a capable project manager, and project plan. There is a need to have stages that cover the transition period. In the first stage, reviewing the vendor documents and giving feedback to the vendor to meet the needs of the client. In the second stage, these processes and documentation will be utilised in the day-to-day operations by shadowing the expertise from the vendor. In the last stage, the client needs to start applying the knowledge obtained from the vendor to be able to run the daily operations with little support from the vendor.

Client management should lead the transition phase and not let the vendor control this important milestone of the project. All of the required resources must be hired before the end of the contract; this will help with obtaining as much as possible from

the vendor in the last days of the project. Client management should be engaged as much time as possible, never leaving it to the vendor to take control.

Extra effort and care from the client's side are needed if some of the vendor's resources are offshore. In this case, such knowledge transfer will not be as smooth as with onsite resources. Proper documentation and conference arrangements are needed to facilitate this transition.

### **4.5.3 Reflection on Phase 2**

#### **4.5.3.1 Study Updated Framework – Phase 2**

After analysing the Phase-2 interviews, eight pattern codes were identified, and the updated study framework is shown in Figure 4-3.

The Phase-2 framework is almost similar to the Phase-1 framework shown in Figure 4-2. In this new framework, there are only eight pattern codes: four for trust (Vendor Capability, Well-designed Contract, Communication Quality, Responsible transparency), and four pattern codes for reciprocity (Client Capability, Well-designed Contract, Operation Readiness, Healthy Relationship). The definitions and indicators of these pattern codes are still the same as those used in Phase 1 Table 4-3. Proper Communication Channels changed to Communication Quality, and the researcher combined Operation Readiness and In-advance Planning into one code – Operation Readiness. This was done based on the participants' feedback in the Phase-2 interviews.

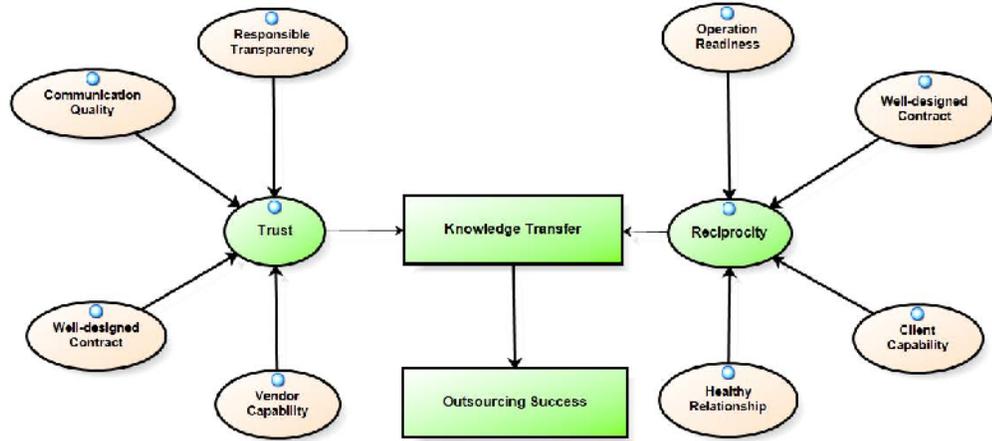


Figure 4-3 Phase 2 Study Framework

All interviewees agreed on the importance of the outsourcing contract. The researcher found that despite the importance of the contract, the majority of employees consider that they have no influence on the contract and their job is to monitor what has been contracted. This is the trap that most companies fall into. The ones who write and negotiate the contract differ from the ones who implement the contract. That is why interviewees consider the contract as something that is already signed, and their part is to monitor the fulfilment of this contract.

Vendor capability can be judged by previous experience working with the vendor and during contract execution. The majority of interviewees linked this with the vendor selection and contract signing phase. This is not the whole story; vendor capability is not same with all clients. This depends on the client's importance and the value of the contract. This means that this dimension can be improved during the implementation phase if the clients ask.

Client capability is one of the factors that can force the vendor to employ good resources and respect the contract. The client needs to have good resources to manage the vendor and good technical resources to monitor the vendor's performance. Interviewees put all the responsibility of hiring good resources onto client management. The researcher sees that this is a mutual responsibility between the management and technical teams. It will not always be possible to hire experts or a higher number of resources. The technical team should make an effort to improve their skills; management should help with providing the required training.

Operation readiness is the responsibility of top management and the technical teams. Management has the responsibility of managing the transition in advance, hiring the required resources, and putting in place the required training programmes. The technical team's responsibility is to start learning from the vendor from the early stages and to inform the management of any gaps. Operation readiness is tightly linked with client capability. Competence cannot be built in a short time; this needs time, proper training programmes and on-the-job training.

Responsible transparency can lead to a healthy relationship as stated by the interviewees. These two dimensions are also influenced by vendor and client capabilities. A capable vendor always has new knowledge to share, and a capable client is always ready to absorb this knowledge, or even to make sure that they obtain this knowledge if the vendor hesitates to give it. A good relationship that is built on trust can force the vendor to give beyond the contract when needed if the vendor feels that the client is not exploiting him.

Communication quality can translate all of the above dimensions into useful knowledge that is beneficial to the client. Clear reports that contain all the necessary information are one aspect of transparency and a healthy relationship. Customers need the information at the right time when it is needed. Reports should be easy to read and understand by the client's management and teams. Meetings need to be fruitful and should not be wasted on solving conflicts. All of the parties need to understand the contract and agree on necessary changes if required. All of the interviewees agree that the communication plan must be part of the outsourcing contract.

#### **4.5.3.2 Discussion of Key Findings from Phase 2**

Some of the identified pattern codes are applicable in the initial phase of the project (vendor selection and negotiation, and contract signature). These codes are Well-designed Contract and Vendor Capability. Some pattern codes are applicable in the execution phase of the contract, such as Client Capability, Responsible Transparency, Communication Quality, and Healthy Relationship. Some codes are important in the execution and handover phase with more emphasis on the handover phase as Operation Readiness. Vendor Capability and Communication Channels can

be part of the contract requirement, but these can only be tested during the execution phase. The client should have the right to request improvements in these areas, for example by enhancing the reporting quality, or interviewing and selecting the vendor's employees for the project.

Using word-similarity analysis (Cluster Analysis), the researcher noted that there is a strong relationship between reciprocity pattern codes. Client Capability has a strong relationship with Operation Readiness and Healthy Relationship, as shown in Appendix F, Figures F-3. Client Capability is a prerequisite of operational readiness.

Using the same word-similarity analysis for trust pattern codes, the researcher noted a strong relationship between Vendor Capability and Communication Quality and Responsible Transparency, as shown in Figure F-4. A strong vendor with a good reputation will always try to improve his image in the market to increase his market share. That is why with such vendors the client will notice high transparency and a high level of communication quality.

A well-designed contract has a strong relationship (word similarity) with all of the trust and reciprocity pattern codes, as shown in Figure F-5. Without a well-written contract, the impact of other pattern codes will not be as expected. In most cases, the vendor will stick to what is in the contract, and the only way to change it is to terminate the contract. Contract termination is not an easy, straightforward decision. The client in the outsourcing contract depends entirely on the vendor to run operations, and if the vendor leaves the contract in unplanned time, the client will find it difficult to control operations or even change the vendor. That is why the vendor selection phase is an important phase; it is like tree roots, feeding all of the other tree parts.

From above analysis, the researcher noticed that the main three pillars for the outsourcing success are Well-designed Contract, Vendor Capability, and Client Capability. Without these pillars, the other identified pattern codes will have no impact on outsourcing success.

The researcher also noticed a high word similarity between Client Capability and Responsible Transparency. This is known from practice; the vendor will not be open

to giving anything without a client request. There is also a strong relationship between Healthy Relationship and Responsible Transparency. This relationship is like glass; whenever it is broken, it will be difficult to return it back to its original shape. That is why a vendor should not make this mistake by hiding important information or manipulating the reported data. If this is discovered, it will take time to regain the client's trust.

In Phase 3 of the interviews, the researcher emphasised the main pillars of success and found how these could be used to improve other identified codes. This phase presents an actionable proposal for applying the findings in practice.

Action research is used in this study as a method of research with action. Participants are not familiar with action research methodology. This put an extra burden on the researcher of convincing the participants to take part in three phases of interviews. The enthusiasm for participation was high in the first phase of interviews and less in the second phase. The researcher hopes to improve this in the final phase of interviews by introducing the focus group concept.

## **4.6 Action Plan Proposal – Third Phase of Interviews**

In the third cycle of analysis, the researcher conducted 11 interviews; five interviewees participated in focus group interviews and the rest in individual interviews. Table E-1 is a summary of all the interviewees who participated in this study and in which phase each interviewee took part. The aim of these interviews was to generate a workable proposal of change based on the previous interviews and discussions. From the previous interview results, the researcher generated a final study framework. This framework will be used as a base for future enhancement. Figure B-3 shows the Phase 3 Interview Guide. In this guide, the final study framework is shared with the study participants to obtain their feedback and suggestions for improvement.

### **4.6.1 The Purpose of Phase 3**

The focus of this phase is to emphasise the findings of the previous phases and to solicit the participants' approval and support for the final study framework. In the

coming section, the researcher will present the participants' proposals for enhancement to create a final workable plan for the company. This will be used as a base for any future outsourcing decision and to improve the running outsourced projects.

#### **4.6.2 Narrative Description of the Phase 3 Pattern Codes**

##### **4.6.2.1 Trust<sup>7</sup>**

**Well-Designed Contract** can help both the client and the vendor in dealing with each other, and protecting the interests of all parties. In general, clients are not capable of writing a good contract by themselves; so the client can seek help from experienced people to write the required contract.

A good contract is the one that can protect the client's future interests; this can be done by including suitable measurable SLAs and penalties for breaching these SLAs. Vendors usually will not care if there is no financial impact on them for not fulfilling the contract. One important point raised is that the contract should allow the client to change a bad vendor (with their full support) during the transition to a new vendor. Change variations should be limited to big changes; small non-frequent changes should be done free of charge.

Missing information in the contract can have a negative impact on the mutual trust between the vendor and the client; this also may lead to confrontation between them. Clear requirements mean a clear scope of work, responsibilities and a written list of the services required.

The technical team must participate in identifying the company's requirements; a consultant company can help with the overall writing of the contract and in drafting the legal part of the contract. A communication strategy is one the mandatory requirements of a good contract; without proper communication all of the parties will live in silos, and nothing will be achieved.

**Vendor Capability** can be improved by signing a contract with a competent vendor. The main reason for outsourcing is to improve the client's competency and market

---

<sup>7</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-6

position. For this reason, vendor capability is one of the major factors that can lead to outsourcing success.

The client needs to learn how to benefit from the vendor's experience. From day one, the client needs to start integrating his resources with the vendor's resources in the shadowing process. This requires the availability of good resources on the client's side. The client should differentiate between vendor capability and ability; the vendors usually make many promises to get the contract. The vendor selection process must take care of this and include clauses in the contract to protect the client from the vendor's inability to deliver as required.

Good vendor selection will relieve all parties of the stress of arguments and solve disputes; this will also be reflected in the vendor's performance. The client can achieve this and select a good vendor with strong capabilities. They have the right to approve all the resources hired by the vendor to work on the project; the client should have the right to reject incompetent resources.

By participating in vendor resource selection, the client can give more credibility to the vendor, and this will improve their future relationship. The client can have the future benefit of this good selection; after ending the outsourcing contract, the vendor can keep the good resources and transfer them to the client's side, after obtaining the vendor's approval.

Even though there are good resources on the vendor's side, the client needs to learn how to get the information from these resources; this will not be straightforward. Those resources must be cooperative and friendly when dealing with the client's resources; if this does not happen client management should interfere and work with the vendor's management to overcome this problem. In general, the client must view the vendor's resources as complementing the client's resources, and use this synergy to achieve project success, which will be a success for all parties.

The main reason for outsourcing is to give the clients the time and capacity to focus on their core business and build up their competencies. By selecting a capable vendor, this target can be achieved. Otherwise, the client will have more headaches and more time will be spent on solving conflicts.

**Communication Quality** means transferring the right data at the right time to the right people – it is one main factor for outsourcing success. The client and vendor should agree on single points of contacts for communication and escalations. This may be single people or a team, depending on the contract size. A good contract usually covers all communication issues such as communication plan, reporting, and escalation management.

A good practice is to have face-to-face meetings and not only share written reports. A documented communication plan can help to improve the quality of communication and thus improve the success of the knowledge transfer. The main problem here is not the number of documents that are needed from the vendor, but the fact that the client must know which documents deliver value and which do not. Receiving hundreds of reports will have a negative impact on the knowledge transfer; they need to differ for different audiences. There are high-level reports with little detail for top management and non-technical teams, and at the same time low level detailed reports for technical meetings.

All parties should work on building intelligent system for communication and including more modes of communication besides emails. The client and vendor must build a strong ground of trust between them; knowledge transfer will be impacted by the level of trust between the client and the vendor.

**Responsible Transparency:** can increase the mutual trust between the client and the vendor resources. Any violation of this transparency will make the client sceptical about all the reports received from the vendor. Documenting all of the used processes is one important part of this transparency. The client also needs to be transparent to the vendor and to avoid a finger-pointing strategy. Vendor transparency must be on all client levels; the vendor should not build single relationships with specific client members and hinder information from other members. The client must prevent the vendor from building side relationships with a few of the client's resources at the expense of the client's interest. Skilled and experienced resources on both the client's and vendor's side are a thermometer for responsible transparency in information exchange.

One good practice is to thank the vendor for their good attitude and to let all of the management know about this positive behaviour. This will encourage the vendor to give more and more. Another thing is that when the vendor feels that there is a chance to win new projects from the client, the vendor transparency will be increased. The client can benefit from this win-win relationship. The vendor is responsible for gaining the client's trust by being responsible and showing positive attitudes towards achieving the client's targets and building the client's competencies.

There is a need to differentiate between vendor transparency during the contract and at the end of the contract. There is a need for more transparency in the transition phase at the end of the contract. Any missing information in this phase will be lost forever as the vendor will leave the project. The client should have proper planning for this phase with capable people to lead this transition. The clients need to have solid measures to evaluate the vendor's performance and not leave this to goodwill and intuition. Transparency can be judged against agreed contracted measures.

#### **4.6.2.2 Reciprocity<sup>8</sup>**

**Well-Designed Contract** is important to increase the level of client's trust. A good contract is one of the key strengths in the client's hand that enables the client to achieve the outsourcing targets and to build a stable relationship with the vendor. The client could hire external companies to support with writing the contract and a legal advisor.

The contract can be divided into three stages: before signing the contract, contract execution, and the contract closure stage. In each one of these stages, the client can have something to learn now and in future contracts, mainly in the contract negotiation stage. Not all client requirements can be fulfilled, and both parties will reach a point where it is necessary to adopt a compromise solution. In some cases, the client will be forced to have more than one vendor at the same time; each vendor is specialised in delivering a few services. This is usually the case in the health sector; the client should try to have the same SLAs and penalties for all vendors to avoid any conflict in the future.

---

<sup>8</sup> Quotation from participants' interviews are shown in italic font in Appendix I, Table I-7

The availability of policies and governance procedures on the client's side can help to fulfil the contract's obligations.

**Client Capability** covers people, tools, and processes. Without a proper combination of these three, it will be difficult for the client to absorb all of the knowledge transferred from the vendor. The first thing needed is a good project manager on the client's side to manage the outsourcing project and to be the interface with the vendor.

There is a need to have other resources that can be working as counterparts to the vendor's resources; those resources must have the skills required to manage the vendor and to learn from the vendor. One interesting point raised is to help the client's technical team to live in a secure environment with the possibility of improvement in future.

Client capabilities vary between management skills and technical skills. The vendor's management skills are a 'must' in the initial stages; technical skills can be built over time by training and shadowing the vendor. Management should be proactive in preparing the needed resources and should avoid waiting to start hiring. The client needs to start preparing the employees' skills matrix with the help of the vendor if needed. From the skill matrix, the client can identify any gaps between the existing capabilities and the needed ones; all these gaps must be closed before the end of the outsourcing contract.

The focus of the client must be on transforming services that are delivered by the vendor and on having enough resources before the end of the transition to keep the same level of quality of delivery. The client can get the utmost benefit from his resources if the client has clear objectives and embeds improvements into the company's culture.

**Operation Readiness** is a continuous process. The client must always be ready either to monitor the vendor during the contract or to take over from the vendor at the end of the contract. For a short-term contract, the contract must contain details of what knowledge needs to be transferred to the client and when. The checklist for operation readiness must cover resources, skills, and training. The number of

resources is also part of readiness; the client must have adequate numbers with proper skills to be able to take over the vendor's responsibility.

The transition plan must be ready before starting the handover; enough time should be allocated for proper transition. The client can start early transition by assigning skilled resources to work closely with the vendor; these resources can be used as a knowledge transfer bridge during the handover process. Operation readiness also means the availability of all processes and procedures documented, and the availability of supporting tools with resources capable of using these tools.

All resources must be hired before the final handover from the vendor to the client; it will be better if all of the resources can participate in the transition period. There should be a clear plan on how to remove the skill gap between the vendor's resources and the client's resources through training programmes.

In summary, this is a mutual responsibility between the client and the vendor. The vendor must help the client to be ready to take over the vendor's responsibility. This cannot be achieved in a short time; this has to start from the early stages of the contract. The client must provide all means of success, including the budget and capable project resources to help with achieving a successful project. After having strong foundations and project plans, operation readiness can help the client to obtain the required outputs from the outsourcing project. Top management should share the end-of-project dates with the technical teams to be ready in advance for this important moment, so that it does not come all of a sudden for them.

**Healthy Relationship** is the willingness and ability of the client and vendor resources to work together to achieve a common target. Without a good relationship, it will be difficult to succeed. The vendor's ability to deliver what has been contracted is one sign of a good relationship; also the ability of the client to measure vendor performance is another part of this healthy relationship.

The vendors usually deliver according to the contract; the client should be realistic in his expectations from the vendor. Vendors will not usually share all of their knowledge with clients, mainly their tacit knowledge. A healthy dialogue during face-to-face meetings can help to create a good relationship. In these meetings, all parties should focus on solving problems and not on finding a scapegoat.

Different stakeholders use the services delivered by the vendors. The feedback from all of these stakeholders is important to judge the vendor's performance. A monthly meeting of all the stakeholders' representatives is a good idea in order to collect feedback, and to let everyone be aware of the current situation.

Praising the vendor for a good job and lunch meeting are ways of improving this relationship. The client and vendor should start talking to each other as one team without formalities. Building a good relationship is easier with vendor resources on site; the client should work on having most of the vendor's resources on site if possible; in case of offshore resources, regular visits between the teams will help to build a good relationship.

The client must share the criticality of the business with the client, in addition to his expectations and goals; by doing this, the client can force the vendor to be more responsible and to deliver the best quality.

One way of enforcing a good relationship between the client's and vendor's resources is through team building. In these gatherings, people will learn the other side of each other's personality and will be released of work stress. To conclude, it can be said that building a good relationship between client and vendor resources is the main responsibility of top management on both sides; usually, this relationship is influenced by the management relationship.

### **4.6.3 Reflection on Phase 3**

#### **4.6.3.1 Study Updated Framework – Phase 3**

The Phase 3 study framework is shown in Figure 4-4. This framework is a result of the findings in the three phases of interviews and focus groups, in addition to the existing literature review.

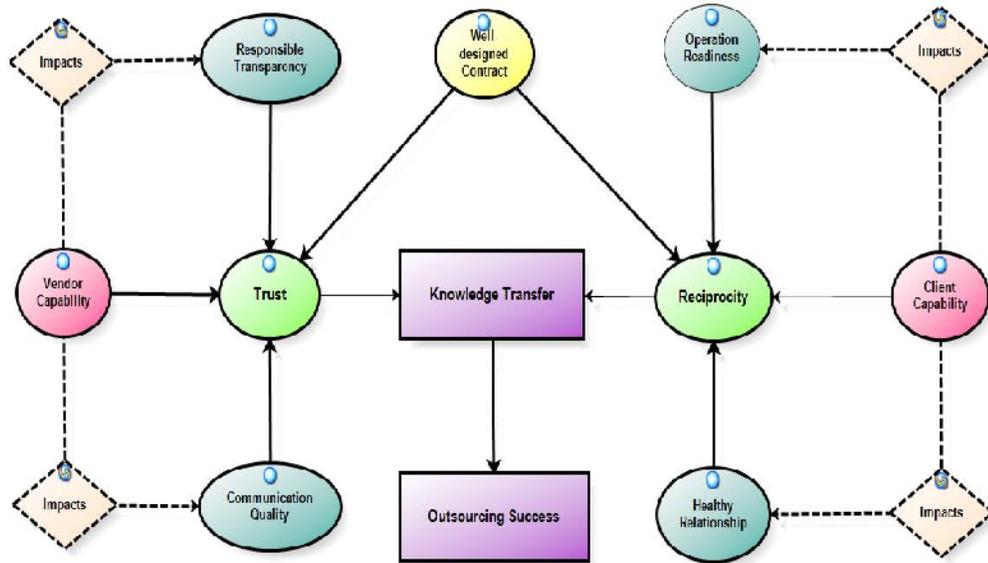


Figure 4-4 Phase 3 Study Framework

The Phase 3 framework is also the study’s final framework. In this enhanced framework, trust has four dimensions (Vendor Capability, Well-designed Contract, Communication Quality, Responsible transparency), and reciprocity has another four dimensions (Client Capability, Well-designed Contract, Operation Readiness, Healthy Relationship). The definitions and indicators of these pattern codes are still the same ones as in the Phase-1 Table 4-3. A well-designed contract is common between trust and reciprocity. Client and vendor capabilities have an impact on the other dimensions (except well-designed contract).

All of the interviewees agreed on the importance of the three pillars for the outsourcing success: Well-designed Contract, Client Capability, and Vendor Capability. The researcher found that the client has full control of building his capabilities and less control of building the vendor’s capabilities.

**4.6.3.2 Discussion of Key Findings from Phase 3**

The framework shown in Figure 4-4 is the final result of this study; this framework will be used as a basis for outsourcing enhancement in current and future projects. The study focuses on two main categories that can lead to outsourcing success – trust and reciprocity. Each category has been broken down into four different factors that can shape this category. As seen in the figure, there are three main factors that

affect outsourcing success within the trust and reciprocity categories. These factors are the contract, client's capability, and vendor's capability. On the other hand, there are four associated factors that affect outsourcing success – operation readiness, communication quality, responsible transparency, and healthy relationship. These associated factors are influenced by the previous three main factors. Management support and external consultants can be considered as influencing factors in this framework.

The starting point in any outsourcing project is vendor selection and signing a new contract. Any weakness in this step will have a long-term impact on the outsourcing project. The client should put all of his effort into selecting the right vendor and in articulating the right contract that fulfils all of his requirements. As seen from the framework and based on the participants' proposals, external consultants may be needed at this stage to help finalise the new contract and cover all of the legal issues within the clauses of the contract.

Selecting the right vendor means that the vendor has the right capability and ability to fulfil the contract and help the client to build his core competencies. Asking for references is noticed in the interview outcomes; all of the participants agreed that the only way to be sure of the vendor's capabilities is by referring to references or previous working experience with the same vendor. By selecting an experienced, competent vendor, the client to some extent can guarantee the vendor's transparency and communication quality. Usually, a good vendor will care about his reputation and market share. Gaining client trust will give the vendor a new reference which he can use to promote himself to other clients. Gaining trust will also require sharing the right information at the right time with the right people. This can only be achieved through improving the quality of communication channels and reports.

Trust is just one part of the success equation. Reciprocity or exchange strengths are the complementary part of the equation. Vendors will not exchange information if this is not requested by the client. The client also will not ask for the information if he does not know how to use this information.

The contract is the main strength in the client's hand that can protect his rights and force the vendor to fulfil the contracted obligations. As said before, the client may seek an external consultant to help with writing the contract.

Initially, the client will have a few resources; most of them will be either in project management or top management. After signing the contract, the client can start building his competencies and start hiring the skilled resources to manage the vendor and to take over in the future. Building those competencies needs support from top management. Top management can provide the necessary budget for hiring new resources and for continuous training programmes.

By having competent resources, the client can start building a healthy relationship with the vendor. This relationship is built on trust and respect. It is a win-win relationship. Without good resources on the client's side, there will be a one-way relationship between the vendor and client, in which the vendor has full control over the exchanged information.

Competent client resources will know what they need from the vendor. In case the decision is made to end the outsourcing contract, the client's technical resources and management can prepare for such a transition. Operation readiness means that the client resources can take over all of the vendor's activities without any disturbance to the offered services. Again to be ready for the operation, technical teams will seek management support for hiring the needed resources, reserving a training budget, and agreeing with the vendor on a proper transition plan.

To conclude, it can be noticed that all of the factors interact with each other directly or via another factor. None of the factors can be neglected, but some factors must be considered at the start, such as the contract and resources, and others can be gained with time, such as operation readiness and transparency.

# **Chapter 5 Contribution of the Research Process to the Researcher's Professional Practice and the Researched Organisation**

## **5.1 Introduction**

This is the first time that the researcher has conducted a complete qualitative study. In the past, the researcher had conducted complete quantitative studies including data collection and analysis. This study gave the researcher a chance to practise qualitative data analysis using Computer Aided Qualitative Data Analysis Software (CAQDAS). The study used a case study and action research methodologies. Action research helped the researcher to study knowledge in interpretive procedures including the reciprocity of perspectives with other participants, and sharing the researcher's world with other participants in a mutual relationship (Cunliffe, 2010). The study showed the researcher that learning enhancement can be achieved through interaction. Thomas et al. (2009) observed the effect of communication on building trust within an organisation. The researcher learned from this study about driving organisational participation and openness, and using this to achieve and identify the organisational targets.

Interviews provided a good chance for the researcher to be closer to employees and to build good relations with them. This informal relationship helped the researcher to conduct such a large number of interviews. Focus group interviews helped the participants also to talk to each other unofficially and to share their concerns and wishes. The information the researcher gained from the focus group interviews was invaluable as the participants were encouraged by each other to talk freely and to share their hidden concerns.

Reflexivity is a new concept that will be introduced in this chapter. Reflexivity is defined as "a critical approach to professional practice that questions how knowledge is generated and, further, how relations of power influence the processes of knowledge generation" (cited from D'Cruz et al., 2007, p.77 ). Lay & McGuire (2010) agreed on this definition of reflexivity. By adopting this concept, the researcher starts scrutinising the generated knowledge and not simply using it as a

source for deployment, or simply questioning how knowledge is generated. The researcher should be aware of the impact of the researcher's experience on knowledge generation.

Throughout this chapter, I will use reflexivity to reflect on the implications of the study outcome on the organisation and whether the suggested recommendation can be implemented or not.

## **5.2 Contribution of this Study to the Professional Development of the Writer and his Practice**

### **5.2.1 Action Research Inquiry**

The study helped with the understanding of the integrated perspectives of action research. The insider research process uses first, second and third person inquiry and practice. In first person inquiry, the researcher uses ontology to reflect on his worldview and experience. In the second person inquiry, the researcher uses epistemology to express how he seeks to know. In the third person inquiry, the researcher chooses the suitable methodology that will be adopted in the action research inquiry (Coghlan and Brannick, 2010). The researcher shared his experience in ICT outsourcing with the rich experience of the IT department experts in order to have more insight into the outsourcing problems within the organisation, and to arrive at a workable solution.

### **5.2.2 Framing the Action Research Project**

The insider action research is considered to be a practical issue that can be used to solve recurring problems. The action research project needs to meet the following criteria to be successful: being useful, manageable by the researcher, and achievable within a specified time frame (Bartunek et al., 2000).

The researcher managed to fulfil the above criteria when choosing the study subject. Knowledge transfer in IT outsourcing projects is a hot topic within the organisation, useful for management, and manageable by the researcher as a result of his rich experience. The issue of time frame is questionable. For this, the researcher used short-term and long-term improvements as will be seen in later sections.

The researcher learned how to achieve management buy-in by focusing on opportunities and not on problem resolution. According to Dutton et al. (1983), thinking in terms of opportunities develops a risk-taking culture, while talking about problem resolution promotes a risk-averse culture.

### **5.2.3 Designing and Implementing the Action Research Study**

The researcher had a chance to practice the full action research cycle that involves identifying the research problem, reviewing the collected and generated data, engaging with others in a collaborative analysis of the collected data, taking collaborative actions, and jointly evaluating the outcome of the actions taken. The proposed improvements triggered limited change programmes to implement the study recommendations. The planned change has four phases: identify the need for change, identify the desired future state, assess the present state to identify the needed work, and manage transition.

### **5.2.4 Knowing and Learning**

Human learning is a three-step process ((Coghlan and Brannick, 2010):

Experiencing: the researcher needs to attend to their experience; this experience can be in one of three domains: cognitive, body awareness, and feelings.

Understanding: the researcher needs to stand back and start asking questions about their experience. In this step, researcher will start to grasp an insight.

Judgement: the researcher needs to ask whether the insight fits the evidence or not.

As a result of the above learning process, the researcher needs to start taking action and at the same time preserve his authenticity by being attentive to the collected data, intelligent in making inquiries, reasonable in his judgements and responsible in his decisions. Journaling is a tool that can be used to enhance the reflective skills by registering the researcher's observation experiences in a journal. This will help the researcher to take a close look at events as they happened and also will help in future decision-making processes. During this study, I used Schein's ORJI model for journal keeping. ORJI stands for Observation, Reaction, Judgement, and Intervention. Journal keeping can help the action researcher to reflect on his

experience and integrate information to experience. Reflection can be done in the four territories of experience: intentions, planning, actions, and outcomes. I also used Schein's intervention with the following three inquiry aspects (Coghlan & Brannick, 2010):

Pure inquiry: understand what is happening neutrally. In my case, these are some questions: What is going on? Tell me about the operation's pain points?

Diagnostic inquiry: understand how others analyse the data, their reasoning and actions. Some diagnostic questions are: How did you react to customer complaints? Why did this happen? What action was taken to find the root causes of the problem? What is your team's feeling about this problem?

Confrontive inquiry: sharing your idea to force others to change their ideas. Some questions are: Have you openly discussed this issue with your team? Have you sat down with the customer to understand the issue? Have you taken any proactive actions?

In action research, the researcher needs to show his influence on the research, and not to be driven or bounded by the research methodology (Perriton, 2001). During my DBA study, I learned to solve complex workplace problems based on practical knowing more than scientific knowing through learning by acting and internal observation. I learned not to focus on foreseeable events and to try to dig deeper to find the root causes of the problems. Also, I learned to consider falling as a learning opportunity rather than a failure. I realised the need to have open communication channels with employees during the change process, engage employees with the process, and respect the employees' thoughts related to the planned change.

I have enhanced my knowledge as a Scholar-Practitioner of the following competencies during the research journey: dealing with ambiguity; ethics and values; integrity and trust; problem solving; written communication; listening; and creativity (Kormanik et al., 2009).

## 5.2.5 Inter-level Dynamics in Insider Action Research

Coghlan & Brannick introduced four levels of engagement in the organisation (inter-level dynamics): individual, group, intergroup and organisational. In this study, we have to consider these four levels (Coghlan & Brannick, 2010). This will put extra burdens on the researcher to deal with intervention frameworks and inter-level dynamics. Any dysfunction in any level will be reflected in other levels. The first level is individual – we need to be sure that the individuals understand the company's vision and goals and work to achieve these goals. Also, we need to check if there is a contradiction or conflict between personal goals and organisation goals. On the group level, here we need to be sure that the group is working as one team, that there is coordination of tasks, and that everyone knows his responsibility. Interdepartmental level is vital in our case. There is a need to have full coordination and effective communication among all IT operation teams. On the organisational level, the organisation needs to adapt to the external environment and consider other competitors. Managing inter-level dynamics helped in data collection and action implementation.

Part of the study's outcomes is to increase interdepartmental cooperation and build effective communication channels.

## 5.2.6 Issues and Challenges in Researching Your Own Organisation

I managed to cope with the main challenges that face the insider researcher; these were as main challenges and how I handled them during my study:

**Preunderstanding:** being an insider researcher is beneficial for knowing the organisation's dominant culture and to be aware of the informal structure; on the other side it may be difficult to stand back and critique this culture during the research. I tried my best to stand back from this culture during the assessment and critique of this culture. I used an informal structure to have open interviews, in which the interviewees talked openly without fear and suspicion. In the first phase of interviews the interviewees' responses were not as rich as needed. In the second and third phase interviews I managed to break this ice; I managed to get richer data by developing a collaborative inquiry and by following up on

replies. My presence in the organisation also helped with observing what others were doing without drawing attention and creating suspicion.

**Role duality:** in the beginning, I faced difficulties with finding a balance between being an employee and a researcher. I had to convince the researched employees that I had no hidden agenda and that I was looking to sharing my knowledge and experience with other employees for the benefit of the organisation. The insider researcher has the opportunity of testing, observing, intervening and validating the research outcomes, while the company would gain competitive advantage from the created knowledge. The dual role can help in creating a bridge between the academy and practice.

**Access:** I faced no issue with gaining primary access approval to conduct this study. For secondary access, I had access to data, documentation, people, and meetings. Dual-role researchers helped me to gain access to the secondary data.

**Ethics and politics:** I managed to avoid causing harm to any participant in the study. I preserve the participants' anonymity and confidentiality. I managed to act in the political landscape by following the following guidelines: identify the stakeholders, work in the comfort zone, build an informal network, and make deals.

### **5.3 Impact of the Research Process on the Researched Organisation**

The study helped to highlight the issue of talent challenges. The organisation needs to use analytics to predict and forecast future talent needs and outcomes. A skill matrix can be used as a start in this area.

The intention is to become a High-Reliability Organisation (HRO). Skilled resources, processes, and tools are needed to achieve this target. The study can help the organisation to decide whether to end or continue with outsourcing. Vendors usually have the experience and resources to run HRO organisations. If the studied company decided to end outsourcing and to take over all of the vendor's activities,

then the study provides short-term and long-term recommendations for improvement.’

In the following section, I will try to answer the following two questions:

What specific actions could a company or your organisation take in order to follow your recommendations?

How would you/your organisation be likely to respond to such suggestions?

### **5.3.1 Proposals for Improvements**

Based on the participants’ feedback in the three phases of interviews, the researcher can propose the following improvements for handling outsourcing projects using the study framework in Figure 4-4; some of these are quick wins or short-term improvements, others are long-term proposals. Quick wins are associated with operational benefits (see Figure 5-1), while long-term proposals are linked with strategic benefits (see Figure 5-2). The short-term and long-term improvements and proposals for trust and reciprocity dimensions are shown in Tables 5-1, 5-2, 5-3, and 5-4.

Some of these recommendations can be implemented within the technical teams by internal agreements as short-term recommendations. Long-term recommendations need management support and a new budget. This concern will be raised to top management for follow up.

The main short-term and long-term recommendations are:

#### **a- Short-term recommendations:**

Reduce risk by utilising proven/repeatable processes and procedures. The ITIL (IT Infrastructure Library) is a best practice process framework that is followed by all IT organisations. My role here is to customise these processes based on the organisation’s requirement and to document and deploy these processes. Training and workshops will be part of this mission. This recommendation has been implemented. Processes are documented and published.

Continue process improvements that help to reduce costs. This covers process improvements, improving customer satisfaction, and encouraging technical teams to use knowledge-sharing tools. Workshops with different teams have been conducted. Processes were revised and customised as per different teams' requirements.

Improve experience in responding to/resolving critical incidents; be proactive in getting in front of future issues. Training will be given to technical teams on root cause analysis techniques. Awareness training sessions are in place now for all technical teams about new processes and tools.

Establish a good relationship with existing vendors focusing on the 'success together' slogan during the outsourcing project. This will cover team building and face-to-face meetings. Technical meetings are now run by customer teams, and reports are generated by customer teams.

Allow internal resources to focus on their core competencies. Management role is vital in this area by hiring the required resources. The project manager is hired for the outsourcing transition, and he is responsible for solving any issues raised with the vendor.

Provide a clear definition of IT/vendor team roles and responsibilities. This is a client-vendor effort that will use the signed contract and scope of work as a reference when defining the roles and responsibilities for all parties. The signed contract is used now as a reference for defining the roles; any conflict is resolved by mutual agreement.

**b- Long-term recommendations:**

Introduce expertise at the right levels at the right time to facilitate innovation and improvement. This will cover hiring the right resources, a clear training roadmap, and a clear job description. The organisation started hiring more IT technical persons. The problem is that the hiring and relocation process is a lengthy one and nothing can be done to accelerate this process due to country regulations.

Utilise knowledge management platforms to provide self-learning. All technical teams should start to share their knowledge by logging problem solutions into the knowledge-sharing module. Other employees need to start to use the knowledge-sharing reservoir to solve operational issues. New knowledge management software has been installed; teams are encouraged to utilise this platform to share knowledge. This process needs time to have the intended results.

Focus on minimal disruption to ensure ease of transition and team integration after the end of the outsourcing contract. New contracts must have a transition plan that contains the scope of work and all parties' responsibilities during the transition period. This will be considered in the new contracts. Nothing can guarantee that this will be done as in some cases and due to urgency and politics the contracts are signed without engaging all affected parties. Also, the study was conducted within the IT department. There are other medical departments that adopt outsourcing strategies. The IT department has no control over these departments with regard to deciding about the outsourcing contracts.

Leverage the skills of the existing teams by positioning those individuals in their areas of expertise and use their knowledge of the organisation's systems to maximise their utilisation. This is in place now; still, there is a problem in obtaining the appropriate training for future needs due to organisational policies. This may be changed in the future.

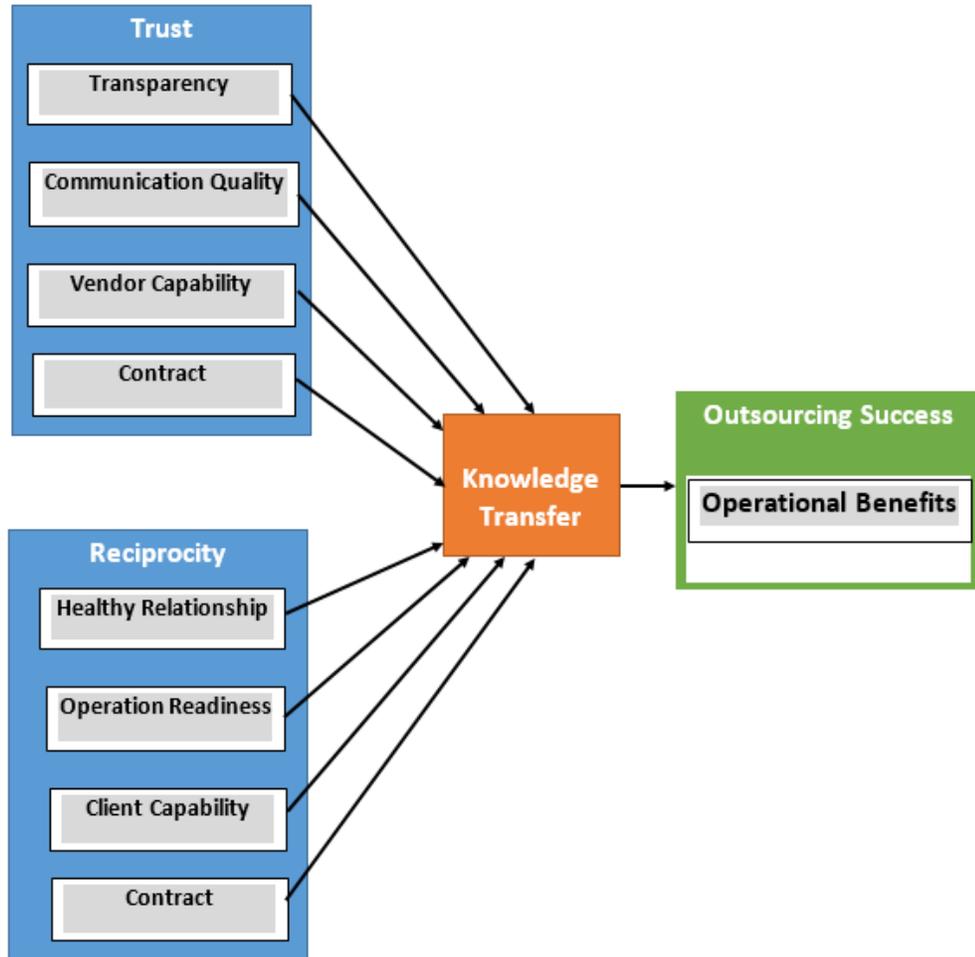


Figure 5-1 Short-term Impact for Trust and Reciprocity dimensions

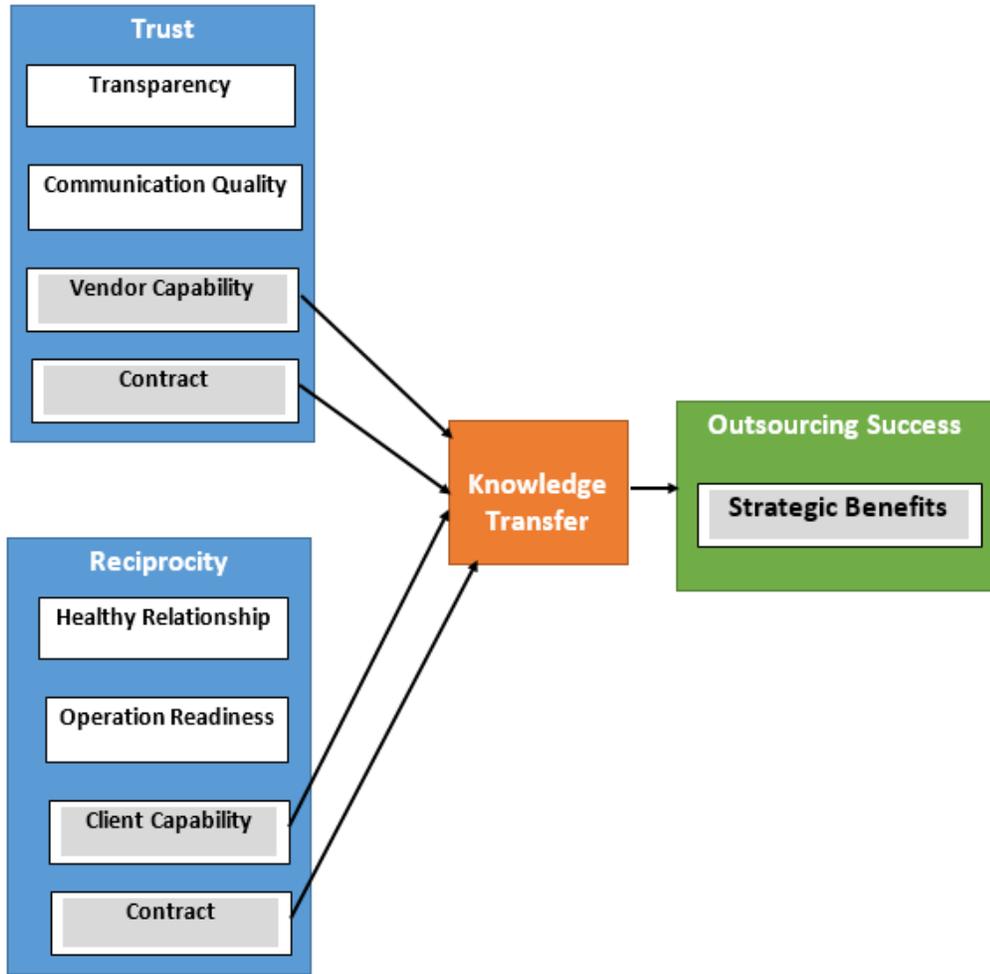


Figure 5-2 Long-term Impact for Trust and Reciprocity dimensions

Table 5-1 Short-term Improvements: Trust

<b>Trust</b>			
<b>Communication Quality</b>	<b>Transparency</b>	<b>Vendor Capability</b>	<b>Contract</b>
Identify the contact points on each side	Considering the vendor's resources as part of the work team: work as one team	Onsite vendor resources: the client must insist on the availability of some vendor resources on site if not possible for all	Sign support contract with different vendors for third-line support (Tier 3). These contracts must have clear roles and responsibilities. In addition, the contracts must have clear contact procedures for different failure levels, mainly emergencies
Identify the type of reports and frequency of each report	Avoiding a finger-pointing and blaming policy: this will build trust	Ask for vendor resources' interview reports: get the interview results from the vendor	
Identify the audiences for each report: there should be different reports for management teams and technical teams	Focusing with the vendor on agreements not on differences: this can help to achieve good results within a short time	Ask for vendor resources' CVs: the client needs to approve the vendor resources	
Identify the meeting	On-the-job training or personal coaching:		

<p>frequencies and the purpose of each meeting type</p>	<p>recommended from the initial stages of the contract</p>		
<p>Correct and flexible mode of communication, not limited to emails</p>	<p>Creating process binders or run books and circulating the same: all technical teams must have these processes as a guide for their daily work</p>		
<p>Identify the frequency of reviewing the communication plan</p>	<p>Using an appreciation policy in addition to a warning policy to appraise the vendor</p>		
	<p>Be fair with the vendor: the client has to be realistic in his requirements and always use the contract as a reference</p>		
	<p>Avoid building single relationships with the vendor: the vendor must treat all of the client resources in the same way and deliver any requirements, regardless of who asks for them</p>		
	<p>Engage management in any disputes: management resources should be aware of any conflicts with the vendor that cannot be solved by the technical teams</p>		

Table 5-2 Short-term Improvements: Reciprocity

<b>Reciprocity (Strengths)</b>			
<b>Healthy Relationship</b>	<b>Operation Readiness</b>	<b>Client Capability</b>	<b>Contract</b>
Engaging top management from both sides in building this relationship: top management can help to create a healthy atmosphere when dealing with the vendor during meetings and escalations	Availability of the necessary number of human resources	Hire experienced project manager: needed to lead the outsourcing project	Technical team support: there is a need to involve technical teams in identifying the client requirements and in technical discussions within the contract
Work as a team	Availability of skills to take over: at the end of the contract, multi-skill resources on the client's side will not help; there is a need for specialised resources	Engage client resources with vendor activities in the early stages of the contract	
Team building meetings	Availability of skill-matrix sheet: this sheet will be used as a record sheet for available skills and to find any gaps in the existing skills	Share the contract scope of work with the client's employees	
Avoid a finger-pointing and blaming policy	Availability of transition plan with transition manager	Use shadowing and reverse shadowing during the transition period: during shadowing, the	

		<p>vendor will do the job, and the client will be watching.</p> <p>In reverse shadowing, the client does the job with vendor supervision</p>	
Appreciate good performance	Sufficient transition period: three to six months period	Embed improvement in company culture: all client resources must use a continuous improvement culture to enhance their achievements	
Be fair in your expectations from the vendor: the client must not expect the vendor to do major things that are not in the contract free of charge	Availability of documented processes and procedures	Train the key people on management skills and vendor management	
Face-to-face biweekly and monthly meetings	Availability of supporting tools such as service management tools to record incidents, changes, and requests. Also, alarm monitoring tools		
Use lunch and learn meetings: official meetings cannot always help with solving problems, there is a need for unofficial meetings	Availability of onsite vendor resources		

to build more trust and to have more relaxation			
Inform the vendor about the criticality of your business and your expectations: the client should share with the vendor the critical aspects of the business, any VIPs, and the services that must always be available			

Table 5-3 Long-term Improvements: Trust

<b>Trust</b>	
<b>Vendor Capability</b>	<b>Contract</b>
Use two or three references for vendor selection: this will help with vendor screening	Define the objectives: what needs to be achieved with outsourcing
Compare vendor performance in companies of the same size: use apple-to-apple comparison	Identify the requirements: which services the vendor should deliver to the client
	Hire an external consultant to finalise the contract: external consultants are needed to help with writing and finalising the contract if the client has no such experience
	Clear SOW: define the scope of work for the selected vendor during the contract period
	Clear responsibilities: define the responsibilities of each party based on SOW
	Communication plan: a complete plan is needed to cover all of the future communications with the vendor such as reports and meetings. In this plan, the

	frequency and number of reports and meetings should be identified, also the audiences for each
	Transition plan: a detailed project plan of all the activities and deliverables needed within the transition period. This shall cover all of the teams
	SLAs and penalties: clear definition of SLAs and the corresponding penalties if these SLAs are not achieved. Rewards must be added for extraordinary vendor achievements
	Use two or three references for vendor selection: find other clients who worked with this vendor in similar conditions

Table 5-4 Long-term Proposals: Reciprocity

<b>Reciprocity (Strengths)</b>	
<b>Client Capability</b>	<b>Contract</b>
Hire multi-skilled employees (SMEs) to start the project: needed to manage the vendor and as a technical interface with vendor resources	Clause on vendor change if not performing well: this is needed to guarantee the vendor's support during handover to another vendor if needed
Hire the same number of resources as the vendor resources before the end of the contract. In the final stages of the contract, you need the same number of resources to maintain the same deliveries	Defined target date for the contract: the end of the contract must be defined
Understand opportunities and threats: this will help the client to avoid failing in crises and to improve their market share in the market	Lessons learned from previous contracts: use the lessons learned from (F) previous contracts to help avoid the same mistakes

### 5.3.2 Change and Learning

Action research brings organisational change. Three different changes are available: focused, limited, and holistic change. The different approaches to handle these changes are: planned change (roadmap and goals are defined), directed change

(tightly defined goals), and guided change (loosely defined direction) (Coghlan & Brannick, 2010). In our situation, we have focused on change that addresses the process documentation and client-vendor relationship improvements. Based on people's performance readiness, it was decided to follow the planned change. Experts will guide IT teams to carry out this change by defining the targets and helping to achieve these goals.

The change covers improvement in operations, identifying roles and responsibilities within the outsourcing project, and redefinition of the performance standards and KPIs.

Employees started to learn from mistakes and use lessons learned as a way of learning enhancement. Correcting errors is not the only way to learn; keeping doing things in the right way is also a kind of learning. Continuous learning started to become a culture in the organisation as a way to be ready to take over the vendor's responsibility at the end of outsourcing contract (Coghlan, 2004).

Continuous Learning comes through the process of discussion and dialogue, sharing knowledge through knowledge management systems, and applying the root cause analysis technique in problem solving. Managers should not only focus on getting the job done, but they need to start thinking of the employees' continuous need for learning (McNiff, Jean & Jack, 2000).

Employees started to be aware that solving one problem may create another problem; this has been achieved by avoiding a firefighting policy, working on the real causes of the problems, and considering prevention as being better than a cure. Effective communication is a must to enhance organisation learning. Clear distribution plans for daily reports, critical problems and escalations have been created.

### **5.3.3 Difficulties and Challenges**

To answer the question what can the organisation do to improve the situation, the main challenges faced by the researcher that need to be addressed by the studied organisation are as follows:

Organisation silence: affects both individual and group levels; silence can be considered as one aspect of resistance. This can be fostered by an organisation's intolerance of dissent (Morrison & Milliken, 2000). The action researcher can mitigate the silence effect by overcoming the emotional barriers, which is achieved through building trust and friendship with the participants. This was reflected in the improvements of the second phase and third phase interviews.

Leadership style: Hersey et al. (2008) identify four leadership styles based on team performance readiness and task & relationship behaviour. These styles are telling, selling, participating, and delegating. In the studied organisation, telling and selling styles are dominant in the early stages of operation. There is a need to focus on enhancing the delegating and participating styles in order to engage local teams in the action research study. This is a future target of the organisation, to give more room for employees' engagement through adopting delegation and participation leadership styles. This adopted style has an impact on organisation silence. Minimising the organisation's silence required shifting towards the participating leadership style.

Lengthy recruitment process: it requires months to get one source on board; this has an impact on employees' early engagement with vendors at the right time. As this is linked with country immigration policies, there is a need to plan in advance if possible. In most cases, teams have to live with this lengthy procedure, and there should be alternative plans to mitigate its impact, such as assigning temporary dual roles to some employees on the client's side during and after the transition period. Starting to compromise over the required resources will have an impact on the quality of the delivered service and will not be as good as the one delivered by the vendor.

An inside researcher needs to 'make the road by walking' as he may experience communication difficulties, cultural openness, time limitations, and power position. An inside researcher needs to understand and manage the power relationships within his organisation. Some of these relationships are: executives-other employees relationship, researcher-subordinates relationship, and interdepartmental relationship (Coghlan & Brannick, 2010).

## 5.4 Study Result Implementation – Change Project

In the following section, I will try to answer the following question:

What evidence is there, or could one gather, to support any judgements one makes here?

This step is about taking a comprehensive and accurate view of the current state of the organisation, involving an organisational inquiry that names the priorities within the constellation of change problems. Impact and urgency will be used as criteria to rank the identified changes. After the relevant subsystems will be identified where change is required. Then an assessment will be carried out of the readiness and capability for the contemplated change. This covers the availability of resources and expertise to complete the intended changes.

For each proposed change, the management team has created an improvement opportunity statement. The statement identifies the change impact and the degree of difficulty of implementing the change. Based on those two factors we ranked and prioritised the planned changes, as seen in the example in Table 5-5.

Table 5-5 Opportunity Statement Analysis with Sample Ranking

Opportunity statement	Degree of difficulty (H/M/L)*	Impact to the business (H/M/L)	Score	Rank
Statement #1	H	L	HL	Discard or rework
Statement #2	M	M	MM	3
Statement #3	L	H	LH	1
...				
Statement #X	M	H	MH	2

H= High M=Medium L= Low

IT service management has three pillars: resources, processes and tools (OGC, 2007). There is a need to focus on the three areas in any future improvements.

The following short-term improvements have been chosen based on the above assessment criteria; these improvements cover processes and employees. Small project teams were created in order to follow the implementation of these recommendations. I am part of these project teams. The small projects covered three areas:

Documenting operation process and procedures; part of this will focus on the common processes that are used by all teams as incident management, change management, problem management, and service request management. The other part will focus on the internal Standard Operating Procedures (SOPs) that are used within each technical team.

Continual Education: Keep IT Staff aware of the new processes, procedures, tools, and improvements. Improve knowledge sharing and improve problem-solving practice. This will cover developing the knowledge management process, the activation of the knowledge management module within the new ITSM tool, and conducting training and workshops about root cause analysis techniques and procedures.

Building good relationships with vendor: team building programmes will be the first step in this project. Lectures on the best ways to reduce conflict with the vendor and to enhance collaborative relationships will be given to IT operation teams.

As part of the recommended improvement projects, the IT Services management team started the assessment of the maturity of the IT operations in three main pillars:

Process: assess if the current ITIL processes are generic or need customisation to address the organisation operational complexity.

Tools: assess if the currently outsourced tools have the capabilities needed to automate the process workflows.

People: assess if the current IT staff has enough knowledge of all ITIL processes, automation, and interoperation complexity.

Tsoukas & Chia (2002:580) defined change as “the reweaving of actors’ webs of beliefs and habits of action to accommodate new experiences obtained through interactions”. There is a need to have such changes in beliefs and habits in order to apply the previous study proposals. There is a need for leaders to lead this change across the organisation. Those leaders must have certain competencies such as leadership, management skills, team development, stakeholder management, cross-cultural skills, communications, decision-making skills, and problem-solving skills (Lynn, 2010). The first action is to have such change leaders. The company needs to invest in this by hiring competent people, and by continuous training according to the prepared skill matrix sheet. The change leader’s objective is to obtain top management approval for such changes using proper justifications such as the significance of the change, the risk introduced by the change, the required resources, and the impact and urgency of the change (OGC, 2007). Change readiness within the company will lead to change implementation success. The company can achieve change readiness by having change champions, teamwork, training, and management support (Edmonds, 2011). In this study, the collaborative management research inquiry is used.

Conflict handling is part of any change process. Raelin (2003) identified several conflict styles that are common to the change management process as seen in Table 5-6. Change teams were directed to use a collaborating style in order to succeed in the change process. In this style the focus is on persuading and problem solving.

Table 5-6 Conflict Handling Styles

<b>Conflict Handling Mode</b>	<b>Influence Strategy</b>
<b>Avoiding</b>	Regulating
	Disengaging
<b>Accommodating</b>	Smoothing
	Inspiring

<b>Compromising</b>	Supporting
	Networking
	Bargaining
<b>Competing</b>	Pressing
	Sanctioning
	Persuading
<b>Collaborating</b>	Problem Solving
	Persuading

The Deming cycle PDCA (Plan-Do-Check-Act) shown in Figure 5-3 will be used to control this change project and to guide the implementation of the study recommendations (OGC, 2007). This will cover the changes that will be implemented within the current outsourcing project such as improving the client’s capabilities, communication quality, operation readiness, vendor’s transparency, mutual relationship, the contract and the vendor’s capabilities. The above proposals will be used as a guide for such improvements.

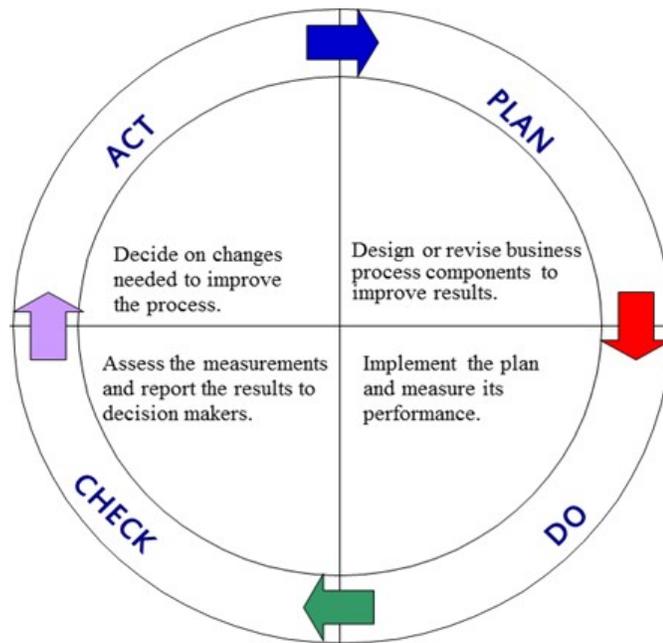


Figure 5-3 PDCA Cycle

**Plan:** the output of this phase is the organisation plan, which includes the mission statement, the detailed change project plan, the responsibility matrix (who will do what in this project plan), the training plan, and a complete communication plan. An effective communication plan needs to identify the messenger, target audiences, timing and frequency, a method of delivery, and the feedback mechanism. The training plan needs to cover the gap between existing skills and the skills needed. A skill matrix will be prepared to collect all of the existing and required skills with the help of the vendor. There should be a detailed list of the required documents, processes and procedures, and a detailed transition project plan that covers shadowing and reverse shadowing with the resources who will participate in this project. Each technical team (Infrastructure, Security, Database, UNIX, Servers...etc.) must have criteria with which to gauge readiness. This is a checklist that covers staffing, processes, tools, and identified risks. There should be a list of the required tools and a plan showing when these tools are needed.

**Do:** in this implementation phase, all of the processes need to be identified and implemented. The RACI model will be used to record the roles and responsibilities of the teams for each activity. This will also include the vendor's counterpart resources. RACI stands for Responsible-Accountable- Consulted-Informed (OGC, 2007). In the Do phase, the client should hire the required resources, and acquire the necessary tools. This phase will cover engaging the client's resources with the vendor's resources in a shadow and reverse-shadow process. Also, it will cover improving the relationship with the vendor through teamwork, team building programmes, lunch meetings, and face-to-face meetings. The existing reports and communications will be revised, and the ones that add no value will be removed; new ones will be included if needed. In the case where new tools will be used to replace the ones used by the vendor, these new tools must be available during this phase to train the technical teams on their use. The client's management needs to distribute the scope of work in the current contract and the agreed SLAs to the right people in each technical team, and if needed, explain the consequences to the vendor if these commitments are breached. All of the processes and procedures must be written according to the

client's policies using the approved templates. In the case where there are offshore resources, the client needs to have a proper plan for the transfer of knowledge using video conferences or sending the client's resources to sit with the vendor's resources as part of on-the-job training.

**Check:** the project manager needs to monitor the implemented changes and prepare progress reports for the client's management; some parts of this report can be shared with the vendor if needed. In this phase, measurements should be used to analyse and measure the effect of the new change. These measurements can be used to indicate the level of client operation readiness. Checklists can be used to measure the readiness, in addition to the ability of the vendor's resources to do some of the vendor's jobs with acceptable quality. The client, with the help of the vendor, can develop the metrics that will be used to measure the effectiveness of the proposed changes. One way of doing this is by comparing the performance before the change (baseline) with the performance after the change (target milestone). Based on these results, the client can determine whether the applied change is successful and if improvements are still needed. In this phase, the client must be sure that all readiness gating criteria are fulfilled. Also, there is a need for a plan for removing or mitigating the identified risks. All competence gaps must be filled before final handover from the vendor to the client. The client must have acquired all of the necessary tools for operations and monitoring, with detailed procedures on how to use these tools. All teams must be trained on using the new tools before the handover and in parallel with the vendor's tools.

**Act:** the previous stages' improvements will be implemented; the sequence 'check-act' can be repeated whenever any improvement is identified (continuous improvement). It is important for change managers to take care of the organisation's silence, in which the employees withhold information about potential work problems (Morrison & Milliken, 2000). Any change may increase ambivalence, mainly changing the relationship with the vendor; workshops and meetings before and during the change will help to overcome this ambivalence (Piderit, 2000). Employees may use narratives and stories as a way of making sense of the experience and gaining legitimacy. Change leaders must be aware of

how to benefit from such stories and to consider them as feedback about the ongoing changes (Beech et al., 2009). Client management needs to be realistic; it will not be possible to do the same jobs with the same excellence and quality as the vendor does. All resources must try their best, but this still needs time and training.

# Chapter 6 Discussion and Conclusions

## 6.1 Introduction

This is the final chapter, and it discusses the study results and presents the overall conclusions from this study. In this chapter, the practical implications of the results and the impact of the findings of the study will be discussed. The main conclusions will be drawn based on the aim and objectives of this study and the emerging research questions. The contributions of the study findings to theory, the implications for practice and the limitations of the study are presented in this chapter. Finally, this chapter will discuss recommendations for future research.

## 6.2 Discussion of the Study Questions

The main objective of the study is to find the factors that can improve the knowledge transfer from the vendor to the client in outsourcing projects. Knowledge transfer can be used as a measure of overall outsourcing project success.

The aim of the study is to answer the research question **“What is the impact of trust and reciprocity on knowledge exchange in IT outsourcing projects?”**

The study shows a relationship between knowledge transfer and both trust and reciprocity. The focus of the study is to find the main factors that can lead to trust and reciprocity with the help of the available literature review and published studies. In the first chapter, the researcher mentioned the link between outsourcing and the exchange theory (SET); reciprocity represents this part of the exchange. On the other hand, the researcher discussed trust as part of the IOR. These relationships and dependencies between companies are crucial factors in business globalisation and in increasing the competitive advantage of the companies (Bamford and Ernst, 2003). IT outsourcing is one example of an IOR. In these days, many companies use IT outsourcing as a way to keep up with the rapid technology changes. Answering the study question will help companies to achieve their outsourcing targets, mainly by building a competitive advantage and enhancing organisations' learning by efficient utilisation of knowledge transfer. Kale and Singh (2009) found that many IORs fail

to achieve the planned targets and achieve the expected benefits. The following sections will summarise the findings, and their agreement or disagreement with the available literature, and the managerial implications of the study results.

### **6.3 Summary of the Findings**

The aim of this study is to find the main determinants that can contribute to IT outsourcing success; the focus was on the determinants that have an impact on knowledge transfer, which is one of the main contributors to outsourcing success. In this study, the determinants were classified into two main categories based on the study question. These two categories are trust and reciprocity. With the help of action research, interviews, observations, and the participants' feedback, the main factors that can affect trust and reciprocity were identified. A framework or outsourcing success model was developed based on these findings, as discussed in Chapter Five. In this discussion, a comparison between the study findings and the information available in the published literature will be made. The outcome of this discussion will shed light on the potential contribution of this study to existing IT outsourcing knowledge.

The final study framework is shown in Figure 6-1. This framework is a result of the findings in the three conducted interviews in addition to the information from the literature review. The framework shows all of the factors found in the study that have an impact on knowledge transfer and IT outsourcing success. The following sections will reflect on each factor and the how existing literature considered the impact of these factors on IT outsourcing.

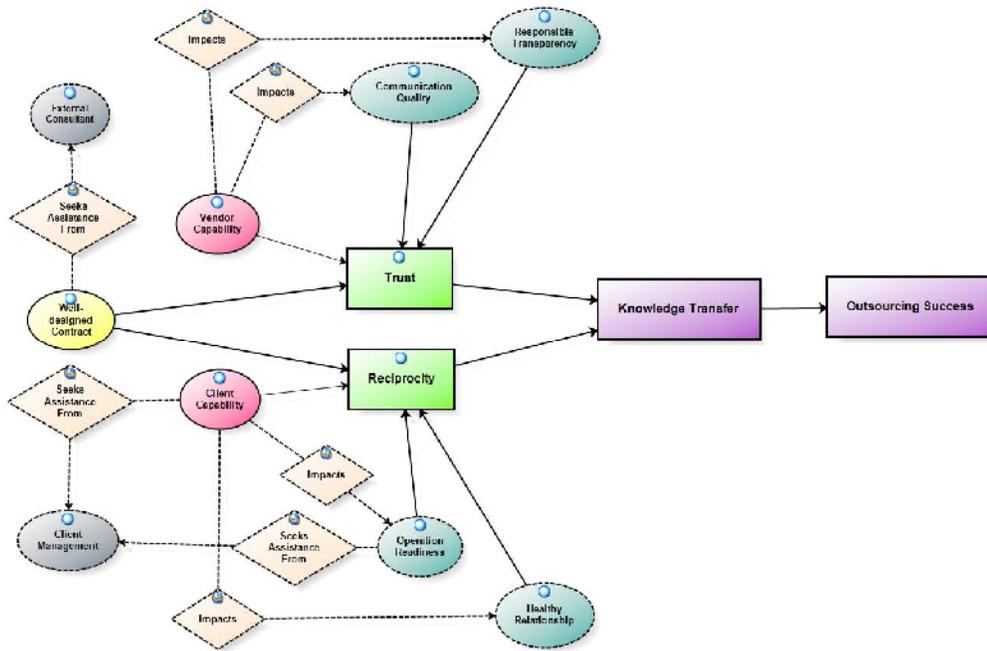


Figure 6-1 Study Final Framework

### 6.3.1 Knowledge Transfer

Knowledge transfer is defined as dyadic exchanges of knowledge between a source (vendor) and a recipient (client) (Szulanski, 1996). Knowledge transfer has value when the recipient learns and uses this knowledge. Park et al. (2011) found that successful knowledge transfer has to pass through three stages – Acquire, Absorb, and Utilise. Without absorbing and utilisation, knowledge transfer has no meaning apart from collecting paper documents. Throughout this study, the focus was on the factors that can enable the client to acquire, absorb, and utilise the knowledge transferred from the vendor during the outsourcing contract. Trust and reciprocity are the main determinants that can lead to achieving the above success, as will be seen from the following sections. The results support Goo et al.’s (2008) findings in that SLA construction within the contract is a vital element in outsourcing success. The study results linked SLA benefits with other factors such as client capabilities and vendor transparency.

### **6.3.2 Reciprocity**

Reciprocity is the mutually conditional exchange of benefits between two or more units as people expect to be paid back. This exchange can be impacted by certain strengths; each unit has task-related, position-related, and relationship-related strengths (Cohen and Bradford, 1989). Throughout this study, the focus was on finding the specific strengths within the IT domain that could help to initiate and improve the knowledge exchange between vendors and clients. Four factors were found to have significant contributions in this exchange; these factors were the contract, client capability, operation readiness, and the client-vendor relationship.

#### **6.3.2.1 Contract**

The contract is the first step in establishing the exchange relationship between the vendor and the client in IT outsourcing projects. This is an implied contract (Rousseau, 1989). A well-designed contract can help all engaged parties to achieve their targets and overall can help with the success of the outsourcing process; this is in accordance with Marchewka & Oruganti's (2013) findings of the link between the contract and partnership quality throughout outsourcing projects. Goo et al. (2007) reached the same conclusion about the importance of the contract and its influence on the duration of the relationship of IT outsourcing. The results of this study show that the contract is a major factor in projects that can help with knowledge transfer and with shaping the client-vendor relationship. Vendor selection is part of the contract; this selection depends on previous experience with the vendor or the vendor's reputation in the market. In this, the study agrees with Teo & Bhattacharjee's (2014) findings, in which the researchers included vendor selection in the antecedents that can help with knowledge transfer. The study shows the importance of including penalties and rewards in the signed contract. This will help the client to assure the vendor's commitment to fulfilling all of the contracted terms. The study results agreed partially with Goo & Nam's (2007) findings, in that the researchers found a relationship between the contract and the vendor's commitment to have a lasting outsourcing relationship. The contract's function is not only to have a lasting relationship with the vendor but also to achieve the client's strategic targets for building his core competencies.

The study shows the importance of having flexibility in the signed contract for any future unforeseen major changes; performance deterioration may result if there is no change. The results support Vorontsova & Rusu's (2014) and Swar et al.'s (2012) studies, in which the researchers found that the contract can help the client and vendor to build a good relationship through conflict handling, cooperation, commitment, flexibility, and adaptation.

The study shows the importance of the contract management team on the client's side. This team can help with monitoring the vendor's fulfilment of the contract and solving any conflicts during the outsourcing project. Proper processes and measures are needed to monitor vendor performance. In their studies, Qi & Chau (2015, 2012) realised the importance of contract management in achieving outsourcing success. The researcher included the contract dimension as one essential part in determining the outsourcing success. By identifying the importance of control measures to monitor the vendor's performance, the study emphasises the importance of having clear requirements before signing the contract. This agreed with the findings of Mao et al. (2008) in the necessity of having clear goals being one measure of control that can lead to outsourcing success.

The study reveals the fact that in most outsourcing cases, the client is not able to write a good contract alone. There is a need to have support from an external consulting company to draft the contract. Finally, the study found that the contract must have a clause about vendor replacement. In this clause, the vendor must participate in a proper transition to the new vendor; the transition must cover all existing documents and procedures.

#### **6.3.2.2 Client Capability**

Capability includes resources, tools, and processes. The study found that client capability is the main guarantee for contract fulfilment and a good indication of outsourcing success. In the initial phases of the outsourcing project, the client should hire SMEs to manage the vendor, to be used as a quick start for building the client's competency. The study results support Park et al.'s (2011) findings that the client's IT capability has an impact on cooperative learning and knowledge transfer, and a neglected impact on mutual trust. Han et al. (2008) found no significant impact of IT

capability on information sharing. This contradicts this study's results. In this study, it is found that the client's IT capability is one pillar of outsourcing project success. These resources are needed to manage the vendor and to absorb and utilise the transferred knowledge. Lee (2001) considered organisation capability as a moderator factor in knowledge sharing, and knowledge sharing directly affects outsourcing success.

This study partially agreed with Lee's findings. The client's capability has a significant influence on knowledge transfer; without such capabilities, no one can decide whether the transferred knowledge is useful or not and no one can benefit from the transferred knowledge. Teo & Bhattacharjee's (2014) study results support the fact that knowledge transfer is measured by the level of knowledge utilisation. Knowledge utilisation is the measure of IT operational performance. The client's capability is considered to be one of main exchange currencies in the task-related strengths. This study supports this perspective. The results of this study show the importance of having dual capability resources that possess a combination of technical skills, business knowledge, and personal characters that enable them to manage and work with the vendor. Having dual-role skilled people enables the client to oblige the vendor to comply with the signed contract, and to obtain the required information from the vendor. This result supports Zhang et al.'s (2007) study that considered dual-role skilled resources as one of the critical success factors for IT outsourcing lifecycle success, mainly in the negotiation and implementation phases.

The study finds that the client must hire a skilled project manager for the outsourcing project. This project manager will liaise between the client's resources and the vendor's. This result supports Marchewka & Oruganti's (2013) findings, where the researcher found a relationship between client capabilities (project management and process) and outsourcing success. By having skilled resources, the client can have an impact on the contract duration. The client will try to keep the contract as long as knowledge acquisition is going in the right direction. The study results support the findings of Goo et al. (2007), in which the researchers found that knowledge acquisition has a positive impact on the duration of the IT outsourcing relationship.

The study finds that the client's resources must be engaged with the vendor resources in the early phases of the contract. This will help with better dimensioning of the client's resources in advance. This agreed with Vorontsova & Rusu's (2014) study, in which the researchers found that cooperation between the client's and vendor's resources is one main determinant of the IT outsourcing relationship. Also, the study results support Swar et al.'s (2012) findings that information sharing capability can lead to mutual understanding between partners, and thus lead to outsourcing success. Qi & Chau (2015, 2012) reached the same conclusions about knowledge sharing.

Finally, the study advises the client to hire the same number of resources as the vendor's resources before ending the outsourcing contract. Also, they should acquire all of the necessary tools and procedures before completion of the project handover. The study advises the client to have a clause in the contract that enables the client to hire the vendor's resources at the end of the contract. This will help the client to obtain experienced resources who can help to train other resources and keep delivering the same service quality.

### **6.3.2.3 Operation Readiness**

Operation readiness is a measure of the company's ability to benefit from outsourcing, and to be able to continue delivering the same services after ending the outsourcing contract. The study gives the best practice recommendation to help the client to be ready for a takeover. The start should be in the contract negotiation phase. The contract should contain a high-level transition plan; the detailed plan can be written a few weeks before the start of the transition. The readiness must cover three areas: resources, tools, and processes. The client should hire the necessary resources before starting the transition, and these resources must have the required training. The study advises the client to have a skill-matrix sheet to track all of the resources' available skills and required skills. The study calls for the acquisition of all of the required tools before ending the outsourcing contract. Also, the study found that it was necessary to have all of the processes and procedures documented. For the transition phase, the study recommends having a skilled project manager, roles, and responsibilities, and having a long enough period for the transition. This supports Tiwari's (2009) findings of the necessity to have role clarity and process

clarity as a condition for a successful transition. Any ambiguity in determining the responsibilities of both the client and vendor resources will deteriorate the transition results. For a successful transition, Tiwari recommended having a transition manager, a transition methodology, and a knowledge repository.

#### **6.3.2.4 Client-Vendor Relationship**

A partner relationship is the fuel of outsourcing success. The study shows the importance of partner relationship at all levels, including top management and technical teams. This supports Qi & Chau's (2013) findings, where the researcher talked about inter-organisational and interpersonal relationships. Both can help in creating mutual trust, and can help the client to get the necessary support from the vendor's top management in building the client's core competency. The study shows that building a team relationship with the vendor's resources can help with knowledge sharing and with encouraging the vendor to share his tacit knowledge. This agreed with the results of Park et al. (2011), in which the researchers found that both client's and vendor's human characters can help to shape the partner relationship and to give the client the ability to improve cooperative learning. The study shows the importance of the availability of good resources on the client's side, as well as having experience in vendor management and in building relationships. This will help the client with solving any future disputes. Han et al. (2008) found that the client's relationship capability can help to build trust, gain vendor commitment, and improve IT outsourcing success.

The study shows the importance of aligning the client's goals with the vendor's goals to achieve success. The client must share the importance of his business with the vendor, and help the vendor to build a healthy relationship. In this relationship, all parties should work on a win-win principle. Lee (2001) highlighted the importance of partnership quality on outsourcing success. The study advises that the client has realistic expectations from the vendor according to the SOW. Extra things can be obtained by having a good relationship, but still, this depends on the possibility of sharing such knowledge with the client. Teo & Bhattacharjee (2014) attribute this to the vendor's willingness to share his proprietary knowledge. The study reveals the importance of the client's and vendor's top management support in building a healthy relationship. A good relationship between the top levels will

reflect positively on the lower levels. Marchewka & Oruganti (2013) and Vorontsova & Rusu (2014) found that top management support and a working relationship can help to improve the partnership quality, and thus lead to outsourcing success. The study highlights the importance of the client-vendor relationship in building client core competency, training the client's resources, and sharing the vendor's implicit and explicit knowledge. This agreed with Vorontsova & Rusu's (2014) study, in which the researchers identified the IT outsourcing relationship determinants. Among these determinants are shared values and objectives, risk sharing, and development of creativity.

The study shows the importance of avoiding finger-pointing behaviours and working with the vendor on solving problems and getting things right. The focus should be on solving the problems, and not on who caused the problem. Swar et al. (2012) considered conflict handling capability as one major element that shaped the relationship quality. The study focuses on techniques to improve interpersonal relationships, such as team building sessions, appraisal of good performance, and avoidance of blaming policy.

### **6.3.3 Trust**

Trust is the expectation that the other party can be relied upon to fulfil their obligations and to behave in a predictable manner, to negotiate and act justly. In other words, the other person is trustworthy (Park et al., 2011; Qi & Chau, 2013). Trust is considered in this study as the second factor that has an impact on knowledge transfer. The focus of this study was on finding the elements that can lead to trust in IT outsourcing projects. Four main elements were found to have a significant impact on building mutual trust between the client and the vendor; these elements are contract, vendor capability, transparency, and communication quality. This result supports Wong & Cheung's (2005) study about classification trust which was divided into four categories: partners' performance, partners' permeability, relational bonding, and system-based trust.

#### **6.3.3.1 Contract**

The contract is considered as one of the main strengths in the client's hand. On the other hand, the contract can be one element that brings confidence to the client and

increases the level of trust between all the parties engaged in the outsourcing contract. This is a psychological contract (Rousseau, 1989). The study results highlight the importance of vendor selection; if done properly, selection will bring confidence to the client by choosing a competent vendor who has a good reputation in the market. This supports Lee's (2001) study results, which indicate the importance of the contract on improving the partnership quality between the client and the vendor. Teo & Bhattacharjee's (2014) findings also considered vendor selection as an antecedent that is a mandatory prerequisite for successful knowledge sharing. The study results show that contract has an impact on the vendor's commitment to fulfil the contract obligations by including clear SLAs and penalties within the contract. SLAs should not be considered as a method of punishment or of getting money back from the vendor. This result supports Goo et al.'s (2007) conclusions that firm SLAs can lead to IT outsourcing success by achieving functional and strategic benefits. Also, Goo & Nam (2007) found that a good contract can be considered as a source of trust and commitment in successful IT outsourcing projects. The study emphasises the necessity of having a clear SOW and responsibilities within the contract; this can help to reduce the number of conflicts and increase trust in the future. Also, the study recommends distributing the contract SOW among the technical employees so that each one will adapt his expectations based on the signed SOW. Qi & Chau (2013) called this inter-organisational trust that can help with knowledge sharing and lead to outsourcing success. The study shows the importance of having a long-term contract when possible, and ensuring that the signed contract fulfils the interests of all parties. This supports Marchewka & Oruganti's (2013) findings that the age of the relationship and mutual dependency can help to increase mutual trust and improve partnership quality. The study shows that the duration of the partnership depends on the vendor's performance and on achieving the client's long-term targets. In the case that the vendor cannot help with achieving these goals, the client must be free to replace the vendor. The results agreed with Goo et al.'s (2007) results, which showed a positive relationship between the 'extent of substitution' and 'satisfaction with output quality' with relationship duration.

The study shows the importance of a well-designed contract in solving future conflicts with the vendor. This will be beneficial as all of the legal aspects are covered by the contract. That raises the need to hire a specialised consultant company to help with writing the contract. The results support Vorontsova & Rusu's (2014) and Swar et al.'s (2012) findings that commitment, cooperation, and conflict handling are some of the determinants of a successful IT outsourcing relationship. Finally, the study shows the importance of having flexibility within the contract to cope with emerging client requirements. This will help to increase mutual trust and build confidence. The results support Mao et al.'s (2008) results, which showed a relationship between inter-firm adaptation and trust.

#### **6.3.3.2 Vendor Capability**

The vendor selection process has an impact on the IT outsourcing project in all of its phases. The study results show the importance of the vendor selection process and the best way to select a competent vendor. Any mistakes in this selection will be reflected in the overall project performance, and it will not be easy to replace the vendor. When selection is made based on a comparison of the performance of the vendor with other companies, the comparison should be made with similar companies (size, business) in what is called apple-to-apple comparison.

The study brings out the necessity of client participation in choosing the vendor's resources by interviewing them and receiving a report from the vendor about the interviews. The study results support Park et al.'s (2011) findings of the importance of vendors' human characters in building client-vendor trust, or as Qi & Chau (2013) found, in building interpersonal trust.

The study indicates that previous experience working with the vendor can be a good reason to have a new contract with the same vendor. Working closely with the vendor can reveal the amount of tacit knowledge the vendor has. These results support Teo & Bhattacharjee's (2014) findings of the importance of prior experience with the vendor and knowledge codifiability (tacit knowledge) in knowledge transfer.

The study links vendor performance with the contract duration. In the case that there are no budget constraints, a high performing vendor will get a contract extension.

This result supports Goo et al.'s (2007), Vorontsova & Rusu's (2014) and Wong & Cheung's (2005) conclusions about the relationship between the client's satisfaction with output quality and the relationship duration in IT outsourcing projects. The study highlights the necessity of sharing the criticality and importance of the business with the vendor's resources so that they become aware of the value they are bringing to the client's business. This result is in line with Swar et al.'s (2012) findings of the link between mutual understanding between contract parties and relationship quality needed for outsourcing success. The study emphasises the long-term target of outsourcing, which is building the client's core competencies. For this, vendor capability also covers processes, support, the vendor's financial position, and tools. The results agreed with Claybaugh & Srite's (2009) study results which attribute a good client-vendor relationship to people, commitment, vendor support, processes, and vendor stability.

The study shows the importance of having vendor resources onsite. If this is not possible, at least a few of them must be onsite, and there is a need to arrange face-to-face visits for client and vendor resources. The study recommends to not focus on the vendor's capability during the vendor selection process, but on the vendor's ability to do the work. The vendor may exaggerate their capabilities, but with regard to implementation, it is clear if there is a lack of knowledge and experience.

#### **6.3.3.3 Communication Quality**

Communication is the method of conveying information from the vendor to the client. Poor communication will have an impact on the quality of the transferred knowledge. The study calls for a complete communication plan as part of the signed contract; approval of this plan by all parties will bring commitment to following up this plan. A clear, comprehensive plan will raise mutual trust and bring confidence to the client. Communication quality involves the credibility, accuracy, adequacy, and timeliness of the information exchange. This supports the results of many studies which considered communication quality's positive impact on the degree of trust and commitment (Han et al., 2008; Marchewka & Oruganti, 2013; Vorontsova & Rusu, 2014; Swar et al., 2012; Claybaugh & Srite 2009; Qi & Chau, 2015; Qi & Chau, 2012). All of these studies highlighted the importance of communication quality on IT outsourcing success.

This study went further to highlight the importance of identifying the audiences of each report and the types of reports needed. Also, the study encourages face-to-face meetings and conference meetings as the best way of communicating and avoiding complete dependence on emails for knowledge exchange. Face-to-face meetings are necessary for major changes and for solving the conflict. This result agreed with Sharma et al. (2008) who found that audio conferencing, email, and face-to-face meetings are the most effective communication modes during IT outsourcing projects' implementation phase. The study finds that the number of reports generated daily is unimportant; what matters is how many of these reports add value.

#### **6.3.3.4 Transparency**

Transparency includes sharing all of the information about the project with the client. In many cases, the vendor's resources are doing the job and thus are more aware of the consequences than the client's resources. Lee (2001) considered sharing success and failure stories as part of knowledge sharing. The study warns against the client letting the vendor build a side relationship with the client's resources at the expense of the client's interest. Park et al. (2011) attributed this to the degree of integrity of the vendor's human character; Teo & Bhattacharjee (2014) attributed this to the vendor's willingness to share information.

The study shows that the client's behaviours have an influence on the vendor's transparency. Avoiding a blaming policy is one way to encourage openness and transparency; these are needed to build trust. Claybaugh & Srite (2009) found that vendor honesty is essential to build good vendor-client relationships.

The study recommends some measures from the client's side to help the vendor to be more transparent, such as introducing an appreciation policy to reward good performance, focusing on agreements, not on differences, and being realistic about their expectations from the vendor.

The study also recommends engaging the client's resources with the vendor's resources at the early stages of the contract and not waiting until the start of the handover.

### **6.3.4 Assisting Factors**

The study reveals that two factors can assist in increasing the level of trust and the vendor's strengths during IT outsourcing. Those two assisting factors are top management support and external consultant support.

#### **6.3.4.1 Top Management Support**

Client management support is necessary during the phases of IT outsourcing projects. The study shows the importance of top management support in improving the client's capabilities by providing the necessary budget and support, hiring the required resources, and acquiring the needed tools. Also, the study shows the role of the client's senior management in helping the client to be ready for project handover. This can be done by proper planning of the IT transition phase and by providing the required resources and training. Marchewka & Oruganti (2013) and Vorontsova & Rusu (2014) found the importance of top management support for improving trust and partnership quality in IT outsourcing projects.

#### **6.3.4.2 External Consultant Support**

In many cases, the clients lack knowledge of preparing new contracts. Comprehensive contracts will help clients to achieve their goals and to have a healthy relationship with the vendor. For that, there is a need to seek assistance from experienced, specialised consulting companies for writing new contracts. External consultants can help with legal issues within the contract, SLAs and penalties, and the roles and responsibilities of each party in the different phases of the contract. Another important issue is to add a clause about vendor replacement during the contract period due to bad vendor performance.

## **6.4 Contributions to Knowledge**

### **6.4.1 Evolution of the Study Framework**

The final study framework in Figure 6-1 is an evolution of four intermediate frameworks.

In the initial framework in Figure 2-1, the researcher used a general framework that utilised the existing literature IT outsourcing determinants for trust, reciprocity, and knowledge transfer. The researcher then used an enhanced study framework (see

Figure 4-1). In this enhanced framework, the researcher added a participant feedback link for continuous improvement and to indicate the research with action in this study. After collecting and analysing the Phase 1 interviews, the researcher created the first framework (Figure 4-2) that clearly identifies the trust and reciprocity components that can improve the IT outsourcing knowledge transfer. The researcher identified four factors that can help to build mutual trust; these factors are a comprehensive contract, proper communication channels, vendor's adequate competency, and responsible transparency. Five factors were found that can lead to strengthening the reciprocity (exchange); these are Comprehensive Contract, Client's Adequate Competency, In-advance Planning, Operation Readiness, and Mutual Strong Relationship. The researcher used this framework as a base for collecting the Phase 2 interview data. After the interview analysis, the researcher developed the Phase 2 study framework shown in Figure 4-3. In this new framework, the researcher identified eight pattern codes: four for trust (Vendor Capability, Well-designed Contract, Communication Quality, and Responsible Transparency) and four pattern codes for reciprocity (Client Capability, Well-designed Contract, Operation Readiness, and Healthy Relationship). The benefit of this framework is that it collects together the participants' ideas and practical suggestions on improving trust and strengthening the reciprocity position. For each identified factor, the researcher and the research participants identified the practical way to improve in that area. After completing the Phase 3 interview and data analysis, a new study framework emerged (see Figure 4-4). In this enhanced framework, trust still has the same four dimensions – Vendor Capability, Well-designed Contract, Communication Quality, Responsible transparency, and reciprocity has the same four dimensions – Client Capability, Well-designed Contract, Operation Readiness, Healthy Relationship. The addition to this framework is the emphasis on previous trust and the reciprocity factors. In addition, the researcher identified two primary factors for trust: Vendor Capability, and Well-designed Contract, and two secondary factors that are impacted by the primary factors Communication Quality and Responsible Transparency. Regarding reciprocity factors, the researcher identified two primary factors (Client Capability and Well-designed Contract), and two primary factors (Operation Readiness and Healthy Relationship).

The researcher went a step further in summarising all of the three interview phases' results, in addition to the focus group discussions in the final study framework (see Figure 6-1). The final framework is similar to the Phase 3 framework with respect to the trust and reciprocity components. The new addition to this framework is the emphasis on the role of external consultants in helping the client during the contract design phase, and also, the importance of client top management support in building the client's capabilities and ensuring the client's operational readiness.

#### **6.4.2 Contribution**

There are many studies covering IT outsourcing from different perspectives. Most of the available studies are based on empirical research that uses quantitative data analysis to reach the intended results. This study emphasises the importance of psychological contracts and interpersonal trust on the effectiveness of knowledge transfer and consequently on IT outsourcing success.

Few studies use qualitative research methodologies. This study is one of those few studies that use qualitative data analysis. In the available studies, the researched people are selected managers from different companies; in this study, the researched people are the people who are directly involved in the outsourcing project. This study is one of the rare studies covering IT outsourcing that uses action research methodology.

The available studies had covered IT outsourcing success and the factors that affected this success. Trust was one of the major factors that was covered thoroughly in the available studies. In this study, the results show that both reciprocity and trust must be combined to have effective knowledge transfer; this is the first addition to existing knowledge.

The other contributions can be seen in dotted lines in Figure 6-1. Trust and reciprocity are not one single factor; both are main category that has subcategories. Regarding trust, vendor capability and communication quality are covered in the available literature. Vendor transparency is a new factor that has emerged in this study. The study shows that the vendor's capability and a well-designed contract are the primary factors affecting trust. Communication quality and transparency are secondary factors that affect trust and at the same time are impacted by the other

main factors. The study goes a step further in highlighting the steps that can be carried out to help the client increase his level of confidence during the outsourcing project, and also the steps to enhance the mutual trust with the vendor. The study emphasises the fact that both parties complement each other during the contract period, and their relationship must be built on a win-win principle.

Reciprocity is another contribution to this study. The study shows that reciprocity is the main category that has four subcategories: the contract, client capability, operation readiness, and a healthy relationship. The study shows that contract and client capability are the two main factors affecting reciprocity, while operation readiness and healthy relationship are secondary factors affecting reciprocity and being affected by the other two main factors. As seen from Figure 6-1, operation readiness is another contribution to this study.

The study brings out the importance of having skilled resources on the client's side, the study notifies the client that these resources must not be kept idle and must not only monitor the vendor. The client must have a plan to engage and integrate those resources with the vendor's activities. The trap that most clients fall into is that the skilled resources may lose their competence with time or leave the company if they are kept idle for a long time. It is easy to hire skilled resources, but the difficult thing is keeping these resources for long periods of time.

The study results show the importance of three main factors that are a must for any successful outsourcing: a well-designed contract, client capability, and vendor capability. The other remaining factors are important in improving the effectiveness and efficiency of knowledge transfer. The study also highlights the importance of long-term results. The client must not focus on short-term results and the bright numbers of SLA fulfilment. The main focus is on building core competencies and acquiring as much as possible from the vendor's tacit and implicit knowledge during the contract period.

Another contribution is the emphasis on the importance of the roles of top management and external consultants in raising client's trust level and in improving the client's strengths during the contract period.

### **6.4.3 Managerial Implications**

The importance of this study to managers and practitioners is that it is one of the rare studies that heavily involved a technical team and encouraged them to openly express their feelings and give feedback about IT outsourcing advantages and disadvantages.

The study advises managers to look at outsourcing projects with a holistic view. Any missing part will have a later effect on the other parts. The initial focus should be on clearly identifying the client's requirements. After this comes the vendor selection and contract writing phase. During vendor selection, the client's management should use the apple-to-apple strategy for comparison and benchmarking. A lot of effort should be put into this stage as all the other stages depend on it. A well-designed contract gives the client confidence and strengthens his position in any future disputes or conflicts. An external consultant company may help in this regard. The client should be involved in selecting the vendor's resources, either by approving CVs or conducting interviews.

The study shows the importance of hiring dual-role skilled resources. Client management must be prepared for the 'after contract' era. The outsourcing contract can be terminated for many reasons; some are known and some are unknown, due to any future unforeseen crises.

The study shows the importance of hiring skilled project managers for the outsourcing project and transition phase. It also advises managers to be aware of the importance of having a complete communication and transition plan within the contract.

The study brings out the importance of a win-win relationship with the vendor. Regarding SLAs, there should be a penalty and reward system for SLA breaches or exceptional performance. The study raises the importance of top management support during the contract implementation phase. Contract support is vital in shaping the relationship with the vendor's resources.

Finally, the study advises client management to have all of the necessary resources before making any decisions to end the outsourcing contract. An agreement with the vendor to hire the vendor's resources will be beneficial in such cases.

In summary, the study provides three technical insights for managers and practitioners about IT outsourcing projects. Each insight covers one phase of the project's three phases: the initial phase, implementation phase, and closure phase.

**Initial phase:** this covers vendor selection and the signing of the IT outsourcing contract. Managers must be aware that all other project phases will be impacted by this phase, and it will not be easy to correct any mistakes made during this phase. Major future changes in the contract will not be possible in the future. The study advises managers to seek help from external consultants and other companies. Also, the study emphasises the engagement of all impacted stakeholders in the contract evaluation. The main output of this phase should be a well-designed contract that can be used as the main exchange currency, and a tool to increase the client's level of confidence.

**Implementation phase:** in this phase, the vendor starts to run operations and to engage his resources in fulfilling the client's requirements based on the signed contract. In this phase, the client should start building relationships with the vendor, integrating client resources with the vendor resources, and asking the vendor to start preparing the required documents. The study advises managers not to depend on trust alone to obtain the required knowledge. The client must use his strengths to get what is needed according to the contract. The client can build trust with the vendor by fostering a teamwork spirit and delivering proper team building programmes. In this phase, the client should work on increasing the value of the two exchange currencies of the client's capability and a healthy relationship with the vendor. Also, the client can benefit from vendor capability, communication quality, and vendor transparency in increasing the mutual level of trust with the vendor.

**Closure phase:** this is known as the transition phase. The study highlights the importance of planning in this phase. This planning must start from the implementation phase by preparing the required resources. The study advises client management not to wait until the last minute and to have long enough periods of transition. The study also advises the client to include in the contract a clear definition of the transition and what the client's expectations are in this phase. The study emphasises the importance of the client's readiness to take over. This

readiness can be assessed by the vendor based on the signed agreements. The main outcome of this phase is the client operation readiness, which is a position-related exchange currency. Operation readiness will decide the success and failure of this phase.

#### **6.4.4 Action Research**

Action research was used in this study as an iterative research method to reach the study conclusions. Action research was used for the first time within the company, and the participants had no prior experience of such a method. Action research is characterised by focusing on participative values and democratic knowledge, involving all of the stakeholders in co-generative knowledge creation, and enhancing the learning knowledge of both the organisation and the participants (Coghlan, 2011). In this study, the collaborative inquiry action research modality was used. This approach focuses on research with people, not on people, by empowering the participants to be co-researchers. The research focus was on 'knowing how', not on 'knowing what' in order to make sense of our daily life.

This is a good chance for management to enforce the use of action research in future studies to solve emergent company problems.

### **6.5 The Credibility of the Research Findings**

Research validity that uses action research methodology can be achieved by using different ways of knowing (experiential and intuitive), handling real-life problems, research with people (not on people), being participative, having workable outcomes, and common meaning construction (Coghlan & Brannick, 2010). Those validity measures are fulfilled within this study.

For the case study approach, Yin (2003) mentioned four tests of case study credibility as internal validity, construct validity, external validity, and reliability. Internal validity can be used for causal studies, and external validity for defining domains for generalising study results. Both internal and external validity are not applicable to this study.

**Construct Validity:** Yin (2003) suggests that evidence for case studies may come from six sources: interviews, documents, archival records, participant observation,

direct observation, and physical artefacts. In this study, data was collected using semi-structured interviews and focus group interviews, direct observations, and archival records. Interviews were recorded (when possible) and transcribed. All of the data collection outputs were verified by the participants. The study results and conclusions were verified by the participants' feedback.

**Reliability:** Reliability is the repeatability and consistency of the measures to minimise the biases and errors in the study. This means any new researcher or auditor can repeat the research procedure and obtain the same results (Yin, 2003). All of the study steps are clearly defined. The interview protocols are attached to the study. The results of the interviews are stored and available. The interview results were analysed using NVivo software, which is available on the market. The research question is clearly defined. Basic analytic constructs and paradigms are clearly specified (Miles et al., 2013).

## **6.6 Limitations**

There were some limitations to this study. First, the study period is too short to discuss the impact of knowledge transfer on client's learning and also to see the results of the study's recommendations. Second, related to generalising the findings; although the participants were from different nations and cultures, still the results are impacted by the overall researched company's culture. Future studies on other companies are therefore required to support or negate the study's results. Third, using interviews to collect data about the participants' behaviour and sensitive issues, questioning process, and interview recording may cause particular issues. This is in addition to the effect of the researcher's social constructions that may affect data collection and interpretation in what is known as a reflexivity effect. This may introduce bias to the research results from the researcher's experience (Creswell, 2013).

Fourth, trust is a mutual factor that has only been examined from the client's side; there is a need to involve the vendor in future studies. Fifth, the study was conducted using a descriptive case study methodology; it would be better to have a new explanatory study that can facilitate an understanding of the causal relationships between constructs by using a quantitative study (e.g., conducting a large-scale

survey). This could grant more empirical support for the current research study findings.

## **6.7 Directions for Future Research**

The participants of this study were from the client's side. Trust factors could be deeply examined with new studies, in which the vendor's resources also take part. The study was conducted using qualitative research methodology. A mixed study with both quantitative and qualitative research methodologies will give a better understanding of the impact of trust and reciprocity on knowledge exchange. This study is a single-case study. A multi-case study on more than one company in the same IT sector can help with generalising the study's results.

## **6.8 Conclusions**

An outsourcing contract is an inter-organisational relationship (implied contract). During contract implementation, there will be more focus on the psychological part of the contract. The term psychological contract refers to interpersonal relationships, in which individuals share their beliefs regarding the terms and conditions of a reciprocal exchange agreement between client and vendor resources (Rousseau, 1989). Most of the available studies focused on the implied contract. In this study, the focus was on the psychological part of the contract and how interpersonal relationships can be changed during the implementation phase. The study comes with recommendations about improving future implied contracts. The study is conducted in an environment where the IT outsourcing contract is already signed and in place. Therefore, the focus was on improvements within the implementation phase.

The study concludes that mutual trust is not enough to improve the knowledge sharing process. Reciprocity is another factor that must exist together with trust to have efficient knowledge sharing. The study reveals the strengths that the client must have that can be used as exchange currencies (Cohen & Bradford, 1989). These currencies are well-designed contract, client capability, operation readiness, and healthy relationship. The study presented recommendations on how to improve the value of these currencies.

Trust does not occur by default after signing the contract; there is a need for factors that can help to build this trust. The study identifies four main factors: well-designed contract, vendor capability, communication quality, and responsible transparency.

The study introduces two assisting factors that can help to bring improvements to trust and reciprocity. These two factors are top management support and external consultancy support. Top management support is needed in all the phases of IT outsourcing projects, while external consultancy support is only needed in the contract negotiation and vendor selection phase. IT outsourcing projects are multi-phase; they contain a contract signing phase, implementation phase, and closure phase. The study emphasises the importance of proper planning for each phase by having clear requirements. Any slippage in any phase will have a severe impact on other phases and may result in project failure. The study finds from the participants' experience in this project and other projects that the client should not expect the vendor to share his knowledge if the client has no skilled resources to acquire and absorb this knowledge. The client's responsibility is to have the skilled resources to absorb the shared knowledge. Finally, the study notifies the client that vendor capability is not useful if not accompanied by the vendor's ability to fulfil the contract obligations.

## Appendices

## Appendix A. Literature Review Classification

Author-Year	Journal	Concepts	
		1*	2**
(Lacity et al., 2009)	The Journal of Strategic Information Systems	X	
(Gonzalez et al., 2006)	Information & Management	X	
(Patil & Patil, 2014)	Social and Behavioral Sciences	X	
(Fink, 2010)	The Journal Of Strategic Information System	X	
(Whitten et al., 2010)	Information & Management	X	
(Slaughter & Ang, 1996)	Communications Of The ACM	X	
(Koy & Sivakumar, 2012)	The Journal Of Product Innovation Management	X	
(Wong, 2010)	Networkworld Asia	X	
(Zubini et al., 2012)	European Business Review	X	
(Aron et al., 2005)	Journal of Management Information Systems	X	
(McKenna & Walker, 2008)	International Journal of Managing Projects in Business	X	
(Kao, 2004)	Information Systems Management	X	
(Teo & Bhattacharjee, 2014)	Information & Management	X	
(Samaddar & Kadiyala, 2006)	Journal Of Operations Management	X	
(Elmeroth et al., 2010)	Journal Of Business Strategies	X	
(Fambe & Hirt, 2010)	Communications Of The ACM	X	
(Taylor, 2012)	People & Strategy	X	
(Srivats & Pisham, 2013)	Skyline Business Journal	X	
(Qi & Chen, 2013)	Information Technology & People	X	
(Soh-Saether, 2011)	Industrial Management	X	
(Quan & Cha 2010)	IT & People	X	
(Geishecker, 2008)	Labour Economics	X	
(Harris et al., 2009)	International Journal of Global Management Studies	X	
(Furley, 2001)	Information Management & Computer Security	X	
(Qu et al., 2011)	Journal Of Management IS	X	
(Antonucci, 1998)	Journal Of Accountancy	X	
(Lun et al., 2007)	IT & People	X	
(Marshall et al., 2007)	Journal of Purchasing & Supply Management	X	
(Palma, 1995)	Information & Management	X	
(Hamed & Kamamuray, 2010)	Journal Of Information Technology Case & Application Research	X	
(Lacity et al., 2008)	Strategic Outsourcing	X	
(Goo et al., 2008)	Decision Sciences		X
(Lee & Choi, 2011)	Information & Management		X
(Goo & Nam, 2007)	Hawaii International Conference on System Sciences (HICSS)		X

(Kam et al., 2002)	California Management Review		X
(Geo, 2010)	Information Systems Frontiers		X
(George et al., 2014)	Strategic Outsourcing		X
(Sharma et al., 2008)	Journal Of Information		X
(Gottschalk & Solla, 2005)	Industrial Management		X
(Barthelemy, 2003)	European Management Journal		X
(Wai et al., 2010)	Journal of Research in Interactive Marketing		X
(Koh et al., 2004)	Information Systems Research		X
(Koussou, 1989)	Employee Responsibilities Rights Journal		X
(Paravasta, 2007)	ProQuest Dissertations & Theses Global		X
(Qi & Chao, 2012)	Decision Support Systems		X
(Swar et al., 2012)	Information Systems Frontiers		X
(Claybaugh & Srifa, 2009)	Journal of Information Technology Theory and Application (JITTA)		X
(Mao et al., 2008)	Information & Management		X
(Geo et al., 2007)	Decision Support Systems		X
(Blumenberg et al., 2009)	International Journal of Information Management		X
(Fakhri, 2009)	Strategic Outsourcing		X
(Fakhri, 2010)	Development And Learning In Organizations		X
(Park et al., 2011)	Information & Management		X
(Fisher et al., 2008)	Information Systems Frontiers		X
(Cisa et al., 2009)	Journal of Management Information Systems		X
(Wilcocks et al., 2004)	Information Systems Management		X
(Tadala, 2007)	California Management Review		X
(Komeo, 2011)	Managing Library Finances		X
(Cogut, 2010)	The Academy of Management Perspective		X
(Bandyopadhyay & Pothak, 2007)	Decision Support Systems		X
(Wang et al., 2008)	Journal Of Information Systems		X
(Plugga & Bouwman, 2013)	Production Planning & Control		X
(Young & Macneal, 2000)	The Economic And Labour Relations Review		X
(Weagat, 2009)	Strategic Management Journal		X
(Han et al., 2008)	Information & Management		X
(Lee, 2001)	Information and Management		X
(Varontsava & Kawa, 2014)	Procedia Technology		X
(Marchewka, & Oruganti, 2013)	Communications Of The IIMA		X
(Kronawitter et al., 2013)	System Sciences (FICSS)		X
(Qi & Chao, 2013)	Information Technology & People		X
(Zhang et al., 2007)	Networking and Mobile Computing		X
(Choudhury et al., 2009)	Business Process Management Journal		X
(Barthelemy, 2001)	Sloan Management Review		X

1\* IT Outsourcing Strategies – Intents and Impacts

2\*\*Relationship Management and Knowledge Exchange

Table A-1 Literature Review Classification

## Appendix B. Interview Protocol (Guide)

**Interview Protocol Project:** IT outsourcing: The Impact of trust and reciprocity on knowledge exchange - Case study.

**Time of Interview:**

**Date:**

**Place:**

**Interviewer:**

**Interviewee (by Number):**

**Position of Interviewee:**

**Project Summary:** The aim of this research is to contribute to existing knowledge by focusing on employees – vendors relationship during outsourcing and the factors shaping this relationship. We will focus on trust and reciprocity impacts on mutual knowledge transfer between vendor and client. Reciprocity is defined as mutually contingent exchange of benefits between two or more units as people expect to be paid back. Trust is defined as “The expectation that the other can be relied upon to behave in a predictable manner, to fulfill obligations, and negotiate and act justly”. This will be a case study addressing the following study question: *What is the role of trust and reciprocity in knowledge exchange in IT outsourcing projects?*

Questions:

- 1- Tell me about your work background
- 2- How you evaluate the trustworthiness of the vendor from your experience?
- 3- What approaches worked best for you in the past in communicating with the vendor?
- 4- How do you evaluate vendor performance and permeability and its impact on knowledge transfer?
- 5- Tell me about strengths you have which can enhance knowledge transfer from the vendor and enable you to get what you want.
- 6- Tell me about the impact of contract and relationship with vendor on knowledge transfer.
- 7- Tell me about things you feel you were missing when dealing with vendor and which can enhance knowledge transfer if you have them
- 8- What is your advice in future to have better knowledge transfer from vendor to client in outsourcing projects

Figure B-1 Phase 1 Interview Guide

**Interview Protocol Project:** IT outsourcing: The Impact of trust and reciprocity on knowledge exchange - Case study.

**Time of Interview:**

**Date**

**Place:**

**Interviewer:**

**Interviewee (by Number):**

**Position of Interviewee:**

**Project Summary:** The aim of this research is to contribute to existing knowledge by focusing on employees – vendors relationship during outsourcing and the factors shaping this relationship. We will focus on trust and reciprocity impacts on mutual knowledge transfer between vendor and client. Reciprocity is defined as mutually contingent exchange of benefits between two or more units as people expect to be paid back. Trust is defined as “The expectation that the other can be relied upon to behave in a predictable manner, to fulfill obligations, and negotiate and act justly”. This will be a case study addressing the following study question: **What is the role of trust and reciprocity in knowledge exchange in IT outsourcing projects?**

Questions:

- 1- Tell me why the contract is important determinant of outsourcing success
- 2- Tell me why vendor capabilities affects client trust with vendor
- 3- How can client capability be a strength for client to get knowledge from vendor
- 4- What type of relationship with vendor can help in transferring knowledge
- 5- How can in-advance planning affects transition and knowledge transfer
- 6- What is needed for client to be ready for transition (operation readiness)
- 7- Tell me how you can judge if vendor is transparent or not
- 8- What is your thoughts about communication channels and communication quality

Figure B-2 Phase 2 Interview Guide

**Interview Protocol Project:** IT outsourcing: The Impact of trust and reciprocity on knowledge exchange - Case study.

**Time of Interview:**

**Date:**

**Place:**

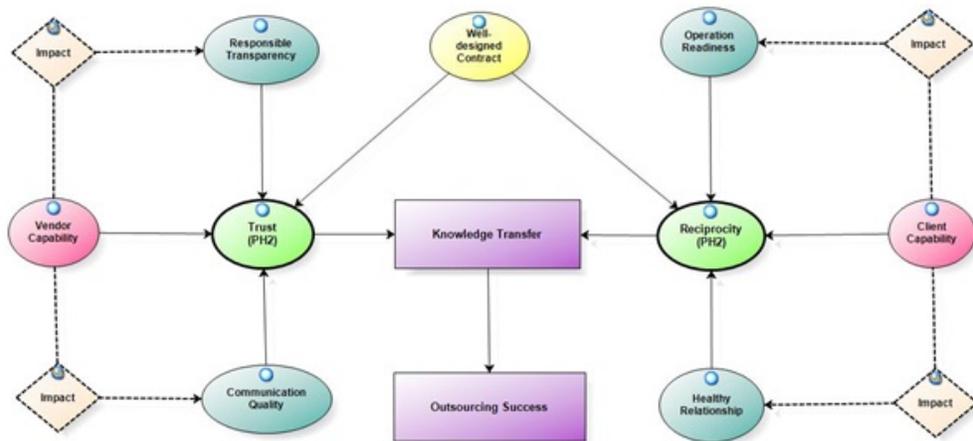
**Interviewer:**

**Interviewee (by Number):**

**Position of Interviewee:**

**Project Summary:** The aim of this research is to contribute to existing knowledge by focusing on employees – vendor’s relationship during outsourcing and the factors shaping this relationship. We will focus on trust and reciprocity impacts on mutual knowledge transfer between vendor and client. Reciprocity is defined as mutually contingent exchange of benefits between two or more units as people expect to be paid back. Trust is defined as “The expectation that the other can be relied upon to behave in a predictable manner, to fulfill obligations, and negotiate and act justly”. This is the final phase of interviews, in which we will discuss the outcome of previous two phases on interviews, and come up with practical proposal that can be applied to improve the outsourcing success.

The final proposed frame work of the study is shown below. In this frame work all identified factors that contributes to trust and reciprocity are shown base on previous interviews. The proposal under discussion will be based on this framework.



Study Framework

The results of these questions will help in drafting a practical proposal for the company on the suggested actions that can improve knowledge transfer from vendor to customer. The proposed actions will mainly focus on improving the client and vendor's resources capability, client's readiness, communication quality, relationship with vendor, and creating open transparent communication channels with vendor.

Q1: As contract already signed, how can you advice the company in future contracts.

Q2: Vendor capability is a major contributor in building trust, how can you benefit from this in achieving company targets.

Q3: Client capability is another major contributor in outsourcing success, how can you improve the strength of this factor:

Q4: Operation readiness is the client guarantee of effective project handover, how can we improve company readiness

Q5: Knowledge transfer depends mainly on communication quality, how can this be improved

Q6: Vendor transparency is a measure of effective knowledge transfer, how can this be improved

Q7: How can we use all above factors in building healthy relationship with vendor

Q8: Any further comments not covered that can help in future

Figure B-3 Phase 3 Interview Guide

## Appendix C. NVivo Guide and Phase 1 Coding

**NVivo Guide**

NVivo provides the researcher with a set of tools that will assist him in undertaking an analysis of qualitative data. Also, NVivo can help the researcher in learning from data, and to increase the efficiency and effectiveness of such learning. Here are the steps followed in this study in utilizing the features of NVivo software in qualitative data analysis:

- 1- Install licensed NVivo software.
- 2- Open a new project for the study
- 3- Import the study data (Interviews, observations, and project documents) and classify these data resources under different folders for further analysis. Create nodes (codes) from the available data (A code is a way of identifying themes in a text). This will be the first step of data coding. The initial codes can be obtained from the available literature resources (process coding using gerunds to signify conceptual action in the data. A reference is counted each time a text is tagged with a code.
- 4- The imported interviews and observations can be mapped to these created nodes.
- 5- During data analysis further nodes (codes) can be created in what is called interactive coding. Examples of such codes is descriptive coding (assigning labels to data to summarize the basic topic of the passage), and in vivo coding (using participants' language to create codes). The nodes data can show the number of times certain code is referenced (linked to data sources). This will help in identifying the common themes in all data resources. With no new ideas being generated and no new codes being developed and, it could be time to stop coding.
- 6- Create structural coding systems in which the category at the top of a hierarchy describes the contents, in general terms, of the items below (parent-child coding).
- 7- The above step can help in second cycle of code generation (identifying themes and patterns).
- 8- NVivo **queries** will help the researcher in finding new codes and themes. Word frequency and text searching queries are examples of NVivo effective queries. Data Visualization provides an ability to comprehend huge amounts of data and shows that the researcher knows what is displayed. NVivo visual tools provide a visualization of data from within the NVivo database (charts and graphs); and models that you construct by connecting shapes. Useful graphs are tree diagrams that chart the coding on the source (show the 20 nodes used most often for coding the selected source). In building models, you gain the best sense of how the nodes might fit together to tell a story (story of your research question from the perspective of this case). These graphs and models can be copied and pasted into other applications.
- 9- Use NVivo's clustering tool to assess the similarity of either sources or nodes, based on either (a) the similarity of words used in those sources or coded to those nodes, or (b) the similarity of coding that has been applied to the text or images in those sources or nodes.
- 10- Use NVivo query tools in Searching and asking questions of your data.
- 11- Use NVivo predefined report options. First, shape them to suit your particular needs by using the optional filters. These reports are used for listing nodes; for exporting the text of a node with annotations and see also links as endnotes; for printing, copying or exporting matrix tables; and for copying or exporting charts and models.

Figure C-1 NVivo Guide



Figure C-2 Word Cloud

Table C-1 Phase 1 Coding

Name	Nodes	References
<b>Interviewees</b>		
Interviewee#1	36	73
Interviewee#2	29	55
Interviewee#3	29	54
Interviewee#4	30	55
Interviewee#5	29	48
Interviewee#6	28	51
Interviewee#7	30	62
Interviewee#8	26	43
Interviewee#9	28	51
Interviewee#10	25	41
Interviewee#11	26	41
Interviewee#12	29	51
Interviewee#13	29	48
Interviewee#14	34	66
Interviewee#15	30	53
Interviewee#16	23	37
Interviewee#17	29	46
Interviewee#18	27	47
Interviewee#19	28	45
Interviewee#20	35	69
<b>Observation</b>		
Observer#1	33	66
<b>Support Documents</b>		
SLA Document of Understanding-M	2	128
Services IT Proxy SOW.	2	2

Table C-2 Phase 1 Code Book

Name	Sources	References	Description
Lessons Learned	18	65	Lessons learned from existing project and future advice to improve
Adequate Resources	3	3	Enough resources at client side
Building Knowledge Base	1	1	Having a reference measure for existing knowledge base at the start of contract
Building Relationship with	1	1	The ways to strengthen the relationship between vendor and client
Enough Transition Period	3	3	The time to knowledge from vendor to client at the end of project
Having Consultant	1	1	Having consultants to revise vendor delivery
Knowledge transfer plan	1	1	A plan with timing and check list to identify the types of knowledge to be
Lessons Learned (PH1)	18	35	Phase 1 pattern codes of lessons learned
Client Management	5	6	Client management responsibility in having successful outsourcing project
Client Operation Readiness	8	10	Needed plans and preparation to be able to end outsourcing contract
Contract and Relationship	7	9	Well prepared contract and the accepted relationship with vendor
Needed Clients Capabilities	8	10	The competencies and experience needed at client side to be able to take over
Long Term Contract	1	1	The duration of outsourcing contract
Management Support	2	2	The level of support provided from client management to technical team in all
Mutual Understanding- Client	1	1	The level of agreement of vendor and client on all terms of contract during
Onsite Resources	1	1	The availability of onsite vendor resources
Process Understanding	1	1	Client understanding of vendor used processes
Proper Communication	1	1	Availability of communication plan
Proper Training	2	2	Availability of client resources training plan and budget
Same Level of Skill Sets	2	2	Possibility to match client skill sets with vendor skills before terminating the
Share Contract with IT Teams	1	1	Have awareness sessions for client teams about the contract and vendor SOW
Technical Expertise	2	2	The availability of technically qualified resources at client side
Tools	1	1	Availability of proper tools at client side that is needed to do the job and used
Transition Plan	2	2	Having transition plan that is mutually agreed and signed by both client and
Well Defined Contract	2	3	Comprehensive contract with clear responsibilities of both vendor and client
Reciprocity	21	166	Reciprocity is the mutually contingent exchange of benefits between two or
Reciprocity (PH1)	21	63	Identified pattern code in phase 1 interviews
Client's Adequate	12	16	Pattern coding of the Client's Adequate Competency that is needed to have
Comprehensive Contract	12	15	Pattern coding of a Comprehensive Contract, which clearly identifies all
In-advance Planning	11	12	Pattern coding of the client In-advance Planning for end of contract activities
Mutual Strong Relationship	10	11	Pattern coding of the Mutual Strong Relationship between vendor and client
Operation Readiness	8	9	Pattern coding of the client's Operation readiness to be able to takeover all
Strengths	20	60	The available resources and currencies that can enhance knowledge transfer
Auditing	2	2	Having auditing mechanism such as customer satisfaction surveys
Client team technical	7	8	Good training and qualifications
Client financial position	1	1	Client financial position and availability of needed budget
Client resources past	6	6	Past experience of client resources
Configuration management	1	1	Documenting all configured items
Communication plan	2	2	Availability of communication plan
Good service management	2	2	Availability service management tool
healthy relationship	7	7	Respected relationship between client and vendor
Identifying Requirement	1	1	Well identified requirement
Management support	1	1	Level of management support
Sharing responsibility	4	4	Have responsibility matrix
Solid documentation template	4	5	Availability of proper templates to record activities and problems
System process	1	1	Availability of proper processes
Transition plan	5	5	having in advance good transition plan
Vendor Liability	2	2	Identify vendor role in knowledge transfer
Vendor size and experience	1	1	Vendor experience in running same jobs and the vendor resources capacity to
Well Defined contract	9	11	Clear SLA definition
Weakness	19	43	The missing currencies that the client feels they have impact on knowledge
Client resources availability	6	6	The availability of client resources to monitor vendor and carry some activities
Contract not shared	4	4	Not shared with all employees
Heterogeneous vendor	1	1	Vendor resources are not of the same level of technical experience; some are
ITSM tool	1	1	Complicated and no adequate training
Lack of adequate technical	1	1	Client resources do not have the adequate technical knowledge to take over
Lack of management support	2	2	Client management support to technical team is not as expected
Lack of open communication	1	1	Transparency in communication between vendor and client is not as expected
Lack of proper documentation	2	2	There is no proper documentation for all activities done by the vendor
legal and business	1	1	The uncertainty about the future of the business and legal relationships with
No center vendor SPOC	1	1	no single point of contact
No contract end date	1	1	The contract has no end date

No coordination among client	1	1	Client teams work in silos without proper coordination
No penalties in contract	1	1	There are no penalties against failing to fulfill the contract
Offshore hardware	2	2	Monitoring and security systems control are not in country
Offshore resources	4	4	Vendor resources are offshore
Short transition period	3	3	The period assigned for handover from vendor to client is not enough
Training programs	4	4	In advance planned training programs
Transfer knowledge and contract	1	1	Transfer knowledge not part of contract
Vendor and client work in Silos	1	1	not as one team
Vendor discrimination in	1	1	Vendor response Depending on the management level
Vendor intention to extend	2	2	Vendor willingness to extend the contract through fulfilling the current contract
the vendor was the soul for us	1	2	There is no other possibility to switch vendor
Trust	27	353	The expectation that the other party can be relied upon to fulfill obligations, to behave in
Client capability	1	1	Client resources availability and capability
Communication	17	36	Communication with vendor
EMAILS	10	10	Communicate using emails
Formal Letters	1	1	Using formal letters templates
Meetings	13	15	Communicate using Face to face and conference meetings
Reports	7	7	Communicate using reports
Resource escalation matrix	1	1	Vendor resources information
Socialization program	1	1	Having after work team building programs or activities with participation of both client
Contract end date	1	1	Known contract termination date
Contract fulfillment	15	78	Respecting and fulfilling signed contract
Vendor goodwill	1	1	Good intention to implement the signed contract without delay
Customer support	2	2	Vendor integrity and capability in doing after sales support
Experience	11	11	Vendor experience in doing same jobs
Good contract	8	11	Good written contract with all needed details
Integration	1	1	Ability to integrate vendor products with existing products
Job enhancement	4	5	Continuous job enhancement
Responsibility	3	3	Understand SOW
Security	1	1	Ability to protect security
SLA Adherence	4	1	Contract/ SLA fulfillment
Transparency	9	10	Not hiding any information
Trust (PHI)	27	145	Identified pattern codes in phase 1 interviews
Comprehensive Contract	21	86	Pattern coding of a Comprehensive Contract, which clearly identifies all future
Proper Communication Channels	16	23	Pattern coding of the Proper Communication Channels between vendor and client
Responsible Transparency	11	17	Pattern coding of the Responsible Transparency of client-vendor relationship
Vendor's Adequate Competency	16	19	Pattern code describing Vendor's Capability
Vendor capability	18	42	Ability and qualification to do the work
Audit plan	1	1	Have audit methodology
Checklist availability	2	2	Have checklist to audit vendor
Customer satisfaction	4	4	Use customer satisfaction reports to measure performance
On time delivery	5	5	Deliver with quality
Past experience	2	2	proof for capability
Project plan	1	1	Using projects methodology to evaluate performance
Reporting	6	8	Good reports
Resource availability	5	5	Proper resources
Secure contract	2	2	No fear of termination
Security incidents	1	1	Number of security incidents
Transition plan	2	3	availability of transition plan for knowledge transfer
Vendor Leadership	1	1	Leadership availability
Vendor management	1	2	Assigned team to manage vendor
Vendor financial position	2	2	Vendor financial stability in the market
Vendor size	2	3	Vendor business size in the market

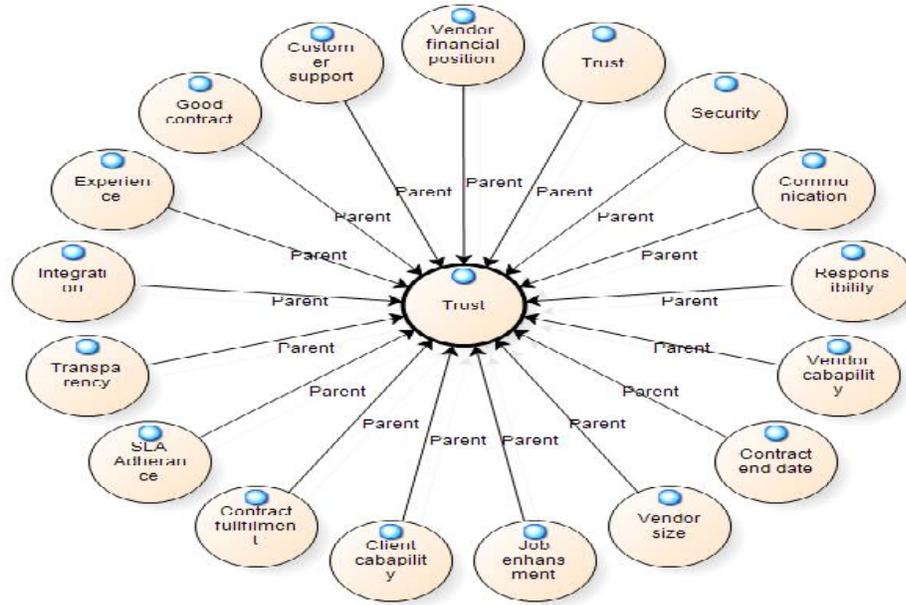


Figure C-3 Trust Coding Summary

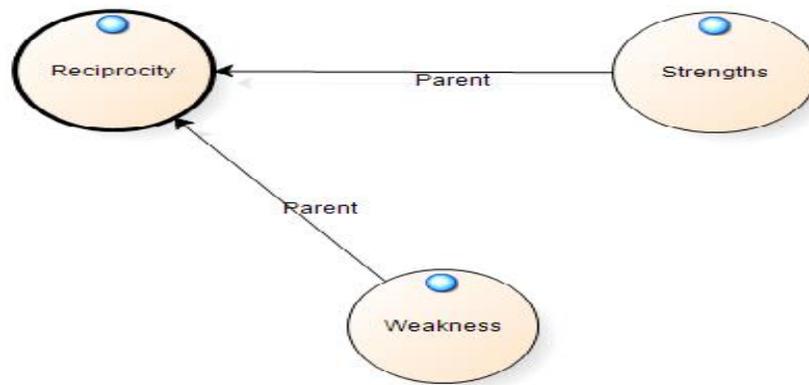


Figure C-4 Reciprocity Coding Summary (part One)

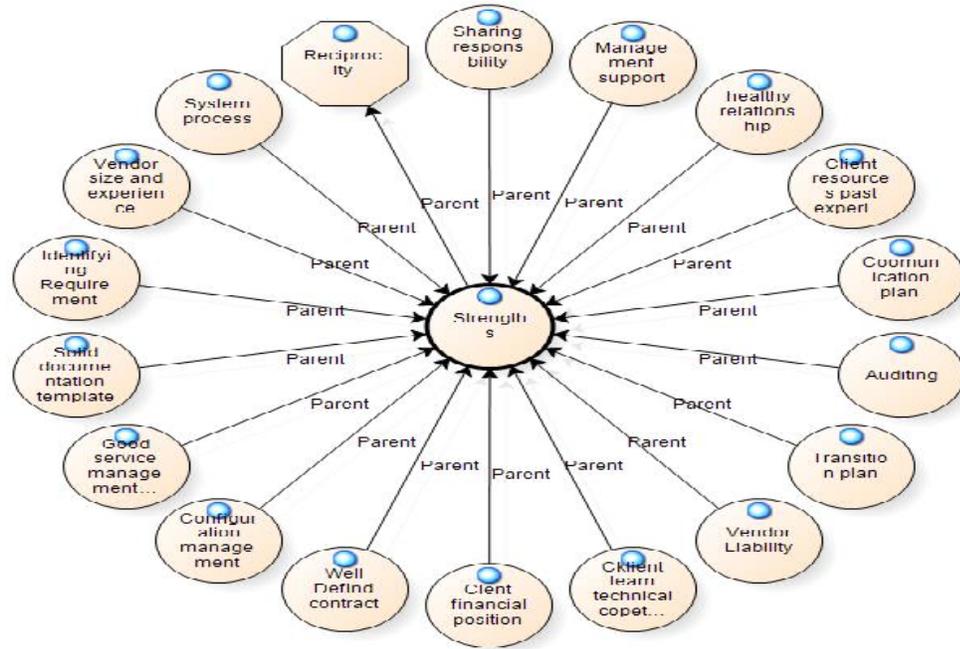


Figure C-5 Reciprocity Coding Summary (part two)

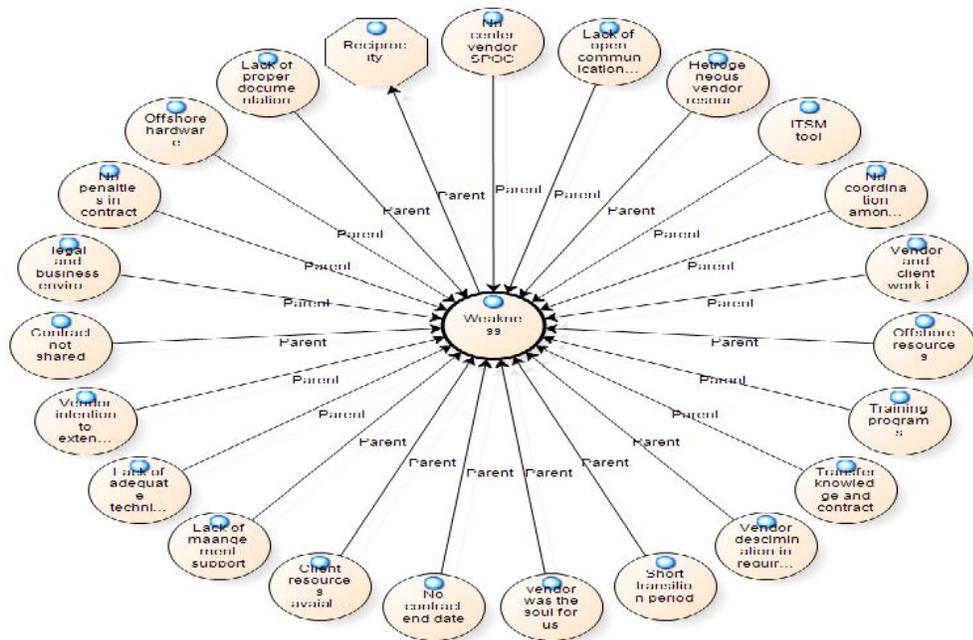


Figure C-6 Reciprocity Coding Summary (part three)

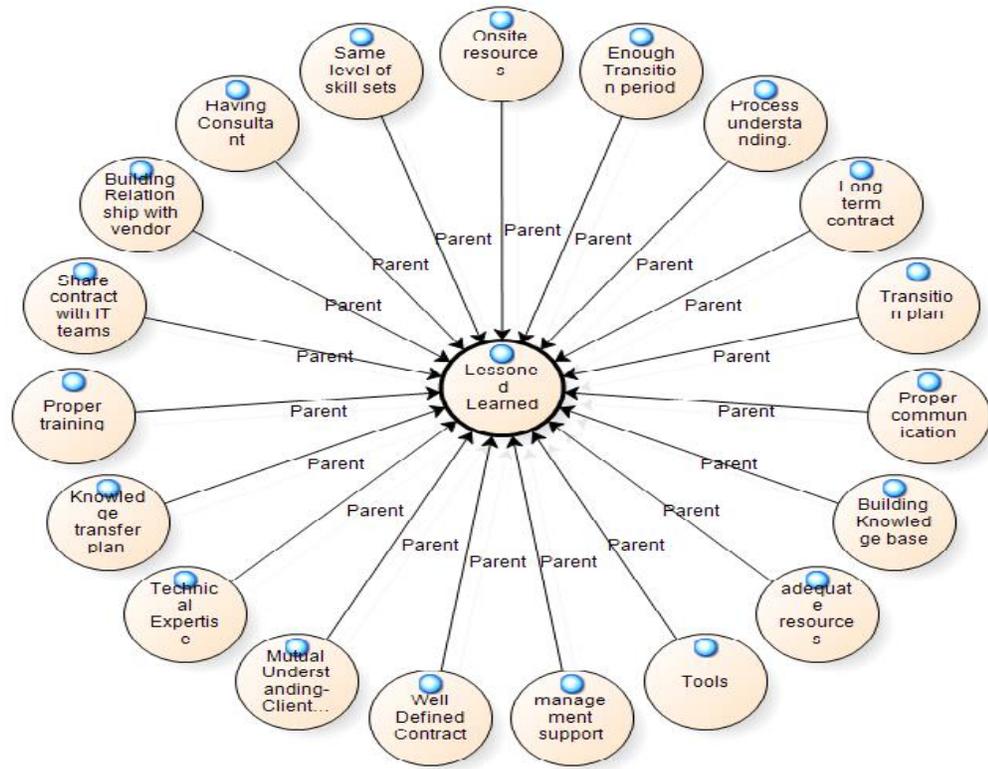


Figure C-7 Lessons Learned Coding Summary

Sources compared by number of nodes coding

Interviewee#1	Interviewee#14	Interviewee#4	Interviewee#12	Interviewee#17	Interviewee#3	Interviewee#19	Interviewee#9	Interviewee#11	Interviewee#8
Interviewee#20	Interviewee#15	Interviewee#7	Interviewee#13	Interviewee#2	Interviewee#5	Interviewee#6	Interviewee#18	Interviewee#10	Interviewee#16

Figure C-8 Tree diagram: Sources compared by number of nodes coding

Nodes compared by number of items coded

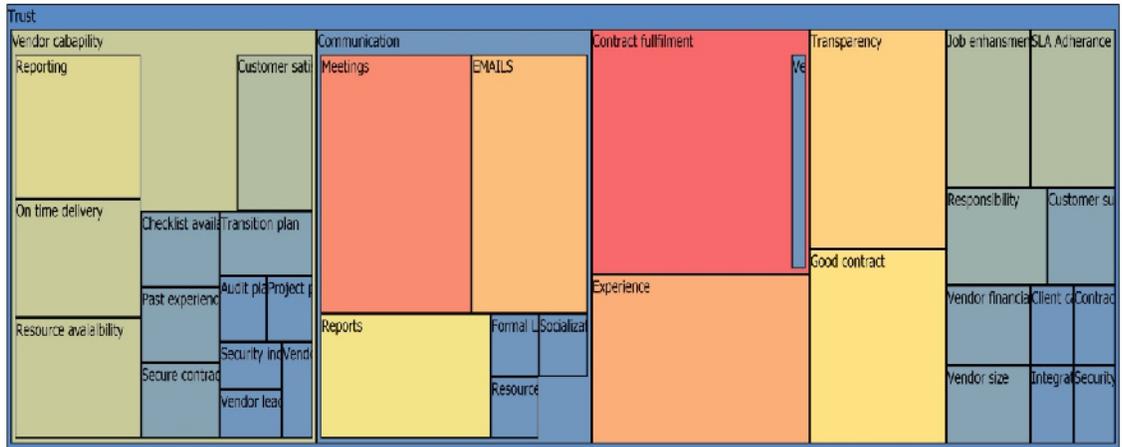


Figure C-9 Tree diagram – Nodes compared by number of coding references: Trust

Nodes compared by number of items coded

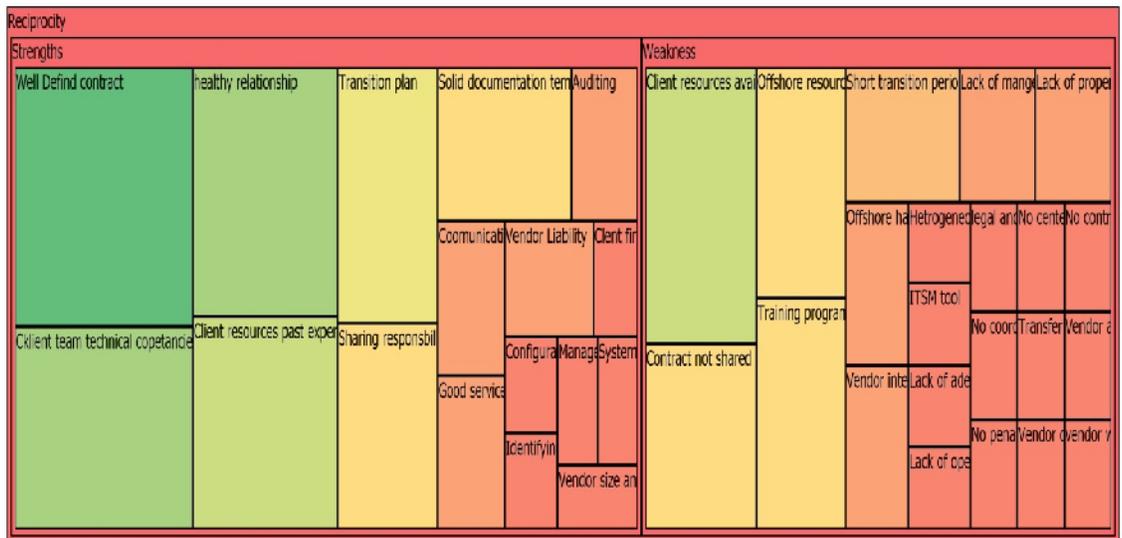


Figure C-10 Tree diagram – Nodes compared by number of coding references –  
Reciprocity

Nodes compared by number of items coded



Figure C-11 Tree diagram – Nodes compared by number of coding references –  
Lessons Learned

Table C-3 Code References – Trust

Nodes	Number of coding references	Cluster Number
Trust\Vendor capability\Transition plan	3	1
Trust\Vendor size	3	1
Trust\Vendor capability\Customer satisfaction	4	1
Trust\Vendor capability	5	1
Trust\Vendor capability\On time delivery	5	1
Trust\Vendor capability\Resource availability	5	1
Trust\Vendor capability\Reporting	8	1
Trust\Experience	11	1
Trust\Communication\Reports	7	2
Trust\Communication\EMAILS	10	2
Trust\Communication\Meetings	15	2
Trust\Responsibility	3	3
Trust\Job enhancement	5	3
Trust\Transparency	10	3
Trust\Good contract	11	4
Trust\Contract fulfillment	77	4

Table C-4 Code References – Reciprocity

Nodes	Number of coding references	Cluster Number
Reciprocity\Strengths\Client resources past experience	6	1
Reciprocity\Weakness\Client resources availability	6	1
Reciprocity\Strengths\Client team technical competencies	8	1
Reciprocity\Strengths\Sharing responsibility	4	2
Reciprocity\Strengths\healthy relationship	7	2
Reciprocity\Weakness\Contract not shared	4	3
Reciprocity\Strengths\Well defined contract	11	3
Reciprocity\Weakness\Training programs	4	4
Reciprocity\Strengths\Solid documentation template	5	4
Reciprocity\Weakness\Short transition period	3	5
Reciprocity\Weakness\Offshore resources	4	5
Reciprocity\Strengths\Transition plan	5	5

Table C-5 Code References – Lessons Learned

Nodes	Number of coding references	Cluster Number
Adequate Resources	3	1
Building Knowledge Base	1	1
Building Relationship with vendor	1	3
Enough Transition Period	3	2
Having Consultant	1	2,4
Knowledge Transfer Plan	1	2
Long Term Contract	1	3
Management Support	2	4
Mutual Understanding- Client Vendor	1	3
Onsite Resources	1	3
Process Understanding	1	1
Proper Communication	1	2,3
Proper Training	2	1, 4
Same Level of Skill Sets	2	1
Share Contract with IT Teams	1	4
Technical Expertise	2	1
Tools	1	1,4
Transition Plan	2	2
Well Defined Contract	3	3

Nodes compared by number of items coded

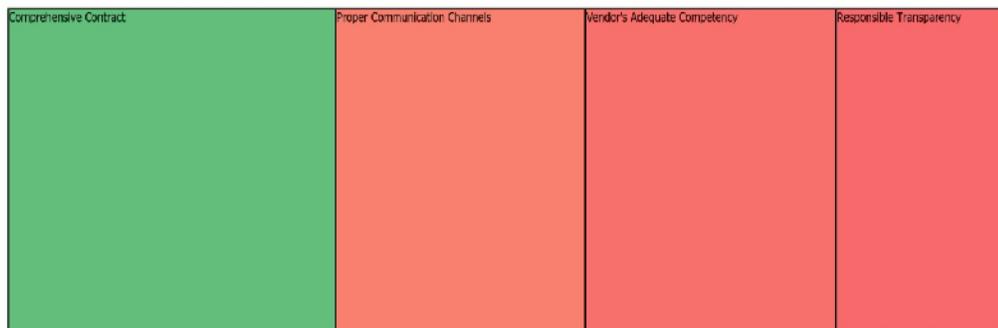


Figure C-12 Tree diagram – nodes compared by number of items coded\_ Trust pattern codes

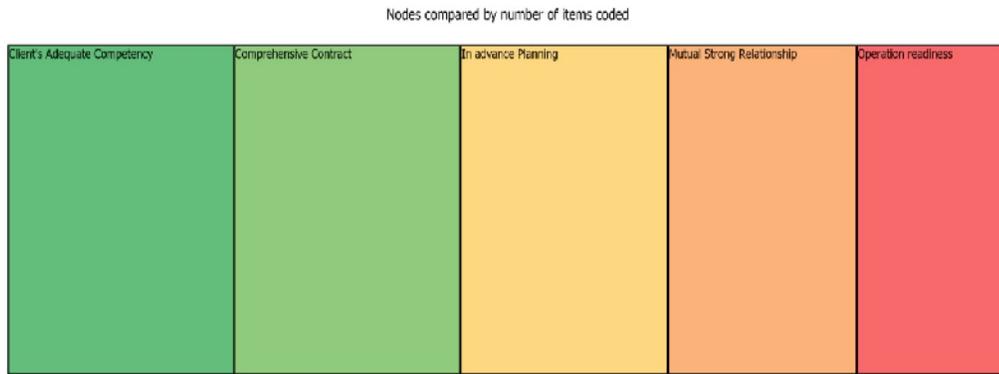


Figure C-13 Tree diagram – nodes compared by number of items coded\_  
Reciprocity pattern codes

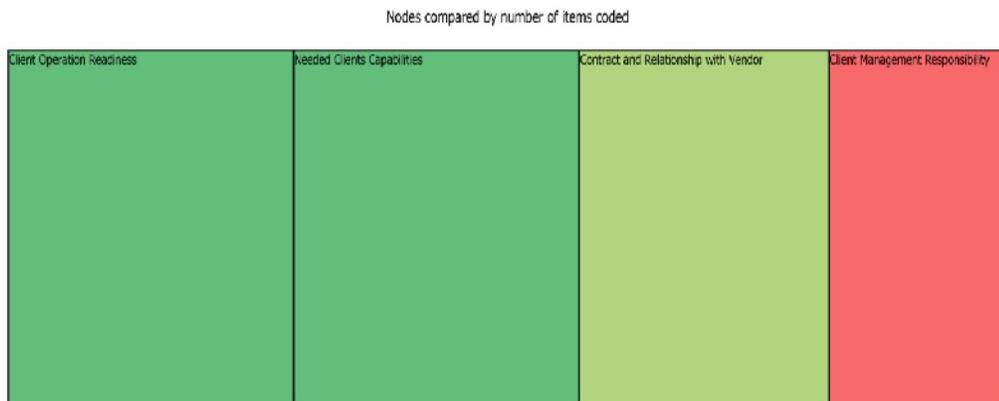


Figure C-14 Tree diagram–nodes compared by number of items coded\_ Lessons  
Learned Pattern codes

Table C-6 Nodes compared by number of items coded\_ Trust & Reciprocity pattern codes

Nodes	Number of coding references	Nodes	Number of coding references
Nodes\Trust\Comprehensive Contract	86	Nodes\Reciprocity\Client's Adequate Competency	16
Nodes\Trust\Proper Communication Channels	23	Nodes\Reciprocity\Comprehensive Contract	15
Nodes\Trust\Responsible Transparency	17	Nodes\Reciprocity\In-advance Planning	12
Nodes\Trust\Vendor's Adequate Competency	19	Nodes\Reciprocity\Mutual Strong Relationship	11
		Nodes\Reciprocity\Operation readiness	9

Table C-7 Nodes compared by number of items coded\_ Lessons Learned Pattern codes

Nodes	Number of coding references
Lessons Learned\Lessons Learned ( PH1)\Client Management Responsibility	6
Lessons Learned\Lessons Learned ( PH1)\Client Operation Readiness	10
Lessons Learned\Lessons Learned ( PH1)\Contract and Relationship with Vendor	9
Lessons Learned\Lessons Learned ( PH1)\Needed Clients Capabilities	10

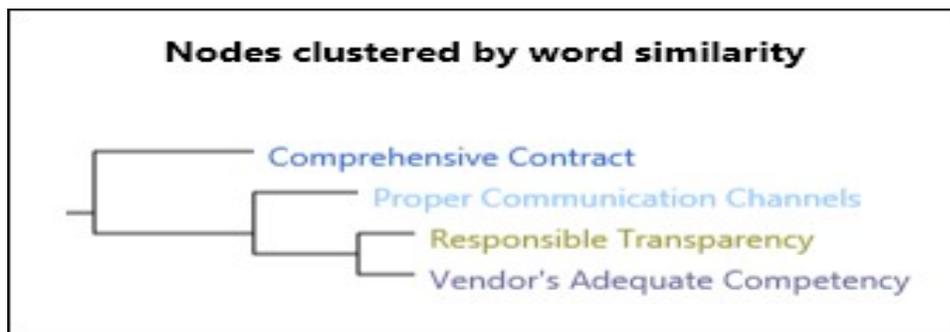


Figure C-15 Nodes clustered by word-similarity\_ Trust Pattern Codes

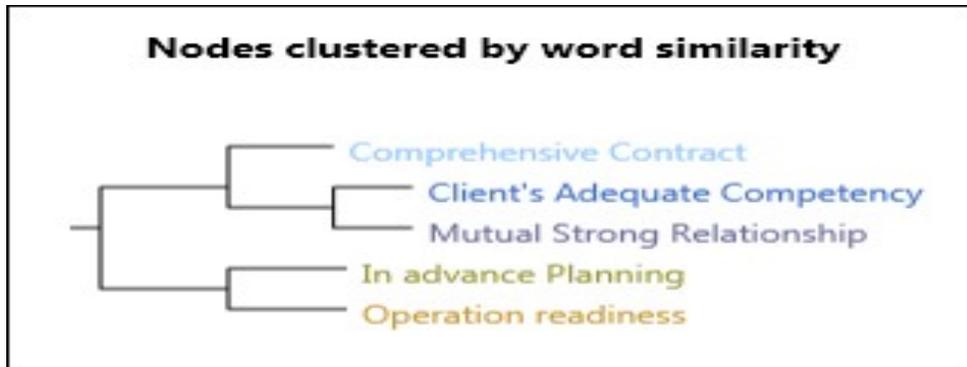


Figure C-16 Nodes clustered by word-similarity\_ Reciprocity Pattern Codes



Figure C-17 Nodes clustered by word-similarity\_ Lessons Learned Pattern Codes

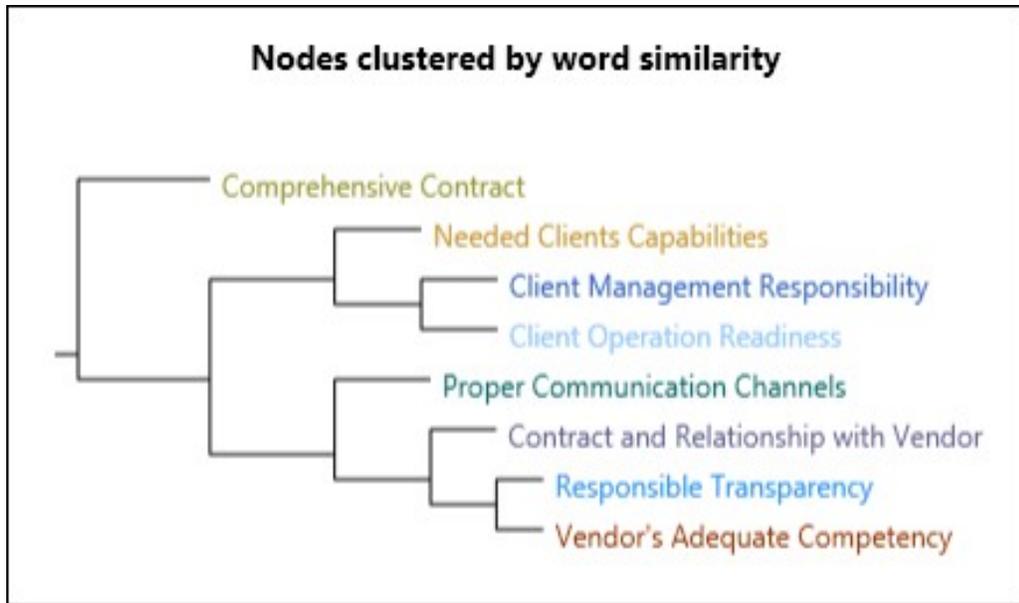


Figure C-18 Nodes clustered by word similarity\_ Trust and Lessons Learned Pattern Codes

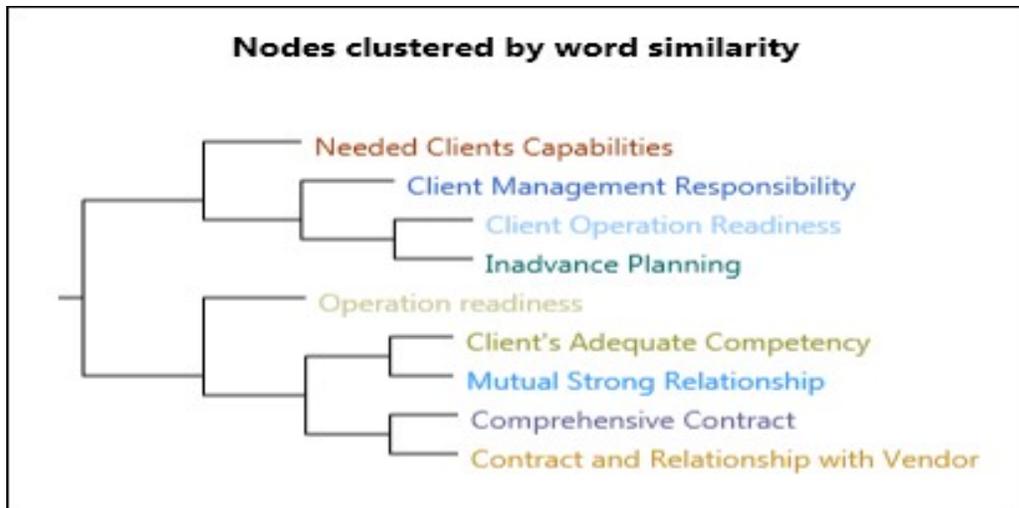


Figure C-19 Nodes clustered by word similarity\_ Reciprocity and Lessons Learned Pattern Codes

## Appendix D. Phase 1 Pattern Codes – Sources Summary

### Trust

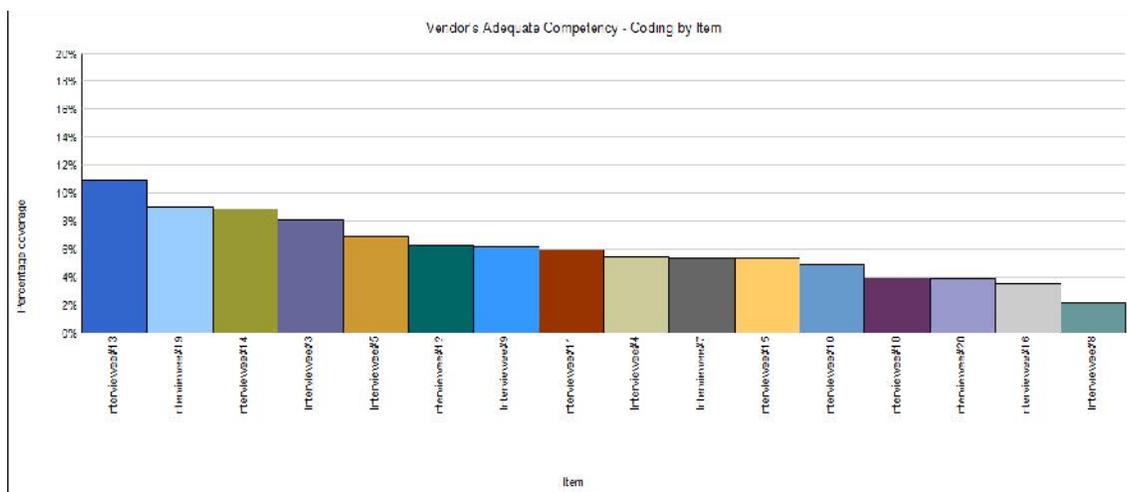


Figure D-1 Tree diagram – Vendor's Adequate Competency – Coding by Item

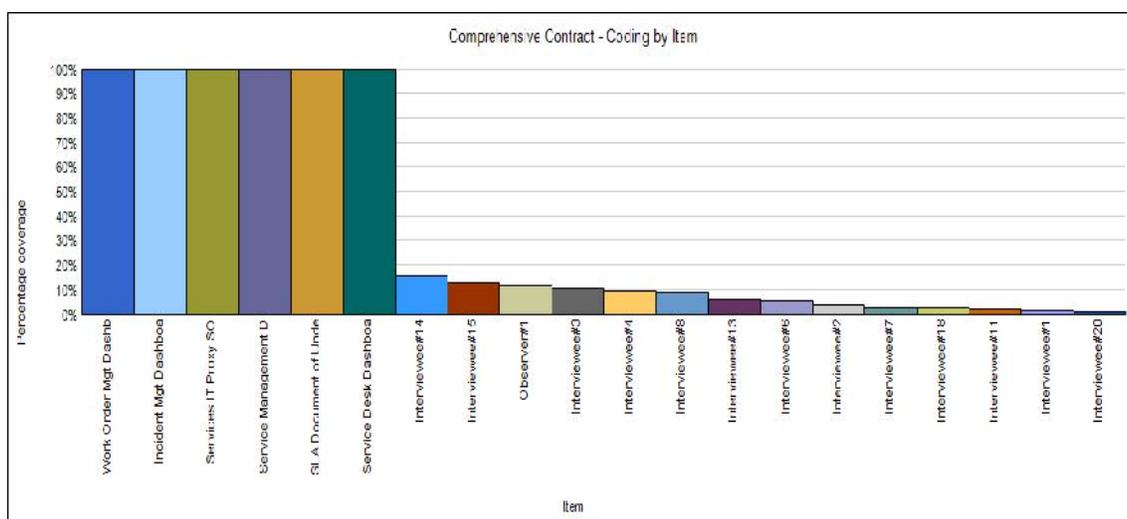


Figure D-2 Tree diagram – Comprehensive Contract – Coding by Item

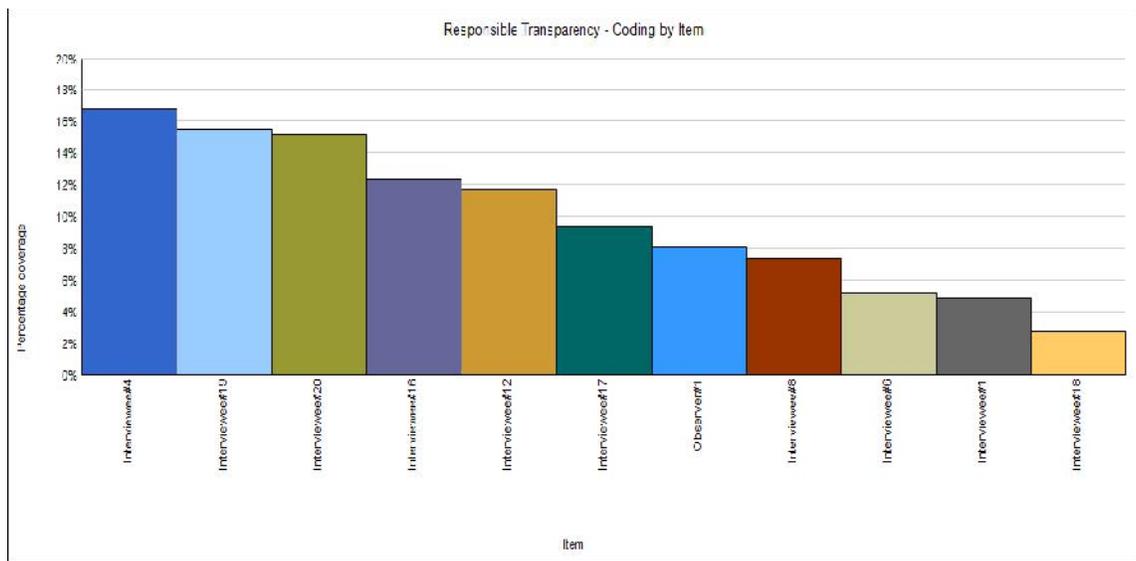


Figure D-3 Tree diagram – Responsible Transparency – Coding by Item

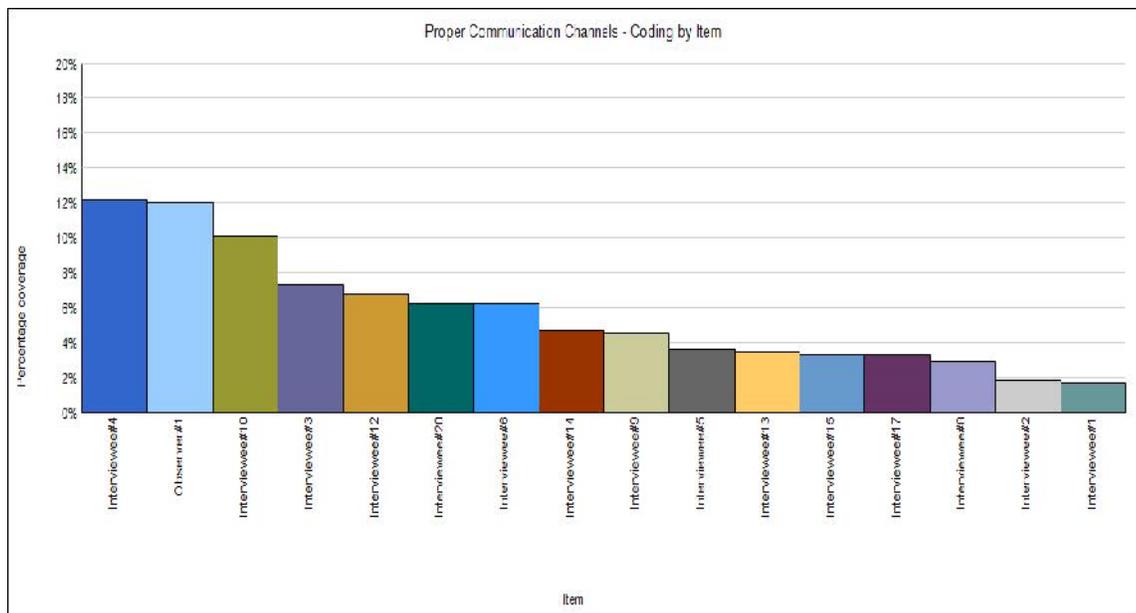


Figure D-4 Tree diagram – Proper Communication Channels – Coding by Item

## Reciprocity

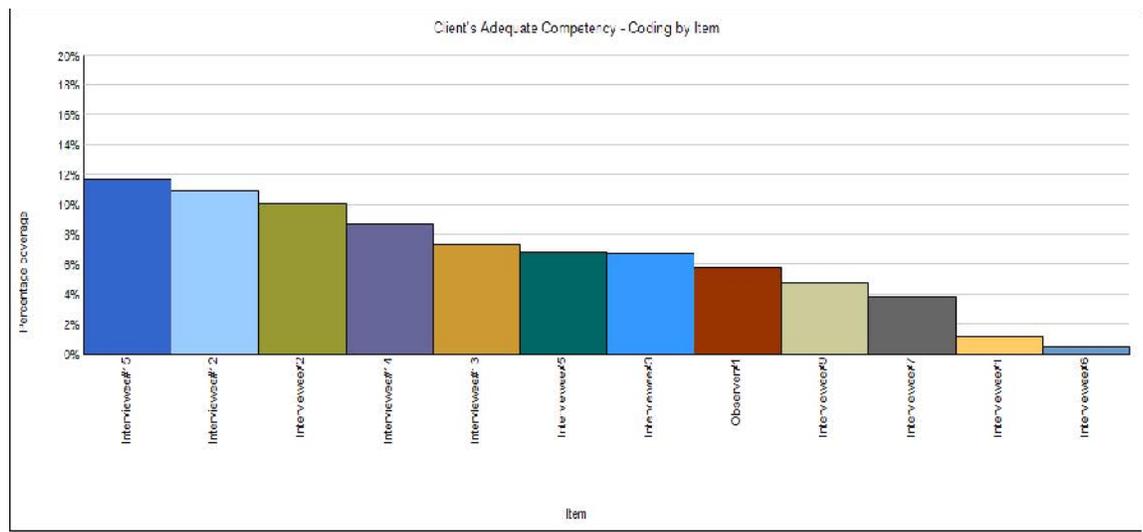


Figure D-5 Tree diagram – Client's Adequate Competency – Coding by Item

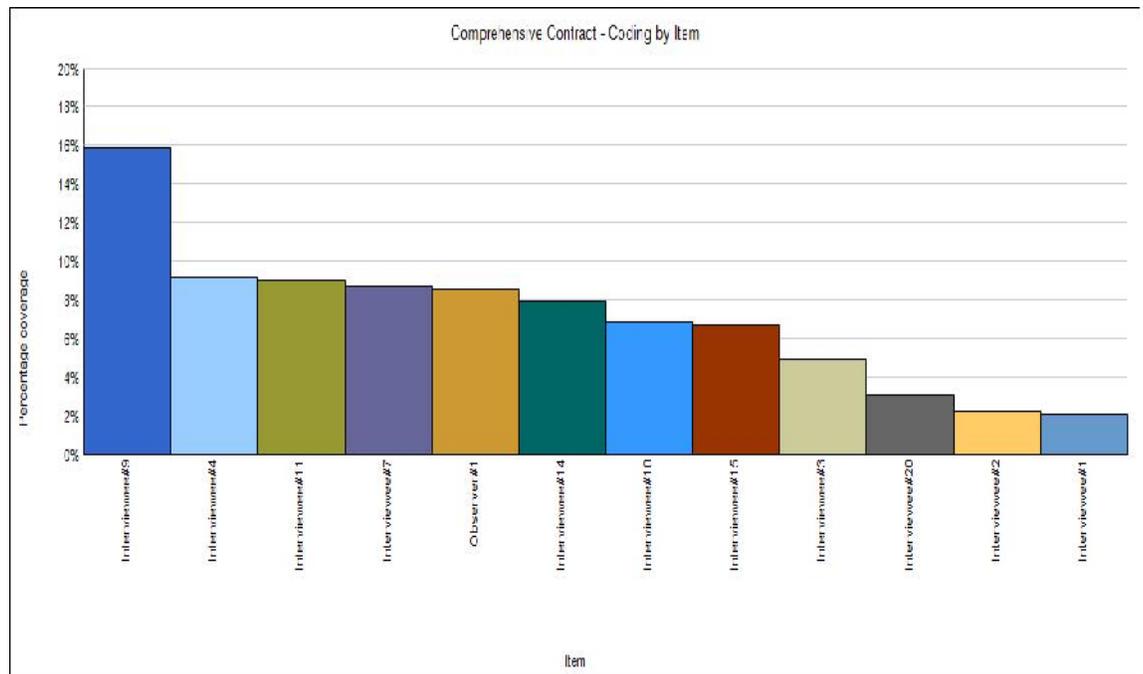


Figure D-6 Tree diagram – Comprehensive Contract – Coding by Item

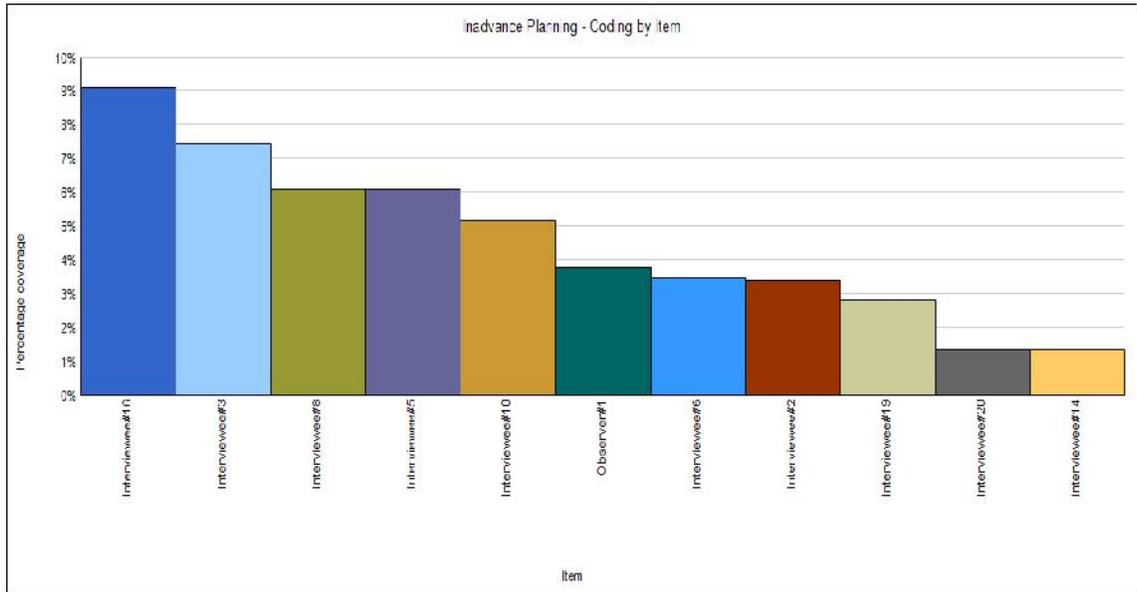


Figure D-7 Tree diagram – In-advance planning – Coding by Item

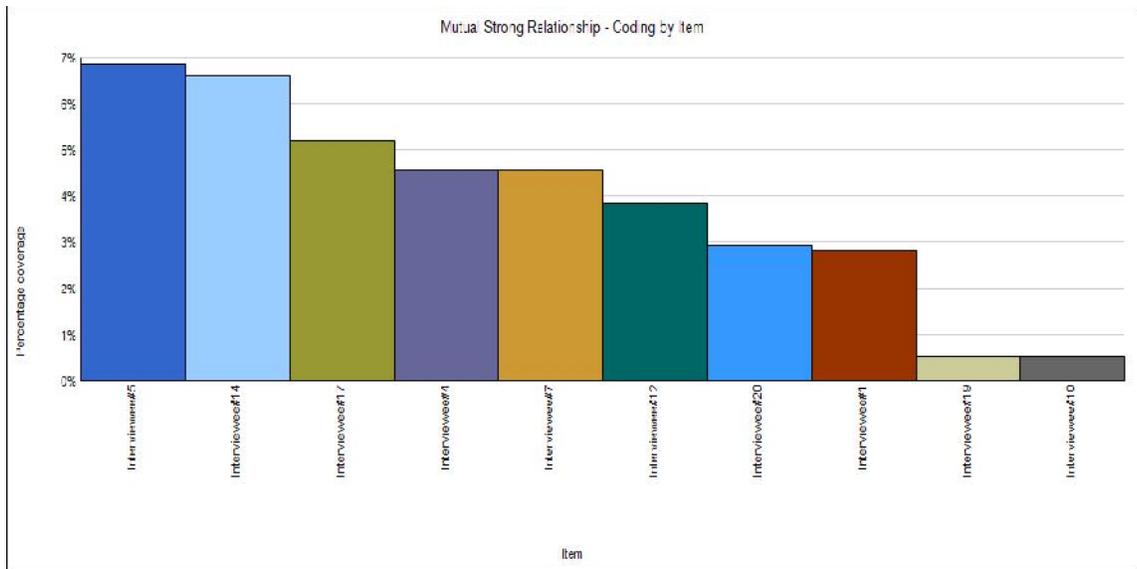


Figure D-8 Tree diagram – Mutual Strong Relationship – Coding by Item

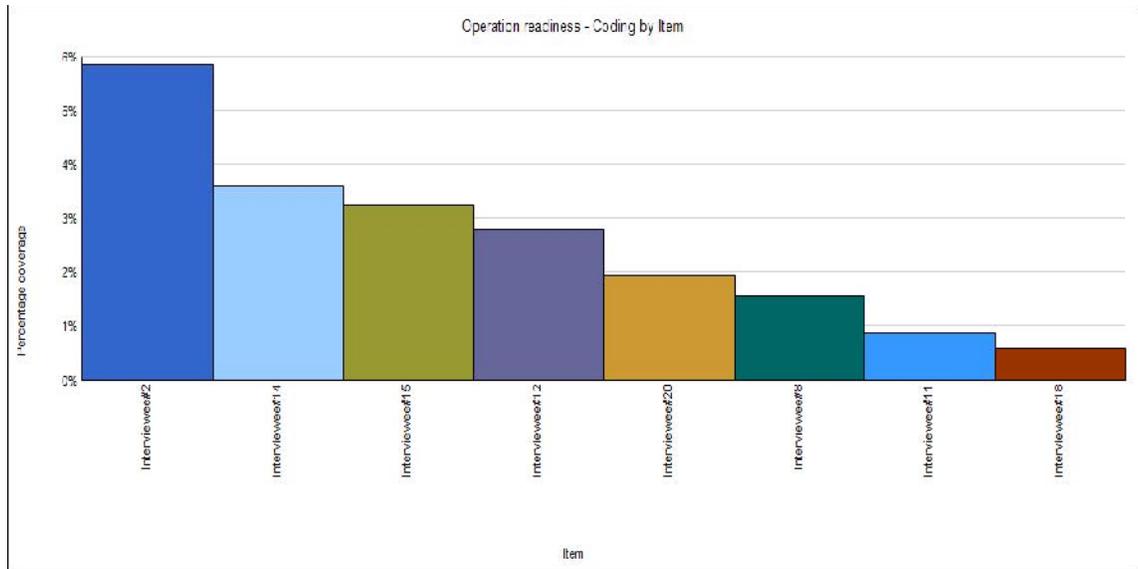


Figure D-9 Tree diagram – Operation readiness – Coding by Item

### Lessons Learned

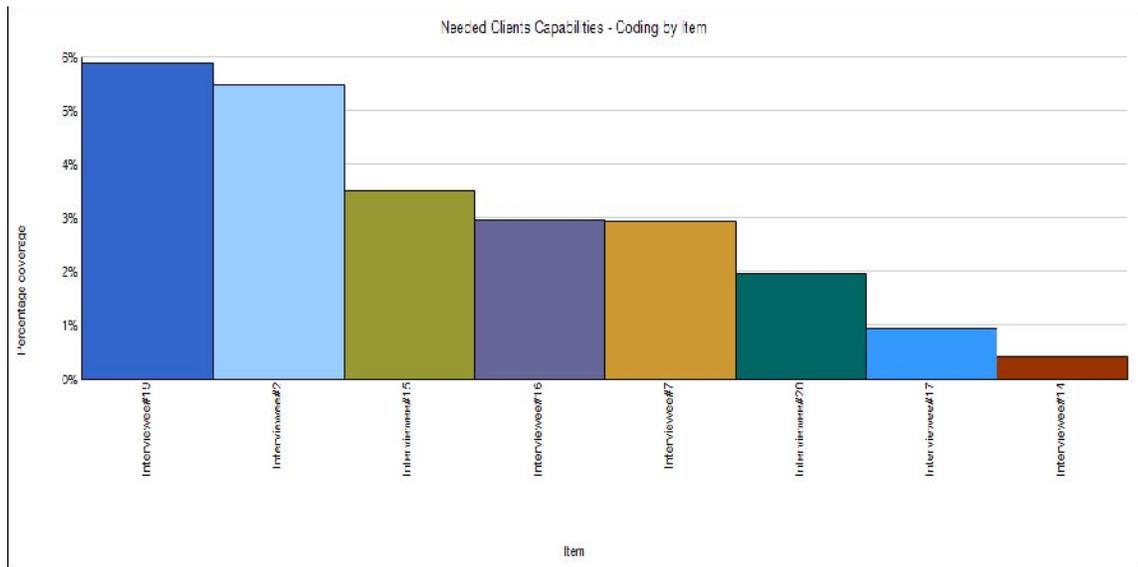


Figure D-10 Tree diagram – Needed Clients Capabilities – Coding by Item

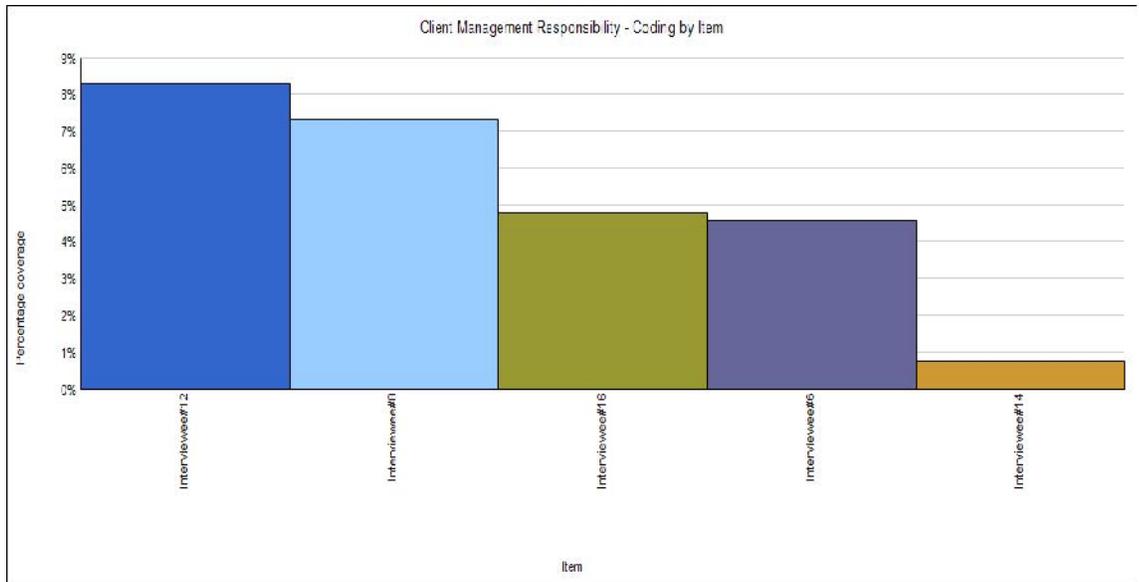


Figure D-11 Tree diagram – Client Management Responsibility – Coding by Item

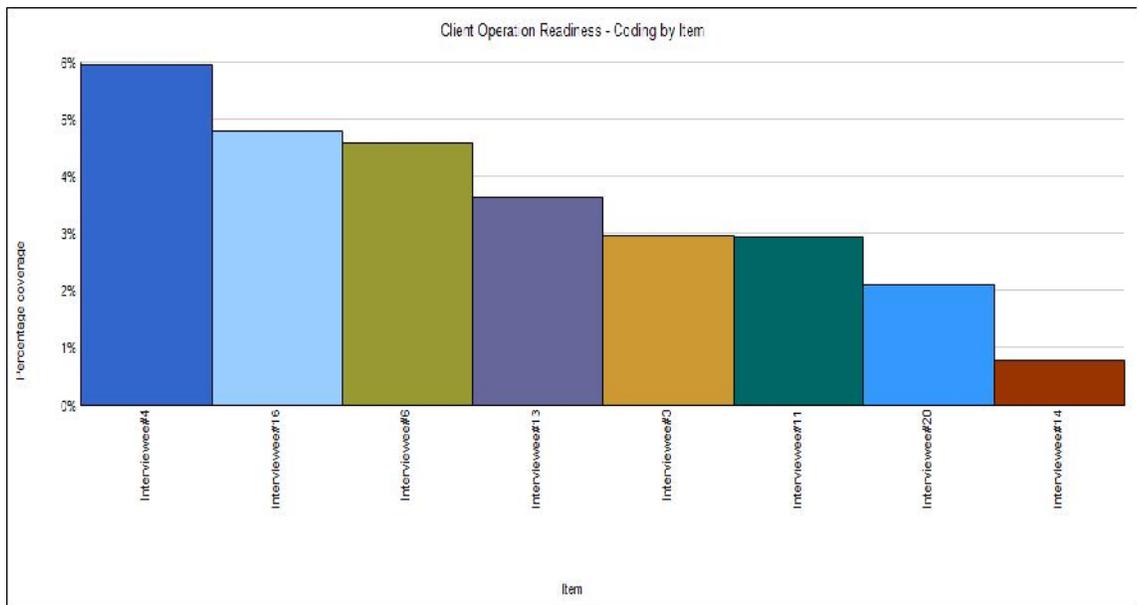


Figure D-12 Tree diagram – Client Operation Readiness – Coding by Item

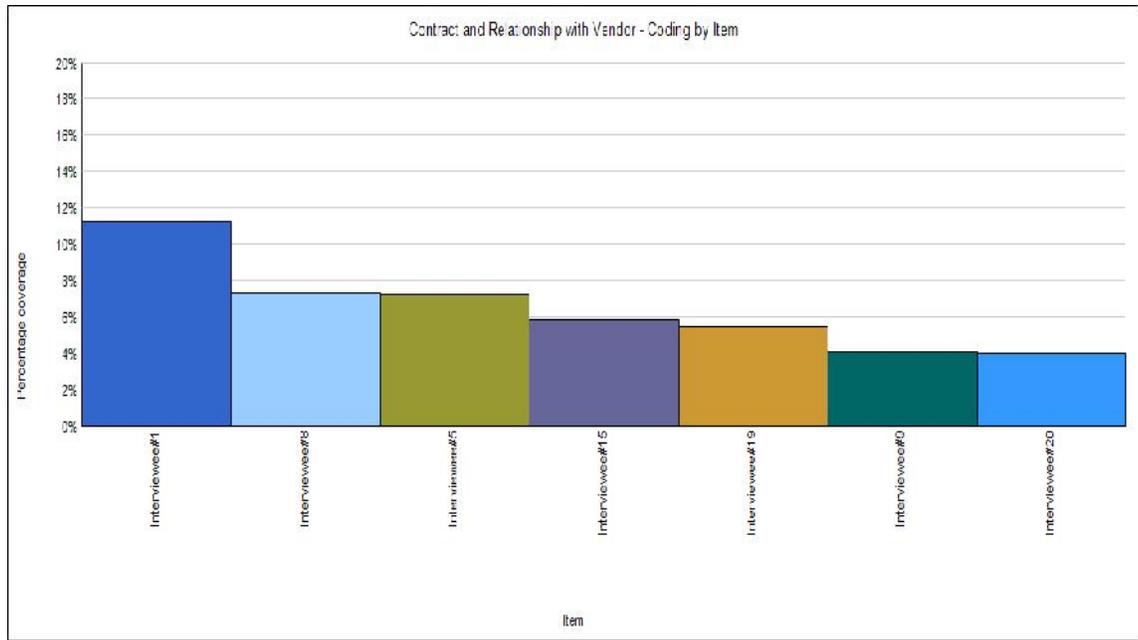


Figure D-13 Tree diagram – Contract and Relationship with Vendor – Coding by Item

## Appendix E. All Phases Interviewees Summary

Table E-1 All Phases Interviewees Summary

Interviewee # in Phase 1	Interviewee # in Phase 2	Interviewee # in Phase 3
1	1	1
2	X	X
3	13	2
4	2	4
5	3	3
6	12	7
7	9	9
8	X	X
9	X	X
10	X	X
11	11	5
12	4	X
13	5	X
14	8	8
15	6	X
16	7	X
17	X	11
18	10	6
19	X	X
20	14	10

X= No interview

## Appendix F. Phase 2 Coding

Table F-1 Phase 2 Coding

<b>Name</b>	<b>Nodes</b>	<b>References</b>
<b>Interviewees</b>		
Interviewee#1	22	77
Interviewee#2	22	65
Interviewee#3	22	59
Interviewee#4	22	50
Interviewee#5	22	44
Interviewee#6	22	44
Interviewee#7	20	44
Interviewee#8	22	47
Interviewee#9	21	47
Interviewee#10	20	47
Interviewee#11	21	53
Interviewee#12	22	47
Interviewee#13	22	62
Interviewee#14	21	80
<b>Observation</b>		
Observer#2	22	53

Table F-2 Phase 2 Code Book

Name	Sources	References	Description
Reciprocity (PH2)	15	104	Refined Reciprocity coding in PH2
Client Capability	15	20	Pattern coding of the Client's Adequate Competency- capabilities (resources and technical knowledge) that are needed to have better knowledge transfer
Healthy Relationship	12	15	Pattern coding of the Mutual healthy Relationship between vendor and client during the project lifecycle
Operation Readiness	14	31	Pattern coding of the client's Operation readiness to be able to takeover all vendor responsibilities and to get the vendor's transferred knowledge
Well-designed Contract	14	38	Pattern coding of a Comprehensive Contract, which clearly identifies the scope of work of all parties
Trust (PH2)	15	67	Refined Trust coding in PH2
Communication Quality	15	25	Pattern coding of the Proper Communication Channels between vendor and client that guarantee the quality and integrity of transferred knowledge at predefined times
Responsible Transparency	14	24	Pattern coding of the Responsible Transparency of client vendor relationship that reflects vendor willingness to share knowledge and experience with client
Vendor Capability	15	18	Pattern code describing Vendor's Capability- Vendor has experience, knowledge and ability to deliver what is required
Well-designed Contract	14	17	Pattern coding of a Comprehensive Contract, which clearly identifies the scope of work of all parties

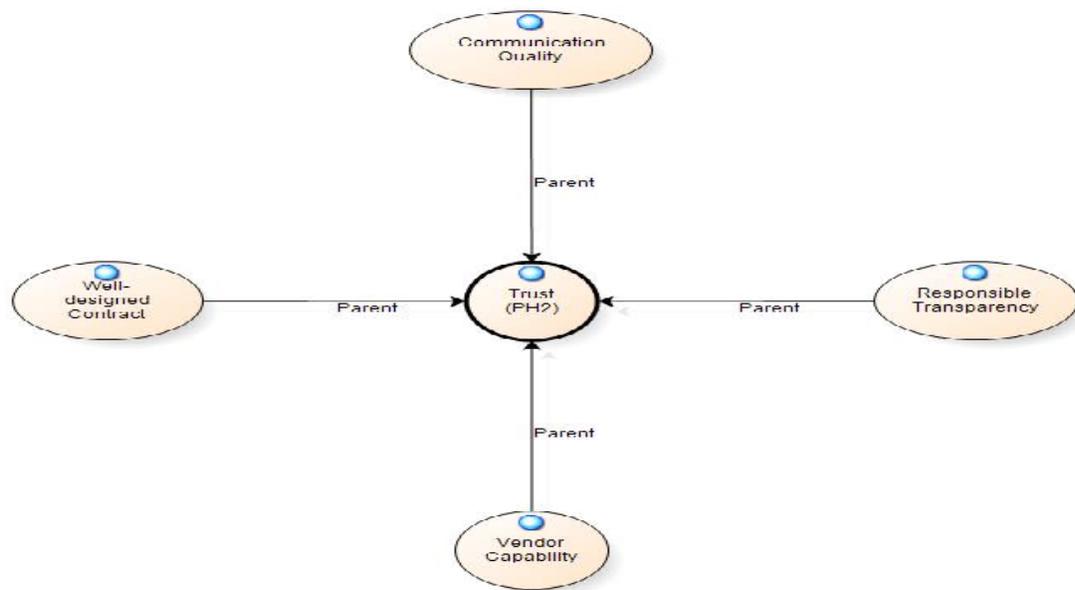


Figure F-1 Trust (phase 2) Coding Summary

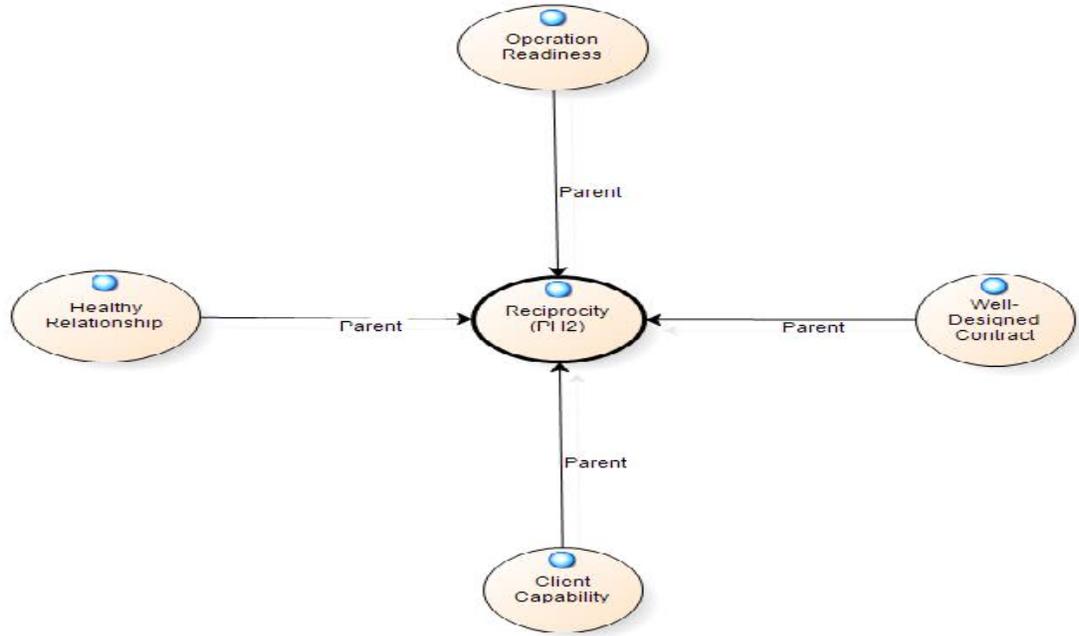


Figure F-2 Reciprocity (phase 2) Coding Summary

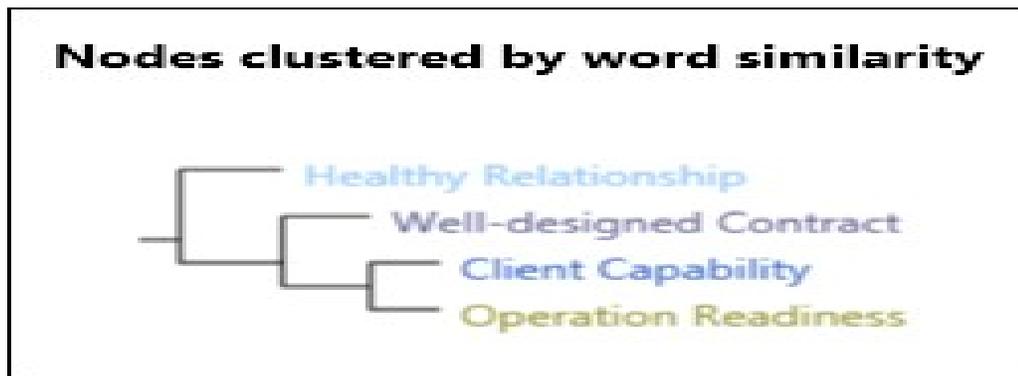


Figure F-3 Nodes clustered by word similarity\_ Reciprocity Pattern Codes



Figure F-4 Nodes clustered by word similarity\_ Trust Pattern Codes

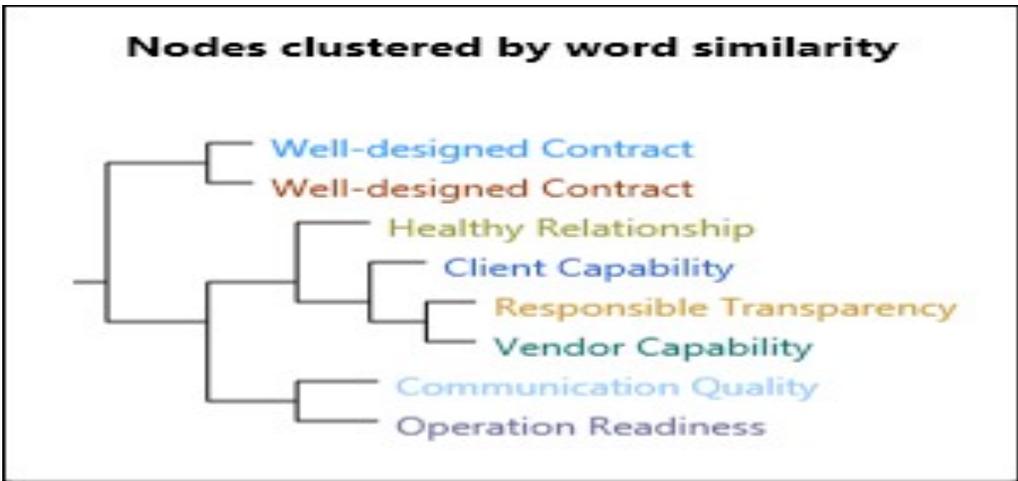


Figure F-5 Nodes clustered by word similarity\_ Trust – Reciprocity Pattern Codes

## Appendix G. Samples of Supporting Documents

### Table of Contents

<b>DOCUMENT CONTROL SHEET</b> .....	2
DOCUMENT NAME, LOCATION, AND OWNER .....	2
CONTINUOUS IMPROVEMENT .....	2
DOCUMENT HISTORY .....	2
PEER APPROVAL .....	2
<b>1 DOCUMENT PURPOSE</b> .....	<b>5</b>
<b>2 SCOPE</b> .....	<b>5</b>
<b>3 MEASUREMENT TOOLS</b> .....	<b>5</b>
<b>4 REPORTING</b> .....	<b>6</b>
4.1 REPORTING SCHEDULE .....	6
4.2 HANDLING OF SLAs WITH NO DATA .....	6
<b>5 SLA GROUND RULES</b> .....	<b>7</b>
5.1 PRIORITY LEVELS DEFINITIONS .....	7
5.1.1 <i>Critical Priority (Severity Level 1)</i> .....	7
5.1.2 <i>High Priority (Severity Level 2)</i> .....	7
5.1.3 <i>Medium Priority (Severity Level 3)</i> .....	7
5.1.4 <i>Low Priority (Severity Level 4)</i> .....	7
5.2 CHANGING PRIORITY LEVELS .....	7
5.3 TIME DEFINITIONS .....	7
5.3.1 <i>24 Hours per Day</i> .....	7
5.3.2 <i>Business Hours</i> .....	7
5.4 GENERAL TERMS APPLYING TO SERVICE LEVELS .....	7
<b>6 SERVICE LEVEL AGREEMENTS</b> .....	<b>9</b>
6.1 SLA 01 – SYSTEMS CHANGE SUCCESS RATE .....	9
6.2 SLA 02 – INCIDENT ACKNOWLEDGMENT TIME .....	11
6.3 SLA 03 – INCIDENT RESOLUTION TIME .....	14
6.4 SLA 04 – REQUEST COMPLETION TIME .....	17
6.5 SLA 05 – PROBLEM MANAGEMENT TIMELINESS .....	19
6.6 SLA 06 – HIGH SERVER AVAILABILITY .....	21
6.7 SLA 07 – MEDIUM SERVER AVAILABILITY .....	23
6.8 SLA 08 – LOW SERVER AVAILABILITY .....	25
6.9 SLA 09 – SPEED TO ANSWER .....	27
6.10 SLA 10 – ABANDON RATE .....	29
6.11 SLA 11 – FIRST CALL RESOLUTION .....	30
6.12 SLA 12 – SERVICE DESK CUSTOMER SATISFACTION .....	32
6.13 SLA 13 – DATA BACKUP ON-TIME COMPLETION .....	34
6.14 SLA 14 – ROUTER AVAILABILITY .....	36
6.15 SLA 15 – SWITCH AVAILABILITY .....	38
6.16 SLA 16 – FIREWALL AVAILABILITY .....	40
6.17 SLA 17 – WIRELESS ACCESS POINT AVAILABILITY .....	42
6.18 SLA 18 – WORKSTATION ELECTRONIC DISTRIBUTION AND ANTI-VIRUS AVAILABILITY .....	44
6.19 SLA 19 – ANTI-VIRUS CURRENCY .....	46
6.20 SLA 20 – HIGH APPLICATION SOFTWARE AVAILABILITY .....	48
6.21 SLA 21 – MEDIUM APPLICATION SOFTWARE AVAILABILITY .....	50

Figure G-1 Sample of Outsourcing Contract

## Service Management Daily Dashboard

Item	Description or Data	Owner	Time in Minutes
1. Attendees	Take role and record all attendees		
2. Welcome	Welcome and review of any major incidents in the last reporting period		
3. Service Management Dashboard	Review Dashboard for last 24 hours (72 hours on Mondays to cover weekends) Incidents, Work Orders and Changes for the next period		
4. Review Service Desk	Review Service Desk volume, First Call Resolution SLA and CSAT SLA		
5. Problem Record Dashboard	Updates for any open Problems Records		
6. Change Management Success % SLA	<b>Change Adherence Success %</b>		
	100%	55/55	02/12/2015
	100%	53/53	02/11/2015
	100%	41/41	02/08/2015
	100%	20/20	02/05/2015
	100%	10/10	02/04/2015
	100%	05/05	02/03/2015
	100%	03/03	02/02/2015
7. Response and Restore SLA's for Incident Management	<b>Response SLA Last Seven days trend DD/MM/YYYY</b>		
	99.92%	1210/1211	02/12/2015
	99.91%	1091/1092	02/11/2015
	99.87%	798/799	02/08/2015
	99.82%	554/555	02/05/2015
	100%	441/441	02/04/2015
	100%	329/329	02/03/2015
	100%	193/193	02/02/2015
	<b>Restore SLA Last Seven days trend DD/MM/YYYY</b>		
	99.83%	1209/1211	02/12/2015
	99.82%	1090/1092	02/11/2015
	99.75%	797/799	02/08/2015
	99.64%	553/555	02/05/2015
	99.77%	440/441	02/04/2015
	99.70%	328/329	02/03/2015
99.48%	192/193	02/02/2015	

Figure G-2 Daily Dashboard Report

The vendor is managing the daily operations. This covers incident, problem, service requests and change management. The vendor is giving a daily reports covering the open incidents and problems for previous days. This covers aged incidents, problems and work orders. This report is prepared by the vendor. Client is only sees what the vendor put in the report. System stability and controlled number of aged incidents increase the client trust with vendor. Closed incidents are not included in the report. Client needs to look in the service management tool and search by himself, which is rarely done. During crises, vendor is controlling the communication and escalation within this problem. Again, client capability can give client ability to audit vendor performance. For problems, vendor has to prepare a root cause analysis (RCA) document, which is a detailed report of the actions done during the problem and the final solution. Also future actions and lessoned learned is added to this RCA. Change failure is reported in daily meetings; but it is noticed that not all change violations are reported mainly if change window is exceeded as mentioned in the contract. In general it is noticed that many things become a routine and difficult to be changed.

Vendor is generating daily reports for open incidents and work orders. Two Weekly reports for change management; one after technical meeting and one after the CAB (change advisory board) meeting. RCA is also prepared after each major incident. Daily mails, conference meetings and ad hoc meetings are also used for communication. The main problem is things happening after working. Usually vendor does daily operation and his responsibility is to keep service running. So in normal operation no need to submit any progress reports other than the agreed ones. It is observed that there are daily operation meetings and in some cases no updates in such meetings as SLAs times are weeks and many teams update on incidents or work orders weekly not daily.

Vendor performance is measured against signed SLAs within the outsourcing contract. In this contract there are agreed SLAs for incident, problem, release and change management. Also there are other technical KPIs about hardware and application availability.

These measurements are done by vendor and sent to customer in daily reports. We can see here that vendor performance is measured by vendor. Vendor transparency is not easy to measure or judge. We noticed that mutual trust between vendor and customer in addition to possibility of contract extension in future can help to have more permeability. We observed that during daily dialogue there is criticism about vendor transparency, but nothing communicated officially to vendor. We also observed that no dedicated persons assigned to revise the reports received from vendor on routine basis. If SLAs are matching the agreed ones, reports are accepted and no further investigation is carried. The main concern of client and vendor is to achieve the agreed SLAs; this with time overcome other interests as looking to root causes of problems or knowledge transfer and each one become satisfied with the results and not willing to dig deeper to learn

We observed that only managers know about the contract; IT team only accepts what the vendor says about agreed SLAs. In the contract the vendor is relaxed as in this period no penalties can be put on the vendor if missing SLAs. Nothing in the contract about plan for knowledge transfer or period of contract. Main scope of contract is to run daily activities. The client never thought of the end of contract and knowledge transfer from vendor. For this no one can plan for transition before management decision and vendor agreement.

Figure G-3 Daily Sample of Phase 1 Observation

## Appendix H. Samples of Interview Transcripts

**[00:00:14.07] Interviewer: Tell about your background**

Interviewee#4: 17 years of experience in IT- Project and quality management and during this we dealt with internal staff and vendor for supplying service

**[00:00:33.12] Interviewer: how can you evaluate the trustworthy of the vendor**

Interviewee#4: considering trust should start with vendor selection process. We need to know what type of vendor we want to have, how much is their experience, can they meet our requirement. They need to have clear financial background. We need to have clear contract and they must meet our requirements and timelines for the project.

**[00:01:29.25] Interviewer: what is the impact of the contract on identifying the relationship with the vendor**

Interviewee#4: from my experience it is very important to have good relationship with the vendor especially in the knowledge transfer. When the vendor is building and designing the solution based on the contract, we need to have a plan to transfer this knowledge to our internal team. Trust very important, but we need to use a word "translate trust into actions". This means we should have plan in place, we should have clear responsibilities what information need to be transferred during the plan and transfer time to be sure that we are meeting the goals of our organization by being sure that all needed knowledge has been transferred.

**[00:02:50.18] Interviewer: during this how you evaluate vendor performance and permeability.**

Interviewee#4: it is a good question; we don't do this in one time based on our planning. In our project plan we have quality checks and we do quality assurance checks on deliverables. Typically we do the performance on how knowledge is transferred. We have different phases of knowledge transfer, planning and shadowing. In each phase we need to do quality check and how much the impact. Usually we do a survey for our team to know how much knowledge is transferred. Also based on the documentation, procedure and processes and any code depend on project deliverables will be checked technically and quality wise based on the contract commitment.

**[00:04:11.22] Interviewer: what about permeability.**

Interviewee#4: this one is done through different opinions as I have seen in different organizations. As leader of quality I have the authority to get from the vendor what I need building this based on the relationship within the organization.

**[00:05:03.24] Interviewer: you said your position gave you some strength. Which strengths can enhance knowledge transfer?**

Interviewee#4: there are different strengths and this depends on the roles. As quality leader my role is to be sure that the vendor is exchanging all information based on the signed contract this is one part of our relationship. Since we are doing quality checks on them this as strength from technical side and leadership side.

Figure H-1 Transcript Sample – Phase 1 Interview

**[00:00:22.12] Interviewer: What is the contract importance to outsourcing success**  
Interviewee#3: choosing the vendor is the determination if the vendor is capable of delivering what the client needs from them. Client need to be sure that Transparency is available, vendor is reputable; client needs to choose vendors who know what they are doing

**[00:01:20.09] Interviewer: What about SLAs**  
Interviewee#3: Expectation from the vendor is to be able to tell the client if any service is down, how much time is needed to restore the service

**[00:01:55.20] Interviewer: What about vendor capabilities and its impact on client's trust**  
Interviewee#3: capability depends on vendor experience and the ability to deliver the contracted job. Client has to compare this capability with other vendors before choosing the right vendor. Client shall ask for reports from market that proof vendor transparency and his ability to deliver with quality and on time

**[00:02:54.17] Interviewer: What about client's capability**  
Interviewee#3: this is not one way street, it is both way street. Client has to be capable of absorbing whatever the vendor tells. This means that the client has the skillets that enable him to communicate with the vendor and ask the right questions. This will enable the vendor to show that his team is working together with client's team transparently and each time has his own roles and responsibility

**[00:03:40.17] Interviewer: What about the impact of relationship with vendor**  
Interviewee#3: relationship is very critical to maintain with vendor because signing agreement means sharing data with the vendor and client need to be sure that whatever data shared is trustworthy and trust each other and be able to maintain this relationship. The responsibilities of both vendor and client are facing each other and working together and try to resolve issues together in case of failure. This guarantee that knowledge transfer is happening without colonnade; relationship is there and understanding is there and there is knowledge sharing on the spot

**[00:04:46.19] Interviewer: what is the impact of planning during contract and during end of contract**

Interviewee#3: when we have contract with known end date preparation is needed on both client side and vendor side. If the contract has end date, client needs to decide who are these resources who will maintain knowledge transfer from vendor. Both vendor and client must have a plan set that knowledge transfer should happen at inception not at end of contract. At the end of contract client can decide to end or extend the contract. Extension should not come as punishment from vendor to force client to extend the contract by retaining knowledge. This understanding should come at the beginning not at the end.

**[00:07:14.11] Interviewer: What is the role of client management in this area.**  
Interviewee#3 Client management should be engaged as much time as possible, never leave it to vendor to run the show. Any time vendor comes with new tool, expectations, new responsibilities or users from client side not performing, client need to educate the vendor that this is a two way street, client learns from vendor and vendor learns from client and knowledge has to be retain on client side as much as possible

Figure H-2 Transcript Sample – Phase 2 Interview

**Q1: Contract**

**Interviewer:** As contract already signed, how can you advise the company in future contracts.

**Interviewee#3:** I feel that in the current design of the contract some critical information is missing; this information can prevent the vendor to function properly according to client needs. Trust is one missing item; trust can be a result of common understanding between vendor and client. Trust plays a big role and can help to have transparency and good long term relationship with vendor, and delivery of needed services by the vendor.

**Interviewee#4:** Clear requirements are one of the missing I see in the current contract. SLAs should be linked with penalties. Also missing what are the services we expect from the vendor and timelines to develop and deploy such services

**Q2: Vendor Capability**

**Interviewer:** Vendor capability is a major contributor in building trust, how can you benefit from this in achieving company targets.

**Interviewee#3:** We need to look to vendor capability and ability. Sometimes vendors try to overpromises themselves. In selecting the vendor we should at least have three vendors to compare with in order to be sure that the selected vendor can deliver what I need as client. Otherwise there will be huge impact on the mutual relationship if vendor can't deliver 100% of what client asked for. Vendor assessment is needed to be sure that the vendor can do and can deliver within time. With time more projects will be given to selected vendor and crucial information will be shared with vendor that is why vendor's capability should be well aligned with the client's needs

**Interviewee#4:** I agree with my colleague. I can also add that selection of vendor resources is very important; client must be sure of that good vendor resources are selected for the project. Client needs to get interview report for each selected vendor resource; in this report it should be clearly stated how this resource can meet client objectives and how long he has been in the market. Doing this will increase the credibility and enhance vendor capability by selecting the right resources. Also this can help in increasing client level of trust by knowing that the selected resources can deliver what has been contracted

Figure H-3 Transcript Sample – Phase 3 Interview – Focus Group

## Appendix I. Samples of Interviewees' Quotations

Table I-1 Quotations Sample – Phase 1 Interviews – Trust

Phase 1 Interviews- Trust	
<b>Vendor's Adequate Competency</b>	<p>One IT specialist said about choosing the vendor based on competency,</p> <p><i>Big vendors will have a predefined process and procedure that will apply to any project, in my opinion dealing with this type of vendor is the best choice. The deliverables of the vendor, the quality of the deliverables, and meeting deadlines. All will be of added value or the main factor in evaluating the vendor</i></p>
<b>Comprehensive Contract</b>	<p>One manager summarised this in clear words,</p> <p><i>It is hard to get trust if it does not exist in the contract. In general, the relationship is contract-based rather than trust-based. The vendors will try to minimise their work referring to the signed contract; the client is expecting things to be done based on trust, but the contractual issue dominates.</i></p>
<b>Responsible Transparency</b>	<p>One IT manager reflects on this factor,</p> <p><i>Trust is very important, but we need to use a word (translate trust into actions).</i></p>
<b>Proper Communication</b>	<p>One IT specialist summarised the preferred communication channels,</p> <p><i>Direct daily contact with vendor counterparts is a good way to be updated and aware of what is going on. Ad-hoc meetings on major activities after major incidents are another good way of communicating</i></p>

Table I-2 Quotations Sample – Phase 1 Interviews –Reciprocity

Phase I Interviews- Reciprocity	
<b>Client's Adequate Competency</b>	<p>One IT team leader had a strong statement on the capability strength,</p> <p><i>If the vendor feels that the client does not have the capacity to absorb knowledge transfer then we cannot take this as granted.</i></p>
<b>Comprehensive Contract</b>	<p>One IT manager summarised the importance of a good contract,</p> <p><i>The contract will identify what needs to be transferred. The vendor will not do knowledge transfer if not explicitly mentioned in the contract</i></p>
<b>In-advance Planning</b>	<p>One IT specialist explained the way that transition was done in one IT outsourcing project,</p> <p><i>During the transition, we had taken full responsibility within a short period, which was not good for our security team.</i></p>
<b>Mutual Strong Relationship</b>	<p>One IT specialist linked good relationships with professional experience,</p> <p><i>Professionals' competences gave us a good chance to build a good relationship with the vendor. This makes it easier for us to get more knowledge from the vendor, mainly about reports generation.</i></p>
<b>Operation Readiness</b>	<p>One IT specialist talked about readiness from his perspective,</p> <p><i>We should have a proper system and proper resources and documents. A system process is important during knowledge transfer. Knowledge needs to be documented in a standard operation procedure.</i></p>

Table I-3 Quotations Sample – Phase 1 Interviews – Lessons Learned

<b>Phase I Interviews- Lessons Learned</b>	
<b>Client Operation Readiness</b>	<p>One IT manager emphasised having quality check points as a measure of readiness,</p> <p><i>From quality, we need to have checkpoints to be sure that everything is based on our quality process.</i></p>
<b>Required Clients Capabilities</b>	<p>One IT specialist highlighted the importance of having the required resources,</p> <p><i>We need enough resources with good capabilities and training to do this. This cannot come in no time, and needs to be planned in advance.</i></p>
<b>Contract and Relationship with Vendor</b>	<p>One IT team leader attributed the responsibility of having clear timelines for the contract duration to the client and to share this information with the vendor,</p> <p><i>The responsibility lies with the client to decide when to engage the vendor, as the client knows for how long the vendor will be engaged and the particularity of the project and what will happen after vendor leaves the client.</i></p>
<b>Client Management Responsibility</b>	<p>One IT team leader shared his experience in this area,</p> <p><i>Management needs to engage their counterparts in the early stages of the contract, even before the signature, and to ask them about their concerns and ones that need to be part of the contract.</i></p>

<b>Phase 2 Interviews- Trust</b>	
<b>Vendor Capability</b>	<p>One IT manager identified the best ways to ensure choosing a competent vendor,</p> <p><i>Capabilities mean skills and achieving the results expected from the client. The client needs to be able to interview the vendor's resources and check the vendor's experience in the market, what the vendor can provide and how much certification the vendor has.</i></p>
<b>Well-designed Contract</b>	<p>One IT manager insisted on having clear roles and responsibilities within any future contracts,</p> <p><i>The contract is an important factor. The contract must have clear roles and responsibilities (who does what), clear deliverables, and expectations from both the client and vendor.</i></p>
<b>Communication Quality</b>	<p>One IT team leader talked about the importance of having a communication plan within the contract,</p> <p><i>Communication details are usually defined in the contract; who is the escalation point on the vendor side is also defined. Who is going to do what process has to be clearly defined in the communication plan.</i></p>
<b>Responsible Transparency</b>	<p>One IT leader clearly mentioned that the client has an impact on the vendor's transparency,</p> <p><i>Basic thing is what client asks and what vendor delivers. Transparency is the first thing. The vendor should not keep the client in the dark and has to exchange all needed information with the client, mainly if there are major problems or delay in delivery.</i></p>

Table I-4 Quotations Sample – Phase 2 Interviews – Trust

Phase 2 Interviews- Reciprocity	
<b>Client Capability</b>	<p>One IT manager mentioned that client capability is a must for efficient knowledge transfer,</p> <p><i>This is a big challenge for any client because the vendor will do the job, trying to push information, documentation, and processes. The client needs to have capable resources that can do vendor shadowing.</i></p> <p><i>This is not a one- way street, it is both-way Street. The client has to be capable of absorbing whatever the vendor tells them.</i></p>
<b>Well- designed Contract</b>	<p>One IT team stated that the client is the master of the game,</p> <p><i>The client is the master of the game and can decide what the vendor should deliver. If everything is clear in the contract, the knowledge transfer responsibility will be the vendor's responsibility</i></p>
<b>Healthy Relationship</b>	<p>One IT manager explained that the mutual relationship is not straightforward,</p> <p><i>Relationship is very critical to maintain with the vendor because signing an agreement means sharing data with the vendor and client need to be sure that whatever data shared is trustworthy and they need to trust each other and be able to maintain this relationship.</i></p>
<b>Operation Readiness</b>	<p>One IT manager pointed to a good point about early hiring,</p> <p><i>The client needs to start hiring before the outsourcing contract ends.</i></p>

Table I-5 Quotations Sample – Phase 2 Interviews – Reciprocity

Table I-6 Quotations Sample – Phase 3 Interviews – Trust

Phase 3 Interviews- Trust	
<b>Vendor Capability</b>	<p>One IT manager explained how to select a new vendor,</p> <p><i>First, the client should check the vendor's references to be sure that the vendor can deliver what is needed. The client should compare the vendor's performance in companies with the same size (apple-to-apple) as vendor deliveries may differ based on the client's size. We need to look at vendor capability and ability.</i></p>
<b>Well-designed Contract</b>	<p>One IT manager considered the contract as a means of enhancing mutual trust,</p> <p><i>I feel that in the current design of the contract some critical information is missing; this information can prevent the vendor from functioning properly according to client needs. Clear requirements are one of the missing elements I see in the current contract.</i></p>
<b>Communication Quality</b>	<p>An IT team leader raised the need to have a single point of contact between the client and vendor,</p> <p><i>The communication is needed at one point, as there is one point of contact between the client and vendor who will share client's concerns and requirements.</i></p>
<b>Responsible Transparency</b>	<p>One IT manager asked the client to take the first step towards transparency,</p> <p><i>The client has to be fair to the vendor and make sure that always there are reasons for what the client is doing. We think that working as a team and not keep blaming the vendor will create mutual trust and improve transparency..</i></p>

Table I-7 Quotations Sample – Phase 3 Interviews – Reciprocity

<b>Phase 3 Interviews- Reciprocity</b>	
<b>Client Capability</b>	<p>An IT manager explained the way the management should follow before making the outsourcing decision,</p> <p><i>The client can build his team by firstly explaining the reason for having such teams and why the company decided to outsource. For this, the management should explain to the employees that this is a temporary solution and the business reasons behind this decision.</i></p>
<b>Well- designed Contract</b>	<p>An IT service specialist insisted on seeking an external consultant's help to write the new contract,</p> <p><i>Get an IT specialised legal advisor – worth it if you outsourced a legal firm to take care of IT legal needs, especially when the organisation is IT-centered.</i></p>
<b>Healthy Relationship</b>	<p>One IT team leader attributed healthy relationships to clear client requirements,</p> <p><i>If the client sets clear expectations and is able to measure vendor deliverables frequently, this will help in establishing a relationship with the vendor. I have to praise the vendor for what is delivered so that the vendor will feel the value of the services and products they are giving to us.</i></p>
<b>Operation Readiness</b>	<p>One IT manager explained the steps needed to achieve readiness,</p> <p><i>The client needs to have adequate resources to take over and may need more people than the vendor can provide to overcome the gaps in experience between the vendor's and client's resources. The second thing is to have knowledgeable people for each line of technology.</i></p>

## Bibliography

- Agee, J. (2009) 'Developing qualitative research questions: a reflective process', *International Journal of Qualitative Studies in Education*, 22(4), 431-447.
- Alborz, S., Seddon, P. B. & Scheepers, R. (2003) 'A model for studying IT outsourcing Relationships'. *Paper presented at the 7th Pacific Asia Conference on Information Systems*, Adelaide, Australia.
- Anderson, J.C. & Narus, J.A. (1990) 'A model of distributor firm and manufacturer firm working partnerships', *Journal of Marketing*, 54(1), 42-58.
- Antonucci, Y. (1998) 'The Pros and Cons of IT Outsourcing', *Journal Of Accountancy*, 185(6), 26-31.
- Aron, R., Clemons, E. & Reddi, S. (2005) 'Just right outsourcing: understanding and managing risk', *Journal of Management Information Systems*, 22 (2), 37-55.
- Barthélemy, J. (2001) 'The hidden costs of IT outsourcing', *Sloan Management Review*, 42 (3), 60-69.
- Bamford, J.D. & Ernst, D. (2003) 'Growth of alliance capabilities', *The McKinsey Quarterly*, 3, 29-39.
- Bandyopadhyay, S. & Pathak, P. (2007) 'Knowledge sharing and cooperation in outsourcing projects—A game theoretic analysis', *Decision Support Systems*, 43(2), 349-358.
- Bartunek, J.M., Crosta, T.E., Dame, R.F. & LeLacheur, D.F. (2000) 'Managers and project leaders conducting their own action research interventions', in R.T. Golembiewski (ed.), *Handbook of Organizational Consultation*, 2nd ed. New York: Dekker.
- Bazeley, P. & Jackson, K. (Eds.). (2013) 'Qualitative data analysis with NVivo', Sage Publications Limited.
- Beech, N., MacPhail, S.A. & Coupland, C. (2009) 'Anti-dialogic positioning in change stories: bank robbers, saviours and peons,' *Organization*, 16 (3), 335-352.
- Berg, C. & Berg, C. (2008) 'Value-Driven IT', Cliff Berg Imprints, Reston VA, USA.
- Beulen, E. & Ribbers, P. (2003) 'International examples of large-scale systems – theory and practice II: a case study of managing IT outsourcing partnerships in Asia', *Communications of the Association for Information Systems*, 11, 357-376.

- Björkman, H. & Sundgren, M. (2005) 'Political entrepreneurship in action research: learning from two cases', *Journal of Organizational Change Management*, 18(5), 399-415.
- Blau, P. (1964) 'Exchange and Power in Social Life', Wiley, New York, NY.
- Blumenberg, S., Wagner, H. T. & Beimborn, D. (2009) 'Knowledge transfer processes in IT outsourcing relationships and their impact on shared knowledge and outsourcing performance', *International Journal of Information Management*, 29(5), 342-352.
- Brannick, T. & Coghlan, D. (2007) 'In defense of being "native": The case for insider academic research', *Organizational Research Methods*, 10 (1), 59-74.
- Cassell, C., Bishop, V., Symon, G., Johnson, P. & Buehring, A. (2009) 'Learning to be a qualitative management researcher' *Management Learning*, 40(5), 513-533.
- Cha, H. & Pingry, D. & Thatcher, M. (2009) 'A Learning Model of Information Technology Outsourcing: Normative Implications', *Journal of Management Information Systems*, 26(2), 147-176.
- Cheon, M.J., Grover, V. & Teng, J.T.C. (1995) 'Theoretical perspectives on the outsourcing of information systems', *Journal of Information Technology*, 10(4), 209-219.
- Choudhuri, B., Maguire, S. & Ojiako, O. (2009) 'Revisiting learning outcomes from market led ICT outsourcing', *Business Process Management Journal*, 15 (4), 569-587.
- Claybaugh, C. C. & Srite, M. (2009) 'Factors Contributing to the Information Technology Vendor-Client Relationship', *Journal of Information Technology Theory and Application (JITTA)*, 10(2), 19-38.
- Coget, J.F (2010) 'Performance Orientation or Learning Orientation: Which Helps Salespeople Better Adapt to Organizational Change?', *The Academy of Management Perspective*, 24(3), 106-108.
- Coghlan, D. (2004) '*Managers Learning in Action: Management Learning, Research and Education*'. Psychology Press.
- Coghlan, D. (2011) 'Action research: exploring perspectives on a philosophy of practical knowing', *Academy of Management Annals*, 5, 53-87.
- Coghlan, D. & Brannick, T. (2010) '*Doing action research in your own organization*'. 3rd ed. London: Sage.

Cohen, A. & Bradford, D.I. (1989) 'Influence without authority: the use of alliance, reciprocity, and exchange to accomplish work', *Organizational Dynamics*, 17 (3), 5-17.

Cook, K. (2000), 'Charting futures for sociology: structure and action', *Contemporary Sociology*, 29, 685-92.

Creswell, J. (2013) '*Qualitative inquiry and research design: choosing among five approaches*', 2nd ed. London: Sage.

Cunliffe, A. (2010) 'Crafting qualitative research: Morgan and Smircich 30 years on', *Organizational Research Methods*, 14(4), 647-673. D'Cruz, H., Gillingham, P. & Melendez, S. (2007) 'Reflexivity, its meanings and relevance for social work: A critical review of the literature', *British Journal of Social Work*, 37(1), 73-90.

Dey, I. (2003) 'Qualitative data analysis: A user-friendly guide for social scientists', Routledge.

Dutton, J.E., Fahey, L. & Narayanan, V.K. (1983) 'Toward understanding strategic issue diagnosis', *Strategic Management Journal*, 4: 307-23.

Easterby-Smith, M., Thorpe, R. & Jackson, P. (2012) 'Management Research'. 4th ed. London: Sage.

Edmonds, J. (2011) 'Managing successful change', *Industrial and commercial training*, vol.43 (6), 349-353.

Elmuti, D., Grunewald, J. & Abebe, D. (2010) 'Consequences of Outsourcing Strategies on Employee Quality of Work Life, Attitudes, and Performance', *Journal of Business Strategies*, 27(2), 177-203.

Emerson, R. (1962) 'Power-dependence relations', *American Sociological Review*, 27(1), 31-41.

Feeny, D.F. & Willcocks, L.P. (1998) 'Core IS capabilities for exploiting information technology', *MIT Sloan Management Review*, 39(3), 9-21.

Fink, L. (2010) 'Information technology outsourcing through a configurational lens', *The Journal of Strategic Information Systems*, 19(2), 124-141.

Fisher, J., Hirschheim, R. & Jacobs, R. (2008) 'Understanding the outsourcing learning curve: a longitudinal analysis of a large Australian company', *Information Systems Frontiers*, 10, 165-178.

Fossey, E. (2002) 'Understanding and evaluating qualitative research', *Australian and New Zealand Journal of Psychiatry*, 36(6), 717-732.

- Ganesan, S. (1994) 'Determinants of long-term orientation in buyer-seller relationships', *Journal of Marketing*, 58(2), 1-19.
- Geishecker, I. (2008) 'The impact of international outsourcing on individual employment security: A micro-level analysis', *Labour Economics*, 15(3), 291-314.
- George, B., Hirschheim, R. & Stetten, V. (2014) 'Through the lens of social capital: a research agenda for studying IT outsourcing', *Strategic Outsourcing: an International Journal*, 7(2), 107-134.
- Gonzalez, R., Gasco, J. & Llopis, J. (2006) 'Information systems outsourcing: A literature analysis', *Information & Management*, 43(7), 821-834.
- Goo, J. (2010) 'Structure of service level agreements (SLA) in IT outsourcing: The construct and its measurement', *Information Systems Frontiers*, 12 (2), 185-205.
- Goo, J., Huang, C. & Hart, P. (2008) 'A Path to Successful IT Outsourcing: Interaction Between Service-Level Agreements and Commitment', *Decision Sciences*, 39(3), 469-506.
- Goo, J., Kishore, R., Nam, K., Rao, H. R., & Song, Y. (2007) 'An investigation of factors that influence the duration of IT outsourcing relationships', *Decision Support Systems*, 42(4), 2107-2125.
- Goo, J., & Nam, K. (2007) 'Contract as a source of trust—Commitment in successful IT outsourcing relationship: An empirical study', In *Proceedings of the 40th Annual Hawaii International Conference on System Sciences (HICSS)*.
- Goo, J., Nam, K., Rao, H. & Kishore, R. (2009) 'The role of service level agreements in relational management of information technology outsourcing: an empirical study', *MIS Quarterly*, 33(1), 119-145.
- Gottschalk, P. & Solli-Saether, H. (2005) 'Critical success factors from IT outsourcing theories: an empirical study', *Industrial Management & Data Systems*, 105(6), 685 – 702.
- Gouldner, A.W. (1960) 'The norm of reciprocity: a preliminary statement', *American Sociological Review*, 25 (2), 161-178.
- Greenwood, D.J. (2006) *Introduction to Action Research: Social Research for Social Change*, 2nd Edition. SAGE Publications.
- Grover, V., Cheon, M.J. & Teng, J.T.C. (1994) 'An evaluation of the impact of corporate strategy and the role of information technology on IS functional outsourcing', *European Journal of Information Systems*, 3(3), 179-190.

- Grover, V., Cheon, M.J., & Teng, J.T.C. (1996) 'The effect of service quality and partnership on the outsourcing of information systems functions', *Journal of Management Information Systems*, 12(4), 89-116.
- Han, H., Lee, J. & Seo, Y. (2008) 'Analyzing the impact of a firm's capability on outsourcing success: a process perspective', *Information & Management*, 45, 31-42.
- Hansen, Z. & Rasmussen, L. (2013) 'Outsourcing relationships: Changes in power and dependency', *European Management Journal*, 31(6), 655-667.
- Haried, P. & Ramamurthy, K. (2010) 'Lessons Learned From Offshore It Outsourcing: A Client and Vendor Perspective', *Journal of Information Technology Case & Application Research*, 12(1), 12-38.
- Harris, M., Klaus, T., Blanton, J. & Wingreen, S. (2009) 'Job Security and Other Employment Considerations as Predictors of the Organizational Attitudes of IT Professionals', *International Journal of Global Management Studies*. 1(1), 32-45.
- Heide, J. B. & John, G. (1992) 'Do norms matter in marketing relationships?', *Journal of Marketing*, 56,32-44.
- Hersey, P., Blanchard, K. & Johnson, D. (2008) '*Management of organizational behavior: leading human resources*', 9th ed. New York: Pearson International.
- Hofstede, G. (1994) 'The business of international business is culture', *International Business Review*, 3(1), 1-14.
- Homans, G.C. (1958) 'Social behavior as exchange', *American Journal of Sociology*, 63(6), 31-41.
- Hurley, M. (2001) 'IT outsourcing – managing the key asset', *Information Management & Computer Security*, 9(5), 243-249.
- Kakabadse, A. (1991) 'Politics and ethics in action research', *The Management Research Handbook*. London: Routledge. 289-299.
- Kale, P. & Singh, H. (2009) 'Managing strategic alliances: what do we know now, and where do we go from here?', *Academy of Management Perspective*, 23(3), 45-62.
- Kambiz, M. (2010) 'Decision-making in complex systems: Relationship between scale of change and performance', *Systems Research and Behavioral Science*, 27(5), 567-584.
- Karstila, K. (2010) 'Offshoring managed services: A case study with a cost accounting perspective', Aalto University, School of Accounting, Thesis number: 12349.

- Kern, T. (1997) 'The gestalt of an information technology outsourcing relationship: An exploratory analysis', *International Conference on Information Systems*, 37–58.
- Kern, T., Willcocks, L.P & Van Heck, E. (2002) 'The winner's curse in IT outsourcing: strategies for avoiding relational trauma', *California Management Review*, 44 (2), 47–69.
- Kern, T. & Willcocks, L. (2002) 'Exploring relationships in information technology outsourcing: the interaction approach', *European Journal of Information Systems*, 11, 3–19.
- Koh, C., Ang, S. & Straub, D. (2004) 'IT Outsourcing Success: A Psychological Contract Perspective', *Information Systems Research*, 15(4), 356-373.
- Kormanik, M.B., Lehner, R.D. & Winnick, T.A. (2009) 'General competencies for the HRD scholar-practitioner: Perspectives from across the profession'. *Advances in Developing Human Resources*, 11(4), 486-506.
- Kram, K.E., Wasserman, I.C. & Yip, J. (2012) 'Metaphors of identity and professional practice: Learning from the scholar-practitioner', *The Journal of Applied Behavioral Science*, 48(3), 304-341.
- Kronawitter, K., Wentzel, C. & Papadaki, M. (2013) 'IT Application Outsourcing in Europe: Long-Term Outcomes, Success Factors and Implications for ITO Maturity', *System Sciences (HICSS)*, 46th Hawaii International Conference, 4456 – 4465.
- Lacity, M., Khan, S. & Willcocks, L. (2009) 'A review of the IT outsourcing literature: Insights for practice', *The Journal of Strategic Information Systems*, 18(3), 130-146.
- Lacity, M., Feeny, D. & Willcocks, L. (2004) 'Commercializing the back office at Lloyds of London: outsourcing and strategic partnerships revisited', *European Management Journal*, 22 (2), 127–140.
- Lacity, M., Willcocks, L. & Rottman, J. (2008) 'Global outsourcing of back-office services: lessons, trends and enduring challenges', *Strategic Outsourcing: An International Journal*, 1 (1), 13–34.
- Lay, K. & McGuire, L. (2010) 'Building a lens for critical reflection and reflexivity in social work education', *Social Work Education*, 29(5), 539-550.
- Lee, C.-J. & Johnsen, R.E. (2011) 'Asymmetric customer–supplier relationship development in Taiwanese electronics firms', *Industrial Marketing Management*, 1-14.
- Lee, J. & Choi, B. (2011) 'Effects of initial and ongoing trust in IT outsourcing: A bilateral perspective', *Information & Management*, 48(2-3), 96-105.

- Lee, J.-N. & Kim, Y.-G. (1999) 'Effect of partnership quality on IS outsourcing success: conceptual framework and empirical validation', *Journal of Management Information Systems*, 15(4), 29-61.
- Lee, J.-N. (2001) 'The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success', *Information and Management*, 38 (5), 323–335.
- Lincoln, Y. & Guba, E. (1985) 'Naturalistic Inquiry', Beverly Hills, CA: Sage.
- Lin, C., Pervan, G. & McDermid, D. (2007) 'Issues and recommendations in evaluating and managing the benefits of public sector IS/IT outsourcing', *Information Technology & People*, 20(2), 161-183.
- Linkage Clustering (2015), Complete Linkage Clustering. Available from: [https://en.wikipedia.org/wiki/Complete-linkage\\_clustering](https://en.wikipedia.org/wiki/Complete-linkage_clustering)
- Lynn, C. (2010) 'Competencies for managing change', *International journal of project management*, 28 (4), 405 -412.
- Mao, J. Y., Lee, J. N. & Deng, C. P. (2008) 'Vendors' perspectives on trust and control in offshore information systems outsourcing', *Information & Management*, 45(7), 482-492.
- Marchewka, J. & Oruganti, S. (2013) 'A Combined Model of IT Outsourcing Partnerships and Success', *Communications of the IIMA*, 13(2), 70-85.
- Marshall, D., McIvor, R. & Lamming, R. (2007) 'Influences and outcomes of outsourcing: Insights from the telecommunications industry', *Journal of Purchasing & Supply Management*, 13(4), 245-260.
- Mayer, R.C., Davis, J.H. & Schoorman, F.D (1995) 'An integrative model of organizational trust', *Academy of Management Review*, 20(3), 709-734.
- McCrossan, L. (1985) 'A Handbook for Interviewers: A Manual of Social Survey Practice and Procedures on Structured Interviewing', 2<sup>nd</sup> ed. London: Her Majesty's Stationery Office.
- McKenna, D. & Walker, D. (2008) 'A study of outsourcing versus insourcing tasks within a project value chain', *International Journal of Managing Projects in Business*, 1(2), 216-232.
- McNiff, J. & Jack, W. (2000) '*Action research in organisations*', Psychology Press, 2000.
- Miles, M., & Huberman, M. (1984) 'Qualitative data analysis: A source book for new methods', Beverly Hills, CA: Sage Publications.

- Miles, M. & Huberman, A. (1994) '*Qualitative data analysis: An expanded sourcebook*', Sage.
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2013) '*Qualitative data analysis: A methods sourcebook*', SAGE Publications, Incorporated.
- Mao, J. Y., Lee, J. N. & Deng, C. P. (2008) 'Vendors' perspectives on trust and control in offshore information systems outsourcing', *Information & Management*, 45(7), 482-492.
- Mayer, R.C., Davies, J.H. & Schoorman, F.D. (1995) 'An integrative model of organizational trust', *Academy of Management Review*, 20(3), 709-34.
- Morrison, E.W. & Milliken, F.J. (2000) 'Organizational silence: a barrier to change and development in a pluralistic world', *Academy of Management Review*, 25 (4), 706–725.
- Ndubisi, N. (2011) 'Conflict handling, trust and commitment in outsourcing relationship: A Chinese and Indian study', *Industrial Marketing Management*, 40(1), 109-117.
- Newman, M. & Sabherwal, R. (1996) 'Determinants of Commitment to Information System Development: A Longitudinal Investigation', *MIS Quarterly*, 20(1), 23-54.
- OGC: Office of Government Commerce 2007: Continuous Service Improvement TSO, ISBN 978 011331049 4, TSO, London, England.
- Palvia, PC. (1995) 'A dialectic view of information systems outsourcing: Pros and cons', *Information & Management*, 29(5), 265-275.
- Paravastu, N. (2007) 'Effect of trust and risk on IT outsourcing relationship quality and outsourcing success', Available from ProQuest Dissertations & Theses Global. Retrieved from <http://search.proquest.com/docview/304861684?accountid=12117>.
- Park, J., Shin, K. & Kim, J. (2011) 'The role of IT human capability in the knowledge transfer process in IT outsourcing context', *Information & Management*, 48(1), 53-61.
- Patil, P. & Patil, Y.S. (2014) 'A review on outsourcing with a special reference to telecom Operations', *Social and Behavioural Sciences*, 133, 400 – 416.
- Perry, C. & Zuber-Skerritt. (1992) 'Action Research in Graduate Management Programs', *Higher Education*, 23(2), 195-208.
- Pearson Correlation (2015), 'Pearson product-moment correlation coefficient', Available from: [https://en.wikipedia.org/wiki/Pearson\\_product-moment\\_correlation\\_coefficient](https://en.wikipedia.org/wiki/Pearson_product-moment_correlation_coefficient).

- Perriton, L. (2001) 'Sleeping with the enemy? Exploiting the textual turn in management research', *International Journal of Social Research Methodology*, 4 (1), pp. 35-50.
- Piderit, S.K. (2000) 'Rethinking resistance and recognizing ambivalence: A multi-dimensional view of attitudes toward an organizational change', *Academy of Management Review*, 25 (4), 783–794.
- Plugge, A. & Bouwman, H. (2013) 'Fit between sourcing capabilities and organisational structure on IT outsourcing performance', *Production Planning & Control*, 24(4-5), 375-387.
- Qi, C. & Chau, P.Y.K. (2012) 'Relationship, contract and IT outsourcing success: Evidence from two descriptive case studies', *Decision Support Systems*, 53(4), 859-869.
- Qi, C. & Chau, P. (2013) 'Investigating the roles of interpersonal and interorganizational trust in IT outsourcing success', *Information Technology & People*, 26(2), 120-145.
- Qi, C. & Chau, P.Y.K. (2015) 'Relationship or contract? Exploring the key factor leading to IT outsourcing success in China', *Information Technology & People*, 28(3), 466 – 499.
- Quan, J. & Cha, H. (2010) 'IT certifications, outsourcing and information systems personnel turnover', *Information Technology & People*, 23(4), 330-351.
- Qu, W., Pinsonneault, A. & Oh, W. (2011) 'Influence of Industry Characteristics on Information Technology Outsourcing', *Journal of Management Information Systems*, 27(4), 99-127.
- Raelin, J.A. (2003) '*Creating leaderful organizations: how to bring out leadership in everyone*', San Francisco, California: Berrett-Koehler.
- Rao, M. (2004) 'key issues for global it sourcing: country and individual factors', *Information Systems Management*, 21(3), 16-21.
- Ring, P.S. & Van de Ven, A.H. (1994) 'Developmental processes of cooperative interorganizational relationships', *Academy of Management Review*, 19(1),90-118.
- Romero, N. (2011) 'Outsourcing as a change management tool in libraries and documentation centers', *Managing Library Finances*, 24(1), 73 – 79.
- Roth, J., Shani, A.B. (Rami) & Leary, M. (2007) 'Insider action research: facing the challenge of new capability development within a biopharma company', *Action Research*, 5 (1), 41-60.

- Rousseau, D.M. (1989) 'Psychological and implied contracts in organization', *Employee Responsibilities Rights Journal*, 2(2), 121–139.
- Rowley, J. (2012) 'Conducting research interviews', *Management Research Review*, 35(3/4), 260 – 271.
- Roy, S. & Sivakumar, K. (2012) 'Global Outsourcing Relationships and Innovation: A Conceptual Framework and Research Propositions: Global Outsourcing Innovation', *The Journal of Product Innovation Management (Elsevier)*, 29(4), 513-530.
- Samaddar, S. & Kadiyala, S. (2006) 'Information systems outsourcing: Replicating an existing framework in a different cultural context', *Journal of Operations Management*, 24(6), 910-931.
- Saunders, M. Lewis, P. & Thornhill, A. (2009) 'Research Methods for Business Students', 6th ed, Pearson Education Limited, London.
- Sebenius, J. K. (2001) 'Six habits of merely effective negotiators', *Harvard Business Review*, 79(4), 87- 95.
- Sharma, R., Apoorva, S.R., Madireddy, V. & Jain, V. (2008) 'Best Practices for Communication between Client and Vendor in IT Outsourcing Projects', *Journal Of Information, Information Technology And Organizations*, 3, 60-93.
- Sivalogathan, V. & Hashim, A. (2013) 'changes in employer-employee relationship: impact of perceived organizational support on social exchange of the outsourcing industry in Sri Lanka', *Skyline Business Journal*, 9(1), 43-49.
- Slaughter, S. & Ang, S. (1996) 'Employment outsourcing in information systems', *Communications of the ACM*, 39(7), 47-54.
- Soli-Saether, H. (2011) 'Transplants' role stress and work outcome in IT outsourcing relationships', *Industrial Management & Data Systems*, 111(1-2), 227-245.
- Stake, R. E. (1995) *The art of case study research*, Thousand Oaks, CA: Sage.
- Swar, B., Moon, J., Oh, J. & Rhee, C. (2012) 'Determinants of relationship quality for IS/IT outsourcing success in public sector', *Information Systems Frontiers*, 14(2), 457–475.
- Szulanski, G. (1996) 'Exploring internal stickiness: impediments to the transfer of best practice within the firm', *Strategic Management Journal*, 17, 27–43.
- Tadelis, S. (2007) 'The Innovative Organization: Creating Value Through Outsourcing', *California Management Review*, 50(1), 261-277.

- Tambe, P. & Hitt, L. (2010) 'How offshoring affects IT workers', *Communications of the ACM*, 53(10), 62-70.
- Taylor, P. (2012) 'Renegotiating Relationships with Employees in Outsourcing Operations', *People & Strategy*, 35(1). 32-36.
- Tellis, W. (1997) 'Application of a case study methodology', *The Qualitative Report*, 3(3).
- Teo, T. & Bhattacharjee, A. (2014) 'Knowledge transfer and utilization in IT outsourcing partnerships: A preliminary model of antecedents and outcomes', *Information & Management*, 51, 177-186.
- Tiwari, V. (2009) 'Transition process and performance in IT outsourcing', Doctoral dissertation, Erasmus Research Institute of Management (ERIM), Erasmus University Rotterdam).
- Thomas, G., Zolin, R. & Hartman, J. (2009) 'The central role of communication in developing trust and its effect on employee involvement', *Journal of business communication*, 46(3), 287-310.
- Thorne, S. (2016) *Interpretive description: Qualitative research for applied practice* Vol. 2, Routledge.
- Tsoukas, H. & Chia, R. (2002) 'On organizational becoming: rethinking organizational change', *Organization Science*, 13 (5), 567-582.
- Van de Ven, A.H. & Walker, G. (1984) 'The dynamics of interorganizational coordination', *Administrative Science Quarterly*, 29, 598-621.
- Van de Ven, A.H. (1989) 'Nothing is quite so practical as a good theory'. *Academy of management Review*, 14(4), 486-489.
- Vorontsova, A. & Rusu, L. (2014) 'Determinants of IT Outsourcing Relationships: A Recipient – Provider Perspective', *Procedia Technology*, 16(1), 588 – 597.
- Wai, J., Mohamad, O. & Ramayah, T. (2010) 'Outsourcing: is the social exchange theory still relevant in developing countries?', *Journal of Research in Interactive Marketing*, 4(4), 316-345.
- Wang, L., Wang, J. & Zhu, D. (2008) 'The Aftermath of Information Technology Outsourcing: An Empirical Study of Firm Performance Following Outsourcing Decisions', *Journal Of Information Systems*, 22(1), 125-159.
- Weigelt, C. (2009) 'The impact of outsourcing new technologies on integrative capabilities and performance', *Strategic Management Journal*, 30(6), 595-616.

- Whitten, D., Chakrabarty, S. & Wakefield, R. (2010) 'The strategic choice to continue outsourcing, switch vendors, or backsource: Do switching costs matter?', *Information & Management*, 47(3), 167-175.
- Willcocks, L., Hindle, J., Feeny, D. & Lacity, M. (2004) 'IT and business process outsourcing: the knowledge potential', *Information Systems Management*, 21 (3), 7-15.
- Wong, K. (2010) 'Why IT departments opt for managed Telepresence services', *Networkworld Asia*, 6(1), 28-29.
- Wong, P.S.P. & Cheung, S.O. (2005) 'Structural equation model of trust and partnering Success', *Journal of Management in Engineering*, 21, 70-80.
- Yakhlef, A. (2009) 'Outsourcing as a mode of organizational learning', *Strategic Outsourcing: An International Journal*, 2 (1), 37-53.
- Yakhlef, A. (2010) 'Enhanced organizational learning: Generating new knowledge through outsourcing', *Development and Learning in Organizations*, 24(1), 27-29.
- Yin, R. K. (2003) 'Case study research: Design and methods', 3rd ed., Thousand Oaks, CA: Sage.
- Young, S. & Macneil, J. (2000) 'When Performance Fails to Meet Expectations: Managers' Objectives for Outsourcing', *The Economic And Labour Relations Review*, 11(1), 137-168.
- Zhang, P. Zeng, Z.-X. & Huang, C.-P (2007) 'Study on Critical Success Factors for IT Outsourcing Lifecycle', presented at International Conference on Wireless Communications, *Networking and Mobile Computing, WiCom*.
- Zuber-Skerritt, O. & Perry, C. (2002) 'Action research within organizations and university thesis writing', *The Learning Organization*, 9(4), 171-179.