Global Software Development: Commitment, Trust and Cultural Sensitivity in Strategic Partnerships ☆

Anne-Marie Søderberg [a,*], S. Krishna [b], Pernille Bjørn [c]

[a] Copenhagen Business School, Porcelaenshaven 18A, 1, 2000 Frederiksberg, Denmark
[b] Indian Institute of Management Bangalore, Bannerghatta Road, Bilekahalli, Bangalore 560 076, India
[c] The IT University of Copenhagen, Rued Langgaards Vej 7, 2300 Copenhagen S, Denmark

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ABSTRACT

Much research has studied off-shore outsourcing from a Western client perspective. This article tries to shed light on what an Indian vendor perceives as important to manage large and complex strategic partnerships in IT outsourcing, and in particular how mutually profitable, long-term relationships with European clients are created and maintained, both at company and project levels. We investigate this issue through qualitative interviews with various vendor representatives in offshore and on-site teams in a top tier multinational company of Indian origin.

In the analysis of interview accounts of close collaboration processes in two large and complex projects, where off-shoring of software development is moved to a strategic level, we found that the vendor was able to establish a strategic partnership through long-term engagement with the field of banking and insurance as well as through conscious relationship management with the clients. Three major themes describe important aspects of the strategic partnerships: 1) senior management commitment and employee identification with the projects, 2) mutual trust and transparency, and 3) cross-cultural understanding and sensitivity. The article draws attention to the important collaborative work done by people who are able to span boundaries in the complex organizational set-up of global IT development projects.

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Vignette

I call this outsourcing 3.0, that is the way we as partners to customers are involved. Our customers are giving us business and asking us to involve in their environment, not just to optimize the costs, but also to help them growing their business. In this sense, we have created a lot of structures, a lot of frameworks, this is a true … enterprise based transformation. This transformation requires a model which optimizes the costs and reuses that cost to build new business (…).

Because we are operating on foreign soil so much that over the years we understood what they (the outsourcing clients) *wanted. We changed from developers to analysts, and from analysts to consultants. And the moment you get into* (the role as) *a consultant you have the knowledge of what they want, and then you can accumulate that knowledge to put it into a product.*

(Head of the banking business unit, Indian IT services company)

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* Corresponding author. Tel.: +45 38153204.
  E-mail address: ams.ikl@cbs.dk (A.-M. Søderberg).

1. Introduction

The European economic crisis has acted as a catalyst in driving off-shoring to Asia from a region that has traditionally preferred on-shore or near-shore IT services. Indian IT companies have recently experienced a remarkable growth in European clients, and outsourcing and off-shoring of IT services are no longer only viewed as an immediate labor cost optimization, or as a high process efficiency lever. Some Indian IT companies are also selected as off-shore vendors by European clients who are seeking innovative software products and business solutions developed in a tight, long-term strategic partnership with extensive knowledge-sharing. The Indian vendors are participating in developing European clients' business, and if they succeed, they also develop their own portfolio of IT services and thus strengthen their position as providers of complex business solutions.

In the interview quote above, the head of the banking business unit of the Indian IT services company emphasizes that the skills, experiences and technological expertise of his managers and employees will benefit the Western clients' business. But he also describes how the vendor may gain a lot from being involved in large and complex strategic projects where its primary role is changed from being a developer and analyst to becoming business consultant, and where the task distribution between on-site and off-shore IT managers and employees is changed accordingly. Not only a profitable long-term relationship to a major client can be created, but knowledge exchange with representatives of the client may also provide the vendor with opportunities to learn and develop expertise within a specific business area and thus improve the vendor's opportunity to join similar knowledge-based projects with other major clients.

In the context of the interdisciplinary research project *Next Generation Technologies and Processes of Global Software Development* we study collaboration processes between two European clients and their Indian vendor and provider of complex IT solutions with a focus on commitment and identification, trust and transparency, and cross-cultural understanding and sensitivity. These are psychological, communicative and cultural issues inherent in a strategic partnership, issues that in an IB research context might be considered 'soft' issues, but issues that are nevertheless critical for the close virtual collaboration between client and vendor representatives. We do that through a qualitative analysis of interview accounts of off-shore outsourcing processes in two large and complex projects, where off-shoring of software development is moved to a strategic level and enacted in a long-term strategic relationship that is cultivated both by the two European clients and the Indian IT vendor. According to the literature the specific client–vendor relations in the two cases can be termed a strategic partnership (Carmel and Agarwal, 2002; Fitzgerald and Willcocks, 1994; Kedia and Lahiri, 2007; Marcolin, 2006; Quinn and Hilmer, 1994).

Since the perspective of an Indian IT service vendor in strategic partnerships between companies from developed and developing countries is not yet well explored in global sourcing research; and since researchers more often have taken the perspective of the outsourcing Western MNC (e.g. Jensen, 2012), we decided to start out investigating the strategic partnerships by interviewing representatives of the Indian strategic partner and off-shore vendor about their perspectives on the collaboration processes with European clients in two long-term software development projects. Ideally we should of course listen to both client and vendor representatives in the projects in question. In order to understand how these strategic partnerships work, we asked those involved at vendor side to describe the processes and micro-practices that constitute the day-to-day activities in a cross-border collaborative project.

These two large and complex software development projects are particularly interesting for an academic audience of management scholars concerned about outsourcing organizations, because the Indian IT service provider does not only offer lower costs in a short term relationship, but also takes on a new role as the client's long-term strategic business partner by offering development of new systems and products that ensures the client a stronger and more sustainable business platform in the future.

The Indian vendor is acknowledged as a powerful and knowledgeable provider of sophisticated IT services and strategic business solutions. And these solutions are expected to leverage a major Western client's global market position significantly and help it in transformation processes towards more sustainable platforms for its financial products, and likewise to assist another major Western client in a large, complex and long-term transformation within the life insurance and pension market, backed up by new legislative initiatives.

The paper is structured as follows. First, we review some contributions from the recent off-shore outsourcing literature focusing on various psychological, communicative and cultural issues and thereby outline the theoretical framework for the study. The subsequent section describes the research design of the two case studies and the methodology, and we then present findings from two case studies around the chosen themes. The conclusion section summarizes the main findings, points to limitations, and outlines the scope of further empirical studies.

2. Review of literature

Outsourcing to remote or off-shore locations was initiated in the mid eighties and over three decades has grown into a major industry. India with an IT industry of around US $100 billion (NASSCOM, 2011) is the dominant supplier of outsourced IT services with clients mainly in developed economies like the US, Europe and Japan.

The nature and type of activities have evolved over the period. IT outsourcing commenced with outsourcing of data entry services. Outsourcing of software work was initiated with maintenance of legacy software. The outsourcing industry has evolved in terms of types of tasks outsourced, work distribution, competencies of partners and resources of suppliers (Sahay et al., 2003).

Identification of activities which could be globally outsourced has been considered. Apte and Mason (1995) suggest that tasks that rate high in information intensity, but low in need for customer contact and low in need for physical presence have a high

potential for global disaggregation and outsourcing. An early work discussing strategic outsourcing (Quinn and Hilmer, 1994) suggests that core activities be retained in-house and other activities, even if integral to the company's operations, be outsourced. This approach while useful does not fully describe relationships which are of the nature of strategic partnerships in which joint development of even core activities would be involved.

As the global IT sourcing industry evolved (Fisher et al., 2009) several authors have discussed outsourcing maturity (Carmel and Agarwal, 2002; Gottschalk and Solli-Seather, 2006; Olayele and Wabash, 2004). In these maturity models the authors suggest that an outsourcing organization may evolve on a learning curve from a purely cost oriented approach to a partnership approach. It may be noted, however, that these articles only consider the outsourcing client's perspective.

Conceptual models of partnerships in international outsourcing are developed by Kedia and Lahiri (2007) and Brown and Wilson (2009). They describe three 'generations' of outsourcing – tactical, strategic and transformational, and they point to two factors—trustworthiness and cultural distance – as having implications for sustainable client–vendor relationships.

2.1. The vendor perspective in off-shore outsourcing

As already mentioned, much of the literature on off-shore outsourcing considers it from the perspective of the outsourcing firm and describes its experiences and learning when managing the outsourcing task and maturing of the relationship to the vendor. But it is obvious that growth and maturity are possible only if the partnering organization – the supplier/vendor – either already has significant resources, advanced capabilities and mature management systems or is able to develop them in parallel.

The role of vendors in outsourcing projects attracts increasing attention, but empirical studies of the supplier/vendor side of the outsourcing are still sparse. In terms of supplier/vendor capabilities, Hyder et al. (2010) describe five capability levels for service providers and thus an improvement path that clients should expect service providers to travel. This path starts from a desire to provide e-sourcing services that meet a client's particular requirements, and continues to the highest levels where value is enhanced through continuous innovation, and the vendor's ability to sustain excellence is clearly demonstrated.

In a study in the software services industry Ethiraj et al. (2005) examine how India-based off-shore vendors develop capabilities at the project level and how they do matter. The authors distinguish between process capabilities related to delivery of certain tasks, and human resource capabilities associated with the practices for recruiting, training and mentoring, as well as the practices of employee rotation across tasks and projects that offer the employees an opportunity to learn new skills and interact with other teams. The authors also draw attention to the key role of on-site personnel to ensure a continuous, smooth communication and develop trustful long-term relations between the vendor and the client.

Manning et al. (2011) provide empirical findings based on a quantitative analysis of extensive data from an Off-shoring Research Network. They show that service providers invest much energy in developing enduring relations with their clients which often result in contract renewals. The study indicates that vendors often allow clients to participate in training staff and executing tasks in their projects and thereby engage them in frequent interaction that promotes the clients' trust that the provider will be able to deliver high quality services reliably and efficiently. Thereby a high degree of interdependence between client and provider is established.

Using a resource-based view and social exchange as theoretical foundations, Lahiri and Kedia (2009) examine a sample of Indian providers of business process outsourcing (BPO), whereas Lahiri et al. (2012) conduct a survey of 105 Indian firms. Both empirical studies conclude that supplier resources like human and organizational capital and partnership quality moderated by management capability contribute significantly to successful supplier performance.

In a longitudinal study of two Danish firms outsourcing to India, Jensen (2012) points out that partners' commitment to building sustainable and trustful relations, as well as mutual knowledge transfer and interconnectedness between the activities executed at the client's site and those outsourced, contribute strongly to building resources, whereas resource building is impeded or slow if the client faces difficulties and slower progression than desired in firm- and domain-specific knowledge transfer, or when there is a lack of resource mass efficiencies.

Based on the descriptions above, it is clear that simple outsourcing projects differ significantly in terms of focus, objectives and structuring from the mature outsourcing projects we are studying. In early stage outsourcing projects, cost savings are the main objective, and contracts could be tightly specified and implementation monitored in highly specified contractual terms (Fitzgerald and Willcocks, 1994). In a mature stage of outsourcing, client–vendor relationships and implementation structures would need to be considerably different. In such a situation a project will provide new business or organizational capabilities for the client. A long term strategic focus and maximizing IT potential are expected. Considerable uncertainty may be associated with the specifications and course of implementation of such projects. They would be in the nature of a strategic partnership in which outcomes will have significant strategic impact on both parties. This would, however, require a relationship in which both the client and the supplier acknowledge that they have common objectives.

2.2. Drivers of stable relationships in off-shore outsourcing projects

As discussed by Marcolin (2006), strategic long-term projects, which face a high degree of uncertainty, would need fairly low contractual specification and considerable flexibility in contract interpretations. Since contract interpretation would also imply matching resource allocations, such projects would also need close association of senior management from both client and vendor side. Since scope for varying interpretations is substantial, scope for conflict could be high. A strong commitment to and identification with the project at all levels of the organization, involving forbearance and avoidance of opportunistic behavior,

would be essential. Trust is therefore a primary requirement for successful execution of outsourcing projects that amount to strategic partnerships (Boden et al., 2009; Marcolin, 2006; Parkhe, 1993). But trust-building is also a challenge since collaboration does not only take place in face-to-face interactions between client and vendor representatives on-site, but also involves many people in off-shore teams at various geographical locations. It is obvious that many traditional forms of monitoring and control are not feasible in off-shore outsourcing projects, and the high amount of virtual collaboration may reduce the opportunities for solving potential client–vendor conflicts and make it more difficult to build enduring relationships. Oza et al. (2006) conclude based on investigation of eighteen highly mature Indian IT outsourcing vendors that trust is "very fragile in outsourcing relationships" (op.cit. 345). However, it is an empirical question how trust has been built and maintained in the long-term projects we are studying.

In global client–vendor partnerships cultural differences at a national level are given. Existing research on multicultural virtual teams has primarily focused on the challenges, limitations and difficulties related to cultural diversity (Stahl et al., 2010); few studies have looked at how cultural diversity in global teams may enrich collaboration and generate more innovative solutions (Stahl et al., 2011).

But first of all, it is important that we clarify what culture is, and what scholars refer to when they claim that culture influences multinational team members' communication and collaboration and represents challenges to those who are responsible for managing off-shore outsourcing projects.

The cross-cultural value dimension frameworks (Hofstede, 1980; House et al., 2004; Schwartz, 1994; Trompenaars and Hampden-Turner, 1995), where focus is on comparison of national cultural value differences at a very general level, still dominate the research of global teamwork and virtual collaboration, not least within information systems research (Leidner and Kayworth, 2006). National cultures are assumed to be homogeneous, and they are moreover viewed as something relatively stable and well-delineated. The deeply rooted national value systems are considered of dichotomous nature, and the 'cultural distance' between headquarters and a subsidiary, a client and a vendor, or team members who are collaborating from different geographical locations, for example on-site and off-shore, is measured according to (claimed) universal value dimensions: power distance, individualism/collectivism, uncertainty avoidance, femininity vs. masculinity, and short or long term time orientation, in order to predict the managerial implications of the cultural distance.

This approach to culture has during the last decade been heavily disputed by cross-cultural management scholars (e.g. Drogendijk and Zander, 2010; Nakata, 2009; Søderberg and Holden, 2002). Many scholars have argued that we need to go beyond national differences and consider the multiple levels of culture that are at play in global business collaboration. In global software development teams, team members may, depending of the situation, identify with various cultural communities, for example with a region, a nation, an organization, a project, a profession or a generation (Primecz et al., 2011; Sackmann and Phillips, 2004). With a multi-dimensional approach to culture we can also better answer questions of "how, when and in what ways culture has an impact on management and organization across levels and contexts" (Drogendijk and Zander, 2010: 204).

Going beyond cultural value dimensions and looking more at the social interaction and the negotiation of meanings (Brannen and Salk, 2000) in global teams open up for in-depth empirical studies of intercultural communication and collaboration where global team members with different cultural backgrounds work together, try to solve the cultural issues at hand and thereby construct a common ground (Gertsen et al., 2012). Such an approach also leaves room for studies of the cultural perceptions of the people involved in global team work. How do people perceive each other, and how do they socially construct images of each other, at an individual, organizational and national level?

An ability of avoiding pitfalls from severe cultural misunderstandings as well as an ability to develop cultural sensitivity, bridge across perceived differences and build a common platform are indispensable (Gertsen et al., 2012). We thus understand cultural sensitivity as "an ability to monitor the new environment and engage in sensemaking" (Shapiro et al., 2008). In this process people use both situated knowledge and emic knowledge, that is the knowledge and interpretations that exist within a specific cultural community.

We would furthermore expect that successful, long-term cross-cultural business relationships are based on shared frames of meaning. But such frames do not just exist a priori; a common understanding must be developed through negotiations, for example among the strategic partners, and preferably be negotiated face-to-face. In such negotiation processes that also contribute to building relational trust, culturally sensitive boundary spanners in both the on-site and off-shore teams are expected to play an important role. Levina (2006) found that the boundary spanning practices of middle managers with an inclination to engage and an ability to identify with the interest of both groups were critical for effective collaboration and relation management in off-shoring outsourcing projects. In line with Yagi and Kleinberg (2011) we understand boundary spanning as "a process shaped through the interplay of the contextual issues that make a boundary problematic; an individual's multiple repertoires of cultural knowledge; and the individual boundary spanner's "negotiation" through interaction with others, of his/her cultural identities". We expect that global organizations such as the client and vendor organizations described in this article will benefit from hiring people who have developed cross-cultural knowledge and have "an ability to rapidly and accurately sense, interpret, and respond to situations complicated by cross-cultural differences" (op.cit.: 23).

In summary, based on the research literature we expect to observe the following features of the client–vendor relationships in the off-shore outsourcing projects we are studying:

1) strong top management commitment and strong employee identification with the project in question,
2) a high level of mutual trust and transparency in the development processes, and
3) cultural understanding and sensitivity, and a pronounced ability to span boundaries among those managing collaboration between on-site and off-shore teams and across time zones and national borders.

3. Methodology and design

The authors of this paper constitute an interdisciplinary team of one Indian and two Danish scholars who have collaborated closely in the research design phase, in the interview process and with the analysis of the empirical material. We benefit from our various ethnic backgrounds and our different expertise and research interests, including cross-cultural communication and management, global work arrangements in the software and information systems areas, and computer-supported collaborative work, respectively. We also try to bridge divides that often create problems when – for example Western – scholars study business practices in a foreign environment without any assistance and guidance from local experts familiar with the specific business context (Wilson, 2004). The access to the interesting projects was thus facilitated by the long-term relation between top managers in the vendor company and the Indian scholar, who has conducted case studies of global software development among Indian IT providers during the last two decades (Sahay et al., 2003).

However, our first approach to the Indian IT vendor was an interview with the senior manager of the multinational company's Danish office. He facilitated a visit to a global delivery center in Eastern Europe. Here a total of 17 interviews were conducted with the general manager, the head of presales, various heads of the engagements as well as with project managers and team leaders in order to get an impression of how the Indian company dealt with near-shore outsourcing of a great variety of BPO services to European clients. However, since we were particularly interested in global software development, a further step was needed. Therefore we decided to visit one of the company's offshore locations in Bangalore, India, and to conduct studies of very complex strategic partnerships with major clients. The case study that we draw on in this paper includes two long-term software development projects, both involving a major European client and the Indian MNC as vendor and off-shoring business partner.

This article draws on empirical material collected during visits to the Indian MNC's site in Bangalore in December 2011–January 2012 and to on-site vendor teams close to the European clients in December 2012–January 2013.

The strategy for the selection of cases is a crucial part of the overall research strategy (Flyvbjerg, 2007). With an interest in the most recent trends within off-shoring and outsourcing of IT software development, we have – together with a senior Vice President of the Indian MNC – chosen two cases that according to this vendor represent the most advanced level of outsourcing that implies strategic business development and experiential learning both for the clients and the vendor, and thus represent value added innovation partnerships.

Our research approach is qualitative and interpretive. The empirical material collected in the two case studies is primarily semi-structured interviews with a wide range of people involved in the two large and complex long-term strategic projects. Internal business magazines, press releases and other media coverage of the two projects were also collected and will likewise be included in the analysis.

We interviewed the head of the banking and financial services and the head of the insurance business unit to listen to their strategic concerns. Interviews were also conducted with other senior managers like program directors, delivery heads and testing managers. In the on-site teams we also met with global account managers. However, in contrast to the majority of studies that rely heavily on surveys and interviews only with top managers, we deliberately asked our contact persons in the vendor company to include various middle managers as well as system developers with only a few years of experience in the interview sample. Even though there may be a certain bias in the selection of some lower level interviewees – and it will always be the case in qualitative studies – we got the opportunity to listen to multiple retrospective stories of intercultural collaboration seen from both an off-shore and on-site perspective, and this polyphonic approach truly enriches our case study.

The first round of interviews (see Table 1 in Appendix B) was conducted in Bangalore that is one of several off-shore locations, but the Indian vendor's center for excellence in services for the banking and the insurance clients. The second round of interviews was conducted in London with top and middle managers of the vendor's on-site teams that are operating close to the European clients in question. Prior to the interviews it was agreed with the companies that the identities of the companies and individual informants would not be revealed. The companies are therefore referred to by pseudonyms (EuroBank, EuroPension and InIT), and the interviewees are only identified in terms of their roles and positions within the company. All interviews were recorded and transcribed verbatim.

A further step will be to get access to teleconferences, town hall meetings and other activities through which collaboration between the client and the vendor takes place.

4. Brief description of the two empirical cases

4.1. EuroBank and InIT

The first case study includes one of Europe's – and the world's – leading financial service providers (EuroBank) and its off-shoring of IT software development tasks to one of the five biggest Indian IT service firms (InIT). The European bank has been one of InIT's major clients for the last 13–14 years, and a long-term relationship based on trust has thus gradually developed at senior management level. The project we study started in December 2009 when EuroBank selected InIT as a strategic partner for its Production Management Transformation initiative within its Capital Markets business unit. To achieve this transformation, InIT will deliver a global application service desk, service operations and all other IT Infrastructure Library (ITIL) services to EuroBank at more than 30 locations around the world. InIT partners with EuroBank in order to transform them to an ITIL-aligned model, aimed at significantly improving service delivery. The concept of LEAN will also be leveraged in order to eliminate non-value added activities and provide cost efficiencies to EuroBank.

InIT is expected to assist EuroBank in replacing disparate core platforms at more than 30 sites around the world with one transaction-safe and cost-efficient global banking platform developed on the basis of one of InIT's existing products for retail and corporate banking. As a first step, EuroBank migrated its Global Transaction Banking branch in Abu Dhabi to the new core banking platform in December 2010; next step was Saudi Arabia in 2011, and in 2012 a very complex migration in a greater scale was conducted in the Netherlands in a recently acquired bank.

An Indian senior manager tells about the big and challenging project this way: *We have two concepts, one is 'model bank' where, basically, the requirement is to understand the needs of the customers across the countries and generalize those requirements and make a 'model bank' that will cater to all the geographies, all the countries. And then there might be a country specific localisation so the model bank will be the core functionality and the country specific localisation will be the plug-ins on which it should work. This is the model, in which the project is envisaged.*

This complex development project is expected to run over a period of ten years. In January 2012 the project involved around 350 people from InIT, of them nearly 90% of Indian origin. 80–90% of the employees, who are working on this global project, are located at three sites in India, Bangalore, Delhi and Mumbai. But InIT has also people stationed in Singapore, UK and Germany to allow closer interaction with the client, who has set up a program team and a delivery team in these three countries in order to govern this specific IT development project.

4.2. EuroPension and InIT

The second case study includes a public European client (EuroPension) and its off-shoring of IT development to the same major Indian IT services firm (InIT). The EuroPension project was started in the summer of 2010, after a 3 year-long call for tender process first initiated in 2007. The aging population in Europe, low birth rates and changing family structures put an increased pressure on pension and retirement funds, and governments are introducing new legislations and political acts to overcome this demographic challenge. The EuroPension project is about creating an IT system including all the business processes involved for handling a new legislation on retirement and pension funds in the EU-country in question. The pension act basically stipulates that all workers must have a mandatory insurance retirement fund set up by the company in which they are employed. This means in practice that all companies in this EU country have to provide their workers with a mandatory retirement insurance plan. The workers can choose to opt out, and create their own retirement fund, but the companies must support the mandatory. The EuroPension project thus requires an IT system and the business processes involved when companies are creating and managing the mandatory retirement funds for their employees. Such a project has multiple public and private stakeholders, as well as several key actors who must collaborate to make the project successful. The project is not simply about creating an IT system; it is also about supporting a change in the fundamental societal structure of the particular country based upon some political visions for ensuring sustainable public finances to guarantee adequate pensions. Some of the main challenges in such a global software development project are that 1) it is designing a future we do not know how will unfold, 2) it is designing business processes which are being developed at a political level while the development project is running, 3) it is based upon bureaucratic documents written in a legal discourse, which then has to be the foundation for system requirements, and finally 4) it is a high profile political project for the European client in question.

EuroPension is a 10 year project with many strict deadlines, and at peak time more than 300 people in InIT work in the project. These people are working on-site, and in three off-shore locations in India: Bangalore, Calcutta and Mumbai. The majority of the workforce involved in this project is off-shore. However, viewed in the long term, the EuroPension project also concerns the operations based upon the IT system developed by InIT. As such a growing number of people on-site are servicing the increasing number of customers from the companies, which from 2012 have offered this kind of insurance to their employees.

EuroPension is from vendor perspective considered a truly strategic partnership between InIT and the many public and private stakeholders involved in the project.

5. Empirical findings

Based on the literature review, we will in the analysis of the empirical material illustrate how 1) trust and transparency, 2) commitment and identification as well as 3) cultural understanding and sensitivity were essential for the establishment and execution of the strategic partnerships in the two long-term projects we have studied.

5.1. Commitment and identification

The first enabler of a strategic relationship between the vendor and the client is the commitment to and strong identification with the development project among all those involved. It is critical that the relation between the strategic partners is not simply managed as a contract-based relationship.

Some of the Indian employees in the off-shore teams travel frequently to kick-off meetings on country-specific implementation projects. They are well aware that face-to-face contacts are important in order to establish more personal relations with local representatives of the client:

> although you can collaborate on phones, it is always better to have a first personal contact for maybe at least a day or two, then it is easier to communicate (…) and after that we continue from our off-shore site, via teleconferencing (Testing Head, EuroBank case, Bangalore).

But perhaps more significant for the strategic partnership, the Indian interviewees emphasize that the European client's representatives in both cases also display strong commitment to the work being done off-shore, where 80–90% of the employees involved in the project are located. European managers very frequently visit the various sites in India to maintain the dialogue and knowledge exchange. Moreover, they make strong efforts to build social relations:

> *This particular customer comes here a lot, every once in one and a half months somebody is here. When there is a workshop a big delegation comes* (to Bangalore). *So I did not feel like going there* (to Europe). *I have anyway met them multiple times, and many of them whom I interact with* (virtually) *come here a lot (…). They are very unique, you will be surprised, sometimes 30 people* (show up). *… it is more of a confidence building, they see the team, they personally meet (…). So they have good connects with everyone.* (Delivery Manager, EuroBank case, Bangalore).

Some representatives of the European clients stay for longer periods of time, from one week to a month, in order to make knowledge-transfer and knowledge exchange with the local managers and the system developers more smooth. They acknowledge that the majority of the employees are located elsewhere than the client and make the remote employees feel more committed to the project in a process where mutual respect is crucial. By traveling to the off-shore locations, the client representatives demonstrate that the off-shore employees are very important to the project, and their visits make it possible for the Indian employees to ask questions directly. Furthermore, during these periods spent together with the off-shore teams the client representatives experience themselves what working from India with people in other time zones entails. Probably they also experience how the local infrastructure influences the work conditions.

But even though representatives of a client visit the off-shore teams frequently, it may still be difficult especially for young system developers at the lower echelons to get an overview of the entire project and really understand the links between the source-code created within the smaller part of the whole IT system and the purpose of supporting the development of either a global transaction platform for a European bank or IT systems for retirement funds in another European country far away. Therefore, the Indian vendor has introduced the so called 'town hall meetings'. Here top managers of InIT inform about ongoing projects in an informal way and frame them according to the company strategy. These events typically address collocated teams at one site, but in some situations they are disseminated electronically so that all those involved in the major projects in the geographically dispersed teams can attend them. Also representatives of the clients frequently use town hall meetings both to inform about the goals of the project, the next steps and the future deadlines, and to recognize the goals already achieved and the committed work invested in meeting various deadlines along the way.

Town hall meetings are meetings, where the project participants (from all levels) have the opportunity not only to listen to how the client and InIT strategically plan the next steps, but also to ask questions and enter in a dialogue with management. Ideally people of all ages and backgrounds show up at such town hall meetings, bringing their own perspectives and issues to the table. According to the interviewees, only middle managers will ask questions, for example about expectations of high time pressure and long working hours due to certain scheduled deliveries.

At the middle manager level it was also highly appreciated that representatives of the European client explicitly used town hall meetings to legitimize that the Indian employees develop a new attitude towards the client. The client wanted the vendor employees to abandon their common attitude that "the client is always right", and they were encouraged to say 'no' to client representatives, convey their own perspectives on product development and take their own arguments more seriously.

In the context of a project where the Indian vendor aims at building a global transaction banking platform, it is very important that local branch representatives of EuroBank do not complicate the intended standardization process towards a 'model bank' and prevent the system developers from fulfilling their plans by interventions:

> *Actually the town hall meetings are, what I have seen, pretty motivating. We had a town hall meeting where EuroBank senior management interacted with all of us. There was an open question round, (…) and the senior management then and there in front of everybody told us: unless and until you guys feel that this feature is required in the banking world and it is going to help us in the future, you don't build it. You tell our people that you understand why exactly they want this feature, and if there is any way that the same feature can be achieved in a different way in your system* (our emphasis) *(…) then you just discard it.* (Senior Developer, EuroBank case, Bangalore).

Not least the Indian employees at the lower echelons very much appreciate the town hall meetings as a sensegiving initiative (Gioia and Chittipeddi, 1991):

> *I like to attend* (the town hall meetings) *because I'll get a feel like what is actually going on (…) if you attend a town hall meeting it will be very clear that this is the time frame given to us, this is what client is expecting and according to that you can align yourself (…). Town hall meetings do matter because people who are not directly communicating to the client at all they'll never know actually what is the scenario, what is going on* (IT Analyst, EuroBank case, Bangalore).

A team lead expresses how her motivation to work extra hours when required increases from knowing more about the context for the entire project, and the content of it. She experiences that 'higher management' is approachable, even though hierarchy is often more pronounced in an Indian business context (House et al., 2004).

The strong identification with the entire project is unique, and the commitment invested in meeting deadlines and assisting each other across boundaries is related to how the relationship between the vendor and the client is created. In this project there is no clear distinction between the client and InIT — as the quote below illustrates. Those involved in the project feel that they are 'partners'. They have developed a 'we-approach':

> *Yeah we have fought odds and means over a period of time and fortunately our customers have been very cooperative and very supportive. From my experience, unlike other customers, these customers have taken the task on board with us along with (an attitude of being) very collaborative (…) and we need to do that from day one. We never had the 'them' and 'us' approach, it was always a 'we-approach'.* (Program Director, insurance case, Bangalore).

The commitment and identification with the entire development project have, according to our interviewees, been critical when developing the strategic partnership between the client and the outsourcing company. Without participants being able to identify with and feel pride of being part of an important project and commit to the required activities, it would have been difficult to achieve the milestones set in this large project.

5.2. Trust and transparency

The second enabler of the strategic partnership is how trust is created through transparent work processes across organizations. Both projects require dialogue between the client and the vendor about the IT systems as well as the business that is supposed to grow based upon the developments made.

A delivery manager describes how close the collaboration with the client is, how transparent the off-shore teams work, and how the processes are characterized by continuous dialogue. The Indian team members also influence the client's decision-making:

> *The IT part of the customer is very much working with us. They are monitoring us, it is nothing like I do something and nobody knows about it, it is not like that, we are very transparent that way. They have to approve of our changes whatever comes, not just that InIT decides I am putting this and it goes. They have to approve it, we have to test it, and my team tests it, shows the results, takes signoffs and then goes. So there is lot of process around it.* (Delivery Manager, EuroBank case, Bangalore).

What is much appreciated in the off-shore teams is the European client's attitude to the vendor as a knowledgeable partner. This means that the client is not only reviewing and controlling the vendor's progress according to strict plans; there is a mutual sharing of concerns about risks and challenges in the long-term project, and transparency is often enabled quickly through the client's official chat channel. It means that representatives of the vendor will here, likewise, raise questions and point to challenges if the client does not deliver required information in time.

Interviewer: *So what kind of topics would you discuss with the client?*

> *Ah, basically the complete plan will be shared, so the progress on the items which are planned during that interval is one item and another, there is any major points, major topics, major discussions happened with other parties of the client, then definitely issues and risks, what we are facing, and fourth thing is of course there will be lot of dependency with this client it is not like EuroBank questioning what is the progress or why is there not any progress (…). In the other site* (off-shore)*, we are also questioning them, like "these things were supposed to get here last week", "without this one we are not able to progress so if you are not arranging this there will be a delay". So that kind of points we are also raising to them, so they also will be alert, they will be internally connecting with client team, and they will be providing.* (Development Lead, EuroBank project, Bangalore).

The EuroPension project is a project required by the government in a European country, which means that the project has to be executed under the Freedom of Information Act. It basically means that everything in the process is being recorded and will be available in public records. Such working procedures set the bar for documentation and transparency quite high, and it is essential for the Indian vendor that the company is able to execute and manage the project under these circumstances.

> *Given the Freedom of Information Act (…) it was a big experience for us, so we knew that everything we were saying would get recorded and would be available for us as public records. So from that perspective we had to be really 'clean' and very open with all the things that we were doing.* (Business Unit Head, insurance case, Bangalore).

When initiating the collaboration, one of the criteria for the European client was the vendor company's ability to offer and manage a high level of transparency. As it turns out InIT is known for being a very process-focused organization that integrates processes, people, and technology maturity through various established frameworks and practices. Moreover, it is known for having achieved an enterprise-wide CMM-level 5 certification as the first organization world-wide, which means that the vendor company is at the ideal state where processes are systematically managed by a combination of process optimization and continuous process improvement. What is interesting though is that InIT actually experienced that this European client had achieved an even higher level of process rigor.

The European client's process-oriented focus thus suited InIT very well, and it was possible for InIT to produce the level of transparency necessary for the EuroPension project. The close and transparent relationship with the client is both enacted in terms of some vendor team members spending for example 2 days a week at the client site, and three days a week in their on-site

location. Also at meetings and workshops with client representatives, members from the off-shore teams will be present via Skype or videoconference facilities. In these situations the off-shore teams might present solutions and point to critical aspects which should be accommodated, and the client will interact with the vendor participants and negotiate and find solutions to issues which have arisen.

The transparency is thus visible on all levels of the project. We will illustrate it with an event: In the fall 2011, the first part of the IT system was to be released, and a go-live date was set. When reflecting back on this event several interviewees describe it as similar to a rocket launch. The program director explains it like this:

> *Everything was so smooth and [then in the] last mile we found a defect in one of our software (packages) at the last minute. It was around 9 o'clock in the night. I was in the office. My test manager, my customer – everyone pretty much – everyone was in the office. We are waiting for things to happen. (There) was the defect and we had to launch [the system at] night around 2 o'clock or so. That's the time we have to invoke all the URLS (…). This is the problem, so we got together (and asked) what needs to be done. Fortunately one from my team in Calcutta, he is a real brainy guy and he found the problem.* (Program Director, insurance case, Bangalore).

What is interesting with the 'rocket launch' is that the InIT people off-shore inform the client very early on that they found a problem, and that they are dealing with it and are struggling to be finished on time. So they involve the client in a situation, where the client could just let InIT work on the issue, which officially and according to the contract is the vendor's problem. However, instead also the client gets involved and pro-actively takes part in finding a solution. Coincidentally a manager at the client site is a 'great wizard in testing', and he actually creates 20 test cases in half an hour, which are then used to test whether the issue had been solved or not. What we see is a very collaborative engagement between the client and the vendor that is only possible because of the trust and transparency already created during the collaboration processes. It makes both parties equally involved and interested in handling the project in the best possible way. This trustful and transparent client–vendor relationship is quite different from earlier stages of outsourcing, but it is critical for the success of the strategic partnerships.

5.3. Cultural understanding and sensitivity

The third enabler of the strategic partnerships concerns the understanding of and coping with the multiple cultures at stake in global collaboration among geographically dispersed teams. We do not only consider the client–vendor relation within a framework of homogenous national cultures that might clash or challenge the collaborative spirit. We prefer to understand organizations as sites for a multiplicity of cultures (regional, national, organizational, professional etc.), and we are concerned about how global IT development projects can benefit from a culturally diverse workforce that may come up with more innovative solutions than a more culturally homogeneous group of employees. It may be an additional benefit of outsourcing to a vendor whose employees can add new and challenging perspectives to what a client may tend to take for granted and thus tend to continue to build on.

Since we prefer to view cultures as social constructions and results of ongoing negotiations among those involved in collaboration across borders, we also pay special attention to those who play active roles in bridging across divides and creating a common platform. As earlier mentioned, we assume that internationally oriented top and middle managers' ability to act as boundary spanners (Yagi and Kleinberg, 2011) and bridge across perceived differences is important. What we refer to here are boundary spanners among blot client and vendor representatives who engage in so called 'uncertainty absorption', a huge task that must be dealt with in these long-term projects where many unforeseen difficulties emerge along the way: "To successfully fulfill the role, a boundary spanner must have a deep understanding of the business environment in which an organization operates, as well as the socio-cultural, economic, and political influences on that environment" (Yagi and Kleinberg, 2011: 2).

In the EuroBank and the EuroPension cases it is obvious that the Indian senior managers, both managers of off-shore teams and on-site teams, actively draw on their experiences from various long-term international assignments around the world and therefore feel quite comfortable with the close collaboration and negotiation with representatives of the European clients. Some Indian managers of the on-site teams have even become British nationals after many years abroad; they are deeply embedded in the British society and can thus draw on the so called emic knowledge as well as on their deep understanding of the very multicultural business context of metropolitan London. Other managers of on-site teams have a bicultural and bilingual background that makes them more easily fit into various socio-cultural and linguistic communities. They also draw on high language proficiencies when needed in order to build relational trust and negotiate critical issues with the clients in other languages than English.

However, we are well aware that the number of years of international business experience is not necessarily a good measure for cultural sensitivity (Shapiro et al., 2008). Communication with people with another cultural background does not necessarily develop any intercultural learning and intercultural competencies. Those who act as on-site managers for a longer period of time are therefore often selected for their position due to their high degree of empathy and mental flexibility, and their pronounced skills in negotiating, building trust and managing people. They are furthermore trained in order to become professional in managing relationships with clients and other key stakeholders. They must be able to deal with the client's feelings and immediate reactions and find ways to cope with the uncertainty in these innovative long-term projects where the final goals are not yet visible. In tough situations where a client representative may be angry due to a quality problem or a deadline missed, they must go on until a comfort level for both partners is reached. And in negotiations where the client challenges InIT as a preferred

vendor with bids from competitors they must draw on the strong relational trust already built between the close partners to fight for their future position as preferred partner in new subprojects.

InIT managers and employees working on-site close to the client also need to have a deep domain knowledge in order to be able to 'translate' the client's requirements to Indian employees working in off-shore teams. They mention in interviews that sometimes they must challenge the client and ask for more information and more transparency if there is tacit knowledge in the client organization that needs to be made explicit in order to be conveyed to the remote team members who do not have this specific knowledge. Some of the on-site managers must also know and understand the national and regional legislation and regulations within the field of interest (banking, insurance). Therefore also local people with an educational background in banking and insurance are hired to work in the on-site teams in the two cases we have studied.

It should however be noticed that cross-national encounters are not brought forward in the interviews as a very critical issue. The Indian top and middle managers of the off-shore teams experience that the EuroBank representatives they meet with have what they term a 'global mindset', and perhaps more importantly they experience that everybody focuses strongly on the shared professional identity either as engineers or as managers of financial services. The EuroBank project is a global banking project, and according to the interviewees in Bangalore national cultural differences between client and vendor do not matter much in the specific project, because it primarily focuses on the development of a global platform that will cater to all geographies. It means that the collaboration context is more technologically based and less culturally embedded:

> We have not experienced that kind of (cross-cultural) difficulties because there are people with various backgrounds. Suppose we have interacted with people from Taiwan, Indonesia, Singapore, India, lots of countries, but the thing is, except this difference in the local banking practices, I really do not think any of our personal backgrounds or cultural backgrounds interfere or influence our work. I really do not think so. Maybe the reason might be it is a global bank, and all the employees of the bank (that we are in contact with) *are used to that.* (Testing Lead, EuroBank case, Bangalore).

The on-site managers in InIT also draw attention to the fact that EuroBank is a culturally diverse workplace, and that many client representatives come from Asian countries such as Singapore, which also closes a potential cultural gap to the Indian workforce in the off-shore and on-site teams. Moreover, in 2012 90% of the work was done in India by Indian employees located at various sites, and here the cultural diversity is less pronounced.

However, every subproject has a rotation plan between off-shore and on-site teams in order to ensure that people employed by InIT who are more senior also become international and that knowledge-sharing across sites and organizational boundaries is improved.

> Sometimes we need to see that few people are near the customer so that they can give a face to face hearing to them, so that they have comfort feeling, so that somebody is near me, so I can talk to him. Plus motivation, all that comes in. (Delivery Manager, EuroBank case, Bangalore).

This delivery manager consciously plans rotation between off-shore and on-site team members in order to get people more motivated by exposing them to the client, giving them experiences with working in another socio-cultural context and ensuring a better knowledge-exchange.

It should, however, be mentioned that all junior employees in InIT are introduced briefly by HR staff from the company's learning center to cultural value differences and differences in communication style, for example using Hofstede's or GLOBE's bipolar framework of values (individualism–collectivism, femininity vs. masculinity, short-term vs. long-term perspective etc.) that indicate potential differences between traditional German/British and Indian preferred values (Hofstede, 1980; House et al., 2004). InIT finds it important as part of their two months introduction courses because most employees, in one way or another, are involved in global collaboration at a virtual basis.

At the culturally more diverse workplaces like those InIT have established in their near-shore global delivery centers or for the on-site teams close to their Western clients, the brief cultural training program offered to junior employees is not sufficient. It is not any longer just a matter of knowledge of various cultural dimensions and a certain degree of cultural understanding. Here it is very important that managers and employees do not openly show discomfort when approached by employees from other nations in ways that are unfamiliar to them. Therefore they also need to become more aware of both cultural differences and similarities, and be able to think and act in more flexible and culturally sensitive ways.

Junior employees from India who visit the on-site teams in Europe on rotation basis are also sometimes taught 'cultural etiquette' in relation to greetings and dining habits, as well as other 'soft skills' in order not to think and act ethnocentrically. An on-site client manager gives some examples from the global workplaces where he has been employed, where a certain cultural awareness and reflexivity in relation to own socio-cultural norms are highly needed: Indian men walking hand in hand are in many Western cultures considered gay, not just friends or good colleagues, so the Indian employees are advised to adapt to a more Western behavioral pattern not to be victim to prejudices. Likewise Indian employees must learn that when for example French and Italian employees' cheek kisses when they meet, this is only a gesture to indicate friendship, not a sexual relation. And when an American male employee pats an Indian colleague on the shoulder, or some female colleagues give a hug when they meet, it is important that these friendly gestures are answered correspondingly.

It may be difficult to grasp what characterizes cross-cultural understanding and cultural sensitivity in the two cases we have studied, especially since we have not been able to get access to any observations of video-conferences or any of the workshops

where negotiations across the various boundaries are taking place. But according to a senior manager who has been part of workshops of a duration of up to one and a half month where client and vendor representatives meet and plan in more detail, a North European linear way of step-wise project planning meets an Asian more holistic approach to dealing with a project, and a 'third way' is accomplished through negotiations. From such an experience also a mutual respect for the partner's different perspective and complementing competencies grow.

Interestingly, neither the interviewees off-shore or on-site had many experiences with strong clashes between national cultures and value systems, which might be due to the fact that most of the collaboration is already mediated by senior managers at both the client and vendor sides who have been living and working in many places around the world and are, moreover, well trained for global collaboration. But one of the Indian top managers in Bangalore explains how, from her perspective, it is also a matter of creating a 'global work culture', rather than coping with distinct national cultures:

> *I mean defined processes, but clear hand offs, you know well defined roles and responsibilities. More systematized processes, ability to interact across multiple time zones. I guess each of these is a dimension that you know that globalization demands.* (Business Unit Head, insurance case, Bangalore).

According to this senior manager operating globally is not about knowing particular national values, preferences and strongly held beliefs; instead it is the work involved in creating and executing processes, roles, and responsibilities that can span multiple time zones and geographical distances, and developing structures which make it possible to systematically organize and coordinate complex work practices across discontinuities. When creating global work practices, it is critical that participants' perspective on each other supports the openness. In the EuroPension project they did manage to create such a relationship. However, the character of the relationship was actually 'tested' initially or 'promoted' by the European client who openly addressed concerns about its own employees' behavior towards the vendor's employees. So when InIT gave feedback on some negative experiences, the client took it seriously and called in HR to make sure that the client's employees would attempt to change their behavior.

Mutual respect and recognition of differences of relevance for the development projects are one outcome of this approach to cross-cultural work, and this is critical in developing a strong and enduring relationship between the client and the vendor as partners:

> *They pay respect to our work and all what we are doing. They actually really listen to what we are doing because they also want to get more out of us.* (Senior Developer, EuroBank case, Bangalore).

6. Discussion

We started this article with a quote from one of the vice presidents in the Indian IT system provider, who characterized the strategic partnership the company invested in together with major Western clients. Through the qualitative case studies of outsourced IT development projects, we had the opportunity to investigate what it means for a vendor to be a 'consultant' providing software for innovative business solutions, and how certain human resource capabilities may enable and drive the partnerships, seen from a vendor perspective.

In the literature review we have presented previous literature on strategic outsourcing partnerships and thus tried to identify what characterizes such relations. In terms of categorization discussed by Kedia and Lahiri (2007), strategic outsourcing partnerships focus, from the client perspective, on value enhancement rather than merely cost reduction. Functions that are outsourced by clients form core competencies of the providers. Clients also learn by tapping into the wide experience of the provider in developing specific resources and capabilities to various clients within a specific domain or field. In contrast, transformational partnerships described by Kedia and Lahiri (2007) are those which imply a rapid, step-change improvement in enterprise-level performance of clients. The major drivers are to share business risks with the provider, redefine existing businesses through transformation, speed up organizational innovation and thus gain competitive advantage These are, however, theoretical constructs and therefore still fairly abstract.

The two empirical cases described above share characteristics of both strategic and transformational relationships. Considering the scale and scope of work, both cases have a very long time horizon, they require a deep and intense involvement with the provider, and the clients' relationship with the provider is considered long-term business partnerships. The provider helps clients develop entirely new organizations, and redefine organizational capabilities.

Based on studies of research literature on outsourcing we anticipated that the strategic partnerships among client and vendor must be built on mutual trust and a high degree of transparency in the work processes. Literature on virtual teamwork in geographically dispersed teams and literature on inter-firm relationships in international business have pointed to the importance of a strong commitment and identification among those overseas employees involved in outsourced development projects. Literature on cross-cultural management drew attention to the need of managers with an ability to understand and collaborate with people from other backgrounds and to span across various boundaries: ethnic, linguistic, geographical, professional as well as organizational boundaries.

We then sat out to investigate what the Indian vendor company classified as outsourcing 3.0. projects through two qualitative case studies where we listened to multiple vendor representatives on-site and off-shore who told not only about their attempts to create and maintain a strategic partnership with their clients in Europe, but also about their clients' many efforts to organize interfaces and interdependences.

One aspect that we want to draw attention to is the important role boundary work plays in the communication and relation management between the client and the vendor, between people at on-site and off-shore locations, and between members of geographically dispersed teams.

Boundary spanning has traditionally been used to describe activities between an organization and its immediate environment (Jemison, 1984). The concept thus referred to interactions linking an organization to a larger community and preparing the organization for future challenges by scanning the environment for various trends. But when organizations outsource formerly internal operations to external contract providers, the boundary spanning activities also change, from merely communicating across organizational border to managing various relationships. Heimeriks and Duysters (2007) and Kale and Singh (2007) draw attention to the importance of developing relationship management functions in strategic alliances in order to coordinate goals, align priorities, reconcile decision-making structure and develop trust. Barthelemy (2001) suggests that the outsourcing company set up a special department to capitalize on gained outsourcing management expertise. We are well aware that the outsourcing companies have invested a lot of time and manpower in monitoring and coordinating the outsourced software development projects and also developed special organizational units to manage the high risk in these very complex outsourcing arrangements through relationship management functions. However, in this article we have looked at the boundary work in the projects from the vendor perspective. Below we will summarize our findings of this underresearched issue.

The strategic partnership involves senior vice presidents from both the client and the vendor, who are deeply involved and committed to the ambitious development projects. They play an active role in maintaining a close interaction, and emerging problems with collaboration and development are escalated to them if they cannot be solved at lower managerial levels. Since trustful relations are established over time and through intensive dialogue at top management level, the client may also disclose internal plans and goals to the vendor and vice versa in order to create a better platform for development projects and business innovation.

Since the studied development projects span over a period of ten years, not everything could be foreseen when the client and vendor signed the contract. It means that re-negotiations of the long-term contracts must take place, and plans for various stages of the projects must be negotiated along the way when the partners learn about specific challenges, both in the development processes and in the migration of new IT systems. The senior vice presidents play a major role in these contract negotiations, together with other senior managers at both the client and vendor sides.

At the next level the outsourcing company's program managers closely interact with the vendor's on-site managers (the global account manager, client partners, relationship managers and IT architects), both in order to communicate the client's requirements and domain specific knowledge to the heads of development teams off-shore, and to solve emerging problems with delays and quality of sub-products etc. The Indian vendor has invested much in recruiting people to the on-site teams with a high level of domain expertise, a good understanding of the client's specific socio-cultural context as well as good negotiation skills.

The Indian system provider has arranged town hall meetings to inform their employees in the geographically dispersed teams about the current stage of the development projects, and the future goals and milestones. Also vendor representatives give sense to the projects through town hall meetings and they use them to recognize the vendor employees' efforts to meet the requirements. According to interviews with vendor employees at the lower echelons, this corporate involvement and the opportunity for dialogue with representatives of the geographically distant client are highly motivating, not least in periods with high pressure and long working hours, for example before launching of new schemes and products. These town hall meetings can also be considered boundary work.

We have mentioned a number of important boundary spanners who facilitate the collaborative work. Blurring boundaries between client and vendor are another characteristic of the projects we have studied. One example is the workshops held at the vendor's premises with participants from both client and vendor, for example discussing how the vendor's existing product can be developed to fit the requirements of a 'model bank', and what are the needed local adaptations to various countries' legislation and banking practices. People meet face-to-face and interact across organizational boundaries over longer period of time (one to two months). They share knowledge, provide their expertise for a co-creation of new technological solutions and new business models. And along the way they create personal relations, build trust and gradually feel a joint responsibility for the design and development processes. What we see here is an example of a community of practice (Wenger et al., 2002). Another example of blurring boundaries is that vendor representatives, both at senior and junior management levels, move to the client's workplace for shorter or longer periods of time, and that vendor representatives likewise stay for longer periods at one of the vendor's off-shore locations in order to facilitate knowledge exchange and co-creation of new technological solutions.

An outcome of the software development activities in the projects are organizational learning processes where both the client and the vendor learn about new ways to do business and about new technologies that can help solve technical problems. Also thereby deep ties between the partners are established.

In the literature on virtual teamwork and inter-firm relations in an outsourcing context, communication across borders and cultural differences are often addressed as critical issues in global collaboration between clients and providers (Luvison and Bendixen, 2011). Culture training that develop more cultural self-awareness as well as competencies to bridge cultural divides has already in other studies of outsourcing partnerships been pointed to as essential for research and development project across borders (Gertsen et al., 2012; Krishna et al., 2004).

Kedia and Lahiri (2007) expect that the effects of 'culture distance' or cultural dissimilarities between Western clients and service providers representing economies in transition will be higher in strategic partnerships than in tactical partnerships where cost reductions are the main driver. However, according to our interviewees, neither the vendor representatives on-site nor off-shore find that cultural differences represent major obstacles in the two projects we studied. Even though we will not ignore the existence of different work practices and value orientations in the client organization and the vendor organization, nor claim that the world is flat, we suggest that the fairly smooth collaboration across borders may be facilitated by managers with cross-cultural competencies and boundary spanning capabilities.

While most of the off-shore system developers seldom interact with representatives of the client and the on-site team, the vendor's top and middle managers are frequently engaged with the client. These managers all had intercultural work experiences. They had grown

up in India, but then worked several years for the vendor company either in the United States or Europe or Australia. Moreover, they had been offered in-house cultural training programs to learn from cultural encounters and reflect on their own preferred communication and management practices instead of taking them for granted. They were also offered training in negotiations and relationship management, and it was therefore an obvious task for them to listen to the client's needs and concerns and to 'translate' the client's requirements and make them understandable to the Indian software developers off-shore.

Another enabler of a fairly smooth collaboration across borders was the set of processes that the Indian vendor had negotiated with the European clients. These processes tied client and vendor to shared goals and objectives and furthermore made it clear who, what, when, and how success is to be defined, measured and sustained. Uncertainty was thus reduced through clear and transparent documentation of business processes and contractual requirements.

A third explanation why national differences in work practices and value orientations did not seem to play a major role in the client–vendor relations in the two cases we have studied is the fact that 80–90% of the work is done by geographically dispersed teams at locations in India, that represented various competence profiles (for example design in Calcutta, front-end in Bangalore, back-end in Chennai). Virtual communication in geographically dispersed teams is still more challenging than collocated work (Bjørn and Ngwenyama, 2009; Nardi, 2005). But the off-shore employees' collaborative work is facilitated by various forms of information and communication technologies, from e-mail and web-ex to video-conferences, and also on-site and off-shore employees frequently communicate that way, and are trained to do it and aware of the obvious challenges in communicating, exchanging knowledge and building trust across geographical distances and time zones.

As already mentioned, representatives of the clients visit the Indian sites frequently, and being physically present demonstrates their commitment (Nardi, 2005). The visibility and engagement of client managers and their face-to-face interaction with vendor's managers and employees are essential elements of relationship-building. The strategic partners thus in various ways demonstrate their commitment to a 'we-approach'. This is also the case among vendor employees at the lower echelons. The software developers in off-shore teams tell about situations where they are ready to work long hours when needed. According to vendor managers, attrition is also much lower among those team members who identify with the development projects and consider their peers at client side as partners than what is experienced in many other units of the Indian IT service company.

7. Conclusion and future research directions

This article contributes to our empirical understanding of intercultural collaboration and boundary spanning in off-shore software development projects. Research of outsourcing processes has had strong focus on commercial and strategic issues, the latter especially in projects representing advanced stages of outsourcing, for example of development tasks. Some scholars have also focused on the technological resources that enable virtual communication in outsourced projects. However, communication and collaboration across cultures and time zones are not only a matter of recruiting and retaining human resources but also providing the necessary information technological resources. A lot of work is also involved in informing and coordinating, as well as establishing and maintaining strong relationships between representatives of the client and the vendor. These areas are still underresearched in the outsourcing literature, and we contribute to filling a research gap by looking more into psychological, cultural and communication issues that facilitate cross-border collaboration in a strategic client–vendor partnership.

Whereas some scholars have studied strategic partnerships from the outsourcing company's perspective, we have in this article focused on vendor perceptions of strategic partnerships, which is also an underresearched issue in the outsourcing literature. Through interviews with many vendor representatives, both on-site and off-shore, we describe how the Indian vendor was able to establish strategic partnerships through long-term engagement with the field of banking and insurance as well as through strong and enduring relationships with the European clients.

We have chosen a polyphonic approach, and according to our interviewees, who represent both top and middle management as well as young system developers, three major themes describe important aspects of the strategic partnerships that ensure a stable long-term relationship between client and vendor: 1) senior management commitment and employee identification with the development projects, 2) mutual trust and transparency in the collaborative work processes, and 3) cross-cultural understanding and sensitivity as capabilities to bridge across national borders and organizational divides.

The article also draws attention to the important collaborative work done by people who are able to span boundaries in the complex organizational set-up of global IT development projects: between client and vendor, between on-site and off-shore vendor teams, and between members in geographically dispersed off-shore teams.

In this article we have analyzed interviews from one visit to an off-shore location in India and one visit to the on-site teams in Europe. Future research will include a longitudinal study with annual visits to both on-site and off-shore teams. The current study does not put much effort into contextualizing the interview accounts; focus is rather on what happens at the (virtual) workplace and what representatives of the vendor tells about the (virtual) collaboration in the projects. In future studies we also aim at getting access to town hall meetings, videoconferences and other meetings that can either contrast or support the impressions we get through qualitative interviews.

Furthermore, we intend to get into contact with the clients of the two projects studied to get a fuller picture of how the strategic partnerships are perceived both from a client and a vendor perspective, and how the clients deal with the key issues in this article: trust, commitment and intercultural sensitivity. The interviews based on which this article is written give the impression that collaboration goes fairly smoothly in the two projects, not least due to the mature client/vendor relationship and the many boundary spanners that make great efforts to manage the relations with intercultural sensitivity. A future study of these

large and complex projects could also look deeper into how power relations between clients from some European countries and a multinational vendor from India are enacted in the daily collaborative practices.

Acknowledgments

Appendix A

Information given to interviewees in InIT.

As part of the five-year research project (NexGSD — see below for description), we are conducting a longitudinal study, where we interview InIT managers and employees over three years to identify how the challenges of working remotely change over time.

Basically, we are interested in the individual experiences of InIT managers and employees concerning their collaboration locally and globally. The four overall questions we would ask are:

1) Project: Please tell us about the project(s) you are part of right now?
2) Role: Please tell us about your role(s) in the project?
3) Collaboration processes: Please tell us about how you experience collaboration locally and globally in terms of time, geography, organizational culture, national culture, professions, work practices, technologies, and languages.
4) Challenges: Please tell us about the challenges you have experienced when working globally?

All information from the interviews will be kept confidential between the researchers and the interviewee, and all quotes and examples will be anonymized in academic publications.

NN, affiliation.
NN,affiliation.
NN, affiliation.

Appendix B

Table 1
Overview of interviews with off-shore and on-site team members.

Case	Interviewee	Location
EuroBank	1. Head of Banking and Financial Services unit with 26,000 employees	Bangalore, Dec 2011–Jan 2012
	2. Senior Consultant and Delivery Manager for 200 employees	
	3. Solution Consultant. Leader of testing and training team with 55 employees	
	4. Project Leader and Developing Lead. 80 people working under his supervision, 10 module leads reporting to him	
	5. IT Analyst, working alone	
	1. Global Account Manager	London, December 2012
	2. Client Partner, (Banking and Financial Services in UK, Europe and Americas)	
	3. Head of strategic initiatives	
	4. Engagement Manager	
	5. Relationship Manager	
EuroPension	1. Head of the Insurance Business unit	Bangalore, Dec 2011–Jan 2012
	2. Delivery Manager with 70–80 employees	
	3. Program Director for Delivery, manages 220–300 people	
	4. Advisor and Head of Assurance Services and Business for the Insurance units	
	5. Project Leader, Head of the front-end of the user experience team	
	6. Team Lead of the user experience team with 10–15 system developers	
	7. System Developer	
	1. Head of implementation and delivery	London, January 2013
	2. Head of governance and delivery	
	3. Head of operations	
	4. Operations Incident Manager	
	5. Project Manager	
	6. Infrastructure Lead	
	7. Business Analyst	

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