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Information Technology Sourcing Across Cultures: Preparing Leaders for Cross-Cultural Engagements and Implementing Best Practices with Cultural Sensitivity

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INFORMATION TECHNOLOGY SOURCING ACROSS CULTURES: PREPARING LEADERS FOR CROSS-CULTURAL ENGAGEMENTS AND IMPLEMENTING BEST PRACTICES WITH CULTURAL SENSITIVITY

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Abstract

This research exercised a mixed method exploratory sequential design inquiry into the topical area of leadership behaviors and cross-cultural awareness that permeate successful global information technology (IT) outsource alliances. When IT is aligned with an entity's objectives, strategic technology leadership is actively engaged in governance, infrastructure architecture, planning, and cross-cultural collaboration. Bilateral contracting foster and forge interactive organizational cultures however, the advent of right shoring has introduced cultural complexity for IT leadership roles born of national, international, and sub-culture global dimensions. This research surfaced significant variations in IT professional opinions as to the leadership practices, cultural compatibility and service fulfillment performance factors in IT outsourcing alliances. The variations in response levels exceeded my expectation and raised my cultural awareness that when cross-cultural differences exist in global IT outsourcing alliance operations, virtual team members must accept such differences with applied cultural sensitivity. Also, while task-related conflicts may help to surface different perspectives and viewpoints and provide opportunities for exploring innovation, relationship and process conflicts may affect team cohesiveness and have negative influences on team performances regardless of adhering to agreed governance principles. To produce the proper group member interaction across cultures, individuals must reflectively monitor their sensitivity to combinations of internally diverse and potentially contested ways of acting to create highly distinctive and desirable group behavior across cultural clusters. This research demonstrates the strength of the situating cultural theory, applies it to specific domains of globally distributed IT service operations and contributes to literature by generating an in-depth understanding of cultural influences on global IT alliances. The electronic version of this Dissertation is at Ohio Link ETD Center, http://www.ohiolink.edu/etd

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Chapter I: Introduction

During the last 20 years, outsourcing[1] has transformed the for-profit Fortune 100 corporate community. Leading that change has been information technology (IT), a broadly defined collection of services that today thread through every part of a company, whether it is the data center, the call center, the human resource department, or logistics. Pure IT services are historically thought to range from application software development to end-user support systems, from inter-net and intra-net management to data networks. Current inquiries also indicate a prominence of IT across all business disciplines raising user community awareness of their reliance on cost-effective process solutions to fulfill company mission statements. Such reliance now stimulates a well-established IT outsourcing industry that services a growing variety of user needs. Such needs are accelerating the speed with which companies move toward truly virtual corporations with virtual teams of knowledge workers tied together via a world-wide web of inter-connected resources.

"People are becoming more inter-connected" (Northouse, 2007, p. 301). As a result, IT service companies now face demands that require a fresh look at service delivery with new approaches. These demands expand opportunities for focus and global resource alignments in order to fulfill outsource transformational goals. Although such goals do not alter what services are delivered, they may substantially alter how those services are delivered to achieve mutually beneficial cost effective solutions. While companies attempt to cultivate effective global resource alliances,[2] the failure rate of cross-cultural alliances was reported by Zineldin and

[1] A precise definition of outsourcing has yet to be agreed upon. The term outsourcing is often viewed as involving the contracting out of a business function—commonly one previously performed in-house—to an external provider.
[2] Partners may provide the alliance with resources such as products, distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, or intellectual property.

Dodourova (2005) to be significantly high. This representation raised my interest in researching global multicultural leadership models and cross-cultural sensitivity in IT alliances.

Positioning

I was born in the fifth decade of the 20th century and spent a majority of my early years absorbing the quest of parents and grandparents to endure and enjoy life in what they claimed were difficult times. Entering the for-profit Fortune 100 corporate community late in the second half of the 20th century I participated in years of corporate governance reform driven by global distractions. Those distractions included a meltdown in Southeast Asia, impeachment actions, oil embargoes, insights into corporate indiscretions, and a reported plethora of questionable business transgressions.

In my professional life I have been involved in international business for many years. I have worked for domestic corporations in the United States and two foreign entities operating globally. In those organizational cultures, my contributions include participating in due diligence for multinational joint ventures, negotiating contract terms for trans-border manufacturing licenses, outsourcing transactions, and telecommunications carrier-to-carrier relationships. I have also been an agent of change in various operational roles involving significant cross-border collaborative efforts. Such efforts involved crafting many joint ventures as an enabler of certain aspects of the transaction as well as realization of benefits from those collaborations. In that role, I have pondered why certain IT cross-cultural alliances go well while others seem to report mixed results, struggle, or fail.

The underpinnings of leading change in business have always been of interest to me as I discovered the complexities layered onto traditional business activities by introducing various multinational cross-cultural dimensions and change. Common precursors of such change include

negotiating contract language, developing joint governance policies, identifying success metrics, implementing timely service performance degradation interventions, and conducting portfolio analysis. Relative to IT offshore outsourcing alliances, such changes take on greater complexity when distinct cultures, statutory requirements, perceptions of ethical behavior, and social mandates come into play.

The widely cited definition of culture by Hofstede (1984) stated that: "culture is the collective programming of the mind which distinguishes the members of one group or category of people from another" (p. 25). To contribute to a developing body of knowledge following Hofstede's statement, this research investigated the leadership practices that permeate successful cross-cultural offshore IT outsourcing alliances. This research explored service key performance indicators (KPIs), service degradation interventions, and the dimensional view of culture within successful offshore outsourcing alliances when IT professionals interact effectively in cultural settings. The dimensional[3] view of culture depicts culture as consisting of values, attitudes, and norms that are shared by a group of people, are relatively stable, and influence how people behave. But first, I present some background on global outsourcing of IT that began with a "Kodak Moment."

Kodak Moment

On October 2, 1989, a transaction was signed that would forever change the landscape of IT outsourcing. In an agreement valued at nearly $250 million, Eastman Kodak[4] deliberately

[3] Cultural dimensions are mostly psychological dimensions, practice, or value constructs, which can be used to describe a specific culture. These are often used in inter-cultural or cross-cultural communications-based research.
[4] Eastman Kodak Company (OTCQB: EKDKQ), commonly known as Kodak, is an American multinational imaging and photographic equipment, materials and services company headquartered in Rochester, New York, and incorporated in New Jersey. It was founded by George Eastman in 1889.

and strategically handed over control of its global data center operations to IBM.[5] While not the first major outsourcing contract of its day, Kodak's move was a harbinger of a new IT outsourcing trend of assigning global control of human and fixed assets to an external service provider. "In the years since the Kodak deal, outsourcing has moved past being a strategic business option to becoming the pervasive paradigm of business in the new millennium" (Rao, 2004, p. 16). The generic notion of outsourcing—making arrangements with an external entity for the provision of goods or services to supplement or replace internal efforts—has been around for centuries. The term outsourcing reflects the use of external agents to perform one or more organizational activities (e. g., purchasing of a good or service). Global outsourcing is now in vogue in the IT domain and applies to everything from the use of contract programmers to third-party facilities management. The evolution from in-house knowledge workers to global teams has been accelerated via a communications infrastructure transformation that began in the 1980s.

Telecommunications Transformation

When Kodak embraced strategic outsourcing of IT, global communication was entering a period of infrastructure transformation. In the 1980s telecommunication standards committees formed by the governments of the then "free world" redefined their technological guidance of voice and data central office and trans-border public telephony communication exchanges. In the post-World War II infrastructure rebuilding period, leading edge telephony services existed between the Americas, Japan, and Western Europe. The United States was serviced by American Telephone and Telegraph (AT&T) while Western Europe and South America service

[5] International Business Machines Corporation (NYSE: IBM) or IBM is an American multinational technology and consulting corporation headquartered in Armonk, New York. IBM manufactures and sells computer hardware and software, and offers infrastructure, hosting, and consulting services in areas ranging from mainframe computers to nanotechnology. The company was founded in 1911 as the Computing Tabulating Recording Corporation (CTR) through a merger of three companies: the Tabulating Machine Company, the International Time Recording Company, and the Computing Scale Corporation. CTR adopted the name International Business Machines in 1924, using a name previously designated to CTR's subsidiary in Canada and later South America.

providers were positioned within each sovereign's Post, Telephone, and Telegraph (PTT) government ministry often labeled "ENTEL" in Central and South America. The then global services of publicly available telecommunications existed under "International Settlement Agreements" where voice was via person-to-person telephones while data communications exercised 300 bits per second (bps) "Telex" service via "dial-up" dedicated teletype machines.

To fulfill obligations for cost-effective service solutions to Kodak, IBM interconnected several of its global facilities with privately held "point-to-point" communication circuits that bypassed the publicly switched network with "full period" leased bandwidth. This permitted simultaneous communication connections for voice or data transmissions between the Kodak facilities and distant IBM locations around the globe. This action formed three baselines for cost-effective service outsourcing: (i) voice communication with a distributed workforce; (ii) higher speed digital data (9600 bps versus Telex at 300 bps) transfer capabilities interconnecting application hosting computers; and, (iii) tactical work assignment allocations distributed across a global community of IBM process knowledge workers. Today, optical fiber cable plant with bit speed bandwidth that dwarfs historical standards has augmented copper wire cable plants between nations and IT service facilities. "Just as information and telecommunication technology revolutionized production, it revolutionized migration and multiculturalism. Migrants can now work in one space and culturally inhabit another" (Pieterse, 2007, p. 66). These baselines for strategic outsourcing continue to evolve and expand across national boundaries as virtual teams act and interact with each knowledge worker's cultural norms. Thus, election to enter into a global IT outsource transaction may facilitate cross-cultural conflict surfacing a need for service fulfillment performance intervention with cultural sensitivity in the leadership, virtual team and group member roles.

Why Outsource Information Technology Services?

According to Dibbern, Goles, Hirschheim, and Jayatilaka (2004), there are four fundamental parameters that determine the kind of outsourcing arrangement that a firm may enter into: degree (total, selective, and none); mode (single vendor and client or multiple vendors and clients); ownership (totally owned by the company, partially owned, or externally owned); and time frame (short term or long term). With these parameters in mind, a key question is, why would a business enterprise user community choose to outsource IT to an external service provider?

Outsourcing is a decision initially thought to be centered on cost reduction, tapping economies of scale and efficiencies derived from a supplier's versed and skilled capabilities to reap value from a service or operation. Yet, even with IT outsource suppliers; the value is not in the hardware or software. Value comes from the way the supplier applies processes, people, and practices to improve how each task is fulfilled. Additional values flow when internal overhead is migrated to an external service provider where a return on investment (ROI) can be measured, the use of outside resource expertise can be leveraged and quality of service fulfillment is contractually accountable. In commercial activities today, one fact has become clear; the ability to forge, manage, and sustain strategic outsourcing relationships is increasingly critical to competitive success. To make IT matter in any organization, to promote its role as a catalyst for desired change, buyer and vendor leaders must be involved from the beginning of the source planning and implementation process. Internal buyer staff members know the current technology, business situations, or use, and the vendor or service provider can review the situation with buyer staff members, diagnose the desired mutual results, and propose a outsource service solution to address the reasons and factors companies outsource.

When analyzing outsourcing companies usually state one of more motivations such as controlling operating costs, making capital funds available, cash infusion from the reallocation of assets, and gaining access to world-class capabilities. However, another important factor for one to consider is the speed of technological advancement. Companies who outsource reflect on whether or not IT is core to their business strategy or a facilitator for effective process and functionality. Whereas those who deliver outsourced services hold a strategic vision and investment as a facilitator of such functionality. Today technological evolution is accelerating at a significant pace with investments being written down on the owner's financial records within three to five years to leverage the power of new technology and processes investments.

The critical success factors for most organizations to compete in the marketplace, win business transactions, and grow their revenue base are in their ability to truly know a technology solution's inherent powers. To be successful, an organization needs to leverage those inherent powers for organizational improvement and organizational benefit, while capitalizing on those benefits for sustained favorable performance. Thus, savvy and forward-thinking IT suppliers increasingly position their firms as central to their customer's IT solutions. These IT suppliers offer new processes, resources, technology and training to better help the buyer explore issues and devise solutions that may begin with IT, but will often also serve the buyer's business supply side proposition. In his (2005) book, *The World is Flat*, Friedman labels globalization and the technological forces that power it as technology-enabled "flattening forces": such as sourcing, in-sourcing, open-sourcing, in-forming, supply-chaining, work-flowing, off-shoring, and mobilizing. These actionable IT-empowered "forces" are essentially IT-enabled strategies for disaggregating current services and revenue models and redesigning them to take advantage of

the flexibility, nimbleness, and productivity inherent in "connected" external sourcing and partnering. Notwithstanding these empowering forces, as the issue of outsourcing continues to evolve, right shoring[6] alliances are viewed as "thought relationships" helping organizations discover how to derive value and advantage out of the technologies they utilize.

Locating Outsourced Information Technology Services

As stated earlier, IT service providers interconnect facilities to stimulate cost-effective solutions between a buyer's facility and service provider locations around the globe. This action permits cost-effective right shoring of IT services via: (i) communication with a globally distributed workforce; (ii) high speed digital data transfer; and, (iii) tactical work assignment allocations across a community of competent knowledge worker virtual teams. To illustrate the right shoring effects of outsourcing; a changing problem of global outsourcing is that new IT services may not require the same skills or be in the same industry sectors of the economy.

Flowing from a "Kodak moment" in 1989, by 2002 over 67% of the people employed in IT jobs in the United States did not deliver work into the IT sector, but rather designed, modified, and integrated IT for companies outside the IT domain. As hardware prices fell, the importance of software and IT services rose as a proportion of spending on the total IT package from $1.40 of software and services per $1.00 of hardware in 1993 to $2.20 of software and services per $1.00 of hardware in year 2000. The raw technology of the high bandwidth Internet, along with lower prices for telecommunications and IT hardware, including personal computers, creates linkages between the IT businesses process service provider and a global labor force that simply did not exist before the Internet-based value chain was available. Some of the types and

[6] Right shoring is the concept of placing a business' components and processes in localities and countries that provide the best combination of cost and efficiency. Right shoring does not require a company to move business processes offshore. Rather, it is a strategy in which a business analyzes the complexity and importance of required tasks and entrusts their fulfillment with the most suitable workforce, regardless of global location.

transformation of IT jobs in response to global outsourcing of software can be seen in detailed occupation data from the United States Bureau of Labor Statistics. From 1999 to 2002, the number of software programming jobs in the United States paying on average $64,000 per year was vacated by some 71,000 people. But jobs held by application and system software engineers in the United States earning an average of $74,000 per year increased by 115,000 people. Thus, as knowledge workers vacated positions, IT outsourcing filled those service voids with cost effective replacement personnel via global virtual team member staffing. "The nation state is no longer the 'container' of multiculturalism" (Pieterse, 2007, p. 66). Whether centralized or decentralized, organizational values and assumptions of founders together with the daily learning experiences of group members join in the evolving cultural framing of organizational operations in a shifting trend labeled right shoring.

Changing Role of Information Technology Services

In a series of focus group meetings conducted with stakeholder groups (i.e., IT managers, user managers, and consultants) for emerging issue identification, Lee, Trauth, and Farwell (1995) suggested:

> [The] IT service sector will demand a cadre of professionals with knowledge and skills in technology, business operations management, and interpersonal skills to effectively lead organizational cross-cultural integration and process reengineering activities. This focus on the changing role of IT in organizations requires that IT professionals develop interpersonal and management skills to work with their functional peers into finding ways to conduct business. (p. 315)

Lee et al. (1995) further reported that future IT professionals should strengthen their interpersonal and team transactional leadership skills. These skills should move to mitigate potential cross-cultural conflict when linking the roles of global human resources. In such roles, today's service providers face demands that require service delivery with approaches that expand opportunities for focus with cost-effective global resource virtual team alignment. Such resource

alignment will need to address and fulfill transactional and transformational goals. As stated, serving these goals does not alter what IT services are delivered; however, they may substantially alter how those services are fulfilled and surface cross-cultural issues.

Den Hartog, Van Muijen, and Koopman (1996) found that transformational and transactional leadership are linked to a cross-culture model based on a competing values model. The values model identifies five basic problems culture must solve as: (i) what is basic human nature? (ii) how do people relate to nature? (iii) what is the sense of time? (iv) how do people conduct activities? and, (v) what are the relationships of people to each other? Transactional leadership theories are founded in the idea that leader-follower relations are based on a series of exchanges or implicit bargains between leaders and followers. In contrast, transformational leadership goes beyond the cost-benefit exchange of transactional leadership by motivating and inspiring followers to perform beyond expectations in ways that transform their organizations. According to Den Hartog et al. (1996), transformation engages organizational culture that springs from three sources: (i) the beliefs, values, and assumptions of founders of organizations; (ii) the learning experiences of group members as their organization evolves; and, (iii) the values and assumptions new members and leaders invest in organizations. Thus, while bilateral contracting and business source alliance relationships foster and forge cross-cultural interaction, the advent of right shoring has introduced cultural complexity for IT service outsourcing leadership, and for knowledge worker virtual team member roles born of national, international, culture, and sub-culture global dimensions.

Whereas, "the identification of cultural dimensions is an inductive research process, the application of those cultural dimensions is often deductive" (Den Hartog et al., 1996, p. 71). To some extent, defined cultural dimensions provide a framework to compare and measure the

cultural differences from one national sovereign to another. Across this cultural tapestry, global alliances and virtual teams can take on many forms of working relationships, however, "IT outsourcing tends to be more complex than most other forms of outsourcing, due to the fact that IT provides, affects and shapes most organizational processes in some way" (Kern & Willcocks, 2002, p. 3). Hopefully, when and if cross-cultural differences become a challenge in global IT outsourcing alliance operations, virtual team members shall negotiate such differences with cultural sensitivity to overcome those challenges.

Virtual Teams of Knowledge Workers

The terms "virtual," "distributed," and "dispersed" are sometimes used interchangeably in the literature; this study adopted virtual when dealing with distributed or dispersed team members. A global virtual team can be viewed as a collection of individuals who are organizationally and globally dispersed, and culturally diverse, and who communicate and coordinate work activity either asynchronously or in real-time primarily through information and telecommunication technologies. Virtual teams conduct work primarily in the virtual work environment, but also engage in face-to-face interactions. One of the major challenges that a virtual team faces is effective communications and coordination when a common language may not invoke a common meaning or an intended action. Particularly when globally distributed team members have no or limited prior collaboration history, it is difficult to achieve shared understandings and group cohesion among virtual team members. Thus, sharing task knowledge is not only about information sharing, but also about being aware of whether or not other team members receive and understand the information and will act accordingly. Another major challenge of virtual teamwork is conflict management. While task-related conflicts may help to surface different perspectives and viewpoints and provide opportunities for exploring innovation,

relationship and process conflicts may affect team cohesiveness and have negative influences on team performances. This is why IT outsourcing leaders employ a plethora of KPIs with user satisfaction surveys to examine whether or not a virtual team is delivering on their service fulfillment commitments while adhering to IT governance principles.

IT Governance Principles

IT governance in an organizational context provides oversight of the six key assets (human, financial, physical, intellectual property, IT, and relationships) that must be governed to create value. Figure 1.1 displays the corporate and key asset governance flow diagram.

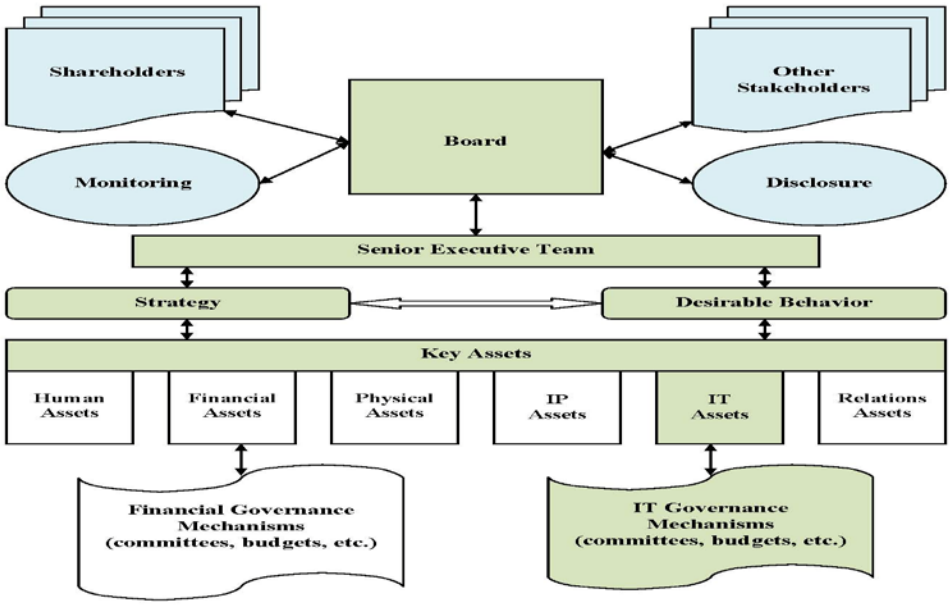

Figure 1.1. Corporate and key asset governance. Adapted from "*IT Governance: How Top Performers Manage IT Decision Rights for Superior Results,"* by Weill, P. & Ross. J., 2004, Boston, MA: Harvard Business School Press. Copyright 2004 by MIT Sloan Center for Information Systems Research (CISR), reproduced with the permission of MIT Sloan CISR.

IT has become an essential ingredient for enterprise competitiveness in that IT supports standardized process components, shared knowledge, instantaneous communications, and electronic linkages. Effective IT governance should address three questions: (i) what decisions must be made to ensure effective IT management? (ii) who should make these decisions? and, (iii) how will these decisions be made and monitored? Several areas weigh in on the first two questions including principles that clarify the business role of IT, the definition of IT architecture integration and standardization, determining shared and enabling services, business needs and an investment strategy. The third question requires design and implementation of governance mechanisms, such as roles, and processes represented in Figure 1.1.

"Carefully designed IT governance provides a clear, transparent IT decision making process that leads to consistent behavior linked back to the senior management vision while empowering everyone's creativity" (Weil & Ross, 2004, p. 18). The typical IT governance flow diagram in Figure 1.1 exposes items with a tint to represent the vertical interactions linking strategy and behavior to executives, committees, budgets, etc. An important aspect of the typical IT governance flow in Figure 1.1 is the Board and Senior Executive interaction that flows into a strategy vision and desirable behavior to influence the IT alliance governance mechanisms.

Never the less, IT governance can be messy. Governance fosters debate, negotiation, constructive disagreement, mutual education, and often frustration. Enterprises with effective governance mix and match decision-making structures to implement predetermined archetypes and ultimately achieve organizational goals. Clearly, a fundamental underpinning of effective governance is to actively involve those who are governed to participate in the evolution of governance guidance with timely behavioral feedback.

Purpose of the Research

This research addresses organizational culture, cultural sensitivity, transactional success factors, and applied leadership practices that permeate successful cross-cultural offshore IT outsourcing alliances. The purpose of this exploratory sequential design was to surface beliefs and opinions with a small sample of 10 interviewees and then to integrate the qualitative findings into a larger sample exercising a quantitative survey. Thus, the first phase of the study was a qualitative exploration of leadership practices collected via verbal telecommunications technology. From this initial exploration, the qualitative findings were used to develop measures that can be administered to a large sample of IT professionals. In the quantitative phase, leadership practices responses are requested from 100 participants using an online survey. My research focused on how and when to link service performance intervention practices that are exercised by successful cross-cultural offshore IT outsourcing alliances when and if service degradation is noted in periodic service metric reporting or a user satisfaction survey.

Through a history tied to their own particular time and place, people engage in practices that are guided by their knowledge-ability of the situations they face. To deliver compliant IT outsourcing service delivery fulfillment performance, individuals reflectively monitor themselves; however, leading a cross-cultural IT outsourcing engagement surfaces additional challenge in terms of virtual team knowledge worker cultural compatibility and geographical boundaries. Distinctive alliance practices include verbal as well as non-verbal exchanges noting that "understanding and knowledge of cultural unique non-verbal communication should be included in the definition of culture sensitivity and in the cross-cultural working alliance" (Shonfeld-Ringel, 2001, p. 58). While alliances can take on many forms or working relationships, many leaders of cross-cultural outsource IT alliance engagements are thrust into

their role, often with little or no formal understanding of the distant culture they will interact with on a daily basis. By exploring and understanding the experiences of leaders in successful IT outsourcing transactions, I stimulated an informed perspective on preparing leaders for treating service delivery challenges in cross-culture IT collaborations where cross-cultural issues surface with periodic KPI reporting, and timely service fulfillment performance interventions.

Research Question(s)

What are the leadership best practices and cross-cultural awareness that permeate successful offshore IT outsourcing alliances? This question is further clarified in a literature review of topics, such as:

1. What IT alliance KPIs and service level agreements (SLAs) should be measured and monitored?
2. What constitutes a meaningful measurement and monitoring tracking system?
3. What are acceptable or objectionable variations of KPI/SLA goals?
4. What interventions facilitate favorable IT alliance performance?

It is important to note that an IT alliance moves through four significant stages and that each stage must fulfill its objectives to build a success label. Those stages are: (i) alliance formation including contract language, intent and governance establishment; (ii) alliance transition from the current mode of operation to the contracted profile; (iii) alliance transformation where the contracted services migrate to another form of fulfillment; and, (iv) alliance study state operations. This research explored alliance practices and decision making across all four operational stages including existing buyer IT human resource treatment.

Research Approach

In the Chapter II literature review I explored how cross-culture challenges are addressed by diverse virtual teams of human resources, and the leadership practices and cross-cultural compatibilities that permeate successful offshore IT outsourcing alliances. IT offshore outsourcing alliances negotiated across corporate and national boundaries have exploded the need to study more than just cultural values, "to focus on how beliefs and cognitive processes differ across cultures" (Earley & Mosakowski, 2004, p. 151). Drawing on the shared, stable, distinguishable, and predictive assumptions about culture, early researchers attempted to define and generalize the patterns of different cultures into dimensions by using a given nation or geography as the boundary condition. The dimensional view of culture depicts culture as consisting of values, attitudes, and norms that are shared by a group of people, are relatively stable, and influence how people behave. Cultural sensitivity, whether at the global or regional level, has been studied by focusing on cultural values and, to a lesser extent, cross-cultural practices. Perceived usefulness is, in turn, influenced by the values embraced by a culture as well as which practices, techniques, and timely leadership interventions are deemed acceptable within a culture when service delivery metrics are reporting IT service performance degradation.

In Chapter III, a mixed methods exploratory sequential design research methodology studied IT professionals with multicultural experience to construct those leadership practices and cross-cultural compatibilities that permeate successful cross-cultural offshore IT outsourcing alliances. I engaged in structured interviews with individuals with multicultural experiences for depth. Selection of interview participants for the qualitative research component was based on whether they have worked on a multi-culture IT engagement, fulfilled a management or leadership function in their organization, and worked in a for-profit Fortune 100 multinational

organizational with outsourcing alliance engagement exposure. Those interview results help formulate and validate an instrument to engage IT professionals with an online survey for breadth of statistical findings. Selection of the 100 survey respondents was identified from outsourcing professional membership listings that I have access to as a registered member. The online (Web-based) survey consists of a series of statements involved in managing global entities when they cross national boundaries that have very different cultural norms and values, and what constitutes implementing practices with cultural sensitivity. The survey design familiarized respondents with leadership practices they identify as those attributes they think are the most important and least important indicators for a successful global IT cross-cultural outsourcing alliance. A series of statements and questions on leadership practices was augmented with cultural compatibility, and service fulfillment performance for respondents to offer their opinions.

Summary Comments

In the course of dealing within Information Technology (IT) industry segment common to many work environments, providers and users of computing or network connectivity services often agree on how to measure service delivery compliance in the form of service language but seldom agree on what constitutes a satisfactory level of delivery fulfillment performance. When an entity entertains and exercises their right to contract various IT sub-functions performed by internal resources (human, fixed or leased assets) in their current mode of operation (CMO) to one or more IT service provider(s) outside the entity's organization structure, this act of "outsourcing" introduces change to the buyer's operating entity. In general, the sourcing literature described various manifestations of outsourcing arrangements or options in terms such as added value, back-sourcing, equity holdings, multi-sourcing, and spin-offs. To expand on

available terms, Lacity and Hirschheim (1995) offered a taxonomy of "right" sourcing decision options and scope differentiators including: total outsourcing—the decision to transfer IT assets, leases, staff, and management responsibility for delivery of IT products and services from an internal IT function to a single third party provider that represents more than 80% of the IT budget; total in-sourcing—the decision to retain the management and provision of more than 80% of the IT budget internally; and, selective sourcing—the decision to source selected IT functions from external provider(s) while still providing between 20% and 80% of the IT budget internally. Regardless of the sourcing label, the percentages applied, or the number of external providers engaged to purchase goods or services that were previously provided internally, exercising such sourcing strategies have resulted in resistance to change in the buyer's organization, mixed performance experiences, new patterns for service delivery alignment with user service expectations, and heightened cultural sensitivity. IT service delivery convergence with an outsourcing "phenomenon," technologically enhanced virtual team knowledge worker sophistication, and "real-time" demand for service satisfaction continues to challenge the role of IT management to define, build, drive, measure, and refine the reciprocal obligations of service delivery providers and service users in a sustainable, mutually beneficial, outsourcing relationship.

This research review presented in the following Chapter examined the IT outsourcing leadership literature with the intention of shedding light on timely service delivery interventions associated with mitigating performance risks to sustain successful cross-cultural outsourcing alliances. Particularly relevant to this study of IT outsourcing leadership in various cultures is the work of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research. Among other sources, my research explores *Culture and Leadership Across the World*

(Chhokar, Brodbeck, & House, 2007). This second publication is a resource for culture and leadership guidance in many of the nations that I probed for examples of cross-cultural IT outsourcing alliance challenges and timely appropriate service fulfillment interventions. Indeed, worldviews differ not only across national boundaries, but also across regions, religions, industry sectors, organizations, professions, personal backgrounds, and individual characteristics such as gender, age, job experience, or race. Thus, although "people's beliefs and values are tied to their cultural upbringing" (Earley & Mosakowski, 2004, p. 158), such a description may become problematic when considering a global leader's role when mitigating IT cross-cultural outsourcing fulfillment performance less than favorable results.

Chapter II: Review of the Literature

Drawing on the shared, stable, distinguishable, and predictive assumptions about culture, early researchers attempted to define and generalize the patterns of different cultures into dimensions by using a given nation or geography as the boundary condition. As initially stated in Chapter I, the dimensional view of culture depicts culture as consisting of values, attitudes, and norms that are shared by a group of people, are relatively stable, and influence how people behave. In many respects, multicultural collaborations (or contentions) are not designed intentionally, but rather the natural progression of events and innovation taking place on a global scale. For example, while Hofstede (1984) related to culture as collective programming of the mind, Gajjala (2003) wrote of the pace of expansion of multicultural interaction:

> As we rediscovered with deadly clarity in the month of September 2001, globalization, and information communication technologies, nationalisms, and religious Diasporas are inextricably linked with a need for intercultural understanding. The world becoming "smaller" is enabled through a variety of technologies, and the clashing of various cultural, religious, and political discourses and extremisms has material consequences. (p. 168)

Corporate Framing

Reaching back to events most likely leading up to Kodak's 1989 decision to enter into an outsourcing agreement with IBM, it should not require a substantial leap of faith to rationalize IBM's use of one or more of Hofstede's research findings on national culture. "Hofstede's primary data were extracted from a pre-existing bank of employee attitude surveys undertaken around 1967 and 1973 within IBM subsidiaries in 66 countries" (McSweeney, 2002, p. 90). The cultures characterized by approximately 117,000 global respondents are assumed to be exclusively three interacting tiers and durable cultures representing one IBM across the globe: "the organizational, the occupational [professional], and the national" (p. 95); however, one

could reasonably challenge Hofstede's (1984) inquiry from within IBM across the globe and determine that the surveyed population placed organization culture first to preserve their employment, and then viewed professional culture as a subculture within the organization subject to the discipline served, while their national culture was reined in by those surveyed as personal and not work dependent. Yet House, Hanges, Javidan, Dorfman, and Gupta (2004) noted "the differential role demands placed on leaders may vary according to demographic composition of organizations, national or regional political systems, or the strategic requirements of the leader's organizations" (p. 59). Whereas implicit leadership theory (ILT) is specifically represented by House et al. as those individuals who have implicit beliefs, convictions, and assumptions concerning attributes and behaviors that distinguish leaders from followers, effective leaders from ineffective leaders, and moral leaders from evil leaders. Aside from leveraging Hofstede's study of IBM for bi-polar cultural dimensions, IT knowledge workers were not addressed in the House et al. *Culture, Leadership, and Organizations* publication.

In reality, IT professionals as a group have had to respond over time to shifting patterns in staffing trends from central to decentralized organizations with a cadre of industry demands that draw upon their "knowledge and skills in technology, business operations management, and interpersonal skills to effectively lead organizational integration and process reengineering activities" (Lee et al., 1995, p. 313). To illustrate the shifting patterns, as stated in Chapter I, the raw technology of the Internet, along with lower prices for telecommunications and IT hardware, including personal computers, creates linkages between the IT businesses process service provider and a global labor force that simply did not exist before the Internet-based value chain was available. The culture of the global labor force became a significant factor in organizational success given this new Internet-based value chain. Whether centralized or decentralized,

organizational values and assumptions of founders together with the daily learning experiences of group members became set in a cultural context that is now part of an evolving cultural framing of business operations. In effect, leaders are influenced by culture in that their power is constrained or enhanced by the content of culture and due to the fact that "culture shapes which behaviors will and which [behaviors] will not be effective in influencing others in order to reach the desired [operational] goals" (Den Hartog et al., 1996, p. 74).

Group Behavior

Whether a leader or a follower, culture has a highly pervasive influence on one's behavior; as Foster (2000) observed, "a person's perceptions, attitudes, motivations, values, learning experiences and personality are all, to a very large extent, shaped by culture" (p. 63). Additional desirable personality traits of group members might include "empathy, openness, flexibility, tolerance, self-confidence, optimism, independence, good communication skills, initiative and intelligence" (p. 63). When such traits are embraced in a national culture that has dominated an employee's life experiences, life can be good; however, when that same employee interacts cross-culturally with another, life can be stressful. Hence, those "who [are] highly successful in one culture may find it difficult, if not impossible, to function in another culture, unless s/he is aware of [and sensitive to] the significance of cultural differences" (p. 64). "Culture is always in-the-making to some degree, as certain members strategically combine particular themes in ways designed to make their definitions more compelling to others" (Weisinger & Salipante, 2000, p. 384). Through a history tied to their own particular time and place, people engage in activities that are guided by their knowledge-ability of the situations they face. To produce the proper group member interaction across cultures, individuals must

reflectively monitor their sensitivity to combinations of internally diverse and potentially contested ways of acting to create highly distinctive and desirable group behavior.

Global Alliances

While alliances can take on many forms or working relationships, as quoted earlier, "IT outsourcing tends to be more complex than most other forms of outsourcing, due to the fact that IT provides, affects, and shapes most organizational processes in some way" (Kern & Willcocks, 2002, p. 3). Framed by a governing document termed the contract, many outsourcing buyers found that "although service was delivered according to [the] agreement language, in many situations they did not satisfy user requirements" (p. 9). Two main problem types were identified by Kern and Willcocks (2002), including: "day-to-day problems; and operational, cultural and contractual problems" (p. 12). Depending on level of impact, these problems were either resolved by the mid-level operational managers or escalated, following IT governance procedures, to senior leadership. Kern and Willcocks (2002) findings revealed that most managers involved in the outsourcing deal were too caught up with internal organizational issues, such as IT service demand, service levels, conflict resolution, and relationship management, to consider culture or environmental factors in their management tasks. Yet, "it seems rational to assume that the [cultural] environment implicitly influences, shapes and guides IT outsourcing relationships" (p. 13).

Kern and Willcocks (2002) also suggested that as the parties adapt to their outsourcing venture, their organizational cultures and each other's management styles over time "in some way become institutionalized" (p. 14). Unfortunately, such institutionalization flies in the face of operational reality and process innovation in a strategic IT outsourcing alliance relationship, in that "this is a commercial business transaction not a partnership; suppliers have to keep earning

the business every day" (p. 16). This institutionalization can be particularly difficult for operational success because of the national cross-cultural influences on management styles. This is also emphasized by the House et al. (2004) GLOBE study indicating there is no evidence of a single model of management practices or of cultural values toward which all nations are converging that substantiates cross-cultural sensitivity as a foundational aspect of global IT outsourcing alliances.

National Culture

Hofstede (1984) conceptualized national culture as implicit, core, systematically causal, territorially unique, and shared. That conceptualization by Hofstede, together with some additional data and theoretical reasoning by House et al. (2004) revealed ten central and largely independent bi-polar dimensions of national culture. These 10 bi-polar dimensional forces influence the attributes, behavior, status, and practices in the countries, regions or cultural clusters in which a leader functions. A theoretical grouping of countries into cultural clusters includes: the Anglo Cluster; Arab Cluster; Confucian Asia Cluster; Eastern Europe/Central Asia Cluster; Germanic Cluster; Latin American Cluster; Latin European Cluster; Nordic European Cluster; South Asian Cluster; and, the Sub-Saharan Africa Cluster. Whereas the meaning of each bi-polar dimension can be explained separately, "it is important to note, however, that in reality these dimensions are inter related and have reciprocal effects on one another, depending on the specific relationship or constellation of the dimensions" (Booysen, 1999, p. 67).

1. Identity—individualism versus collectivism: the degree to which organizational and societal institutions' practices encourage and reward collective distribution of resources and collective action. While in-group collectivism is the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families versus claiming reward for personal achievements.
2. Authority—low versus high power distance: the degree to which members of an organization or society expect and agree that power should be stratified and

concentrated at higher levels of an organization, a family, or government. For example, the extent to which the group members of an organization expect and accept that power is distributed unequally or held by a senior person.

3. Risk—low versus high uncertainty avoidance: the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices. Thus, people in high uncertainty avoidance cultures actively seek to decrease exposure to risk and the probability of unpredictable future events while deferring decision making to a more senior person.
4. Achievement—cooperative versus competitive: the degree to which an organization or society encourages gender egalitarianism and rewards group members for performance improvements and excellence.
5. Time—punctuality versus relationships: the degree to which individuals in organizations or societies engage in such behavior as planning, investing in the future, and delaying individual or collective gratification. Punctuality or clock time means there are precise times when events and appointments should begin and end. Relationship or event time begins when all the people needed for the event arrive.
6. Communication—direct versus indirect: low context is when an individual or a society as a whole goes to great lengths to be very clear and explicit using words, whereas high context depends much more heavily on implied meaning and assuming that the listener will pick up in between the lines.
7. Lifestyle—being versus doing: the importance we attribute to taking care of ourselves, being productive, and striving for work-life balance characterized in the phrase "working to live or living to work."
8. Rules—particularistic versus universalistic: the dilemma of how you view your obligation to rules and laws versus your obligation to relationships. With universalism, there are rules for everyone. With particularistic views, there are particular obligations to people one knows while broader judgment focuses on the exceptional nature of present circumstances.
9. Expressiveness—neutral versus affective: commonly viewed in facial expressions, neutral offers a great deal of emotional control where reason influences behavior. Assertive people want to find ways to express emotion, even spontaneously as a sign of showing respect.
10. Social Norms—tight versus loose: the degree that strong social norms are within a culture and are primarily concerned with how a culture handles people who deviate from such norms. (House et al., 2004, p. 30)

While the development of cultural dimensions is an inductive research process, the application of those cultural dimensions is often deductive. Thus, cultural systems and social systems are treated as analytically distinct but related, the latter being theorized as the dependent

variable. The GLOBE study framed universal and specific management practices strongly affected by cultural variations as follows:

> Using academic jargon, the issue of common versus unique business and management practices is framed using the contrasting perspectives embodied in the terms cultural universals versus cultural specifics. The former are thought to be found from the process of cultural convergence whereas the later from maintaining cultural divergence. (House et al., 2004, p. 52)

According to McSweeney (2002), Hofstede assumes that national culture is a common component of a wider culture which contains both global and sub-national constituents. This gives rise to the question: is culture a coherent meaning system with a deep structure and organized by such themes as individualism or collectivism (Greenfield & Liao; Hofstede, 1980; Triandis, 1995), or is it a network of domain-specific symbolic elements with loose inter-connections? Dorfman (1996) cautioned that there are at least five caveats in dealing with culture and leadership using fixed dimensions, including: (i) cultures are not static they are dynamic and continually evolving—the associated beliefs, values, and other elements of culture reflected at a single point in time may therefore not be the same at later stages; (ii) although cultures may appear high or low on a particular dimension in a certain context, this orientation will most likely not be characteristic for all issues or situations—the example Dorfman (1996) used is that North Americans at work are extremely individualistic, yet they are inveterate joiners of groups and organizations (possibly for the individuals' own interests, or to meet emotional needs for a sense of belonging); (iii) there will be individual differences, due to unique personality influences, within groups and cultures—for example, there may be highly collectivistic individuals within a highly individualistic society; (iv) when using dimensions to differentiate between cultures, significant differences within cultures may be overlooked; and,

(v) overlapping cultural entities within individual cultural identity structures, as well as cultures endemic to leadership, must also be considered.

Dorfman (1996) also suggested that the combination of these caveats should lead to a cautious view of the national cultural dimensions because they are only several of many other influences on culture. Reflecting on other influences, Booysen (1999) asserted that "different constellations of inter-dimensional relationships will manifest in different cultural patterns depending on the specific constellation…these different cultural patterns will then also impact differently on leadership behavior" (p. 67). It is thus possible to assume the existence of national culture but without attributing significant and unique common, indeed any, social patterning effects to such cultures. "National culture is not theorized as the only culture, or the totality of cultures, within a nation, but by definition it culturally distinguishes the members of one nation from another" (McSweeney, 2002, p. 92). The first four dimensions stated above have their origins in the dimensions of culture identified by Hofstede (1980), which were expanded in the GLOBE study where it was noted:

> Knowledge about cultural and organizational norms and practices can be used to inform the formulation of meaningful prescriptions for strategy and policy formulation, organizational improvements, human resource management practices, and the design of organization structures and incentive and control systems. (House et al. (2004, p. 25)

Specific to the achievement dimension, the value of assertiveness and competitiveness versus modesty and caring as the essence of gender egalitarianism and rewards in national cultures for global IT professionals was reinforced in a study conducted by Trauth in 2002. In that study "some of the women received cultural messages that were consistent with having a career in IT" (p. 105). Others had to resist the cultural norm in which working outside the home is the exception and working in IT especially across national boundaries was even more unusual. "But in all cases their national cultures helped to shape their identities as women and their

feelings of acceptance or alienation within the IT field" (p. 105). Other respondents experienced cultural influences as a constraint although "what is considered masculine in some societies is considered feminine or gender neutral in others" (Trauth, 2002, p. 102). Thus, while the literature speaks to the value of gender egalitarianism, such gender treatment is not consistent for IT professionals across corporate organizations, and cultural clusters.

The breadth of 10 cultural clusters that outsourcing globe-trotters interact with is addressed in the literature. Livermore (2013) offered detailed guidance for dimensional tendencies in each of the theoretical national cluster groupings as follows:

1. Anglo—Australia, Canada, England, Ireland, New Zealand, South Africa (white), and the United States.
    a. Individualist identity, low power distance, low uncertainty avoidance, competitive achievement, punctual with short term time orientation, direct communication, doing or live to work lifestyle, universalistic rule application, affective effectiveness, and tight social norms.
2. Arab—Algeria, Egypt, Iraq, Jordan, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.
    a. Collectivism with family and in-group identity, high power distance, high uncertainty avoidance, cooperative achievement, short term time orientation, indirect communication, being lifestyle or working to live, particularistic rule application where society protects the family, moderate effectiveness, and tight religious social norms.
3. Confucian Asia—China, Korea, Japan, Laos, Singapore, Taiwan, and Vietnam.
    a. Collectivism with a focus on harmony and benevolence or "Li, Yi, and Ren" guidance, high power distance, high uncertainty avoidance, cooperative achievement, moderate punctuality with long term orientation, high context, mixture of being [China] versus doing [Japan] lifestyles, mixture of particularistic [China]and universalist [Japan] rule adherence, neutral expressiveness, and tight social norms.
4. Eastern Europe/Central Asia—Albania, Bosnia, Croatia, Czechoslovakia, Greece, Herzegovina, Hungary, Kazakhstan, Mongolia, Poland, Romania, Russia, Slovenia, Turkey, and Yugoslavia.
    a. Collectivism with kin and clan, high power distance, high uncertainty avoidance, cooperative achievement, moderate punctuality particularistic rule application, and moderate expressiveness, with tight social norms.
5. Germanic—Austria, Germany, Netherlands, and Switzerland [German Speaking].

   a. Individualist, low power distance, high uncertainty avoidance, competitive achievement, punctual with short term time orientation, low context, doing lifestyle, universalist rule application, neutral expressiveness, and tight social norms.
6. Latin America—Central, South American, and West Indies Countries.
   a. Collectivism with an emphasis on family, moderate power distance, high uncertainty avoidance, strive for cooperative change, relaxed time treatment, high context, being lifestyle, particularistic rule application, affective expressiveness, tight religious social norms.
7. Latin European—Belgium, France, Israel, Italy, Portugal, Spain, and Switzerland [French Speaking].
   a. Paternalistic collectivism, moderate power distance, high uncertainty avoidance, competitive achievement, moderate time treatment, low context communication, balanced lifestyle, particularistic rule application, moderate expressiveness, and tight social norms.
8. Nordic European—Denmark, Finland, Greenland, Iceland, Norway, and Sweden.
   a. More individualist than collectivist, low power distance, cooperative achievement, encourages gender egalitarianism, punctual time treatment, low context very direct communication, working to live being lifestyle, particularistic rule application, affective expressiveness, and loose social norms.
9. South Asian—Afghanistan, Bangladesh, Burma, Cambodia, India, Indonesia, Iran, Malaysia, Pakistan, Palestine, Philippines, Thailand, and Sri Lanka.
   a. Collectivism, high power distance, moderate uncertainty avoidance, cooperative achievement, medium punctuality, high context, being lifestyle, particularistic rule application, moderate expressiveness, and loose social norms.
10. Sub-Saharan Africa—African nations absent white South Africa and the Arab Cluster nations.
   a. Collectivism, high power distance, high uncertainty avoidance, cooperative "Ubunto" achievement, relationship timing, high context, being lifestyle, particularistic rule application, affective expressiveness, with tight social norms. (Livermore, 2013, pp. 88-149)

Innovation

When IT outsourcing leadership attempts to stimulate group members for performance improvements and excellence, "the more people know about advantages and potential difficulties, the more they can benefit from the variety and creativity that [innovation] can bring"

(Brislin & Kim, 2003, p. 379). An impediment to innovation is incompatibility from three different perspectives of cultural boundaries that are known as factors in IT outsourcing alliances including: (i) an information processing approach that focuses on knowledge as a thing to store and retrieve, not alter; (ii) an interpretive approach that emphasizes importance of a common meaning to share knowledge between stakeholders with cultural sensitivity; and, (iii) a political approach that acknowledges how different interests can impede knowledge sharing. The fact that most innovation occurs at the boundaries between specialized domains should tell us that effectively managing knowledge across the various types of boundaries, including alliance cultures, is what drives competitive advantage. Failures occur when the knowledge workers involved did not have sufficient capacity or ability to address the situational service novelty or uncertainty that was present. The challenge for any attempt to explain how IT systems adapt over time is to understand the capacities and the abilities of stakeholders to make the necessary trade-offs between the knowledge that was used before and the situational service novelty present to create some new process. "This challenge, is magnified by the tendency of actors to reuse knowledge, which limits their capacity and ability to represent differences and dependencies when [service] novelty is present" (Carlile, 2004, p. 566). How work differs across cultures, how diverse teams function, and how transactions are negotiated across corporate and national boundaries has exploded the need to study more than just broad cultural values, but "to focus on how beliefs and cognitive processes also differ across cultures" (Earley & Mosakowski, 2004, p. 151).

Whether at the global or regional level, IT innovation has been studied by focusing on cultural values and, to a lesser extent, cross-cultural practices. Perceived usefulness is, in turn, influenced by the values embraced by a culture as well as which practices and techniques are

deemed acceptable within a culture. "Just as people vary along a continuum in their political or religious views, so do they vary in their cultural orientation" (Earley & Mosakowski, 2004, p. 152). Whereas employees are a conduit through which cultural, managerial, and personal influences flow, self-knowledge is a composite view of one's self that is formed through personal experiences as well as the values that you adapt from people important to you. Indeed, worldviews differ not only across national boundaries, but also across regions, religions, industry sectors, organizations, professions, personal backgrounds, and individual characteristics such as age, job experience, or race.

A leader's capability to adjust across cultures is what Earley and Mosakowski (2004) call the cultural intelligence quotient (CQ). Livermore (2013) defines CQ as the capability to function effectively across various cultural contexts. By way of example, innovation may be challenged when situations arise with an offshore service provider that might be more difficult to resolve because of cultural differences. Thus, because a person's beliefs and values are tied to their cultural upbringing, the absence of cross-cultural sensitivity in a global IT outsourcing manager may lead to difficulties when there is a need to stimulate group member's innovation for service alliance performance improvements and service fulfillment excellence.

Test of Time

"The use of IT contributes to the development of a type of flexibility that increases employee autonomy as to time and place" (Kvande, 2009, p. 62). Within such time and place spectrums, successful long-term international business ventures such as an IT outsource alliance will likely require the establishment of strong interpersonal relationships among diverse people who may have been socialized in different cultures. When people (sojourners) are asked about important experiences in other cultures, time issues are very frequently mentioned.

There is a sense that cultures do vary on their conceptions of time and along a dimension of "what comes first, do people control time or does time control people" (Brislin & Kim, 2003, p. 364)? To paraphrase their study, Brislin and Kim (2003) identified eight time concepts that summarize the effects in cross-cultural interactions that are part of international business dealing: (i) clock and event time—do people follow set schedules or let the event take its natural course before moving to another event; (ii) punctuality—how sensitive are people to deviations from appointed times; (iii) task versus social—the relation between task and social time during the workday; (iv) efficiency versus effectiveness—whether people do one activity at a time or do many at once; (v) allocation—fast and slow paces of life and how people deal with long periods of silence; (vi) orientation—people's time orientation of past, present and the future; (vii) meaning—the symbolic meaning of time; and, (viii) balance—cultural differences in importance of work and leisure time.

> Emphasizing that people will encounter exceptions, clock time is found in North America, Western Europe, East Asia, Australia, and New Zealand. Event time is often found in South America, South Asia (Singapore may be an exception), and countries with developing economies where the necessity of attention to clock time (e.g., stock market openings and closings) is not yet fully part of people's work habits. (Brislin & Kim, 2003, p. 365)

A time schedule symbolized as a clock represents official, formal, and task-oriented temporal concerns. These contrast with event time, which gives attention to interpersonal relationships among people. Further, socializing during the workday occurs frequently in collectivist cultures where people develop their identity in terms of relationships to others. "Although it is universal for people to have balanced schedules of work and leisure, the ratio between work and leisure may be different across cultures and across time" (Brislin & Kim, 2003, p. 371). A common test of time theme is the speed of life that follows the sun where "the importance people place on clocks, watches, and time is a major determinant of how fast people

move, and how fast basic business dealings are transacted, in different countries" (p. 372). At the same time, knowledge work organizations are more and more applying pressure for the employee's total commitment to what is called the global clock.

Cultural Influences

"Within any country, cultural differences that are not obvious to the outside observer are often much more apparent to local nationals" (Panda & Gupta, 2004, p. 33). Thus, national boundaries do not necessarily correspond to the boundaries of organically developed, relatively homogeneous societies with shared cultural trappings. "There could be multiple cultures within national borders and [the] same cultural groups could span many nations" (p. 28). Further, while culture is concerned with values, meanings, and norms, some manifestations of culture are only observable at times (e.g., symbols) that are merely symptoms of culture, and should not be confused with the underlying culture itself. "Beyond a few directly observable manifestations, such as its rituals, that which defines a culture is invisible" (Gallivan & Srite, 2005, p. 298).

Prasad Kanungo (2006) acknowledged that individuals can belong to multiple subcultures in an organization, due to differences in their occupational roles, gender, ethnic groups, education levels, etc. Whereas social identity is the portion of an individual's self-concept derived from perceived membership in a relevant social group or with inter-group behavior.

> Many animal species live in complex social groups, some of whom transmit information across generations culturally. Humans' uniquely cultural way of life began with this kind of social organization but then acquired novel characteristics as a result of biological adaptations for interacting with other persons in species-unique forms of cooperative activity including collaborative problem-solving, cooperative communication, and instructed learning. These more cooperative, cultural ways of doing things have as their psychological foundation various skills and motivations for shared intentionality. (Tomasello, 2011, p. 52)

Hence a stakeholder's reactions to a given technology will vary depending on the specific subgroups or subcultures with which they identify. Being global is not just about where you do

business; it is also about how you do business. A simple illustration of being global is the fact that an individual's national identity (i.e., country of origin) and gender is more critical in shaping his or her ongoing beliefs about international political events; whereas specific workgroup cultural learned behaviors are likely to shape beliefs about IT. Such IT workgroup shaping will reflect the diverse national and company cultures raising awareness and a need for applied cultural sensitivity when planning, designing, and implementing IT outsourcing alliances. The cross-cultural components of a global mindset defined by Jokinen (2005) that bear fruit in an IT outsourcing leadership role are acceptance of complexity and its contradictions, diversity consciousness and sensitivity, seeking opportunity in surprises and uncertainties, faith in organizational processes, focus on continual improvement, extended time perspective, and systems thinking.

In an IT leadership role it is important to note that the "universal attribution error assumes that all workers share the same orientations, and will respond similarly to managerial practices" (Leung, Bhagat, Buchan, Erez, & Gibson, 2005, p. 370). Leung et al. (2005) further noted that culture can be an antecedent, a moderator or a mediator, and a consequence, and its effects may be domain-specific and are subjected to boundary conditions. In the GLOBE study, House et al. (2004) attempted to build a model of leadership with cultural elements as integral elements of the model. "In transnational corporations employees may inhabit very different cultures and might construct rather different selves to those familiar to leaders" (Collinson, 2006, p. 186). The subtlety and depth of culture's influence trip up even people who know that there are multiple ways of being. One cannot understand behavior without knowing the context from the perspective of others. "Interpreting everything from one's own perspective is a

mono-cultural perspective, but recognizing the viability of alternative interpretations is an intercultural perspective" (Fowler, 2006, p. 408). Invoking the viability of alternative interpretations initiates and sustains the concept of cultural compatibility.

Cultural Compatibility

In my opinion, an important outsourcing requirement is that individual organizational group members interact in IT virtual project teams. Regardless of whether IT functions are performed in-house or outsourced, interactions must still take place between members of the virtual project teams. According to Scheibe, Mennecke, and Zobel (2006), the requisite team interactions regardless of cultural compatibility include: (i) curiosity—a hunger to understand a problem without being afraid to learn; (ii) good work ethic—a willingness to exceed expectations; to go the extra mile to succeed; (iii) dedication—a commitment to do whatever is appropriate to successfully complete a task; (iv) integrity—honesty and reliability, which are crucial to being successful in building the firm's reputation; and, (v) engagement—a willingness to take the time to understand and engage in the context of the problem in order to provide a better solution.

Today right shoring has spread beyond the traditional IT service team interactions to challenge cultural compatibility when virtual project team members work in one culture and live in another culture. "When a firm outsources services to a single location service provider, it has to learn to manage both its own expectations and those of the contracting parties" (Ang & Inkpen, 2008, p. 339). To select an appropriate offshore business alliance, the intelligent buyer will likely have the ability to identify the competitive factors associated with off-shoring performance, assess the cultural and institutional risk associated with each of the factors, and incorporate the competitive factors into its decision processes. To build a strong off-shoring

relationship, the primary vendor or service provider firm should apply known practices when designing appropriate incentives that are consistent with the serving cultural environment. "The firm must also possess the capability to manage the cultural compatibility of the partnership" (Ang & Inkpen, 2008, p. 346). The structural norms that customers believe are critical practices for outsourcing success include "accurate project scoping, clear authority structures, taking charge, effective human capital management, effective knowledge transfer, and the building of effective inter-organizational teams" (p. 348). As boundary spanners, IT alliance project managers come into daily contact with supplier and customer employees within their international business ventures. They define the specifications, manage conflicts, resolve disputes, and ensure that performance outcomes of off-shoring projects are of quality, within budget, and on schedule. To be culturally sensitive, off-shoring partners will likely evaluate how their specifications, payment, project monitoring, knowledge sharing, human capital, and teamwork relationships differ from each other and then align mutual service expectations with any impending transformational change while co-sponsoring continual cultural interaction.

Cultural Interaction

In recent years multicultural practices and values have become significantly conspicuous in for-profit Fortune 100 corporate communities. Cultures and managerial values become co terminus when organizations transcend national boundaries with applied leadership practices to perform a set task successfully. In essence, organizational practices are based on culture and most organizations attempt to avoid cultural risks when managing their businesses transactions. It has been my observation over time and across national boundaries that skills, capabilities, knowledge, technology, and experiences are better facilitated via cross-cultural direct versus

indirect communications, particularly in geo-centric organizations that span the 10 dimensions of cultural clusters.

To reconcile customer users or service provider practitioner expectations with cultural sensitivity, the need for stability, and familiarity, IT alliance leaders will likely acknowledge and address core beliefs and values as they develop new policies and practices. "Identity threats can result in notable disruption to organizational activities" (Balser & Carmin, 2009, p. 198). Leadership processes take place in the context of a shared group membership, where leaders, as group members, ask followers as group members, to exert themselves on behalf of the collective group. Thus, follower evaluations and endorsements of the leader also depend on the characteristics and contributions of the leader as a group member.

People define themselves not only on the basis of their individual characteristics and their interpersonal relations (i.e., personal identity or personal self), but also in terms of characteristics of an in-group to which they belong (i.e., social identity or collective self) in comparison to an out-group. Hence, "group membership can shape people's cognitions, feelings, and behavior" (Giessner, van Knippenberg, & Sleebos, 2009, p. 435). Regardless of their school of leadership theory, "the objective of leadership thinking and practice is to construct a way of making sense and direction of organizational life" (Karp & Helg, 2009, p. 881). The Developmental Model of Intercultural Sensitivity, introduced by Bennett (1986), describes the stages of cross-cultural IT outsource experiences stated in Table 2.1.

Table 2.1

Cross-Cultural IT Outsourcing Experience

Cross-Cultural IT Outsourcing Experiences					
Ethnocentric			**Ethno-relative**		
Denial	**Defense**	**Marginalization**	**Acceptance**	**Adaptation**	**Integration**
My cultural experience is the only one that is real and valid. Thus, I hold little to no thought of "other."	"We" are superior and "they" are inferior. One feels threatened and is highly critical.	Other cultures are trivialized or romanticized. One tends to deny differences (e.g., "color blind") and only seeks similarities.	I accept but may not agree with other cultures. Generally, I am curious and respectful.	I "see" the world through different eyes and make intentional changes in my behavior.	I easily move in and out of different cultural worldviews.

Note. Adapted from "A developmental approach to training for intercultural sensitivity" by Bennett, M. J., 1986, *International Journal of Intercultural Relations, 10*(2), p. 182. Copyright 1986 by Elsevier Limited. Reprinted with permission.

To paraphrase Bennett (1986), the six stages of the Developmental Model of Intercultural Sensitivity assume that intercultural sensitivity increases with movement toward ethno-relative treatment. Beginning with a common form of denial, it is believed that this ethnocentric state represents a low degree of contact with cultural differences than might be possible. Whereas the defense against differences involves attempts to counter perceived threats to the centrality of one's worldview. Next, marginalization represents an acknowledgement of cultural differences but attempts to preserve the centrality of one's own world view by burying such differences under the weight of cultural similarities. Acceptance understands behavioral differences including language, communication approach, and non-verbal patterns. Adaptation forms the heart of intercultural communications or the ability to shift between two or more complete cultural worldviews. The last stage of the six stages Developmental Model of Intercultural

Sensitivity is integration, in which the multicultural person is not simply the person who is sensitive to many different cultures but one who can construe differences as processes, who can adapt to those differences, and who can additionally construe themselves in various cultural ways. As the culmination of intercultural sensitivity, the stage of integration suggests a person experiences differences as an essential and joyful aspect of all life.

Mining Alliance Expectations

The IT outsourcing industry has interpreted user interactive requirements in three service domains, namely end-user services, including help desk call centers and desk side technician services or "shoulder taps," server equipment-based application software access via services common to data center operations, and network services including local area network (LAN), metropolitan area network (MAN), and wide area network (WAN) operations. The market agrees that these three IT domains define a set of customer user services to be outsourced and that "one of the most important components of any outsourcing deal is the contract" (Tafti, 2005, p. 551). While the IT contract language includes the work, each service domain often crafts a specific performance measurement statement labeled and recorded as their operational level agreement (OLA) within each service domain's operation practice manual. The IT industry practitioners believe their OLA stands as a statement of fact on how each IT service domain's delivery performance should be measured, however, the OLA is a typical IT practitioners technical document that end-users have chosen not to interpret. Professional IT management has come to accept this positioning in light of the end-user's desire not to be burdened with technical jargon. So, those responsible for delivery of timely support struggled with their role in setting and addressing the end-user's IT service fulfillment expectation. This was most likely tied to changes in the community of users who are interested in what services they will receive and not

how the service will be delivered. Defining these arms length service outsourcing relationships demands alternative language treatment that extends beyond the reach of an OLA into the realm of service scope in a document termed a Statement of Work (SOW). A subordinate document to the SOW is a performance measurement exhibit labeled the SLA. Typical SLA language for an IT service desk includes: the IT service desk acts as the single point of contact (SPOC) between the end-user and the service provider. It handles all incoming IT related service issues (e.g., incidents, problems, service requests). The tasks of the IT service desk are to receive and record all issues from end-users, which deal directly with simple problems, requests and queries, provide an initial assessment of all incidents and either resolve incidents in first level support and/or refer to second/third level support, based on agreed service levels, monitor and forward all incidents according to agreed service levels, keep end-users informed on status and progress until the incident is resolved, proactively inform end-users regarding known overall problems according to the priorities and categorizations via appropriate media-channels. The service provider shall use a standard knowledge base technology and a standardized ticket system integrated into the company's enterprise portal based on the company's guidelines to facilitate this.

The slices of service compliance and agreement language stated above offer no reference to productivity, attitude, or service event timing for maintenance or the end-user's perceptions and expectations. The emergence of IT outsourcing expectations is an evolving driver in service delivery language, performance measurements, and penalties for non-performance of service obligations. The SLA exhibit language inculcates the IT service delivery provider's historical attempts to define and acknowledge user expectations. Businesses use the "RATER" to measure and manage five factors of service quality and customer expectation including:

(i) reliability—the ability to perform the promised service dependably and accurately; (ii) assurance—the knowledge and courtesy of employees and their ability to convey trust and confidence; (iii) tangibles—the appearance of physical facilities, equipment, personnel and communications materials; (iv) empathy—the provision of caring, individualized attention to customers; and (v) responsiveness—the willingness to help the customer and to provide prompt service.

Figure 2.1 is representative of the customer and provider service flow diagram with opportunities for expectation gaps.

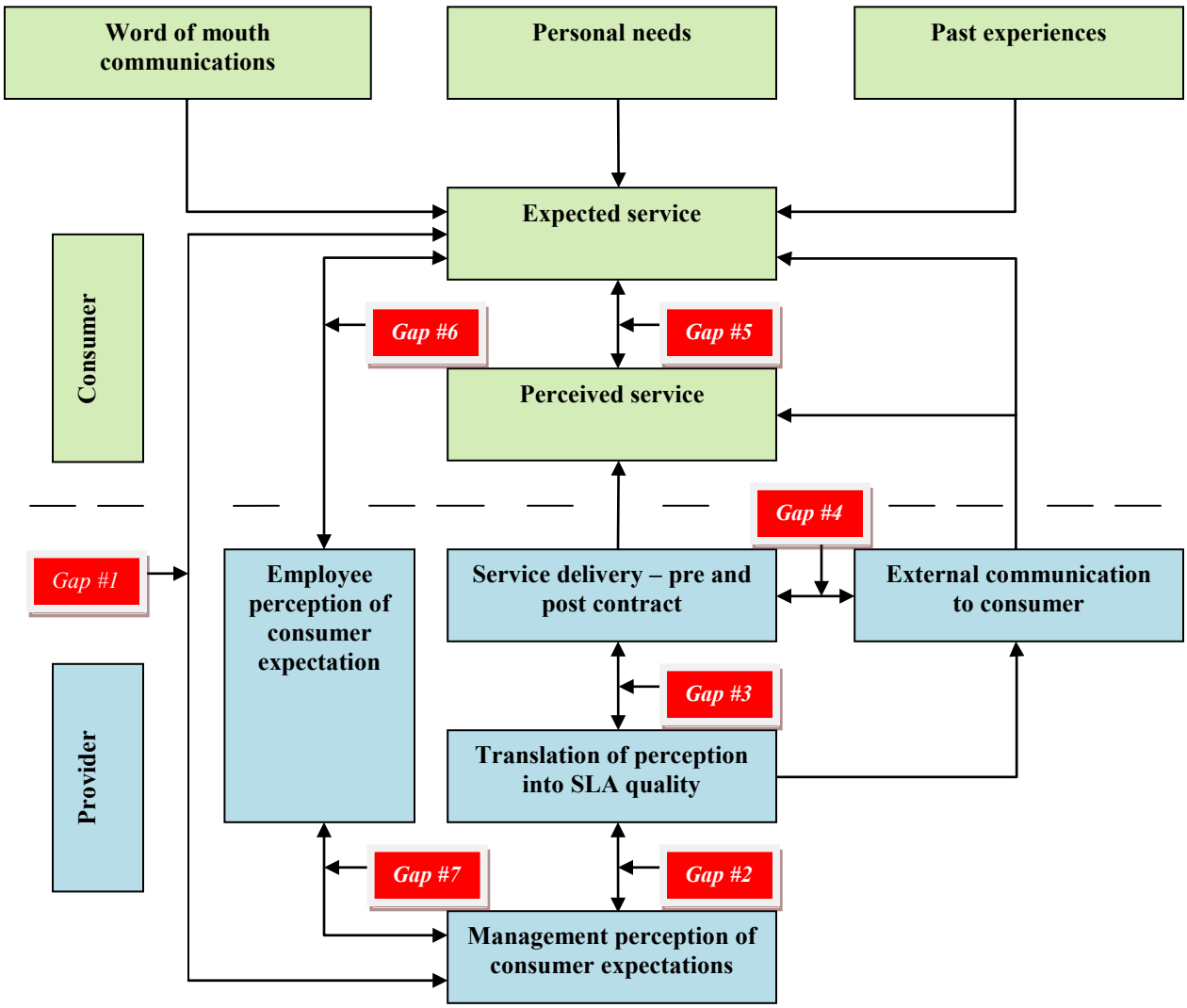

Figure 2.1. Consumer/Provider expectation gap diagram. Adapted from "A conceptual model of service quality and its implications for future research," by Parasuraman, A., Zeithaml, V., & Berry, L.,1985. *Journal of Marketing, 49*(4), p. 44. Copyright 1985 by American Marketing Association. Reprinted with permission.

When reviewing the gap explanations that follow, it is important to note that alignment of perceptions and expectation are very subjective and thus not necessarily in a direct relationship between service and demand quality.

1. Gap between consumer expectation and provider management perception. This gap arises when IT service management does not correctly perceive what the client's user community wants. Factors leading to this gap are: (i) insufficient due diligence; (ii) poorly interpreted information about the user's expectations; (iii) service delivery not focused on demand quality; or, (iv) too many layers between the provider/client front-line personnel and their top-level management.
2. Gap between management perception and service quality specification. Here the service provider management might correctly perceive what the client's user community wants, but may not set a complementary performance standard. Factors leading to this gap are: (i) insufficient service delivery planning procedures; (ii) lack of service management commitment; (iii) unclear or ambiguous service fulfillment design; and, (iv) unsystematic new service development processes.
3. Gap between provider service quality specification and service delivery. This gap may arise owing to the service fulfillment personnel. The reasons might include poor training, incapability or unwillingness to meet the specified service standard and/or WLI. The possible major reasons for this gap are: (i) deficiencies in human resource policies such as ineffective recruitment, role ambiguity, role conflict, improper evaluation and compensation system; (ii) ineffective internal marketing; (iii) failure to match demand and supply; or, (iv) a lack of proper client user community education and training.
4. Gap between provider service delivery and provider external communication. Client user expectations are highly influenced by statements made by IT service provider's representatives and advertisements. A gap arises when these assumed expectations are not fulfilled at the time of delivery of the service. The discrepancy between actual service and the communicated one may occur due to the following reasons: (i) over promising in external communication campaign; (ii) failure to manage client community expectations; (iii) failure to perform according to the specified SOW.

5. Gap between the client's perception of service and their service expectation. This gap arises when the client's community misinterprets the service quality. (Parasuraman, Zeithaml, & Berry, 1985, pp. 45-46)

Gaps number 6 and 7 were identified by the researcher and are explained as follows:

6. Gap between client's expected service and the service provider's employee perception of the client's service expectation. This gap is likely due to: (i) ineffective communication of the service KPI measurements; or, (ii) untimely service provider performance intervention.
7. Gap between the service provider employee's perception of the client's expectation and the provider's management perception of the client's expectation. This gap is most likely a result of: (i) poorly crafted contract language that flows into the SOW and WLI; or, (ii) a poorly executed provider service transition from the pre-contract state to a provider's steady state service.

Then too, elements that may influence the appearance of an expectation gap might include: competence, courtesy, credibility, security, knowing the customer, tangibles, reliability, and responsiveness; however, "although it is crucial to include SLAs in an outsourcing contract, defining them can be a tricky proposition" (Tafti, 2005, p. 551) when attempting to anticipate or treat the seven potential expectation gaps.

Service Language Chronology

In 1992, through a series of in-depth interviews with participants in 13 companies, many insights were gained about the intentions, motivations, and IT consequences of IT management information systems (MIS) outsourcing evaluations. The stated purpose of this 1992 research was to investigate the MIS outsourcing phenomenon from individuals who have already gone through the evaluation process.

> In this research setting, the issue of efficiency is particularly pertinent for the management of MIS departments. Since the majority of the companies viewed MIS as a cost burden, MIS managers cannot appeal to effectiveness or strategic importance to justify MIS dollars. Instead, MIS managers must somehow demonstrate cost efficiency. But how does the manager of an MIS department that is accounted for as overhead cost, swallows increasingly more resources, requires highly-trained and highly-paid personnel, and produces services that elude measures able to demonstrate efficiency? How does one prove that applications development is efficient? Applications support? End-user support? Telecommunications? The argument made here is this: actual MIS efficiency cannot be assessed; therefore senior management formulates only a perception of MIS efficiency. (Lacity, 1992, p. 384)

Commercialization of the Internet then combined with the advancing outsourcing phenomenon and led to companies opening their internal applications to help them do business across the inter-net, intra-nets, and extra-nets. With this growth in the information age, Hibbard (1997) noted that IT departments are learning to support a new crop of users who want service with a smile.

> Unlike internal users, external users demand immediate attention. If they do not get it, they go elsewhere. The pressure to provide top-notch customer support is backed by the threat that top management may outsource IT duties if support is not up to expectations. IT departments must learn to anticipate the needs of external customers—sometimes years in advance. At DHL Worldwide Express, the staff uses focus groups and market research to determine the technology plans of corporate customers. Then the company designs applications it believes will fit into its customers' systems 3 years in the future. Strategic planning includes building a support organization that identifies problems before they happen. (p. 61)

To baseline what constituted a user's smile, in 1998 the industry introduced the concept of SLAs in IT service provisioning, especially in the case of outsourced service fulfillment. Then the process of interpreting the performance of service delivery against the SLA researched the experience of several consulting engagements and surveys to substantiate suggested frameworks and checklists. Larson's (1998) paper speaks to the reasons for exercising rigor around SLAs.

> Well-defined services and their associated service levels are fundamental components of any successful outsourcing contract for the management or operation of part, or all, of an organization's services by an external source, particularly information technology services. The key to successful outsourcing encompasses defining services and service levels, that: can be measured and managed; can be audited; can be provided at an economic price; and give maximum value to the users of the services.
> (Larson, 1998, p. 128)

Later Black (1998) reporting for the *Financial Times* in London stated, among other things, as new systems appear, network managers cannot cope with evaluating them and implementing the range of services in demand. In his article, Black asserted IT outsourcing is tied to the rapid spread of the Internet, the Internet protocol, and the corporate intra-net, which has made it hard for network managers to support all expectations from users. "Many SLAs are written in technical terms which do not ensure that the users get the service they need," Black explained. "The SLA should be written in business language, not in technical language. Then you know what you should be getting and have a right to complain if you don't get it" (p. 8).

Early in 2002, Steven and Judith Gordon built their research on the idea that organization of company IT functions has been studied and described in three ways: on a centralization and decentralization continuum, on the basis of technological architecture, and for multinational companies, as reflective of their strategic focus. The salient point of their research was a proposition that tension exists between business units (the user or buyer) and delivery of IT services (the provider or practitioner). Their research proposed a classification of organizational structures based on the tension between business units and IT departments in the delivery of IT services. The paper then described the implications of these structures for companies that are considering the redesign or restructure of their IT function.

> Restructuring of information technology ("IT") function occurs frequently in today's companies. The speed of change in the technology itself, the recent explosion in the use of electronic commerce and the growing globalization of business drive companies to

> reassess the way they deliver information technology services. Companies may also reassess the way they deliver IT when they appoint new leadership to the IT function, as each leader typically brings his or her preferences for service delivery to the organization. Although companies often adjust their structure to resolve problems or issues in minor ways, often a more serious, long-term realignment is required. (Gordon & Gordon, 2002, p. 296)

Dibbern et al. (2004) documented an extensive search of the literature on outsourcing and double checked the completeness of their selections using the unlimited truncation option in the ABI/Inform[7] database. This retrieved all possible suffix variations of the root word outsource by entering "outsourc$" as the search term. Their survey and analysis of the literature uncovered 84 articles and presented a convincing review of 15 years of research noting where gaps in our knowledge of outsourcing exist and hence where further research is critically needed.

> There is the absence of research undertaken from the vendor's perspective. The vast majority of work examines issues of interest to the customer. Determination of success is done using, for the most part, measures of customer benefits not vendor benefits. But for outsourcing to be effective, both parties need to obtain value from the arrangement. While customers typically look toward financial savings as a key benefit, vendors are thought to seek to make an acceptable rate of return on outsourcing contracts, acquire industry specific knowledge, build a strong reputation in their industry, and such like. But are these supposed vendor benefits accurate, do they vary greatly among vendors, do they change over time, and do they change with different cultures? The need to understand vendor benefits is a theme identified as far back as 1993 and 1994 but by and large has been left underexplored. (Dibbern et al., 2004, p. 88)

A year later Oakes (2005) spoke to the outsourcing process with references to bid preparation, partner selection, contract negotiations, and relationship management. Wherein he noted much like Black in 1998 that [customer] control is achieved through a tightly constructed SLA to provide the agreed-on framework for fulfillment performance and measurement of service quality to ensure that expectations are realistic and within the provider's capabilities.

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[7] ABI/Inform represents itself as the oldest and leading index for searching business, management, and economic topics. Leadership literature is well represented in this index

> In the insurance business, outsourcing IT typically means using a third-party partner—or application service provider (ASP)—to handle and manage all technical aspects related to supporting a business unit or block of business. This would include hardware, software, networking components, applications, and support staff. This is, essentially, the entire back-office technical infrastructure. Outsourcers can significantly reduce the infrastructure cost, namely through economies of scale. There are several steps involved in the outsourcing process. These include bid preparation; outsource partner selection, contract negotiation, and relationship management. In IT outsourcing, control is achieved through a tightly constructed SLA—a written document that outlines expectations and requirements. SLAs provide an agreed-on framework for the delivery of services and the measurement of service quality. They are negotiated between the insurance company and the outsource partner to ensure that the expectations of service are realistic and within the outsourcer's capabilities. (Oakes, 2005, p. 82)

Artunian (2006) published a two-page article in *Computerworld* in which IT experts were asked to talk about the bad decisions and faulty assumptions that can cause outsourcing projects to fall from grace. They came up with the seven deadly sins of outsourcing projects listed in Table 2.2

Seven Deadly Sins of Outsourcing Projects

Seven Deadly Sins of Outsourcing Projects
1. Feeble governance
2. Overblown expectations
3. Blindly banishing projects
4. Dumbly disowning projects
5. Bad assumptions
6. Sloppy SLAs
7. End-game myopia

Note. Crafted by the researcher from text in the article "The seven deadly sins of outsourcing" by Artunian, J., 2006, *Computerworld, 40(19)*.

To paraphrase Artunian (2006), here are some suggest ways to avoid these sins. Before you sign with an outsourcer, nail down an organizational structure, establish methods for keeping tabs on the work being delivered, and spell out how you will manage the outsourced project on a

day-to-day basis. Use common sense and send projects offshore only to countries where your industry is mature. Do not outsource functions that require you to provide outsourcing vendors with strategic information about your company and your industry.

Later in 2006 in a subsequent article written for *Computerworld* another author stated, "Once a CIO is satisfied with an outsourcer's ability to secure its data and applications, the next step is to codify the expectations, monitoring mechanisms and liability in case of failure" (Galen, 2006, p. 7). As I searched the articles for quotable period vignettes to offer emphasis expansion and colloquial relevance for today's consumption, it became evident that the word "expectation" is building a close bond with service delivery outsourcing measurement and SLA language.

Over a 10 year period between 1997 and 2007 six articles have language reflective of the issues that surfaced under the umbrella of expectations, including: (1) "scholars defined a psychological contract as expectations about the reciprocal obligations that compose an employee-organization exchange relationship" (Morrison & Robinson, 1997, p. 228); (2) "The most basic (though still underdeveloped) requirement of successfully managing these [alliance] arrangements is to define the expectations of both service buyer and service provider in unambiguous terms—to develop a mutually acceptable SLA" (Larson, 1998, p. 128); (3) "Your company is fully 'alive' to anyone who contacts you whenever they do so. Rising expectations in this regard mean that your company is quite likely at a crossroads" (Milton, 2001, p. 44); (4) "Without appropriate feedback, IT departments may misunderstand their customers' service requests and be unable to meet customer expectations" (Jiang, Klien, Tesch & Chen, 2003, p. 73); (5) "Asking a lot of questions upfront sets the expectations, so that tends to weed out those vendors who can't deliver" (Galen, 2006, p. 6); and, (6) "We believe that over the next five

years, offshore providers will need to develop a system for managing knowledge and expertise to compete and deliver on client expectations" (Oshri, Kotlarsky, & Wilcocks, 2007, p. 53).

To understand IT outsourcing practices in different settings, Gottschalk and Solli-Saether (2005) identified 11 theories of IT outsourcing set forth in Table 2.3 stating what should be outsourced by a company. It is noteworthy that while I have prioritized these theories, what should be outsourced requires buyer and vendor mutual treatment of each theory when framing an outsource agreement and steady state fulfillment performance measurements.

Table 2.3

Outsourcing Management Theories

Theory	What should be outsourced?
Theory of core competencies	All IT functions, which are peripheral to the company's production of goods and services for the market.
Resource-based theory	All IT functions where the company does not have sufficient strategic resources to perform in a competitive way.
Transactional cost theory	All IT functions where benefits for the company are greater than the transaction costs.
Contractual theory	Only IT functions where the company can expect and secure a vendor who will have the desired contractual behavior.
Neoclassical economic theory	All IT functions which an external vendor can operate at acceptable costs with improved quality and performance.
Partnership and alliance theory	Only IT functions where the company can expect and secure an alliance with implied interdependencies between the partners based on trust, comfort, understanding, flexibility, co-operation, shared values, goals and problem solving, interpersonal relations, and regular communication.
Relational exchange theory	Only IT process functions where the company can easily develop and secure common norms with the vendor. Norms determine behavior in three main dimensions: flexibility, information exchange and solidarity.
Social exchange theory	Only IT functions where each of the parties can follow their own self-interest when transacting with the other self-interested party to accomplish individual goals that they cannot achieve alone and without causing hazards to the other party.
Agency theory	Only IT functions where the agent (vendor) and the principal (buyer) have common goals and the same degree of risk willingness and aversion.

Theory of firm boundaries	All IT functions that satisfy several of the other theories, mainly resource-based theory and transaction cost theory.
Stakeholder theory	Only IT functions where a balance can be achieved between stakeholders of the alliance parties.

Note. Reprinted from "Critical success factors from IT outsourcing theories: An empirical study," by Gottschalk, P., & Solli-Saether, H., 2005, *Industrial Management & Data Systems, 105*(6), 685-702. Copyright 2005 by Emerald Group Publishing. Reprinted with permission.

"A partnership is successful when one partner's success translates into success for the other partner. Likewise, one partner's loss becomes the other partner's loss" (Tafti, 2005, p. 558). My research addressed expectation and test results by measuring KPI alignment with the management theories to identify and suggest timely interventions should SLA degradation be recorded. But first I explored how the literature treats the success factors and leadership practices that IT outsourcing practitioners employ to address and fulfill KPIs.

Success Factors and Leadership Practices

"The ability to define IT requirements and to monitor their delivery by third parties may be some of the core IT competencies that any organization must have if it is to outsource IT successfully" (Gottschalk & Solli-Saether, 2005, p. 685). According to Weakland (2004), companies are starting to consider their outsourcing decisions strategically, and not just as cost cutting exercises:

> Companies that see outsourcing as a short-term cost-cutting opportunity are almost always disappointed with the results. But companies that approach outsourcing as one element of an overall business strategy are applying some specific best practices to reach their goals more quickly and with fewer roadblocks. (p. 27)

As noted in Table 2.3, the neoclassical economic theory recommends outsourcing all IT functions which an external vendor can operate at acceptable costs with improved quality and performance. In their information systems outsourcing success factors article, Gonzalez, Gasco,

and Llopis (2005) offered a special note that the factor labeled a good-value-for-the-money relationship ranked sixth with respect to other factors in their study indicating that although financial-economic justification has been one of the most typical reasons for IT outsourcing, other equally important or even more important motives leading to the outsource decision appear in the IT manager's mind. Their survey results of 357 IT managers in Spanish firms confirmed a set of prioritized factors regarded as essential for IT outsourcing success.

> Provider's understanding of clients' objectives; choosing the right provider; a clear idea of what is sought through outsourcing; provider's attention to clients' specific problems; frequent client-provider contacts; a good-value-for-the-money relationship; top management's support and involvement; proper contract structure. (p. 401)

Success factors notwithstanding, Rottman and Lacity (2008) focused on the broader contextual issues to explain why offshore sourcing of IT service work resulted in mixed results including: (i) strong social networks between IT employees and domestic contractors were not easily replicated with offshore suppliers; (ii) roaming technicians offering desk-side technician support ("sneaker-net") service culture among the client's user community were not easily replicated with offshore suppliers; and, (iii) internal project management processes and service expectations were often incompatible with offshore supplier capabilities. These mixed results findings were then countered by Rottman and Lacity with four insights for clients and suppliers including: (i) an offshore strategy must either fit with the client's norms and practices, or the client may have to change norms and practices to achieve offshore success; (ii) clients and suppliers should invest in social capital to facilitate knowledge transfer; (iii) clients and suppliers may achieve greater success with bigger commitments; and, (iv) clients need robust measures and independent audits to manage and assess offshore outsourcing program performance.

Industry practitioners identify the primary reason for mixed results and alliance failures is inadequate information regarding the business environment and lack of understanding of foreign

cultures. Prasad Kanungo (2006) noted that culture is a shared way of life and consensus is made only by communication. And, "the organizational culture is based on the most suitable environmental factors which affect business practices" concluding that "culture is the key to people's way of living, accepting changes and doing business is rapidly losing geographical borders" (p. 28). Rodrigues (1997) further suggested "this means that more and more firms will have to, or choose to, become involved in international business, and that more and more managers will need to be trained to manage enterprises across diverse cultures" (p. 690). Thus, while "the value aspects of corporate culture are attributable to nationality…the practices aspects (symbols, heroes, and rituals) are attributable to the profession, and the corporation change practices in response to environmental demands" (p. 700).

Peslak (2011) noted that the study of outsourcing has been mostly theoretical, from public sources, or from the IT [buyer] perspective, and little work has been done in determining the extent, level of success, and motivations behind outsourcing and offshore outsourcing decisions. Following an empirical review of success and motivations, Peslak was moved to identify risks associated with outsourcing IT as including:

> Knowledge/expertise, people, contract management, formulating scope, budget and schedule estimates, quality standards, measurement of performance, multi-vendor arrangements, and cross-cultural issues. (2011, p. 15)

Peslak (2011) also examined several hypotheses on success and motivation absent testing interventions to mitigate risk when a deterioration of success or motivation is experienced. According to Jiang and Qureshi (2006), risk control is the necessary part of an outsourcing contract. Without careful consideration of various risks associated with global IT outsourcing, any efficiency gains can be more than "offset by significant losses not only in financial terms but also in the areas of individual privacy, data security and loss of IT expertise among others"

(Tafti, 2005, p. 550). Rottman and Lacity (2006) found that U.S. clients micromanage their offshore suppliers to a much greater degree than they manage their domestic suppliers. The increased oversight is needed to mitigate risks, to build trust with new suppliers gradually and to coordinate virtual delivery teams that are more remote from the served user community and culturally diverse. Rottman and Lacity (2006) offered 15 outsourcing best practices (see Table 2.4) to mitigate such risks.

Table 2.4

Outsourcing Best Practices

Outsourcing Best Practices
Escalate the learning curve with an aggressive, integrated program of pilot projects
Select an offshore outsourcing destination based on business objectives
Use offshore supplier competitors to lower domestic supplier rates
Diversify the supplier portfolio to minimize risk and maximize competition
Allow business users to share in the benefits of off-shoring to motivate adoption
Break projects into segments to protect intellectual property
Ready the infrastructure
Understand how different contracts give suppliers different incentives
Elevate your own organization's CMM[8] certification to close the process gap between you and your supplier
Bring in a CMM expert with no domain expertise to flush out ambiguities in requirements
Negotiate Flexible CMM
Factor in the use of an on-site engagement manager into the staffing modes and ratios
Give offshore suppliers domain-specific training to protect quality and lower development costs
Overlap onshore presence to facilitate supplier-to-supplier knowledge transfer
Create balanced scorecard metrics

Note. Crafted by the researcher from text in the article "A US client's learning from outsourcing IT work offshore," Rottman, J., & Lacity, M., 2008, *Information Systems Frontiers, 10*(2).

[8] The Software Engineering Institute's Capability Maturity Model practices, or CMM, are designed to protect quality. CMM aims to foster processes that standardize, predict and continuously improve IT software development. CMM defines five levels of software development maturity and specifies what processes must be in place to achieve those levels. At the highest level (Level 5) organizations have implemented at least 18 key processes, such as proactively preventing software defects and managing change.

Rottman and Lacity (2008) also noted that offshore IT outsourcing can deliver on its promises, but it takes a tremendous amount of detailed management on both the buyer and supplier sides to realize expected benefits. Davis, Ein-Dor, King, and Orkzadeh (2006) stated that outsourcing contracts are agreed to in concept but delivered in detail, and that is the reason they can break down. Specific to the Rottman and Lacity 15th best practice, create balanced scorecard metrics, expectations need to be set by both parties to the outsourcing transaction when viewing such metrics. That being said, Jiang and Qureshi (2006) further stated that one should reflect on the fact that the very reason a firm wants to outsource certain tasks—because they are complex, expensive, low efficient and difficult—make them hard for the outsourcing vendor too. Another consideration when a vendor performs outsourced work off-site is to have the buyer's own agent at the site to guide and influence that locations global team. Other suggested IT outsourcing leadership practices and rules of thumb according to a study by Laplante, Costello, Singh, Bindiganaville, and Landon (2004) are: (i) when negotiating the contract and throughout the project lifecycle, carefully set expectations; (ii) have a quality management infrastructure in place; and (iii) in the case of overseas outsourcing, account for language, culture, and dimensional differences. Earley and Mosakowski (2004) asserted that the four CQ cornerstones of assessing dimensional differences when developing personal cultural sensitivity should include: (i) CQ drive—tap your curiosity, motive and interest to learn about different cultures; (ii) CQ knowledge—understand key cultural similarities and differences;
(iii) CQ strategy—create action plans for culturally diverse situations; and, (iv) adapt as needed during cultural encounters. According to Livermore (2013), adapting the four CQ cornerstones should help one transcend culturally diverse traditions, values and customs.

It is my belief that tracking success factors and practices requires balanced scorecard metrics reported by the service provider against measurable KPI parameters. The purpose of descriptive and predictive KPIs is to stimulate logical and timely fulfillment performance interventions when performance questions surface. For the management of the IT portfolio, a service metric measurement is the degree to which enterprise management is satisfied with the IT alliance contribution to enterprise strategy and fulfillment performance.

> KPIs measure the enterprise's performance against consensual and well-defined goals and targets of excellence such as Six Sigma and Balanced Scorecard methodologies, KPIs will help drive the business in the desired strategic direction and serve as guideposts for quality and value innovation. They will aid in identification of excellent performance (strategic and tactical) and the correction of poor execution. Associated result thresholds built around KPIs can present management with "red alerts" and raise exception processing, better positioning management to be catalysts for organizational change. An executive will be able to easily tell if the company is underperforming or over performing in critical areas and give immediate attention to the rectification of problems or capitalize on potential opportunities. The most common classifications of KPIs are leading and lagging indicators. Leading indicators yardstick business processes and activities that will have an impact on future corporate performance; they can, more often than not, be thought of as qualitative benchmarks. Lagging indicators measure the end result of past activity such as financial actualization and other quantitative-oriented constructs. (Laurent, 2007, p. 1)

A carefully crafted semi-annual or annual buyer community survey instrument in the area of quality should provide indictors on the stakeholder satisfaction with solutions and services and the percent of stakeholders satisfied with IT quality. Only by properly defining potent KPIs will it be possible to know if the business is traveling in the right direction while instilling a culture of continuous improvement and accountability. The more accurate the KPI, the better it will aid in achieving the operational excellence of all concerned business units. If KPIs are flawed, the usefulness of dependent governance decision support systems will be greatly minimized. What is not measured properly cannot be improved effectively with timely interventions. The

balanced scorecard should be a service provider's periodic internal written evaluation of outsourcing with SLA and KPI metrics shared with the consumer of each contracted service monthly.

Summary Comments

This literature review identified that integrity, trust, and communication are fundamental attributes that promote cultural sensitivity in IT outsourcing leadership. Integrity, trust, verbal and nonverbal communication notwithstanding, an IT leadership identity comprises three significant elements; individual internalization, relational recognition, and collective endorsement. Such leadership demonstrably influences, motivates, and enables in-group members to contribute toward the effectiveness and success of the organization. An individual might not perceive himself or herself as possessing the attributes of a leader within a group, but the in-group members might collectively endorse them as a leader.

It also is my understanding from the literature that integrity and trust are linked to measurable performance, while cultural sensitivity is linked via many bridges across borders including organizational, national and geographical, as well as personal proclivities. Integrity was defined by Scheibe et al. (2006) as honesty and reliability, crucial to being successful in building the firm's reputation, a prime role of IT outsource leadership. Trust is also quoted as critical to the IT outsource relationship by Kern and Willcocks (2002), although it was not clear at times whether researchers meant confidence or interpersonal trust. Finally, verbal and nonverbal communication, especially when communicating across cultures, requires that IT outsourcing leadership overcome six barriers defined by Fowler (2006) as assuming similarity instead of difference, language, nonverbal misinterpretations, preconceptions and stereotypes, tendencies to evaluate, and high anxiety. Specific to language, it is noteworthy that the way in

which language is used frequently interplays with the way in which a culture communicates. Thus, a fundamental consideration to stimulate cultural sensitivity is to recognize that although industries and professions may operate in similar ways regardless of the country in which they operate, it is impossible to completely override the cultural norms that exist within a particular society.

As stated, tracking success factors and best practices requires balanced score-card metrics generated by a service provider when mutually agreed with the customer as a key measurement of service quality. The balanced scorecard should be a service provider's periodic internal written evaluation of outsourcing with SLA and KPI metrics shared with the consumer of such services monthly. The practical application of these monthly check points is to track service trends, benefits, relationship variations, challenges, and proposed interventions to mitigate risk or mixed results.

Raising a leader's CQ awareness is fundamental to understanding cultural differences while cultivating cultural sensitivity on how to communicate meaning and intent across virtual teams. What are the leadership practices and cultural compatibilities that permeate successful offshore IT sourcing alliances? This question represents a practical gap in the current literature treatment of timely performance interventions by the service provider within IT outsource alliances. This research explored new ideas, service expectations, KPIs and risk intervention leadership experiences within cross-cultural IT outsourcing alliances. By exploring and understanding the risk intervention experiences of leaders in IT outsourcing transactions, I stimulate an informed perspective on preparing leaders for treating service expectation variation challenges in cross-culture IT collaborations with cultural sensitivity. Such interventions might

span monitoring metrics for trends, offering re-training guidance, introducing systemic change, interceding with subject matter experts, or performing staff augmentation to name a few.

Chapter III: Methodology

Research design is defined as an approach integrating various elements of a study project in a consistent and coherent fashion in order to address one or more predefined questions. A methodology is a set of techniques and procedures employed by the researcher to construct a systematic plan to achieve defined research objectives. Since there are various options for conducting research, this Chapter seeks to explain the choice and rationale for the selection of the specific procedures and methods that were employed during this research project. The methodology of this study is presented in the following sub-sections: research design, research question(s), research approach, research implementation, and research statistical processes.

Research Design

A research design is a plan and structure of an investigation used to obtain answers to research questions with a degree of self-awareness as validly, objectively, accurately, and economically as possible without researcher bias. Some researchers use qualitative methods and others use quantitative methods in their studies. Within the qualitative and quantitative framework, there are three common types of research in the social science area: description, explanation, and exploration. Descriptive research is undertaken to present the precise measurement and report on the characteristics of some population or phenomenon under study. Explanation research is conducted to test initial assertions about the topical focus, which almost always requires multivariate analysis consisting of the simultaneous examination of two or more dependent variables. Exploratory research is generally conducted to develop an initial rough understanding of some phenomenon. Much of social research is conducted to explore a topic or to provide a beginning familiarity with that topic. This type of research is typical when a researcher is examining a new area of interest or when the subject of study is relatively

unstudied. Exploratory studies are more typically done to satisfy the researcher's curiosity and desire for better understanding about a particular topic, determine the feasibility of undertaking a more careful study, develop research techniques, and gain a sense of direction for future study. This project consisted of a descriptive study of an exploratory nature.

Creswell and Plano Clark (2011) suggested that exploratory studies are most advantageous when scarce research exists on the topic or the population being studied. Best and Kahn (1993) indicated that descriptive research seeks to find answers to questions through the analysis of variable relationship. Descriptive research, also referred to as survey research by Gay and Airasian (2000), is mainly concerned with attitudes, opinions, preferences, demographics, practices, and procedures. Descriptive research is appropriate when a problem does not lend itself to controlled inquiry and experimentation. According to Gay and Airasian (2000), descriptive data are usually collected by questionnaire, interview, telephone, or observation. Both qualitative and quantitative methods are used in this study in order to perfect the process and collect the target data to identify and quantify "what works" when implementing leadership practices with cross-cultural sensitivity in successful IT outsourcing alliances.

In any event, a good research report should help the reader draw conclusions with some degree of certainty. Thus, my role was to create the means for achieving such certainty by making inferences on the basis of the results obtained from IT professionals. For my specific research focus, the optimal research design was a mixed methods exploratory sequential design, which involved using structured open-ended interviews to collect qualitative data reflections from a selective population of IT professionals followed by a survey instrument for gathering quantitative data, comments, and opinions from a substantially larger IT professional population.

This mixed methods flow raised three questions: (i) who and how many IT professionals should be in the quantitative follow-up design? (ii) how should the emerging follow-up phase be described for the Institutional Review Board (IRB) approval? (iii) what qualitative results will be used to inform the construct of the quantitative data collection? Creswell and Plano Clark (2011) offered three recommendations to the flow questions: (i) for the quantitative phase use a different sample than the qualitative phrase, and obtain a large sample; (ii) describe the follow-up phase as tentative and file an addendum when or as needed; and, (iii) use themes, codes, and quotes to help design the survey instrument questions.

As depicted by Creswell and Plano Clark (2011), the four-step exploratory design in Table 3.1 can be recognized when the researcher starts with a qualitative phase exploring a topic before building to a quantitative phase followed with collective results interpretation.

Table 3.1

Basic Procedures in Implementing an Exploratory Design

Basic Procedures in Implementing an Exploratory Design	
Step 1	**Design and Implement the Qualitative Strand:**
	❖ State qualitative research questions and determine the qualitative approach. ❖ Obtain permissions. ❖ Identify the qualitative sample. ❖ Collect open-ended data with protocols. ❖ Analyze the qualitative data using procedures of theme development and those specific to the qualitative approach to answer the qualitative research questions and identify the information needed to inform the second phase.
Step 2	**Use Strategies to Build on the Qualitative Results:**
	❖ Refine quantitative research survey instrument statements and questions and the mixed methods questions. ❖ Determine how participants will be selected for the quantitative sample. ❖ Design and pilot test a quantitative date collection instrument based on

	the qualitative results.
Step 3	**Design and Implement the Quantitative Strand:**
	❖ State quantitative research questions that build on the qualitative results, and determine the quantitative approach. ❖ Obtain permissions. ❖ Select a quantitative sample that will potentially generalize or test the qualitative results. ❖ Analyze the quantitative data using descriptive statistics, inferential statistics, and effective sizes to answer the quantitative and mixed methods research questions.
Step 4	**Interpret the Connected Results:**
	❖ Summarize and interpret the qualitative results. ❖ Summarize and interpret the quantitative results. ❖ Discuss to what extent and in what ways the quantitative results potentially generalize or test the qualitative results.

Note. Adapted from "*Designing and conducting mixed methods research"* (p. 88), by Creswell, J. W., & Plano Clark, V. L., 2011, Thousand Oaks, CA: Sage. Copyright 2011 by Sage Publishing. Reprinted with permission.

First, the study utilized cross-sectional methods to gather data on the population because this involved the collection of data from participants in a single period of time. Collecting self reported data at a specific point in time facilitated describing the IT professionals' attitudes and beliefs about leadership best practices, cross-cultural awareness and service fulfillment performance interventions.

An additional goal of this design was to use qualitative results to form a survey instrument and then to explain and interpret the findings of a quantitative study to ensure the trustworthiness of the results. These multiple data collection methods contributed to the trustworthiness of the data. Although standardized surveys theoretically ensure that uniform data from various groups can be collected, interpreted, and compared using a precise methodology,

invariably inconsistencies in the data present questions about the results that are addressed through cross-analysis with related qualitative data.

In selecting this mixed methods approach, I examined and utilized the strengths that each style offered. The qualitative approach assisted me in gaining a deeper understanding through the interviewees' expression of their attitudes toward those attributes that permeate organizational cultures and leadership practices within successful global IT outsource alliances. On the other hand, the quantitative approach yielded data that added breadth in terms of providing a broader understanding of the leadership practices within successful cross-cultural offshore IT sourcing alliances. The mixed methods approach further supported the concept I researched in that culture is both generalized and particular. Using a mixed method exploratory sequential design allowed for significant congruency across the collected data. In particular, an exploratory design allowed for the following treatments suggested by Creswell and Plano Clark (2011):

- Definition—methods implemented sequentially starting with qualitative data collection and analysis in phase one followed by quantitative data collection and analysis in phase two which builds on phase one.
- Design purpose—need to test or measure qualitative exploratory findings.
- Typical paradigm foundation—constructivist in phase one and post-positivist in phase two.
- Level of interaction—interactive.
- Priority of the strands—qualitative emphasis.
- Timing of the strands—sequential with qualitative first.
- Primary point of interface for mixing—data collection.
- Primary mixing strategies—connecting the two strands, from qualitative data analysis to quantitative data collection; use qualitative results to make decisions about the quantitative research questions, sampling, and data collection in phase two. (p. 73)

This design was based on the premise that an exploration was needed for one of several reasons: (i) measures or instruments were not available, (ii) the variables were unknown, or

(iii) there was no guiding framework or theory. Additionally, a persuasive and strong mixed methods design addressed the decisions of level of integration, priority, timing, and mixing. Here the constructivist principles were at work using a small, purposeful sample during the phase one interviews of the study to value multiple perspectives and a deeper understanding from IT professionals followed by the phase two survey where the underlying assumptions shifted to those of post-positivist to guide identifying and measuring beliefs and statistical trends.

Research Question

According to Creswell and Plano Clark (2011), qualitative research questions focus and narrow the qualitative purpose statement and are stated as questions, not as hypotheses. These questions typically include a central question and no more than five to seven sub-questions. Those questions take the topic of the central question and target a small number of aspects of the central question. The qualitative questions for this research include the central question: What are the leadership practices and cross-cultural compatibilities that permeate successful offshore IT outsourcing alliances? This question was further clarified in a literature review of topics such as:

1. What IT alliance KPIs and SLAs should be measured and monitored?
2. What constitutes a meaningful measurement and monitoring tracking system?
3. What are acceptable or objectionable variations of KPI/SLA goals?
4. What interventions facilitate favorable IT alliance performance?

Research Approach

A research approach unit of analysis refers to what or whom the researcher is studying. It accurately describes the conceptual and methodological operation of research. This mixed methods exploratory sequential design guided an inquiry into an IT worldview composed of

beliefs and assumptions about leadership practices with cultural sensitivity and service intervention knowledge.

"In mixed methods research, the data collection procedure consists of several key components: sampling, gaining permission, collecting data, recording the data, and administering the data collection" (Creswell & Plano Clark, 2011, p. 171). Mixed methods warrants a minimum of two strands, a qualitative strand that includes persuasive data collection, and a quantitative strand that incorporates rigorous quantitative procedures. Open-ended interviews (qualitative treatment) assisted in the perfection of a survey (quantitative treatment) instrument to gather data, comments, and opinions to investigate the purpose and objectives of this research. The structured open-ended interviews were conducted via telecommunications technology with the researcher asking each interviewee the same 10 questions with occasional requests for clarification on some point made by the interviewee to drive the design and implementation of the quantitative strand of this study. The interviewees were selected to participate due to their experience with an IT outsourcing alliance; the central phenomenon or concept being explored in the study. The sample for the quantitative strand questions needed to be large enough to meet the requirements of statistical tests. The exploratory design diagram in Table 3.2 sets forth the activities, procedures, and products in both phase one and two of this study.

Table 3.2

Exploratory Design Diagram

Exploratory Design Diagram						
Activities	**Phase One**			**Phase Two**		
	Qualitative data collection	Qualitative data analysis	Develop a survey instrument	Quantitative data collection	Quantitative data analysis	Interpretation
Procedures	Maximum variation sample	Coding and thematic development.	Consider 5 themes as subscales; write 5-7	Survey N=100 IT professionals with refined	Analysis of survey responses with SPSS	Summarize dimensions, evidence for construct

	(N=12).		questions for each subscale. Pilot the survey instrument (N=3).	instrument.	software.	validity and discuss extent to which qualitative dimensions were validated.
Products	Field notes and transcripts.	Coded text with themes.	30 plus items across 5 subscales.	Numerical item scores.	Descriptive statistics	Description of dimensions

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The sequence of this research involved exercising select structured interviews to obtain qualitative guidance (words) to develop a survey instrument to collect substantial quantitative data (numbers) comments and opinions that provided guidance toward a set of beliefs, and values of a community of IT outsourcing professionals. It was also noteworthy that an inappropriate unit of analysis may influence the researcher to choose incorrect research tools, distorting the results while confusing the conclusions of the research. Units of analysis that are primarily investigated in social scientific research are individuals, groups, organizations, and social artifacts. The unit of analysis in this inquiry was those IT professionals who serve Fortune 100 for-profit business IT outsource alliance operations in a multinational corporation.

Survey questionnaires are known for their ability to gather information about the targeted population in a timely manner and are thus a relatively economical and fast way of collecting standardized information. As questionnaires depend on people to provide the needed answers, a benefit-risk factor must be considered. Under the right circumstances a person with the ability to observe, evaluate, store, retrieve, and report can be a valuable source of information. The human mind is a very complex and vulnerable observation instrument. Whether interview or survey, if

researchers do not ask the right people the right questions in the right way, they will not get quality answers; however, the survey questionnaire used in this study was crafted from IT leadership qualitative comments, opinions, and observations, taking into account the types of questions that are appropriate and relevant to this topical study and their cultural and contextual appropriateness with IT outsourcing alliance leadership. Merging the two databases demanded that parallel questions addressing the concepts be used in both the qualitative and quantitative strands so the two databases can be compared or merged. The survey instrument exercised a seven-point Likert scale that offered typical selections of either: (i) strongly disagree; (ii) disagree; (iii) slightly disagree; (iv) neither disagree nor agree; (v) slightly agree; (vi) agree; and, (vii) strongly agree. The demographic questions focused on offshore alliance profile and IT outsourcing efforts.

Although there are several different approaches from which to choose, two basic survey options were of importance here: (a) cross-sectional, and (b) longitudinal. In a cross sectional research, the unit of analysis is observed at only one point in time. On the other hand, in a longitudinal research, the unit of analysis is investigated over a substantial period of time. Heavy cost in both time and money often preclude researchers from conducting a longitudinal study. In addition, unanticipated changes in the unit of analysis and the research environment threaten the generalizability of the research in the instant moment. For these reasons, a cross sectional approach was most appropriate and feasible for my exploratory research.

Exercising a cross-sectional approach, this research explored applied leadership practices and cultural compatibilities that IT professionals believe permeate successful offshore IT outsourcing alliances. As mentioned, the purpose of this exploratory sequential design was to first qualitatively explore with a small sample of IT professionals via interviews and then to

determine if the qualitative findings apply to a larger sample via a multi-question survey and to conduct a large sample survey of IT professionals.

Research Implementation

The qualitative exploration of leadership practices was collected from a minimum of 10 participants via telecommunications technology. In this mixed methods inquiry I permitted the participants an opportunity to comment on the interview questions from their personal work experiences. To that end, a purposeful sample of management decision-maker interviewees was selected from my years of personal interactions. My goal was to interview IT professionals engaged in cross-cultural IT service outsourcing who have alliance experience in Argentina, China, England, Germany, India, Ireland, Singapore, Romania, Turkey, and the United States. The recorded interview language of each participant was transcribed verbatim by a court reporter service; thereafter I analyzed their response language for themes and patterns using the NVivo software coding tool. This process required organizing responses into coded units, categories, concepts, and themes to bring order, structure, and meaning to the collected response. Each estimated one-hour interview exercised the same instructions, terminology, and thematic questions. The thematic interview questions follow:

Interview question one: In your experience with IT alliances, what leader behaviors, traits, and practices do you believe are universally accepted and effective across national cultures?

Interview question two: In your experience as an IT professional, what leadership practices vary in accordance with specific values and expectations in cross-culture IT alliances?

Interview question three: What experience have you had resolving cultural differences and sponsoring mutual expectations with alliance virtual team members?

Interview question four: When you reflect on your IT work experiences, what principles of demonstrable leadership with cultural sensitivity come to mind?

Interview question five: Provide examples where applying cultural sensitivity moderates relationships among organizational group members and organizational processes effectiveness?

Interview question six: What processes should be exercised by organizations to evaluate service key performance indicators of an offshore IT outsourcing alliance?

Interview question seven: When IT alliance service key performance indicators are measured, what constitutes an acceptable or objectionable statistical range of value?

Interview question eight: Provide examples of interventions exercised by organizations to mitigate service performance degradation of an IT alliance?

Interview question nine: Provide examples of culturally appropriate governance mechanisms to ensure compliant and high IT alliance performance?

Interview question 10: Provide examples of best practices exercised by organizations during one or more of the following phases of an alliance: forming or framing; service transition or transformation; and, service steady state?

From this initial exploration, the qualitative findings were used to develop a survey questionnaire that was administered to a large sample of 100 IT professionals. Selection of the 100 survey respondents were identified from the outsourcing professional membership listings that I have access to as a registered member. My survey identified what IT professionals stated were the leadership practices in successful cross-cultural offshore IT sourcing alliances during the qualitative interviews. Additional survey data was collected on what those IT professionals stated were desirable risk interventions in the event that periodic service metrics or user satisfaction surveys indicate any level of service performance degradation. The survey collected

data on a blend of 35 questions, including: demographic questions; questions on IT alliance practices; questions on IT alliance partner cross-cultural compatibility (i.e., culture dimensions); and questions on IT alliance service fulfillment performance. The survey was open for 15 calendar days to permit a minimum of two full business weeks for respondent participation. Data analysis was provided through the use of the IBM Statistical Package for the Social Sciences ("SPSS") for Windows.

Research Statistical Processes

Statistics include methods for describing and analyzing data and for making conclusions or inferences about phenomena represented by data with good psychometric properties. Methods in the first category are termed descriptive statistics; methods in the second category are inferential statistics. Descriptive statistics enable the researcher to describe and organize data in a manageable way. They provide tools for describing associations that connect one variable with another and reduce data to manageable summaries. Inferential statistics assist the researcher in drawing conclusions about a population from the research samples. Based on the nature of this study, descriptive statistics were employed to analyze the quantitative data of this study. Descriptive statistics were obtained for demographic data and classification variables to describe and summarize the properties of the data collected from the respondents.

Descriptive statistics for the data were computed. The objective of the survey analysis was to look for ideas, patterns, and explanations of the leadership practices and cross-cultural compatibilities that permeate successful offshore IT sourcing alliances. This process required organizing the data into meaningful units, categories, concepts, and themes.

Summary Comments

The purpose of this exploratory mixed method research project was to investigate leadership practices and cultural compatibilities that permeate successful global IT sourcing while exploring user service expectations, timely risk interventions, and leader cross-cultural sensitivity within successful offshore IT outsourcing alliances. Also, this exploratory sequential design guided an inquiry into a worldview composed of beliefs and assumptions about the service performance intervention experiences of IT outsourcing leadership. The sequence for this research involved exercising a minimum of 10 select structured interviews in phase one to obtain qualitative guidance (words) to perfect a survey instrument to collect substantial quantitative data (numbers) comments and opinions in phase two that formed a set of beliefs, and values of a community of IT outsourcing specialists.

The exploratory design was a two-phase sequential design that recognized the researcher started by qualitatively exploring a topic before building to a second quantitative phase (qual → QUAN). In this study the qualitative questions for this research included the central question: What are the leadership practices and cross-cultural compatibilities that permeate successful cross-cultural offshore IT sourcing alliances? This central question was further clarified by addressing the following four sub-topics: (i) service KPI and SLA measurement and monitoring; (ii) statistical range of performance value; (iii) interventions that facilitate favorable service performance; and, (iv) discussion on a "balanced scorecard" performance metric reporting and tracking system. Thus, the objective of the exploratory findings analysis was to look for ideas, patterns, and explanations of the leadership practices and cultural compatibilities that permeate successful cross-cultural IT sourcing alliances.

Chapter IV: Findings

To contribute to a developing body of knowledge, this mixed methods exploratory sequential design explored the leadership practices, cross-cultural compatibility and service fulfillment performance factors in global IT outsourcing alliances. Industry professionals acknowledged when IT is aligned with a business entity's objectives, strategic alliance leadership is actively engaged in planning, infrastructure architecture transformation, and implementation governance. Further, while bilateral contracting and business alliance relationships foster and forge interaction across national borders, the advent of right shoring has introduced cross-cultural complexity for IT leadership roles born of national, international, and sub-culture global dimensions. The two phases of this mixed methods inquiry surfaced favorable and unfavorable opinions of IT professionals on meaningful relationships at all levels of cultural interaction that an IT outsourcing alliance addresses.

Qualitative Inquiry

Structured interviews were conducted that permitted open-ended responses from a group of IT outsource alliance professionals. The population's perspective was international in nature including respondents with the following country IT experiences: Argentina, China, England, Germany, India, Ireland, Japan, Philippines, Scotland, Turkey, and the United States. The selected sample population's perspective were in some leadership capacity across various alliance work disciplines in IT outsource multinational settings. Disciplines included accounting, customer support services, disaster recovery, human resources, program management, transition, and transformation services. The average age of the respondents was 53 years of age with an average of 32 years of work experience and 18 years in IT outsourcing alliance management. The gender composition was 78.6% male and 21.4% female.

It is important to note that many mixed method inquiries draw down on a subset of the population that participates in the quantitative survey. This exploratory sequential design exercised the qualitative phase first followed by the quantitative phase. In this inquiry I chose to isolate the qualitative participants from the quantitative participants while continuing to engage IT professionals active in outsourcing alliances. These interviews permitted those participants a meaningful opportunity to comment on the interview questions to identify thematic findings that influenced the survey instrument language in the quantitative phase. To that end, a purposeful sample of 10 IT professional decision makers known to me was initially selected for interviews. Upon transcribing the interview language of each participant, I analyzed their sentences for themes and patterns. This process required organizing responses into thoughtful units, categories, concepts, and themes to bring order, structure, and meaning to the collected response. Each interview exercised the same instructions, key word definitions, and 10 thematic questions.

Qualitative Findings. It is noteworthy that theme and pattern theoretical saturation is the phase of qualitative data analysis in which the researcher continues sampling and analyzing data until no new data appear and all concepts in the theory are well developed. Concepts and linkages between the concepts that form the theory have been verified, and no additional data are needed. No aspects of the theory remain hypothetical. All of the conceptual boundaries are marked, and allied concepts have been identified and delineated. Underlying theoretical saturation is the notion of theoretical sensitivity. The main assumption of theoretical sensitivity is that data analysis is data driven. That is, categories cannot emerge until they "earn their way" into the theoretical thematic scheme. In this inquiry, theoretical saturation was not fulfilled with the initial 10 interviewees and an additional four interviews were conducted to pass the saturation test. Then qualitative interview questions were designed to stimulate respondent

comments flowing from their work as an IT professional without researcher bias or focus on specific thematic resolves. What follows in the qualitative findings is each of the 10 interview questions with relevant participant comments and thereafter, a qualitative inquiry thematic findings section flowing from those interviews.

Interview question one: In your experience with IT alliances, what leader behaviors, traits, and practices do you believe are universally accepted and effective across national cultures?

The interview respondents stated that an effective leader has a well thought out mission objective and vision regarding the alliance objectives. Further, it is assumed that the basics of leadership competency, communication skills, decision-making ability, and team-building skills are all present. In one respondent's opinion:

> Intimacy, sponsorship and interpersonal skills are the big differentiators. This means that an alliance leader must be able to build trust, rally support and see the big picture. Also, that leader needs to have a flexible style to be able to read the virtual team's emotions, desires, and trends to hold trust while maintaining support for the alliance mission as the means to guide tactical actions and performance behavior.

A thematic finding of the interview respondents is that an IT leader builds on the alliance mission statement when they embrace mutual benefit for the partners. Leaders of successful alliances understand the benefits that both they and their alliance partner derive from the relationship, and work to ensure that both sides of the alliance achieve those benefits. Short sighted focus on only one partner's benefits derails success and can happen easily if the leaders do not understand, share, and articulate the mutual benefits so that the behavior of those involved properly reflect the spirit of the alliance. One interview respondent's response to interview question one noted that "this cascading effect of the proper values and behaviors common to the successful alliance partnerships include: honesty, inspirational leadership, integrity, and respect

for the partners." The respondents also state that underscoring such behaviors of an alliance leader is consensus building and open communication characterized in the following respondent statement.

> These actions can transcend cultural differences and both behaviors require leaders to truly engage in a conversation with a strong focus on both listening and ensuring that communication is being correctly understood by others. Often across cultures nonverbal signs vary widely and can be at odds with verbal communication, leading to misunderstandings and unfulfilled expectations of the alliance partners.

It is noteworthy that reputations are at stake when your operating entity is known to have an alliance with another company, and it is extremely important to exhibit trust, honesty, and ethics when representing the alliance according to several respondents. A respondent also noted:

> One universally accepted, but seldom practiced, attribute is seeking understanding across the alliance's virtual team. Without this core trait, communications and conflict resolution cannot be achieved. In order to facilitate this, it is tantamount to have a global leader who clearly understands cultural differences and who can, by their nature, lead through communication and cultural barriers with respect, patience, and intelligence.

Another respondent stated "a key leadership trait is attention to detail and a command of the contract that governs the alliance. Behaviors that effective leaders share include active listening, being decisive and encouraging skills development among the virtual team members." One respondent personalized response follows:

> In my personal experience, seeking to understand and then seeking to be understood is important with multi-cultural virtual team members. I have seldom seen success in being able to be understood or to understand in a multi-cultural team without also applying organizational development stages. Further, the first steps of organizational development are always done in person. When it is not practical to do so, the team must recognize that there will be an impact to their project, operation, or specific problems to be resolved. The end result is usually low quality, high cost or delays in completion timelines.

Thus, the qualitative responses to interview question one identifies that a common best practice is effective communication that promotes and reinforces goals, states current progress,

and recognizes key contributions by virtual team members. Then too, the effective leaders prioritize activities to ensure the alliance activities are getting sufficient qualified resources. Lastly, the interviews surfaced the belief and opinion from practitioners that effective alliance leaders work well across national cultures when they collaborate with their partner to ensure:

1. An alliance leader's ability to make timely, informed, active decisions.
    - If a decision is uninformed (i.e., not based on data and facts) the various factions will have it revisited multiple times to sway the decision maker to their point of view. Leadership ensures that the reasons supporting the decision are communicated in order to guarantee decision credibility among their team members.
    - Decisions that are delayed or take significantly longer than planned can result in project delays or passive decisions. Delayed decisions often create project "holding patterns" until someone has made the decision and in some cases can result in a passive decision (i.e., delayed technology decision) that results in more cost or rework.
2. An alliance leader's ability to exercise technical skills.
    - IT virtual team staff respect leaders that can comprehend the various deployed technologies because they can understand escalations and make informed decisions.

Interview question two: In your experience as an IT professional, what leadership practices vary in accordance with specific values and expectations in cross-culture IT alliances?

The responses to interview question two included the following quotable statements "IT professional leadership practices that vary will include topics that impact cultural norms and

challenge established ways of working." By way of example, "scheduling meetings during traditional lunch hours or after traditional business hours can be offensive." Also, "the format and tone of presentations, structure of meetings and most of all time-frame parameters for deliverables may challenge cultural values." Then, too, "the degree of transparency, openness in communication, disciplinary actions against practice norm offenders and ownership of such actions are often different in cross-culture alliances."

A respondent also stated "labor laws and acceptable labor practices vary across cultures, so each regional entity must interpret the values of the alliance and apply them appropriately based on the local culture and practice norms." As noted in Chapter II, effective leaders respect the local business culture and permit some degree of independence in the interpretation and application of the alliance vision and values. "Cultural awareness and cultural sensitivity are both critical attributes of successful alliance leaders" was noted by a respondent.

"North Americans tend to be very direct and that bluntness can be interpreted as arrogance and an unwillingness to listen" said one respondent. Another respondent noted "the ability to both change the communication style and read the audience is often in tandem with little time to interpret specific value when differences in style or culture must be respected as well as understood. North Americans generally speaking do not acknowledge and therefore cannot address the cultural differences in communication." Working to ensure communications are clear and understood without condescension is a critical alliance leadership success factor. A female respondent went on to state "some cultural differences create a built-in bias against women and minorities. For example, women will have a much tougher job leading Indian teams and often struggle with being invisible within the Indian culture." Respondents noted that visual

exchanges between global virtual team leaders early in the alliance formation stage often mitigate cultural built-in bias against gender and minorities out of respect for work experience.

On the topic of the nature of engagement in alliance relationships, another respondent comment was "what is acceptable and what is considered crossing the line?" This is a difficult question to answer without examining dimensional differences among various cultural clusters or geopolitical boundaries as a respondent noted:

> Some cultural differences in communications, mannerism, tone, and inflection that are perfectly accepted in one culture may be offensive in another culture. A strong leader will recognize these cultural dimensional differences, not just from where they come from and what is different for them personally, but in terms of a very deep understanding of what the differences may be between cultures that are not familiar.

By way of example, another respondent stated:

> When reflecting on the cultural differences between North America and Europe, each geographic region values situational sensitivity and employee empowerment differently. In North America the leadership culture tends to view these traits as strengths, leveraging to nurture innovation, streamline processes, and expedite projects, among others. In Europe these same traits are viewed negatively with those exhibiting these traits being viewed as undisciplined "cowboys" that will impede processes and projects. This is reinforced by the European command and control management style which wants all changes and innovation to be driven from the top down.

Interview question three: What experience have you had resolving cultural differences and sponsoring mutual expectations with alliance virtual team members?

One respondent noted that his personal experience in resolving cultural differences has always started with one-on-one alliance virtual team member relationship building.

> Once trust and common topics are established, asking for their creative approach to meeting the mission statement becomes straightforward. Sometimes it is necessary to head off cultural differences by asking for the alliance participant's preferred approach and if possible adopting some mutually agreed principles.

Another respondent to this question specifically stated:

> In one of the alliances with an organization my alliance partner was also my customer for other services and part of the same multinational organization, it was the degree of transparency exhibited between the teams that made it a success.

Most important in the respondent comments is for leaders to try to see things through the eyes and ears of the virtual team member's local cultures, to understand their issues and opportunities. "While it is simple to focus only on the big picture or where the bulk of the work or revenues flow, often the smaller pieces are a crucial part of the whole" according to a respondent. "Successful alliance leaders understand the perspective of the smaller knowledge work segments, and ensure that their ideas and concerns are not steamrolled by the larger groups within an alliance." A specific respondent comment is that "effective alliance leaders also have learned that no offense is taken where none is intended, as sometimes what appears to be culturally unacceptable behavior is really normal and respectable behavior elsewhere on the globe."

Noting that with greater understanding comes greater tolerance, another foundation element on which successful alliances can be built; one respondent shared a personal alliance work experience.

> I work for an Indian company and lead international teams implementing large, complex, mission critical systems. The approaches used with an American audience did not work with theses multinational teams. For example, with the Dutch there was no buy-in or commitment if they had not actively participated in design discussions and project planning as consensus is a critical cultural element. Work hours were another area with extremely different cultural norms as Europeans broadly will not routinely work outside of established business hours. Establishing the rules of the road up front before there is an impacting event averts the likelihood that differences will be viewed as the cause of problem. Effective leadership considers cultural variances during the alliance planning phase that are then built into the execution model.

Another respondent stated, "when I began working on multinational teams one thing I would do is ask things about their country or culture and try to be politically correct when doing

so. This would help me understand them a bit more." Also, level-setting the virtual team members on the sense of urgency to respond, resolve, and meet customer objectives and expectations are important for respondents. This gets back to seeking to understand and then seeking to be understood as an attribute with multi-cultural virtual team members. The respondents have seldom seen success in being able to be understood or to understand in a multicultural team without also applying the alliance formation stages of team development that they believe are vitally important for the IT leader to understand, embrace, and coach a virtual team. Further, a respondent clarified that to get through the early stages in a virtual formation without negative consequences, the formation steps are done in person.

> The team must recognize that absent an initial face-to-face exchange, there may be an impact to their project, operation, or specific problems to be resolved. The end result is usually low service quality, high cost, and/or delays in work process completion timelines.

Another respondent stated "for the past 12 years, I have had to work with teams in Europe as well as India. My experience surrounded building a rapport and understanding between the teams, including cross education of the cultures." This includes experience with virtual team members where the goals and deadlines have to be clearly communicated. "I find it more effective if the virtual team knows the details of why certain tasks are needed and how the work will be used." As an alliance leadership practice respondents note that they have been able to mitigate cultural differences with:

1. Introduction of diversity into the team by splitting roles and responsibilities between the cultures with strong executive leadership that drove the teaming behaviors that were desired. It took about two years and involved some management changes to rid the organization of those that were resistant to change.

2. Budgeting for travel so that there was significant face-time between the team members. For example, the use of employee delegations (short and long term) to help build cultural teams and drive ownership of the results (i.e., having the off-shore management team participate on-shore in the transition activities).
3. Shifting of the work day so that time zone differences don't become a burden for the global team.
4. Ensuring work/project information is published in a location that is easily reachable by the whole team.

Interview question four**:** When you reflect on your IT work experiences, what principles of demonstrable leadership with cultural sensitivity come to mind?

When reflecting on demonstrable leadership with cultural sensitivity respondents included selection of team members, establishment of reporting protocols, setting deadlines around local holiday times, and choosing food and entertainment at company sponsored events. Also, "understanding and respecting the partner's culture is very important, you would not want to demonstrate a sense of superiority or talk about a subject that is a taboo for the other alliance members." An example of cultural understanding was identified in the following response:

> An Englishman talking to a person from a Commonwealth country endeavors to be humble, while mentions of racist issues when talking to a person from a different culture is avoided. Leadership empathy is very important when outsourcing is the issue in question between the alliance partners, and layoffs within the outsourcer entity are a possibility.

Open and respectful communication from the top is the demonstrable leader foundation according to respondents. "Leadership has a vision, communicate the vision, and set expectations about the guiding principles." With an understanding of these driving principles, staff can make independent decisions that support the vision and principles within their own

culture. "Asking questions when something seems amiss can help keep from making other cultures defensive of their positions, and this helps uncover the root of the issues." One respondent noted:

> When there is a challenge, understanding how the other party sees the situation provides the foundation from which you can share an alternate viewpoint when necessary. An ally who knows you have their interests at heart is far more likely to support you when you really require their support. That respect is to be earned as it is not freely given all the time.

It was noted in the interviews that within the Indian culture, female leaders have a tougher time due to the fact that bias and class still play a cultural role. Further, "saying no is not a cultural norm for Indians. However, that does not mean that yes is interpreted as an agreement; it more likely means I heard you." "Effective leadership with Indian teams and/or virtual team members is to drive to the details explicitly outlining expectations, deliverables, and delivery dates" according to the interviews. Another respondent stated "my best results were achieved when those agreements were documented in writing with follow up to the detail discussions." Again, female respondents noted that face-to-face detail discussions between global virtual team leaders often mitigate cultural built-in bias against gender out of respect for work experience.

Leadership with cultural sensitivity requires leaders to "understand what is okay and what is not okay when dealing with other cultures, while exhibiting and practicing trust, honesty, fairness, and mutual respect." The reported experience of one Western respondent follows:

> While quite frustrating at times, my time in Germany was an incredible learning experience. However, it was only with mutual respect and embracing differences in business approaches, that the team ultimately succeeds by recognizing that diversity can bring much value when managed properly. Did the Germans do it 100% right, no, did the American's, no, Italians, Brits, no…but sharing of ideas, finding common ground and agreeing on solutions ultimately got the tasks done. To clearly answer this question, negotiating through differences and coming to common ground is a key attribute of an effective leader.

For an alliance leader to achieve situational sensitivity an alliance respondent noted that "while process and discipline are important for consistent results, leaders are to be sensitive to the culture of the different organizations in various countries in order to manage them effectively. Leaders who are sensitive to cultural differences are more likely to create an environment that encourages innovation for process improvements." By way of example, respondents clarified a process that would result in unnecessary work will often be challenged in North America, with the team trying to optimize the process, versus Europe which is more "command and control" and therefore does not like to challenge processes from the bottom up. If a leader does not appreciate and manage the differences it can result in conflict.

> To avoid conflicts the alliance virtual team considers body language, communications style, and active participation in cultural celebrations, as well as accommodation of extended leaves when appropriate.

Interview question five: Provide examples where applying cultural sensitivity moderates relationships among organizational group members and organizational processes' effectiveness?

An example of cultural sensitivity mitigating a relationship involved a joint venture alliance in Europe was cited by a respondent.

> When a French IT company acquired the IT arm of a Germany-based Fortune 100 company that was approximately the same size, it was important that the German history of the company be respected and that its customers who transitioned to the French company felt comfortable. This was partially done by the German company acquiring a minority stake in the French company, along with a membership of its board of directors. Leadership positions were also filled in the new organization by identifying the best talent in both the acquired and acquiring entities for positions in the merged venture.

That being said, a female respondent noted:

> I believe cultural sensitivity continues to be a challenge. In my experience, Germans are either not as accepting or just not used to strong American women in the IT space. My senior management had to communicate my role in the organization in order for the other

> culture to accept my management role. Cultural sensitivity is even more critical as IT organizations work in India and China where women, in totality, are somewhat a new organizational change in the professional IT work environments; particularly if the woman is in management.

"Applied cultural sensitivity extends to the alliance workforce where it is noteworthy that in some European countries, the cost to release an employee is very high" according to one respondent. Others note that this can be a strong deterrent to hiring in advance of a long-term commitment versus the United States, where it is not so costly to release an employee if the work requirements shift or flux up and down. An IT professional in India commented:

> In India, it can take a long time to hire employees because of the culturally expected notice periods required by their current employer. Understanding the ramp time requirements can help understand when activities are undertaken, and being prepared to cover certain costs, if incurred, can make a difference in another party's willingness to support an alliance business proposition.

Also, respondents commented "some cultures are more blunt in verbal dialog than others, which can have the effect of making someone seem rude, or as if they are beating around the bush, depending on the side one is on." Again, patience and understanding are crucial while in the broader context a respondent noted:

> Drawing everyone into the discussion and ensuring all ideas are heard without initial judgment fosters teamwork and participation. Since work is measured and valued differently across cultures, data-driven metrics are important to effective outsourcing, be they offshore, onshore, or right shore. Process development with metrics of specific outcomes and defined quality standards coupled with feedback loops will keep the focus on performance results. Agreements structured as pay per transaction, rather than pay per hour, reinforce the service definition and operate within the process, which includes the expected turnaround times and quality standards.

Alliance partners are constantly engaged in collaborative discussions of practices, processes, and methodologies from each of the participating organizations according to several respondents. "Such collaboration should pollinate the virtual team to include acceptance and

implementation of input from all team members." Thus, respondents acknowledge that alliance team members embrace cultural differences and seek to learn and understand through a series of question and answer exchanges that facilitate strong relationships. A respondent clarified that saying "help me understand why you do it that way versus that's not how we do it" shows sensitivity to cultural differences.

Interview question six**:** What processes are exercised by organizations to evaluate service key performance indicators (KPIs) of an offshore IT outsourcing alliance?

Several respondents paraphrased that the alliance leadership promote benchmarking using standards-based language such as the ITIL. Further, "the alliance exercises subjective measurements, end-customer satisfaction measurement process, and employ monthly customer satisfaction measurement with a governance model that establishes frequent meetings of the alliance governing board." Stating there is a careful review and documentation of performance expectations and SLAs during the alliance formation phase.

The alliance partners understand the timeline and the importance of the KPI's implementation according to several respondents. Financial risks for performance degradation is shared equitably so all the parties have similar incentives for the right outcome. One respondent stated:

> Ongoing reviews of performance metrics and agreement on remedial action(s), progress and results are embedded into the governance structure of the agreements. KPIs are firm numbers if possible including time on task, SLA compliance items, and the like. All parties of the alliance understand how the KPIs are calculated and what the terms mean so that the partners fully understand and come to a mutual consensus on the definitions for each SLA as well as the importance of meeting the SLA targets once definitions and expectations are mutually agreed.

Monthly alliance partner reviews of metric reporting dashboards with both leading and lagging indicators to measure performance are critical. As a respondent commented, "the

challenge is that many companies in IT off shoring do not have a baseline or level of performance from whence to measure." In another respondent's experience, "off shoring IT outsourcing alliances are hindered by off shoring as they do not want to accept the distant culture's way of delivering the work." Thus, care is taken to establish KPIs that are measurable, well defined, and attainable by the service providers and they are few in volume.

To summarize respondent views, while performance are tracked as part of daily operations, a formal review of alliance performance occurs monthly with a focus on service delivery; if there are issues with the KPIs it is important to perform a root cause analysis. It is possible that KPI issues could be the result of a cultural issue that leadership can address prior to any hand-off to an offshore team to ensure prerequisites are met before the service provider transitions to steady state alliance operations.

Interview question seven: When IT alliance service key performance indicators are measured, what constitutes an acceptable or objectionable statistical range of value?

The respondents clarified that the statistical range of value is determined by the maturity of the service offering and the criticality of the KPI.

> A highly mature service likely has better metrics, more predictability, and better understanding, so the range can be pretty tight. An evolving or immature IT service may be much more variable, with reporting metrics that are more prone to interpretation and variance up to +/- 15%. In all cases, the severity of the KPI as it pertains to the impact on the business is the driver toward determining the degree of the penalty and the statistical accuracy demanded. Here the performance will depend upon the nature of the work; is it a mission critical activity or not. The range of values will drive operational costs and penalties and be tied to the business requirements. If the business requirement is 99.999% uptime, then there is little margin for failing to meet the KPI.

Again, respondents noted the performance range depends on what was set up when the KPI's were established. Whereas acceptable performance may reflect on anything that is agreed upon at the time of customer expectation survey measurements and objectionable performance

may reflect anything that is not stated as acceptable. Respondents note that a governance board between the alliances' parties could help resolve differences of opinion where the ranges of +/- 2% +/- 5% are common and acceptable variances. Most KPIs have a target and a yield, i.e., 90% of incidents (yield) is restored within two business days (target). Typically variation is tracked using the standard deviation of the target.

Interview question eight**:** Provide examples of interventions exercised by organizations to mitigate service performance degradation of an IT alliance?

Alliance leadership interventions include developing steering committees and governance boards, from the participating organizations, to develop cadences, guidelines, roles, and responsibilities to monitor and manage the overall service delivery program according to respondents with one respondent stating:

> Interventions exercise executive sponsorship, impartial observation, promote a grace period, and where appropriate offer a revised service scope. When a customer is not satisfied with performance, the service provider applies a "get well plan" that may cover many areas within the service such as an improved SLA performance, more timely alerts, or increases in domain specific qualified alliance staff.

In organizations that have achieved steady state operational status, intervention occurs when KPI performance falls below threshold and a get well control plan is executed. A common mitigation noted by respondents is to have WLIs or standard operating procedures well documented. Also, mature knowledge experience articles being created or updated and shared with the alliance virtual team members regularly will mitigate performance degradation. Organizations often have teams on site during the transition phase; organizations also invest in a resource to live in the offshore environment for 3-6 months. According to respondents, mature alliances arrange daily conference calls to review management processes documented as:

(i) OLAs with internal SLA between organizations to set expectations that define escalation paths to resolve issues, as well as regular performance reporting; typically once per week but could be daily (or more frequent) if a performance issue is being monitored (e.g., service desk caller hold times) when alliance team management would typically meet 2 to 3 times per day to review most recent metrics, or make staffing adjustments, until the performance issue is resolved. As a respondent state:

> One example was more fueled politically and, therefore, could never be resolved. For example, with a Service Desk implementation in Manila, when we started to see some degradation, we hopped on a plane and flew to Manila to resolve issues over a week-long period of meetings and monitoring. We reset the relationship, and monitored KPIs and SLAs much more closely and much more frequently.

It is noteworthy that respondents report penalties and cancellation clauses are the most common contract and governance guidelines. However, these have significant business impacts and ancillary costs. An active alliance service program focuses on building quality in rather that post-activity inspection or reporting as a viable and meaningful mitigation plan more likely to identify process issues before they become major performance failures. Respondents have seen penalties that were so severe, they impacted the businesses ability to put the corrective measures in place, so the service provider just accepted the penalties but cut the cost to the point where the penalty could be afforded. They have also seen penalties be so minimal that the service company just put the cost of the penalty into the model and they thus did not effectively attain the expected service levels. Neither is a successful path.

Effective alliance staff avoids creating so many KPIs that they are impossible to measure accurately and fail to drive behavior. However, by far the most common situation reported by respondents is one in which the KPIs did not evolve, and service providers did not satisfy the customer despite delivering a consistently favorable status in all the KPIs. The best

organizational interventions have been recorded as those in which there was a strategic alignment where both the customer's and the service provider's strategies were presented so that each party in an alliance knew the other's goals and objectives, and in response shifted to reflect evolving objectives, with a joint emphasis on the avoidance of penalties through the mutual achievement of desired results.

Interview question nine: Provide examples of culturally appropriate governance mechanisms to ensure compliant and high IT alliance performance?

Examples of culturally appropriate governance mechanisms reported by respondents would include quarterly business reviews, balanced score card reporting and an impartial user survey or generally methods that are in no way subjective. Other mechanisms include members of all alliance partners in the strategy and steering committees, rewarding a partner for the other partners' successes, diversity within the strategic-level, management-level, and operational-level leadership. In general respondents also recommend, weekly service operational review meetings based on available alliance performance data, risk register analysis with appropriated intervention initiation and tracking.

In the respondents opinion, successful alliance leadership establishes steering committees and governance boards from the participating organizations in order to develop cadences, guidelines, roles, and responsibilities to monitor and manage the overall service delivery program with clear documentation of alliance partner expectations, agreements, and performance metrics in place. Periodic compliance reporting would include dashboards that have been agreed to, with a range of results that is acceptable though not necessarily a pass or fail, either near real time or manually created reports reviewed on operations calls as common governance mechanisms. Additionally, mature organizations have a governance body that measures

performance at a high level and conduct periodic audits to ensure compliance with clear escalation paths to resolve issues. By way of example, one respondent reports:

> A service provider in India was struggling to transition quickly enough to take on new work and provide the right quality of service. Their challenge was that they could not hire certain crucial positions quickly enough due to the long lead times associated with extended notice periods being culturally required when employees were opting to leave their current employer. Understanding this led to shifting solutions that had longer, slower ramp up timing built in to the process, supported by a team in the United States that engaged and documented the processes and expectations, then worked to train the people in India once they were on board. The shift in timeline and process led to mutual success with a very pleased customer.

Interview question 10**:** Provide examples of best practices exercised by organizations during one or more of the following phases of an alliance: forming; service transition or transformation; and, service steady state operations?

In general, respondents stated that best practices include transparency, one voice, end user involvement, and measured progress. Following the ITIL methodologies is a recommended best practice over the life cycle of service offering. In order to ensure successful, effective, and efficient service transitions, respondents also state that it is essential to be able to establish the performance against targets and costs against budgets of transitioning services and of the process overall. By way of example, a respondent reports:

> In a situation requiring a series of transitions over 18 months, processes were defined, and teams of transition personnel were assigned to work certain business units in sequence. With a consistent vision, good governing leadership, and well-defined timelines and deliverables, 18 different business units transitioned over an 18 month schedule, on time and within budget.

Quality gate processes are also reported by respondents to be highly effective. The requirements to progress to the next stage are agreed in advance as part of the alliance service planning or design efforts. The contracted organization prepares documentation and distributes

it in advance. At a meeting, the results are reviewed and openly discussed. The contracting organization determines if the quality gate exit criteria have been met and if all parties have completed all entrance requirements for the next phase of work as agreed. Any discrepancies are documented with an assigned mitigation team and date. In this scenario, the best practices are applied during the alliance service transition and/or transformation with a well defined SOW for each service, broken down to deliverables, and then managed in work-level instructions to fulfill those deliverables.

Alliance leadership practices migrate from the contract signing to the operations study state. For instance, when respondents reflected on leadership practices their comments include:

> In the alliance-forming phase, partnering of the steady state management team and bid team prior to finalization of the SOW ensures that the listed services can be provided profitably so that adequate due diligence has been performed, with realistic and agreed KPIs.
>
> Whereas, in the service transition phase, networks are critical to partnering between the on and offshore steady state management teams to ensure that due diligence covers any gaps in the SOW, as well as identifying hand-over criteria where documentation of all process flows.

This helps to drive ownership of the results to ensure staff transitions are completed correctly and those transitioning are introduced to their new management team. There have been cases where transitioned staff did not meet their new alliance manager until several weeks after the transition. "Any number of mistakes not only impact productivity, but also customer satisfaction. Another significant mistake is when one makes the assumption that a process knowledge transfer does not have to be documented" according to respondents. The operational alliance steady state phase requires adequate service production readiness reviews and sign-off by all parties, with reporting in place, especially reports for tracking operational performance.

One respondent noted they have never seen an alliance organization that has had this phasing right. However, several respondents noted that the best practices boil down to include a few stages of team development such as: (i) face-to-face meetings on a regular basis with virtual communications; (ii) documentation and agreement on strategy, design, implementation, cost, scope, and schedule; (iii) an issues register that is reviewed on a regular basis; (iv) a documented escalation process; (v) a detailed project plan that is followed; (vi) an agreed-upon change order process; and, last but not least, (vii) Co/Multi Chairs with an overall team leader (i.e., each disparate organization elect who will be responsible to sit on a governing board and the steering committees. Each group has a representative that has a stake in the project's success.

Qualitative Inquiry Thematic Findings.

Alliance leadership practices. The alliance leadership practice theme identified in the qualitative inquiry phase as most critical is an intuition of how various cultures may perceive their own processes. Then too, stages of alliance virtual team development, including forming and performing, are vitally important for the IT leader to understand, embrace, and coach. These stages are centered on a foundation of leadership practices around aggressiveness, assertiveness, communications, and presentation styles. Also, effective alliance leadership will surface any issues where an agreement or charter that defines what all participants must do to support the alliance mission may not be clearly understood across the audience or satisfy the audience's expectations. It was further noted that short-sighted focus on only one partner's benefits derails success and this can happen easily if the leaders do not understand, share, and articulate the mutual benefits so that the behavior of those involved properly reflects the spirit of the alliance. Underscoring such behaviors in an alliance leader is consensus building and open communication to build and sustain mutual trust.

It was noted by respondents that compatible business objectives frequently identified a couple of insights for clients and suppliers to address including: (i) an alliance strategy must either fit with the client's norms and practices, or the client may have to change norms and practices to achieve success; (ii) clients and suppliers invest in social capital to facilitate knowledge transfer. To restate a qualitative finding, a significant common mistake is when an alliance leader makes the assumption that an effective process knowledge transfer between customer and outsource service provider does not need to be documented and shared across member roles and responsibilities. Such processes flow into the alliance from well-crafted compatible mission goals and objectives of the parties thereto. A qualitative theme of alliance practices where success was fostered included a good governance where members of all alliance partners have a seat in the steering committees and governance boards to develop method guidelines, roles, and responsibilities to monitor and manage the overall service delivery program while communicating the mission to their team. The qualitative findings noted one universally accepted, but seldom practiced attribute, is seeking understanding across the alliance's virtual team.

In the area of alliance leadership practices the central themes surfaced by the qualitative respondents influenced the creation of eight survey statements in the following areas:

- There is an alliance agreement or charter that clearly defines what all alliance participants must do. (Survey finding table 4.1)
- Senior leadership on all sides of the alliance is highly supportive of the alliance. (Survey finding table 4.2)
- Alliance participants are willing to share knowledge. (Survey finding table 4.3)

- Alliance participants take active steps to build and sustain mutual trust. (Survey finding table 4.4)
- Alliance participants were selected based on compatible business objectives. (Survey finding table 4.5)
- Alliance participants are exposed to domain specific training to protect service quality at lower functional costs. (Survey finding table 4.6)
- Alliance parties share a common view of alliance performance metrics. (Survey finding table 4.7)
- The alliance parties have compatible missions. (Survey finding table 4.8)

Cultural compatibility. As identified in the qualitative inquiry phase, alliance partners must possess the capability to manage the cultural compatibility of the partnership. The qualitative findings indicated mixed results on cultural compatibility and exposed conflicts where strong social networks between client IT employees and the user community are often incompatible with cost effective alliance capabilities.

As noted in the qualitative findings, underscoring inspirational leadership, integrity, and respect for the partners are behaviors of an alliance leader that flow from consensus building and open communication. Another qualitative compatibility finding assumed that the basics of alliance leadership competency, communication skills, decision-making ability, and team building skills are all present. In one respondent's opinion, intimacy, sponsorship and interpersonal skills are the big differentiators. These behaviors can transcend cultural differences according to the qualitative findings and permit leaders to truly engage in a conversation with a strong focus on both listening and ensuring that communication is being correctly understood by others. Often across cultures nonverbal signs vary widely and can be at odds with verbal

communication leading to misunderstandings and unfulfilled expectations of the alliance partners.

Another qualitative theme was, people in high uncertainty avoidance cultures actively seek to decrease exposure to risk and the probability of unpredictable future events. Reflecting on the qualitative findings, another appropriate cultural compatibility would be to find the organizational balance for competitive versus cooperative approaches to alliance achievement with consideration for the engaged culture. However, it was also noted by respondents that within time and place spectrums, successful long-term international business ventures such as an IT outsource alliance require the establishment of strong interpersonal relationships among diverse people who may have been socialized in different cultures. Thus, being global is not just about where you do business; it is also about how you do business and treat rules of conduct across cultures.

Several themes reflecting on cultural compatibilities identified by respondents in the alliance qualitative inquiry influenced the creation of 10 survey statements in the following areas:

- The alliance culture of one party is more team-oriented. (Survey finding table 4.9)
- The alliance cultures are compatible in their treatment of stratified versus concentrated authority. (Survey finding table 4.10)
- The alliance cultures are compatible in their treatment of uncertainty. (Survey finding table 4.11)
- The alliance cultures balance their cooperative versus competitive approach to achievement. (Survey finding table 4.12)

- The alliance culture of one party is more sensitive to punctuality. (Survey finding table 4.13)
- The alliance cultures are compatible with respect to favoring direct communication. (Survey finding table 4.14)
- The alliance cultures are compatible in their work lifestyle. (Survey finding table 4.15)
- The alliance cultures are compatible in their view of obligations to rules and laws versus obligations to relationships. (Survey finding table 4.16)
- The alliance cultures are compatible in form of expressiveness and emotional control. (Survey finding table 4.17)
- The alliance cultures are compatible on handling participants who deviate from acceptable social norms. (Survey finding table 4.18)

Fulfillment performance. As was noted in qualitative inquiry, those responsible for delivery of timely support often struggle with their role in setting and addressing the end user's IT service fulfillment expectation. Despite a detailed SOW document, this service delivery struggle is most likely tied to the approach as to how service will be delivered which may give rise to some degree of user conflict that alliance leadership must mitigate. The qualitative findings also noted that a substandard service performance may arise owing to the service fulfillment personnel including poor training, incapability or unwillingness to meet the specified service standard or WLI.

The qualitative findings indicated work is measured and valued differently across cultures and data-driven metrics are important to effective outsourcing, be they offshore, onshore, or right shore. Process development with metrics of specific outcomes and defined

quality standards coupled with feedback loops keep the alliance focus on performance results. Thus, a qualitative inquiry finding is that ongoing reviews of performance metrics and agreement on remedial action(s), progress, and results are embedded into the governance structure of the alliance. While the contract documents will likely include a well defined SOW generally setting the service provisioning expectations in a perfect work environment, unplanned events can culminate into risk exposure. Misalignment in perception between consumer expectation and provider management arise when IT service management does not correctly perceive what the client's user community wants. According to the qualitative responses, factors leading to this misalignment are: (i) insufficient due diligence; (ii) poorly interpreted information about the user's expectations; (iii) service delivery not focused on demand quality; or, (iv) too many layers between the provider or client front line personnel and their top-level management.

To be culturally sensitive, a qualitative theme is that off-shoring partners will likely evaluate how their specifications, payment, project monitoring, knowledge sharing, human capital, and teamwork differ from each other and then align mutual service expectations with any impending transformational change while co-sponsoring continual cultural interaction. Specific to human capital, alliance leadership is expected to staff the alliance roles with competent team members who enhance the economies of scale in human resources for all the partners.

As noted in the qualitative findings there is significant value in alliance leadership managing the communications process across all participants when the outsourcing contract is fully executed to exchange goals to set mutual expectation of overall benefits and timing. The respondents point here is that benefit timing is a variable subject to dependent and subordinate phasing that will most likely not be fulfilled on day one. Such a day one expectation can impact the building of mutual trust by the alliance parties.

Several themes reflecting on fulfillment performance identified by respondents in the alliance qualitative inquiry influenced the creation of seven survey statements in the following areas:

- The alliance has delivered on its commitment in terms of meeting deadlines. (Survey finding table 4.19)
- The alliance has delivered on its commitment in terms of providing key activities. (Survey finding table 4.20)
- The alliance has delivered on its commitment in terms of meeting the overall SLA. (Survey finding table 4.21)
- The alliance has permitted the parties to focus on core business activities. (Survey finding table 4.22)
- The alliance has permitted enhanced economies of scale in technological resources. (Survey finding table 4.23)
- The alliance has enhanced economies of scale in human resources. (Survey finding table 4.24)
- The alliance has satisfied the parties' overall benefits from outsourcing. (Survey finding table 4.25)

Quantitative Inquiry

As stated, the findings in the qualitative inquiry section influenced the creation of the quantitative inquiry survey instrument. Specifically, the survey was cast into multiple statements across three thematic segments; namely, leadership practices, cultural compatibility, and fulfillment performance. Each segment was crafted to ask the respondent's opinion on: (i) eight leadership statements ranging from alliance formation through to steady state operations; (ii) 10

cultural dimensions and their compatibility across alliance parties; followed with, (iii) seven performance areas and whether or not the alliance was compliant and meeting expectations.

Quantitative Findings. A sample population of 100 IT professionals in Fortune 100 multinational for-profit corporations was identified, in concert with the development of a survey instrument to collect quantitative data, to which, 91 individuals responded. The population's perspective was international in nature across various work disciplines in IT outsource multinational settings. At the time of the survey, the average time with their current employer was eight years, providing direction to six or more direct reports. The 91 alliance survey respondents are indentified by gender in Figure 4.1, by age in Figure 4.2 and by role in Figure 4.3 including those who claimed experience in both the consumer and practitioner role over time, a consumer or member of the service user community, and those filled the role of practitioner or service provider.

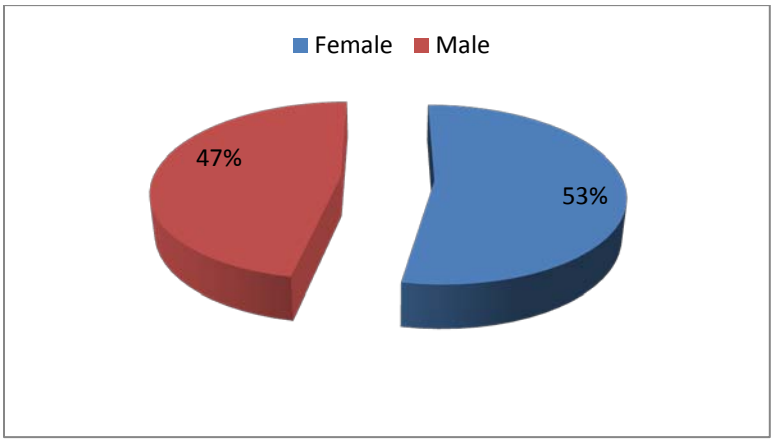

Figure 4.1. Survey respondent gender composition.

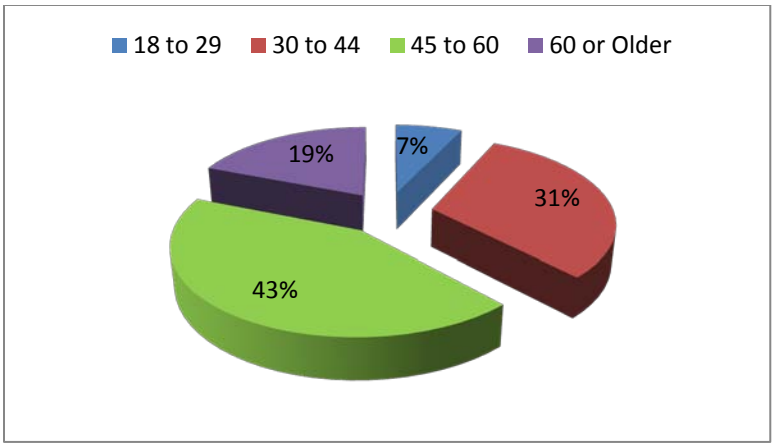

Figure 4.2. Survey respondent age in years composition.

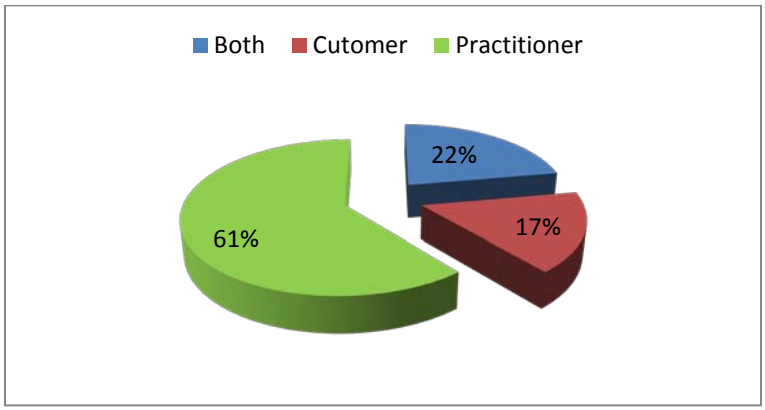

Figure 4.3. Survey respondent role composition.

General descriptions of the respondent's alliance charter included: research institution collaborations; technology product, public and private partnerships, engaging consultants, and several joint ventures across the banking, software development, and healthcare industries. The average percent of respondent selection distributions across the applied seven point Likert scale for the entire survey instrument would lead one to believe that the respondents represent a good cross section of alliance experiences by IT professionals. By way of example, 26.5% of the respondents disagreed with the 25 specific alliance survey statements, 18% neither disagreed nor agreed, and 55.5% agreed.

The objective of the survey analysis was to look for ideas, patterns, and explanations of the leadership practices, cultural compatibility, and fulfillment performance that permeate global IT outsource alliances. Also, while the survey utilized a seven point Likert scale, that scale has been altered for this presentation in the interest of clarity, see Figure 4.4.

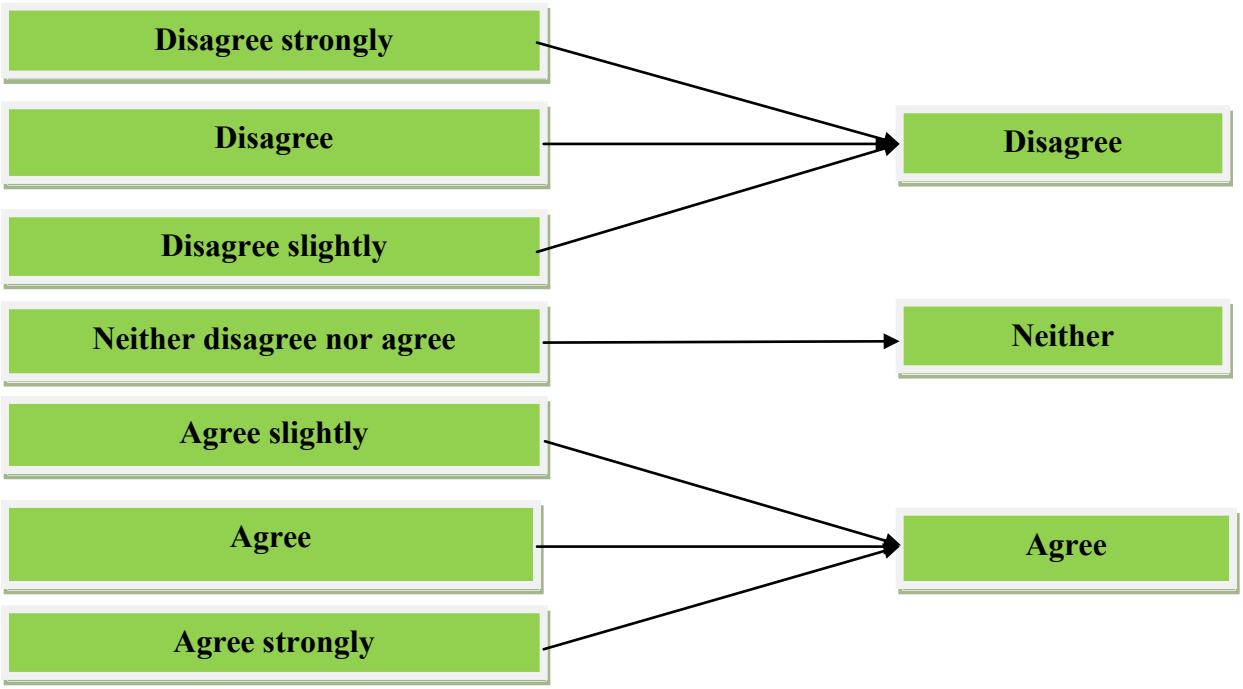

Figure 4.4. Likert scale consolidation.

What follows is a comprehensive explanation of the quantitative survey findings with descriptive statistic tables. A survey statement format similar to the question format utilized in the qualitative inquiry findings has been adopted for clarity and simplicity. Data analysis was provided through the use of the Statistical Package for the Social Sciences (SPSS).

Survey statement one**:** There is an alliance agreement or charter that clearly defines what all alliance participants must do.

As previously noted from the relevant literature, the market agrees that an alliance agreement defines a set of user services to be outsourced and that "one of the most important

components of any outsourcing deal is the contract" (Tafti, 2005, p. 551). Framed by the contract, many outsourcing buyers found that "although service was delivered according to [the] agreement language, in many situations they did not satisfy user requirements" (Kern & Willcocks, 2002, p. 9). Two main problem types were identified by Kern and Willcocks, including: "day-to-day problems; and operational, cultural and contractual problems" (p. 12).

Table 4.1 indicates a respondent distribution of 78.1% agreeing with survey statement one and 16.5% posting disagreement. When viewing the roles of consumer, those who held both the consumer and practitioner over time, and those who only held the role of practitioner, Table 4.1 percentages takes on an interesting perspective with consumers posting 0.0% who agree.

Table 4.1

The Alliance Agreement Defines What Participants Must Do

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	0.0%	16.5%	20
Consumer	11.0%	5.5%	0.0%	15
Practitioner	0.0%	0.0%	61.5%	56
Total	16.5%	5.5%	78.0%	91

Survey statement two**:** Senior leadership on all sides of the alliance is highly supportive of the alliance.

The 91 professionals posted an 89% approval that their senior alliance leadership was highly supportive (see Table 4.2). Here, an interesting fact is that the 11% who logged that they disagreed were all practitioners.

Table 4.2

Senior Leadership Is Highly Supportive of the Alliance

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.0%	0.0%	22.0%	20
Consumer	0.0%	0.0%	16.5%	15
Practitioner	11.0%	0.0%	50.5%	56
Total	11.0%	0.0%	89.0%	91

Survey statement three**:** *Alliance participants are willing to share knowledge.*

When IT outsourcing leadership attempts to stimulate group members for performance improvements and excellence, "the more people know about advantages and potential difficulties, the more they can benefit from the variety and creativity that can bring" (Brislin & Kim, 2003, p. 379). The 91 professionals posted 61.5% in Table 4.3 who agree that participants are willing to share knowledge.

Table 4.3

Alliance Participants Are Willing to Share Knowledge

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.0%	5.5%	16.5%	20
Consumer	7.7%	3.3%	5.5%	15
Practitioner	13.2%	8.8%	39.5%	56
Total	20.9%	17.6%	61.5%	91

Survey statement four**:** Alliance participants take active steps to build and sustain mutual trust.

Table 4.4 indicates a respondent distribution of 56.0% agreeing with survey statement four of the survey and 26.4% cumulatively stating disagreement. One hundred percent of those who held both the consumer and practitioner over time agree to some degree that participants take active steps to build and sustain mutual trust.

Table 4.4

Alliance Participants Build and Sustain Mutual Trust

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.0%	0.0%	22.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	20.9%	12.1%	28.5%	56
Total	26.4%	17.6%	56.0%	91

Survey statement five*:* Alliance participants were selected based on compatible business objectives.

Quantitative survey findings on compatible business objectives are set forth in Table 4.5. To select an appropriate alliance, the literature noted that an intelligent client company will likely have the ability to identify the competitive factors associated with alliance performance, assess the cultural and institutional risk associated with each of the factors, and incorporate the competitive factors into its decision processes.

Table 4.5

Alliance Participants Have Compatible Business Objectives

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	0.0%	16.5%	20
Consumer	4.4%	12.1%	0.0%	15
Practitioner	20.9%	6.6%	34.0%	56
Total	30.8%	18.7%	50.5%	91

Herein, the responses by alliance roles offer mixed results in response to survey statement five reflecting variations in business objective perspectives of the alliance roles.

Survey statement six**:** Alliance participants are exposed to domain specific training to protect service quality at lower functional costs.

The responses in Table 4.6 appear to mutually share their beliefs on whether or not they received exposure to domain specific training.

Table 4.6

Alliance Participants Protect Quality at Lower Functional Costs

IT Role	Disagree	Neither	Agree	Total (N)
Both	13.2%	5.5%	5.5%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	12.1%	5.5%	41.7%	56
Total	30.8%	16.5%	52.7%	91

Survey statement seven**:** Alliance parties share a common view of alliance performance metrics.

As referenced in the literature, Davis et al. (2006, p. 779) stated that outsourcing contracts are agreed to in concept but delivered in detail, and that is the reason they can break down. The purpose of survey statement seven is to examine whether or not the alliance parties share a common view of performance metrics. It is important to note in Table 4.7 that the response field is split with 44% recording a favorable finding and 44% responding less favorable as their position on sharing a common view of performance metrics.

Table 4.7

Alliance Parties Share a View of Alliance Performance Metrics

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	0.0%	11.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	27.5%	6.5%	27.5%	56
Total	44.0%	12.0%	44.0%	91

Survey statement eight**:** The alliance parties have compatible missions.

"Firm must possess the capability to manage the cultural compatibility of the partnership" (Ang & Inkpen, 2008, p. 346). As clarified in the literature review, how missions differ across organizational cultures, how diverse teams function, and how transactions are negotiated across corporate boundaries has exploded the study of more than just broad values, and brought to light

the importance of focusing on how beliefs and cognitive processes translate from the alliance partner's mission statement. Again it is important to note in Table 4.8 that 56.0% recording a favorable finding with 33.0% responding less favorable on sharing a common view of compatible missions as their position.

Table 4.8

The Alliance Parties Have Compatible Missions

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	0.0%	16.5%	20
Consumer	11.0%	5.5%	0.0%	15
Practitioner	16.5%	5.5%	39.5%	56
Total	33.0%	11.0%	56.0%	91

Survey statement nine**:** The alliance culture of one party is more team-oriented.

Table 4.9 displays that a majority of 63.7% favored one culture as being more team oriented.

Table 4.9

The Alliance Culture of One Party Is More Team-oriented

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.0%	12.1%	9.9%	20
Consumer	6.6%	4.4%	5.5%	15
Practitioner	0.0%	13.2%	48.3%	56
Total	6.6%	29.7%	63.7%	91

Survey statement 10**:** The alliance cultures are compatible in their treatment of stratified versus concentrated authority.

Authority as a cultural dimension discussed in Chapter II refers to low versus high power distance or the degree to which members of an organization or society expect and agree that power will be stratified and concentrated at higher levels of an organization, a family, or government. For example, the extent to which the group members of an organization expect and

accept that power is distributed unequally or held by a senior person. The quantitative survey findings on compatible business treatment of stratified versus concentrated authority are set forth in Table 4.10 with 45% of respondents acknowledging cultural differences in power distance.

Table 4.10

The Alliance Cultures Are Compatible in Authority

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	5.5%	11.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	34.0%	16.5%	11.0%	56
Total	45.0%	27.5%	27.5%	91

Survey statement 11**:** The alliance cultures are compatible in their treatment of uncertainty.

Uncertainty translates to risk and low versus high uncertainty avoidance, which means the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices. The descriptive statistics in Table 4.11 speak to whether or not the alliance cultures are compatible in their treatment of uncertainty with 37.3% favorable responses and 45.1% unfavorable. It is noteworthy that the role cross tabulation reflects a distribution with a majority of non-favorable responses from the practitioners, a split decision for the respondents in the consumer community and those that held a consumer or practitioner role over time. The quantitative survey findings on compatible treatment of uncertainty are set forth in Table 4.11 with 45% of respondents acknowledging cultural differences in uncertainty.

Table 4.11

The Alliance Cultures Are Compatible in Uncertainty

IT Role	Disagree	Neither	Agree	Total (N)
Both	6.6%	0.0%	15.4%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	33.0%	12.1%	16.4%	56
Total	45.1%	17.6%	37.3%	91

Survey statement 12**:** The alliance cultures balance their cooperative versus competitive approach to achievement.

Achievement is one of the cultural dimensions discussed in Chapter II. The aspects of achievement include cooperative versus competitive which is defined as the degree to which an organization or society encourages gender egalitarianism and rewards group members for performance improvements and excellence. Table 4.12 displays 39.6% favorable responses, 28.5% that were not favorable and 31.9% indecisive responses.

Table 4.12

The Alliance Cultures Balance Their Approach to Achievement

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.0%	9.9%	11.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	23.0%	16.5%	23.1%	56
Total	28.5%	31.9%	39.6%	91

Survey statement 13**:** The alliance culture of one party is more sensitive to punctuality.

The intent behind survey statement 13 is to understand whether one party is more sensitive to punctuality versus relationships. Here, the focus was on the degree to which individuals in organizations or societies engage in such behavior as planning, investing in the future, and delaying individual or collective gratification. Punctuality or clock time means there are precise times when events and appointments begin and end. Relationship or event time

begins when all the people scheduled for the event arrive and ends when the purpose of the event has been served.

There is a sense that cultures do vary on their conceptions of time and along a dimension of "what comes first, do people control time or does time control people" (Brislin & Kim, 2003, p. 364)? Table 4.13 displays a frequency distribution favoring one party being more sensitive to punctuality. Reflecting on the 61.5% favorable responses, as noted in Chapter II, knowledge work organizations are more and more applying pressure for the employee's total commitment to what is called the global clock raising alliance member sensitivity to punctuality.

Table 4.13

The Alliance Culture of One Party Is More Sensitive to Punctuality

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.1%	16.4%	5.5%	20
Consumer	5.4%	0.1%	11.0%	15
Practitioner	0.1%	16.4%	45.0%	56
Total	5.6%	32.9%	61.5%	91

Survey statement 14**:** The alliance cultures are compatible with respect to favoring direct communication.

The basis for this survey statement 14 is another of the cultural dimensions, communication, which can be direct versus indirect. Chapter II stated that low context is when an individual or a society as a whole goes to great lengths to be very clear and explicit using words, whereas high context depends much more heavily on implied meaning and assuming that the listener will pick up in between the lines. In Table 4.14 the favorable responses split the frequency count with those who disagreed or acknowledge cultural differences in communication.

Table 4.14

The Alliance Cultures Are Compatible With Respect to Communication

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	0.0%	11.0%	20
Consumer	11.0%	0.0%	5.5%	15
Practitioner	23.0%	5.5%	33.0%	56
Total	45.0%	5.5%	49.5%	91

Survey statement 15**:** The alliance cultures are compatible in their work lifestyle (i.e., living to work versus working to live).

Lifestyle or being versus doing concerns the importance one attributes to taking care of ourselves, being productive, and striving for work-life balance characterized in the phrase "working to live (being) or living to work (doing)." The quantitative survey findings on compatible work lifestyles are set forth in Table 4.15 with those who disagreed acknowledging cultural differences in work lifestyle.

Table 4.15

The Alliance Cultures Are Compatible in Their Work Lifestyle

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	5.5%	11.0%	20
Consumer	11.0%	0.0%	5.5%	15
Practitioner	28.5%	22.0%	11.0%	56
Total	45.0%	27.5%	27.5%	91

Survey statement 16**:** The alliance cultures differ in their view of obligations to rules and laws versus obligations to relationships.

With respect to particularistic versus universalist rules, the dilemma is how you view obligation to rules and laws versus obligation to relationships. With universalism, there are rules for everyone. With particularistic views, there are particular obligations to people one knows while broader judgment focuses on the exceptional nature of present circumstances.

The quantitative survey findings on obligations to rules and laws versus obligations to relationships are set forth in Table 4.16. Here it is noteworthy that 60.4% agreed that the alliance cultures differ, 13.3% disagreed in their treatment of obligations, and 26.3% opt out.

Table 4.16

The Alliance Cultures Differ in Rules and Relationships

IT Role	Disagree	Neither	Agree	Total (N)
Both	0.1%	10.9%	11.0%	20
Consumer	5.5%	0.0%	11.0%	15
Practitioner	7.7%	15.4%	38.4%	56
Total	13.3%	26.3%	60.4%	91

Survey statement 17**:** The alliance cultures differ in form of expressiveness and emotional control.

Neutral versus affective expressiveness and emotional control are commonly viewed in facial expressions. Neutral offers a great deal of emotional control where reason influences behavior whereas assertive people want to find ways to express emotion, even spontaneously as a sign of showing respect.

Table 4.17 indicates that 54.0% of the respondents agreed their alliance cultures differed in expressiveness, 25.1% disagreed and 20.9% neither disagreed nor agreed.

Table 4.17

The Alliance Cultures Differ in Form of Emotional Control

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	11.0%	0.0%	20
Consumer	5.5%	0.0%	11.0%	15
Practitioner	7.6%	9.9%	43.0%	56
Total	25.1%	20.9%	54.0%	91

Survey statement 18**:** The alliance cultures differ on how to handle participants who deviate from acceptable social norms.

Social Norms as a cultural dimension are characterized as tight versus loose. Here the goal was to address the degree that strong social norms are within a culture, primarily focused with how a culture handles people who deviate from such norms. Table 4.18 indicates 38.5% of the alliance cultures agreed on handling deviations from acceptable social norms. Thirty four percent disagree that the alliance cultures are compatible on handling those who deviate from acceptable social norms and 27.5% neither disagreed nor agreed. These descriptive statistics translate to the extent members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and practices. Cultural systems and social system are treated as analytically distinct but related. Thus, the various alliance roles are mixed on handling those who deviate from social norms.

Table 4.18

The Alliance Cultures Differ on Handling Social Norms

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	5.5%	5.5%	20
Consumer	0.0%	11.0%	5.5%	15
Practitioner	23.0%	11.0%	27.5%	56
Total	34.0%	27.5%	38.5%	91

Survey statement 19**:** The alliance has delivered on its commitment in terms of meeting deadlines.

Table 4.19 displays a significant majority of 67% who agreed that their alliance has delivered on its commitment of meeting deadlines as opposed to 27.5% who disagreed.

Table 4.19

The Alliance Has Delivered on Meeting Deadlines

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	0.0%	11.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	11.0%	0.0%	50.5%	56
Total	27.5%	5.5%	67.0%	91

Survey statement 20: The alliance has delivered on its commitment in terms of providing key activities.

While 67% agreed on an alliance meeting deadlines 78% of the respondents were favorable in terms of providing key activities.

Table 4.20

The Alliance Has Delivered on Providing Key Activities

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	0.0%	16.5%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	5.5%	0.0%	56.0%	56
Total	16.5%	5.5%	78.0%	91

Survey statement 21**:** The alliance has delivered on its commitment in terms of meeting the overall SLAs.

The emergence of IT outsourcing expectations is an evolving driver in service delivery language, performance measurements, and penalties for non-performance of service obligations. The SLA exhibit language inculcates the IT service delivery provider's attempt to define and acknowledge user service expectations. In Table 4.21 those favorable on an alliance meeting the overall SLA registered 61.5% while 27.5% of the respondents disagreed. However, "although it is crucial to include SLAs in an outsourcing contract, defining them can be a tricky proposition" (Tafti, 2005, p. 551).

Table 4.21

The Alliance Has Delivered on Meeting the Overall SLAs

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	5.5%	11.0%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	16.5%	0.0%	45.0%	56
Total	27.5%	11.0%	61.5%	91

Survey statement 22**:** The alliance has permitted the parties to focus on core business activities.

Survey statement 22 refers to a theory of core competencies that includes all IT functions peripheral to the company's production of goods and services for the market. The 91 survey respondents in Table 4.22 posted 67.0% favorable treatment on focus.

Table 4.22

The Alliance Has Permitted Focus on Core Business Activities

IT Role	Disagree	Neither	Agree	Total (N)
Both	5.5%	0.0%	16.5%	20
Consumer	0.1%	10.9%	5.5%	15
Practitioner	11.0%	5.5%	45.0%	56
Total	16.6%	16.4%	67.0%	91

Survey statement 23**:** The alliance has permitted enhanced economies of scale in technological resources.

Table 4.23 indicates that 78% of the respondents agree while 22% were less favorable.

Table 4.23

The Alliance Has Permitted Enhanced Technological Resources

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	0.0%	11.0%	20
Consumer	5.5%	0.0%	11.0%	15
Practitioner	5.5%	0.0%	56.0%	56
Total	22.0%	0.0%	78.0%	91

Survey statement 24**:** The alliance has enhanced economies of scale in human resources.

As I noted in Chapter II, the structural norms that customers believe are critical practices for outsourcing success include accurate project scoping, clear authority structures, taking charge, effective human capital management, effective knowledge transfer, and the building of effective inter-organizational teams to create enhanced economies of scale in human resources (see Table 4.24).

Table 4.24

The Alliance Has Enhanced Economies of Scale in Human Resources

IT Role	Disagree	Neither	Agree	Total (N)
Both	11.0%	5.5%	5.5%	20
Consumer	0.0%	5.5%	11.0%	15
Practitioner	23.0%	11.0%	27.5%	56
Total	34.0%	22.0%	44.0%	91

Survey statement 25**:** The alliance has satisfied the parties' overall benefits from outsourcing.

Table 4.25 reflects the respondent opinion that only 40.7% agree that the alliance has satisfied the parties' overall benefits from outsourcing while 28.6% disagree and 30.7% opted out with neither disagreed nor agreed.

Table 4.25

The Alliance Has Satisfied the Overall Benefits From Outsourcing

IT Role	Disagree	Neither	Agree	Total (N)
Both	6.6%	8.8%	6.6%	20
Consumer	5.5%	5.5%	5.5%	15
Practitioner	16.5%	16.5%	28.5%	56
Total	28.6%	30.8%	40.6%	91

Quantitative Inquiry Thematic Findings.

Alliance leadership practices. In the area of alliance leadership practices across the 91 respondents, cumulatively was 61.2% of favorable postings and 26.4% of less than favorable postings. Table 4.26 displays the respondent leadership practices opinions by alliance role including those who held both a consumer and practitioner position over time, those who held consumer positions and those who held a service provider position.

Table 4.26

Leadership Practices by Alliance Role Descriptive Statistics

IT Role	Disagree	Neither	Agree	Total (N)
Both	21.9%	6.1%	72.0%	160
Consumer	38.3%	32.5%	29.2	120
Practitioner	24.8%	9.2%	66.0%	448
Net Total	26.4%	12.4%	61.2%	728

Thematically, these descriptive statistics surface five leadership practice issues at 26.4% unfavorable responses including: (i) building and sustaining mutual trust; (ii) having compatible business objectives; (iii) protecting service quality at lower functional costs; (iv) sharing a common view of alliance performance metrics; and, (vi) having compatible missions. Favorable responses at 61.2% included: (i) there is an alliance agreement or charter which clearly defines what all alliance participants must do; (ii) senior leadership on all sides of the alliance is highly supportive of the alliance; and, (iii) alliance participants are willing to share knowledge.

Cultural compatibility. Reflecting on cultural compatibilities by the 91 respondents it was recorded that 43.8% agreed and 29.8% disagreed. The language used to craft the 10 survey questions labeled cultural compatibility were phrased to offer the respondents selections that affirmed that their alliance was aware of cultural dimension variations. Thus, a respondent might disagree on compatibility affirming a variation or agree on differences affirming a variation.

The descriptive statistics in Table 4.27 displays the respondent cultural compatibility opinions by alliance role including those who held both a consumer and practitioner position over time, those who held consumer or user positions, and those who held a practitioner or service provider positions.

Table 4.27

Cultural Compatibility by Alliance Role Descriptive Statistic

IT Role	Disagree	Neither	Agree	Total (N)
Both	24.5%	36.0%	39.5%	200
Consumer	36.7%	28.7%	34.6%	150
Practitioner	29.3%	22.3%	48.4%	560
Net Total	29.8%	26.4%	43.8%	910

Thematically, these descriptive statistics surface low awareness of cultural dimension differences at 29.8% including: (i) treatment of authority; (ii) treatment of uncertainty; (iii) approach to achievement; (iv) alignment of communication; (v) compatible work lifestyles; and, (vi) agreement on handling deviations from social norms. Affirmative responses on cultural differences at 43.8% included: (i) the alliance culture of one party is more team-oriented; (ii) the alliance culture of one party is more sensitive to punctuality; (iii) the alliance cultures differ in their view of obligations to rules and laws versus obligations to relationships; and (iv) the alliance cultures differ in form of expressiveness and emotional control.

Fulfillment performance. Several themes reflecting on fulfillment performance identified by respondents are displayed in Table 4.28 reflecting the respondent fulfillment performance opinions by alliance role including those who held both a consumer and practitioner position over time, those who held consumer or user positions and those who held a practitioner or service provider positions.

Table 4.28

Fulfillment Performance by Alliance Role Descriptive Statistics

IT Role	Disagree	Neither	Agree	Total (N)
Both	36.4%	12.2%	51.4%	140
Consumer	24.8%	32.4%	42.8%	105
Practitioner	20.7%	7.7%	71.6%	392
Net Total	24.8%	12.9%	62.3%	637

Cumulatively, the Chapter IV descriptive statistics surface the following four service fulfillment performance issues flowing from the 24.8% of less than favorable responses: (i) meeting deadlines; (ii) meeting the overall SLAs; (iii) enhancing economies of scale in human resources; and, (iv) satisfy the overall benefits from outsourcing. Favorable responses at 62.3% agreeing included: (i) the alliance has delivered on its commitment in terms of providing key activities; (ii) the alliance has permitted the parties to focus on core business activities; and, (iii) the alliance has permitted enhanced economies of scale in technological resources.

Summary Comments

This mixed methods exploratory sequential design surfaced significant variations in IT professional opinions as to the leadership practices, cultural compatibility and service fulfillment performance factors in IT outsourcing alliances. When considering the eight alliance leadership practices survey statements flowing from the 10 qualitative inquiry questions five posted less than favorable responses and three posted favorable responses. When considering the 10 cultural compatibility survey statements flowing from the 10 qualitative inquiry questions all 10 received affirmation responses that cultural dimension variations were marginally present in their IT alliance. When considering the seven service fulfillment performance survey statements flowing from the 10 qualitative inquiry questions four posted less than favorable responses and three posted favorable responses.

Chapter V will offer discussion of how IT offshore outsource alliances can address 26.4% of unfavorable and 61.2% favorable leadership practices, the cultural compatibility marginal affirmations together with 24.8% of unfavorable and 62.3% favorable service fulfillment performances to while reflecting on the research question. What are the leadership best practices and cross-cultural awareness that permeate successful offshore IT outsourcing alliances?

Chapter V: Discussion, Limitations, and Implications for Future Research

Qualitative and Quantitative Discussion

The literature review identified that integrity, trust, and communication are fundamental attributes that promote cultural sensitivity in IT outsourcing leadership. Such leadership influences, motivates, and enables alliance members to contribute toward the effectiveness and success of an alliance cross-cultural organization by implementing best practices with cultural sensitivity. When forging a meaningful relationship at all levels of cross-cultural interaction, whether one is a leader or follower, my experience has been that an IT outsourcing alliance leader builds trust with cross-cultural sensitivity while sustaining integrity, and mitigating performance risk via timely interventions. Whereas trust, integrity, and intervention are linked to measurable performance with applied practices, the qualitative inquiry respondents noted that cultural sensitivity is linked via verbal and non-verbal communication bridges across organizational, national, and geographical boundaries, as well as personal proclivities. An inquiry discussion follows in the areas of leadership practices, cultural compatibility and fulfillment performance where favorable, less than favorable responses, and affirmations were noted in this study.

Alliance Leadership Practices. The inquiry population's perspective was international in nature including respondents with the following country IT experiences: Argentina, China, England, Germany, India, Ireland, Japan, Philippines, Scotland, Turkey, and the United States. Across this distributed population of IT outsource professionals, the findings indicated that certain leadership practices are common for global alliances while others are sensitive to cultural locations. What follows is a discussion of those practices where respondents commented on their alliance cross-cultural offshore experiences. Several qualitative respondents stated that

successful IT alliance leadership exercise transparency, one voice, end user involvement, and measured progress. Favorable responses to the leadership practices in the quantitative inquiry included: (i) there is an alliance agreement or charter which clearly defines what all alliance participants must do; (ii) senior leadership on all sides of the alliance is highly supportive of the alliance; and, (iii) alliance participants are willing to share knowledge. Further, alliances follow the ITIL methodologies as a recommended practice over the life cycle of the outsource service offering. Success was also fostered with a good governance practice where members of the alliance partners have a seat on the steering committees and governance board to develop a mutually accepted strategic vision, desirable behavior, method guidelines, roles, and responsibilities to monitor and manage the overall service delivery domain programs.

A pictorial view of the top 25 practice words identified in the qualitative findings are represented in Figure 5.1 word cloud.

Figure 5.1. IT alliance practice word cloud.

The larger the text indicates the magnitude of usage by qualitative respondents stimulated by the context of the interview questions.

Reflecting on leadership practices, alliance organizations have a governance body to measure performance at a high level and conduct periodic audits to ensure compliance by exercising two-in-the-box management to ensure that the team partners complete their objectives with clear escalation paths to resolve issues. Governance practices included rewarding a partner for assisting in the other partners' successes, while encouraging gender diversity within the strategic management level and operational level leadership roles. Steering committees require routine reports and weekly service operational reviews around performance based on data, not conjecture. Practices also include quarterly business reviews with performance metric reporting, and an impartial periodic (not less than annual) end user survey. The service metrics are mutually agreed between the parties in the alliance that offer an acceptable range of results with very clear documentation of expectations and SLAs in place at contract formation. Lagging metric indicators posted to near real-time dashboards are reviewed on service operation calls as a common governance practice.

The qualitative inquiry respondents stated that quality gates are also a highly effective alliance practice. The gate requirements to progress to the next stage of alliance formation are agreed in advance by the partners as part of the planning or design efforts. To engage in the quality gate process (see Figure 5.2), the service transition, transformation, and steady state team members must understand the SOW, break it down to deliverables, and then manage those deliverables from contract signing through service transition and transformation into operational steady state.

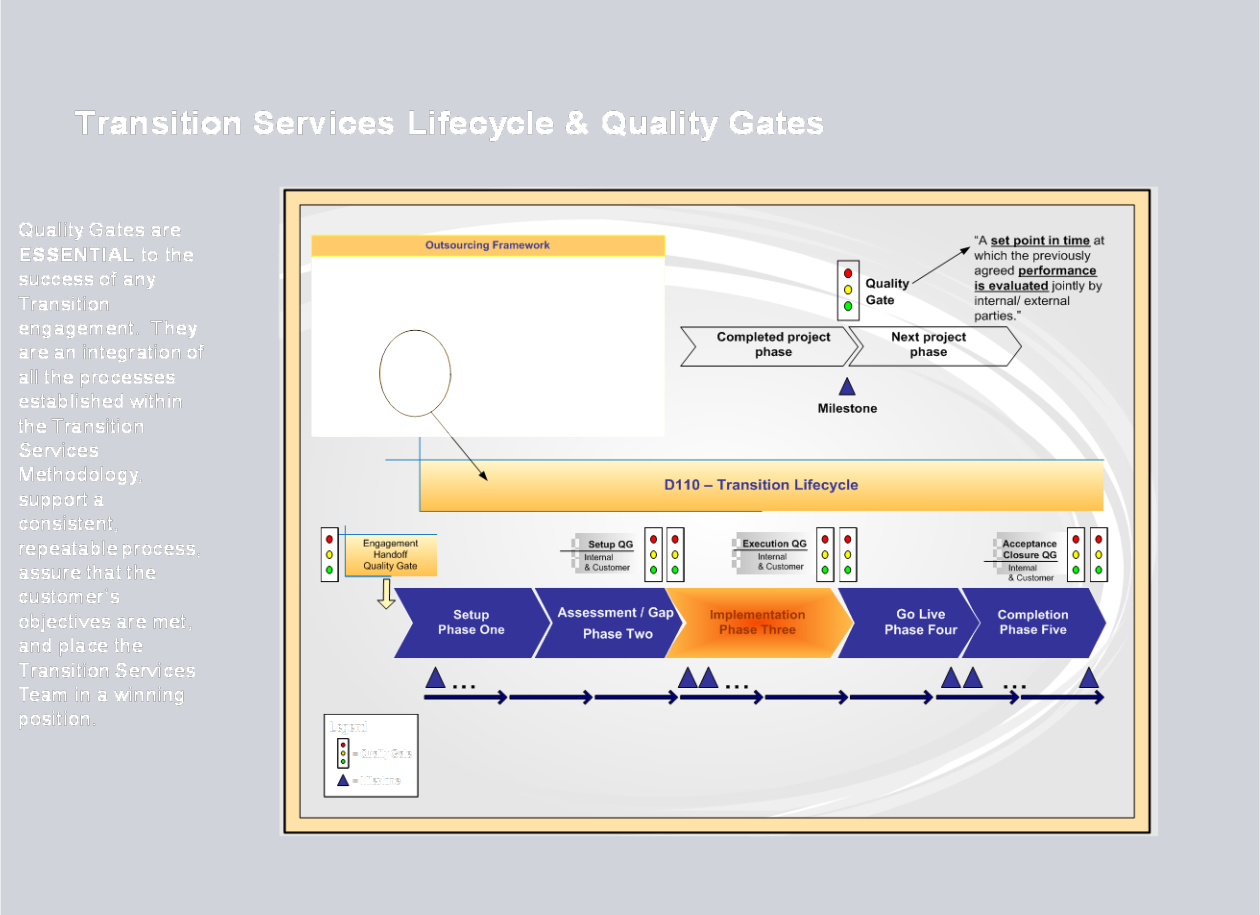

Figure 5.2. IT alliance practice quality gate process.

When implementing the quality gate process, the contracted organization prepares documentation and distributes it to the alliance leadership in advance of a quality gate meeting when the results are reviewed and openly discussed. In the quality gate meeting the alliance organization determines if the exit criteria have been met for a phase of work and if all parties have completed their entrance requirements for the next gated phase of work. Any discrepancies are documented with mitigation dates and responsible team members.

In order to ensure successful, effective and efficient alliance service transitions between an internal customer IT organization and the external service provider the qualitative respondents stated it is essential that a leader establish the alliance performance against targeted fulfillment performance and costs against budgets for transitioning services as well as the desired

operational steady state process. Other practices that vary by nation include topics that impact cultural norms and challenge established ways of working. For example, scheduling meetings during traditional lunch hours or after traditional business hours is offensive in certain cultures. Additionally, the format tone of presentations, structure of meetings and time frame for service deliverables can be challenging in the global outsource arena.

According to qualitative inquiry responses, when forming an IT outsource alliance, leadership should ensure adequate contract due diligence to support realistic and mutually agreed KPIs. In the alliance formation stage, partnering is also a desirable practice. This means that the alliance leadership should initiate partnering the bid team with the transition team during the finalization of the SOW to identify any required clarifications or potential issues that must be mitigated during the start-up and transition phases. While it is essential that a transition team identify and document all process flows, network maps, and the like, any number of alliance leadership best practice deviations will impact productivity and impair customer satisfaction. A significant practice deviation noted by qualitative respondents was when an alliance leader makes the assumption that an effective process knowledge transfer between customer and outsource service provider does not need to be documented.

Further, partnering of the steady state management team and bid team prior to finalization of the SOW can ensure an adequate production readiness review and sign-off by all parties, with reporting processes in place according to qualitative respondents. This partnering practice should include the on and offshore steady state management personnel to facilitate due diligence that covers any gaps in the SOW as well as identification of virtual team hand-over criteria. Respondents also stated this partnering helps to drive ownership of the results with human resource management and steady state management to ensure customer IT staff transitioning to

the outsource IT service practitioner are completed correctly and introduced to their new management team.

Building on the mission statement, an IT alliance leader embraces mutual benefit that permits the parties to focus on their core business objectives. Leaders of successful alliances will understand the benefits that both they and their alliance partner should derive from the relationship, and work to ensure that both sides of the alliance achieve those benefits. Focus on only one partner's benefits derails success and this can happen easily if the leaders do not understand, share, and articulate the mutual benefits they seek in their core business activities so that the behavior of those involved reflects the spirit of the alliance.

Alliance Cultural Compatibility. The descriptive statistics in Chapter IV confirmed minimal awareness on six compatibility variations between alliance cultures including: (i) treatment of authority; (ii) treatment of uncertainty; (iii) approach to achievement; (iv) alignment of communication; (v) compatible work lifestyles; and, (vi) agreement on handling deviations from social norms. Positive confirmation on cultural differences included: (i) the alliance culture of one party is more team-oriented; (ii) the alliance culture of one party is more sensitive to punctuality; (iii) the alliance cultures differ in their view of obligations to rules and laws versus obligations to relationships; and (iv) the alliance cultures differ in form of expressiveness and emotional control.

Specifically respondents noted that open and respectful communication within the IT alliance leadership is the foundation for promoting cultural sensitivity. It is also critical that the leadership has a vision of how to fulfill the alliance mission, the ability to communicate that vision, and the means to set the virtual team member expectation about the guiding principles. With an understanding of these driving principles, virtual team members can make independent

decisions that support the vision and principles within their own culture. Asking questions when something seems amiss can help keep from making other cultures defensive of their positions, which helps uncover the root of operational issues. When there is an operational challenge, awareness of how the other party sees the situation provides a baseline from which one can share an alternate viewpoint when necessary to achieve the alliance goals.

A central theme of culturally sensitive alliance leadership explored in the qualitative inquiry surfaced several sub-thematic cultural findings, including characteristics, expectations, and mitigation or moderation. Demonstrable attributes that surfaced included: selection of team members, establishment of reporting protocols, setting deadlines around local holidays, or choosing food and entertainment at company sponsored events. In any event, understanding and respecting the partner's culture is very important. For instance, you would not want to exhibit a sense of superiority or talk about a subject that is a taboo for those from another culture. When layoffs within the customer's IT entity are a possibility, empathy is also a very important leadership quality.

According to Scheibe, Mennecke, and Zobel (2006), the requisite team interactions regardless of cultural compatibility include: (i) curiosity—a hunger to understand a problem without being afraid to learn; (ii) good work ethic—a willingness to exceed expectations; to go the extra mile to succeed; (iii) dedication—a commitment to do whatever is appropriate to successfully complete a task; (iv) integrity—honesty and reliability, which are crucial to being successful in building the firm's reputation; and, (v) engagement – a willingness to take the time to understand and engage in the context of the problem in order to provide a better solution. Selection of team members who will deliver on the alliance commitments warrants that the

leadership embraces these five requisite team interactions with cultural sensitivity and consideration for a global clock.

A pictorial view of the top 25 culture words identified in the interview findings are represented in Figure 5.3 word cloud, and the larger the text indicates magnitude of usage by respondents without potential language bias from the interview questions.

Figure 5.3. IT alliance culture word cloud.

My interpretation of the word cloud vision is that to understanding people differences in business one must embrace sensitivity to cultural dimensions across work and time.

Some cultures are much more direct in dialog than others, which can have the effect of making someone seem rude, depending on the side one is on. Again, patience and understanding are crucial. To clearly state a thematic finding of this study, negotiating through differences and coming to common ground are key attributes of an effective alliance leader with cultural

sensitivity. Thus, embracing cultural differences and seeking to learn or understand through a series of question and answer exchanges with outsource virtual team members facilitates strong relationships. These findings are simply to recognize there are cultural differences, seek to understand those differences and why someone's point of view is different, seek to be understood, be open to a difference of opinion, and seek to find a common ground on operational issue resolutions.

Body language, communications style, and accommodating cultural celebrations are also examples of cultural sensitivity that continue to be a challenge for IT alliance virtual teams. According to the qualitative findings, the human factor variable is common across cultures, in that you have to understand where the other person is coming from and try to understand what they are saying, and why they are saying it to remedy a situation based on mutual responsibility to achieve what is appropriate for the alliance. In the broader context, drawing everyone into the discussion and ensuring all ideas are heard without prejudgment fosters teamwork and participation. Thus, another thematic finding is to understand what is okay and not okay when dealing with other cultures while exhibiting and practicing trust, honesty, fairness, and mutual respect. The culturally sensitive alliance leader initiates collaborative discussions of operational processes and methodologies from each of the participating organizations.

While process and discipline are important for consistent results, as stated by one qualitative respondent, leaders need to exhibit situational sensitivity to the culture of the contributing organizations in order to manage their results effectively. Leaders who are sensitive to cultural differences are more likely to create an environment that encourages innovation and process improvements. For example, a process that would result in unnecessary work will often be challenged in North America, with the virtual team trying to optimize the process, versus

Europe, which is more "command and control" oriented and therefore does not like to challenge processes from the bottom up. If a leader does not appreciate and manage cultural differences, organizational group conflict can emerge.

Distance raises a challenge affecting an organizational group's susceptibility to alliance leadership influences. Being in a distributed environment or a virtual environment is different for those who work in offices where there is constant face-to-face contact and exposure to nonverbal communications that may well be a large percentage of effective communication. So, considering whether the work location is physical or virtual, central or distributed, and evaluating the organizational nature of the staff are important questions according to one qualitative response. For instance, is the leadership interacting with a seasoned staff that knows what they are doing, or is the staff relatively new and that staff is doing the tasks with reliance on the vision and guidance from the leader.

Setting expectations also surfaced as a sensitivity subtheme for alliance leaders. While the contract documents will likely include a well defined SOW generally setting the service provisioning expectations in a perfect work environment, unplanned events can culminate into risk exposure. Thus, alliance leadership constantly enters potential services challenges into a risk register document that identifies the potential risks and concerns of the alliance organization team members periodically. The normal risk register guides a steering committee's view of what is the risk, what is the trigger, what the disaster impact is if it goes wrong, what the mitigation plan is, who performs the mitigation, and when the mitigation must be initiated? The register will also include a scoring that sets the possible value of the risk and then the net likelihood or the gross likelihood that the risk is going to happen.

Cultural expectation is difficult to address without considering cultural differences among various geographical or geopolitical boundaries. However, thematically speaking, some cultural differences in communications, mannerism, tone, and inflection while perfectly accepted in one culture may be offensive in another culture. Qualitative respondents agree that a leader will recognize these differences and what is different for them personally, but a very deep understanding of what the differences may be between cultural clusters may not be familiar to the alliance leader without formal training.

Cultural expectation also includes the degree of leadership transparency, openness in communication, disciplinary actions against social norm offenders, and ownership of such actions that often vary in cross-culture IT alliances. As noted in the literature, cultural awareness is a critical theme when exploring cultural sensitivity in alliance leaders. Westerners tend to be very direct, which can be interpreted as cultural arrogance and an unwillingness to listen. Differences in style or culture must be respected as well as understood. For example, it is often stated that Western cultures do not acknowledge and address cross-cultural communication, believing the world should adapt to their Western ways. Thus, working to ensure your communications are clear and understood without condescension is a critical success factor for culturally sensitive alliance leaders who avoid aggressive and assertive communications and presentation styles.

To address the qualitative inquiry subtheme finding of cultural moderation on the part of alliance leadership, the first thing that surfaced is the way people talk to others when there are fulfillment performance issues or challenges. Here there is a need for alliance leaders to try to see things through the eyes and ears of the local cultures, to understand their issues, work lifestyle, and opportunities. While it is simple to focus only on the big picture or where the bulk

of the work or revenues flow, often the smaller pieces are a crucial part of the whole. What surfaced in this study is the need for alliance leaders to understand the perspective of the smaller segments, and ensure that those ideas and concerns are not steamrolled by the larger groups within an alliance. With greater understanding comes greater tolerance, and this is one of the foundational elements upon which successful alliances can be built.

Alliance leaders have been able to mitigate cultural differences by introducing diversity into the team by splitting roles and responsibilities between the cultures with strong executive leadership that drove the desirable teaming behaviors. Removing those that are resistant to change and promoting significant face time between the team members' delegations builds culturally sensitive teams and drives ownership of the results by the whole team.

Mitigation within cultural sensitivity accepts that virtual team members can come from a different society, including different backgrounds, different cultures, and different values. There are inevitably cultural similarities to be identified, but so as long as virtual team members respect each other's cultures and values, a leader is advocating relationship building among the group members within the organization. A personal experience is to form the alliance on relationship building to promote trust and creative approaches to meeting the mission statement. For me personally, sometimes it all comes down to the alliance leader addressing the basic human needs of recognition, empowerment, ownership, and sense of accomplishment while level setting the virtual team members on the "sense of urgency" to respond, resolve, and meet customer goals and expectations with cultural sensitivity.

Mixed results on cultural compatibility noted in the quantitative inquiry expose conflicts between IT practitioners and the user community that are often incompatible with cost effective alliance capabilities. Compatible business objectives frequently identify three insights for

customers and service provider to address including: (i) an alliance strategy must either fit with the customer's operational norms and practices, or the customer may have to change norms and practices to achieve desirable success; (ii) customer and service provider investing in social capital to facilitate knowledge transfer; and, (iii) customers need robust measures and independent audits to manage and assess alliance programs. Thus, the posted mixed results in response to cultural compatibility survey statements most likely reflect the variations in business perspectives across cultures of the alliance roles presenting a leadership communications challenge.

Alliance Fulfillment Performance. In response to the qualitative inquiry on service fulfillment performance, several respondents noted their alliance exercises subjective measurements, end user satisfaction measurement process, and employ monthly customer satisfaction measurement with a governance model that establishes frequent meetings of the alliance governing board. There is a careful review and documentation of performance expectations and SLAs during the alliance formation phase. Further, the alliance partners understand the timeline and the importance of the fulfillment performance KPI implementation according to several respondents. Financial risks for performance degradation are shared equitably so all the parties have similar incentives for the right outcome. Also, ongoing reviews of fulfillment performance metrics and agreement on remedial action(s), progress and results are embedded into the governance structure of the agreements. Whereas, all parties of the alliance understand how the KPIs are calculated and what the terms mean so that the partners fully understand and come to a mutual consensus on the definitions for each SLA as well as the importance of meeting the SLA targets once definitions and expectations are mutually agreed.

Monthly alliance partner reviews of metric reporting dashboards with both leading and lagging indicators to measure fulfillment performance are critical as noted by qualitative respondents. Care is to be taken to establish KPIs that are measurable, well defined, and attainable by the service providers. Qualitative respondents note that while performance is tracked as part of daily operations, a formal review of alliance performance occurs monthly with a focus on service delivery; if there are issues with the KPIs it is important to perform a root cause analysis. It is also possible that KPI issues are the result of a cultural issue that leadership can address prior to any hand-off to an offshore outsource team to ensure prerequisites are met before the service provider transitions to steady state alliance operations.

The qualitative inquiry respondents agree that the statistical range of value is to be determined by the maturity of the service offering and the criticality of the KPI. According to those findings, while a well established service likely has better metrics, more predictability, and better understanding, so the range can be pretty tight, an evolving or immature IT service may be much more variable, with reporting metrics that are prone to interpretation and variance up to 15%. In all cases, the severity of the KPI as it pertains to the impact on the business is the driver toward determining the degree of the penalty and the statistical accuracy demanded. Here the performance will depend upon the nature of the work in consideration of whether is it a mission critical activity or not.

Qualitative inquiry respondents stated the performance range depends on what was set up when the KPIs were established. Respondents also noted that an alliance governance board can help resolve differences of opinion where the ranges of +/- 2% or +/- 5% are common and acceptable variances. Most KPIs have a target and a yield, i.e., 90% of incidents (yield) are

restored within two business days (target). Typically variation was tracked using the standard deviation of the target.

Alliance leadership interventions to ensure sustained service fulfillment performance include developing steering committees and a governance board, from the participating organizations, to develop cadences, guidelines, roles, with responsibilities to monitor and manage the overall service delivery program and performance degradation intervention. Interventions exercise executive sponsorship according to qualitative respondents with impartial observation, a grace period, and where appropriate offer a revised service scope. Thus, organizational intervention occurs when service performance falls below an acceptable threshold and a get well control plan is executed. A common mitigation is to have WLIs or standard operating procedures (SOPs) well documented and adhered to by the virtual team members. Qualitative respondents stated and my experience has been that alliances arrange daily conference calls to review management processes documented as OLAs with internal SLA between organizations to set expectations that define escalation paths to resolve issues, as well as regular performance reporting; typically once per week but could be daily (or more frequent). If a performance issue is severe, the alliance management would typically meet two to three times per day to review most recent metrics, or make staffing adjustments, until the performance issue was resolved.

While penalties and cancellation clauses are the most common contract and governance guidelines, these have significant business impacts and ancillary costs. An active alliance service program focuses on building quality in rather that post-activity inspection or reporting as a viable and meaningful mitigation plan more likely to identify process issues before they become major performance failures. One qualitative response indicated the best organizational

interventions are those in which there was a strategic alignment where both the customer's and the service provider's strategies were presented so that each party in an alliance knew the other's goals and objectives, and in response shifted to reflect evolving objectives, with a joint emphasis on the avoidance of penalties through the mutual achievement of desired results.

The seven survey statements pertaining to fulfillment performance asked respondents for their opinion on whether or not their alliance was delivering on its service expectations and performance commitments. Cumulatively, the Chapter IV descriptive statistics quantified the four service fulfillment performance issues flowing from less than favorable responses as: (i) meeting deadlines; (ii) meeting the overall SLAs; (iii) enhancing economies of scale in human resources; and, (iv) satisfy the overall benefits from outsourcing. Favorable responses to the fulfillment performance queries included: (i) the alliance has delivered on its commitment in terms of providing key activities; (ii) the alliance has permitted the parties to focus on core business activities; and, (iii) the alliance has permitted enhanced economies of scale in technological resources. These qualitative findings on fulfillment performance indicate IT outsourcing expectations is an evolving driver in service delivery language and penalties.

IT Outsourcing Recommendations

Alliance Leadership Practices. The descriptive statistics in Chapter IV surfaced five alliance leadership practices issues with less than favorable descriptive statistics including: (i) compatible business objectives at 30.8%; (ii) service quality at lower functional costs at 30.8%; (iii) a common view of alliance performance metrics at 44.0%; (iv) compatible missions at 33.0%; and, (v) building and sustaining mutual trust at 26.4%;. These five practices with less than favorable inquiry response are interrelated as exhibited in Figure 5.4.

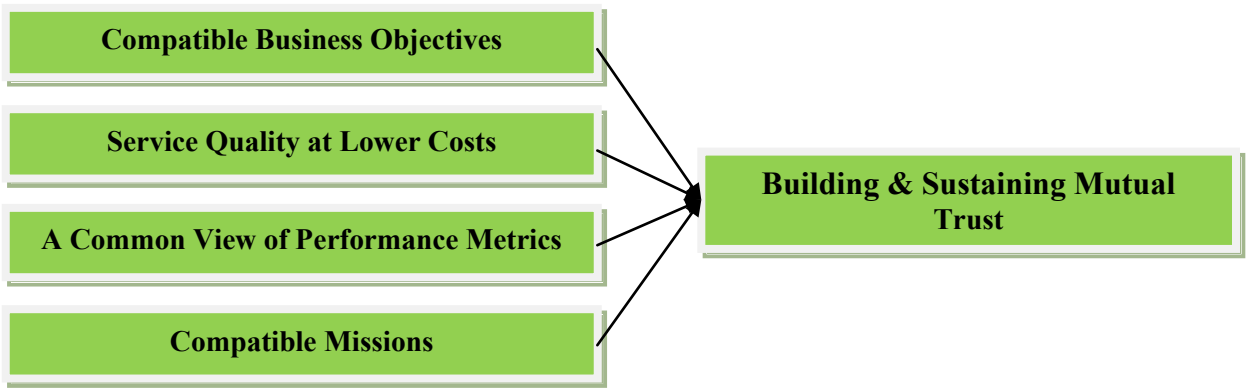

Figure 5.4. Alliance leadership practices interaction.

Compatible business objectives. Think of people, technology and processes as a triangle that must be in balance for the alliance to succeed. Focusing too heavily on one area pulls the others out of alignment. When forming an alliance's operational objectives, consider the processes dependent on them and the staff who will achieve them. Many organizations focus on one of the functional objective areas, and then move on to focus on another area within the alliance operations. This approach is not effective, and often wastes money and delays acceptance of the desired results by not considering the interdependency of objectives. Some organizational initiatives are bottom up, and others are top down. Without the support of leadership, the overall initiative will fail, so the alliance must be driven top down. Still, understand that the IT alliance service operation affects many people, and without consensus, again, the initiative is at risk. Resistance from one group, or even an individual, can impede progress. By way of example, in an IT alliance outsourcing environment, a technology and service practitioner assessment capability must be maintained, or monitored by the customer since the service practitioner's objectives with regard to technology are not always consistent with those of the customer. Historically, service practitioners wish to consolidate the work of many customers on their own legacy technology platform to achieve economies of scale and high

returns. This may not always serve specific customer needs over time, even if it meets their initial cost goals, since some customers might benefit from the accuracy, cycle time or a greater security level than is initially offered by the IT alliance service practitioner's platform.

The distinctions in alliance types defined by Taylor (2005) reflect different alliance objectives. In some alliances, the partners contribute similar resources to the same stages of the value proposition, while other alliances combine different and complementary resources from the partners to achieve compatible business objectives. Alliances tend to focus on cost-sharing among partners with homogeneous capabilities, whereas often alliances concentrate on value creation among partners driven by fulfillment motives. Three consequences follow from this distinction between alliances. First, the level of uncertainty will be greater in alliances when the partners are less able to evaluate each other's contribution of complementary, and therefore dissimilar, resources and capabilities until later in the relationship. Second, the similarity of contributions in alliances reduces the opportunities of the other partners to learn new skills and acquire new knowledge. Third, with the exploratory nature of alliances, it is more difficult to specify performance measures because of their prospective, open ended and causally ambiguous characteristics of compatible business objectives. From the traditional perspective, resource scarcity triggers inter-firm competition, whereas to reduce the significant less than favorable response on compatible business objectives my recommendations are the parties exchange plans for resource allocation at contract signing whilst acknowledging that resource requirements will evolve over the various stages of alliance maturity. Also the parties should cooperatively author and exchange a knowledge transfer document which will evolve with the various stages of alliance maturity. Lastly, the parties should acknowledge that their respective objectives will not always be complementary, however, it is important to discuss how to reach some common

ground of acceptance and engage in co-operative strategies to enhance their mutual portfolio of capabilities and fulfillment of compatible business objectives.

Protecting service quality at lower functional costs. No single service delivery person is responsible for an IT alliance users' experience. Rather, a complex set of relationships among members of the customer, and service provider IT organizations determines the quality of all interactions. The IT services user experience relies on the entire IT ecosystem. IT organizations put much of their effort into deploying technology for streamlining and automation and often forget the actual user of the service. Many qualitative respondents said that IT lacks flexibility and is too process focused. Automating processes such as self-help might be good technology innovations, but IT needs to provide agility and choice to its users. In order to align the needs of the user community, IT should implement innovation with technology by matching customer experiences to business needs and this starts with the journey of listening to, communicating with, and connecting with the user community. This connection will result in an SLA that clearly describes the expectations and abilities of both sides of the IT alliance. Unfortunately, only a small number of qualitative respondents from the user group indicated that an SLA exist that described quality, level, and service expectations with their IT organization. Having SLAs in place and managing expectations and abilities to deliver these services is one critical key point to eliminating business and IT friction. My recommendation is that an IT outsource operations include SLAs that will not only reveal opportunities for innovation but also make behind the scene players like operation centers, technical specialists, and other members of the IT value proposition aware of how they can influence and support their user experience in a positive way and protect service quality at acceptable functional costs in today's economy.

Sharing a common view of alliance performance metrics. Alliances are optimizing their IT customer experience efforts as they proactively listen, intercept, respond to, and take action on IT customer experience, thereby reducing existing friction and fulfillment performance misalignments. These IT alliances will be the leaders in service operations management as they focus their efforts on service activities that affect ROI, customer productivity and positive customer experience. Ideally, a formalized IT alliance customer experience performance initiative would include the following components:

- Customer surveys to establish the requirements for change and confirm successful change implementation.
- SLAs that establish agreed upon service definitions and benchmarks for measuring specific service delivery performance metrics; however, this does not mean the delivery mechanism necessarily improves customer satisfaction.
- Automate to improve service delivery to addresses both repeatable SLA achievement and shifting of tasks, processes, or even decisions across the entire service value proposition. By doing this, the IT service provider can increase speed and choice while at the same time achieving acceptable costs. Examples include allowing users to exercise self help through portals like password reset, knowledge sharing and self service initiatives.
- Continuous improvement as necessary to ensure that SLAs and automation meet targets and that user expectations have not changed. The real issue here is changes in customer expectations. SLAs and automation can address performance to previously defined requirements and delivery expectations, but the focus is keeping aligned with

changing user expectations, not just meeting the current demands in a non static situation.

- Appropriate and timely proactive communication of issues within the IT systems and services is critical to avoiding surprises for the user community. Users hate surprises and find it very frustrating when they do not know what changed, or what services will be affected today or in the near future. This communication is vital to reducing frustration.

To truly affect the customer experience, my recommendation is the alliance leadership must empower a team who has the responsibility to manage the customer experience of their user community. This team defines how to do customer surveys to get the appropriate details into the IT alliance so that action can be taken or behavior patterns modified. The alliance's customer experience team not only determines the frequency and target group but also ensure that the survey is probing for ease, helpfulness, and friendliness of the support teams. It is not a surprise that not all users have the same expectations, demands, and needs. How and what users expect can only be understood through conversations and discussions with the user community including:

- Defining perception metrics by identifying the descriptive metrics that affect what users think.
- Defining outcome metrics that align with the customer's key business drivers.
- Using regression analyses to validate the alliance's customer experience team's hypotheses.
- Adjusting the measurement framework as customers change over time flowing from the periodic user surveys.

Compatible missions. An IT alliance mission statement is a statement of the purpose of an organization or its reason for existing. The mission statement guides the actions of the organization, spells out its overall goal, provides a path, and guides decision making. It guides the framework or context within which the cooperative partner's strategies are formulated. It is a goal stating what the alliance wants to do for the partners. A mission statement consists of three essential components:

1. Key target customer or user community and locations for service delivery.
2. Contribution to be made with technology or services provided to that customer.
3. Unique distinction of the technology or service that the customer desires the alliance to fulfill.

Establishing a shared understanding of the alliance partner's missions is an enabler of virtual teams. It is essential that virtual team members engage in interactions that support the overall mission of the team. Several factors have been attributed to enhancing shared understanding: similarity among members, shared experiences, and sharing of information. It is difficult to develop a team consisting of individuals with similar backgrounds when the national boundaries include cross-cultural interactions. Outsourcing with offshore IT service providers has increased the amount of interaction between IT knowledge workers with very different backgrounds. Individuals must cross boundaries that when combined inflate the challenges of team cohesiveness, which also can potentially impact individual and organizational performance. My recommendation to deal with the concern for the lack of compatible missions is that the alliance partners collectively review the mission statement together with the SLAs and KPIs immediately following agreement formation to facilitate a shared understanding of goals, business objectives and service fulfillment performance measurement from the onset.

Thereafter, during the alliance management monthly steady state performance meetings a review of the adherence to the mission statement is to be included.

Build and sustain mutual trust. The literature review in Chapter II identified that integrity, trust, and communication are fundamental attributes that promote cultural sensitivity in IT outsourcing leadership. Trust is quoted by Kern and Willcocks (2002) as critical to the IT outsource relationship. Also, verbal and non-verbal communication, especially when communicating across cultures, requires that IT outsourcing leadership overcome six barriers defined by Fowler (2006) as assuming similarity instead of difference, language, nonverbal misinterpretations, preconceptions and stereotypes, tendencies to evaluate, and high anxiety. Specific to language, it is noteworthy that the way in which language is used frequently in virtual team interaction is the way in which a culture communicates, while cultural sensitivity requires cross-cultural communication. Thus, a fundamental consideration to stimulate cultural sensitivity is to recognize that although industries may operate in similar ways regardless of the cultural cluster in which they reside, it is impossible to completely override the cultural norms that exist within a particular society.

Effective relationship management while building and sustaining mutual trust has been frequently shown to be related to outsourcing alliance success. Many firms think they can outsource IT with a firm and comprehensive contract and then do little to monitor and manage the customer and service provider relationship. In such instances, executives have been surprised with results, an evolving lack of mutual trust and the associated costs from this approach to IT service outsourcing. Success in IT outsource alliances is stimulated by leadership that pays close attention to everything about the customer and practitioner relationship including the business objectives, the details of service quality, the frequent monitoring of performance

metrics, and the evolving alliance partner mission alignment that emerges in the customer and service provider relationship. My recommendation is that none of these activities can be ignored or taken lightly, since all have been shown to be critical success factors for effective service outsourcing and the evolutionary building of mutual trust over the life of the IT alliance engagement beginning with a mutual understanding of the formal agreement.

Alliance Cultural Compatibility. Thematically, the Chapter IV descriptive statistics surfaced six cultural compatibility variances in need of improved alliance leadership attention including: (i) treatment of authority at 45%; (ii) treatment of uncertainty at 45.1%; (iii) approach to achievement at 28.5%; (iv) alignment of communication at 45.0%; (v) compatible work lifestyles at 45.0%; and, (vi) compatibility on handling deviations from social norms at 34.0%. Affirmative responses on cultural differences included: (i) one party is more team-oriented at 63.7%; (ii) one party is more sensitive to punctuality at 61.5%; (iii) the alliance cultures differ in their view of obligations to rules and laws versus obligations to relationships at 60.4%; and (iv) the alliance cultures differ in form of expressiveness and emotional control at 54%.

Compatible treatment of authority. Authority as a cultural dimension refers to low versus high power distance or the degree to which members of an organization or society expect and agree that power should be stratified and concentrated or held by a senior person. Under a distributed accountability strategy, the resident culture IT managers are granted decision making authority over the services their virtual team deliver. This may include unit level activity management, accounting methods, or the structure of authority vested at the distributed strategic unit level. An important implication is that alliance leadership should not regard the granting of decision making authority as harmful to performance simply because the unit's advantage is not compatible with another service delivery unit in another geographical location. However, it

could be that granting such authority to the service delivery manager restricts necessary coordination commensurate with achieving cross-cultural operations results. This may be a direct result of a unit's inability to garner sufficient economies of scale, on its own, in pertinent service fulfillment activities such as geographically distributed service innovation.

The implementation of a differentiation based authority strategy is generally affected in a positive manner in that different performance dimensions are impacted, depending upon whether innovation incentives are included in the overall alliance strategy. Under a pure differentiation strategy, results were positively affected by allocating decision making authority as close as possible to the level responsible for the service performance contribution. When service delivery managers were free to take action without prior leadership approval, the unit produced a quick and innovative response, leading to improved service quality. This suggests that, when service delivery units are granted sufficient authority over their work product, the benefits of flexibility are oriented to improving fulfillment performance. Thus, my recommendation is to grant appropriate authority to globally distributed service managers. The alliance should examine the specific form of differentiation being pursued by the unit as well the relative importance of alternate performance and service quality criteria to its overall success. This approach to compatibility of authority respects the resident knowledge and flies in the face of one size fits all.

Compatible treatment of uncertainty. In the conceptualization of the alliance as a nexus of agreement between the customer and service practitioner, different groups or persons within the internal operations as well as those outside their business entity, such as third party suppliers, represent the customer. The basic assumption of this cultural dimension is the existence of asymmetric information and different perceptions of risk between customer and practitioner as well as uncertainty. Risk as a cultural dimension refers to low versus high uncertainty avoidance

or the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices. Thus, people in high uncertainty avoidance cultures actively seek to decrease exposure to risk and the probability of unpredictable future events while deferring decision making to a more senior person.

The basic argument is that the customer transfers decision rights to the service provider to make sure that the practitioner behaves in the customer's best interest with incentives. When calculating the magnitude of these incentives the anticipated costs of controlling the practitioner are considered. The total cost is the sum of monitoring and bonding including issues such as residual loss. My recommendation is that risk and uncertainty management in outsourcing is the decision of the alliance hierarchy. This alliance hierarchy will help to expose problems of divergent interests within alliance virtual teams and deal with the scarcity of attention paid to the potential for adverse outcomes associated with the making of wrong or untimely decisions with or without cultural sensitivity.

Balanced approach to achievement. The criteria that drive an alliance organizational success vary from organization to organization. Achievement as a cultural dimension refers to a cooperative versus competitive perspective as well as the degree to which an organization or society encourages gender egalitarianism and rewards group members for performance improvements and excellence. Outsourcing achievement can be categorized into six balanced approaches: (i) appropriate cost; (ii) SLAs; (iii) user satisfaction; (iv) customer and service provider disputes; (v) service practitioner responsiveness and attentiveness; and, (vi) comparison of outcomes with objectives. Achievement of anticipated and acceptable cost was reported by the qualitative findings to be one of the several common criteria used in most of the alliances.

The quantitative findings indicate that partnerships are not straightforward. While the results suggest the acceptable alliance cost or profit motive is good and enhances the chance of success, the relationship between an outsourcing practitioner and its customer should not be solely characterized by cost as the profit motive is not always a shared achievement goal of both parties. In my experience, the assumption of only dealing with a concern for profit might force organizations to sign loose agreements leading to opportunistic behavior on the part of the service provider. My perspective is that an alliance partnership based on risks and rewards might only be appropriate under conditions of high uncertainty, when flexible contracts and a good ongoing working relationship become important.

As noted in Chapter I, a good relationship will include the buyer and vendor sharing a strategic vision and plan to fulfill their mutual goals and objectives wrapped in a properly structured contract with executive support and involvement. The strong presence of partnership, namely, trust, communication, satisfaction, and cooperation, and the perceived achievement of mutual benefits fosters good working relationships. My recommendation is that it is important to recognize that a good working relationship might be difficult to build and sustain, whereas tight contractual relationships are required under certain operational conditions to protect achievement of sustained service quality.

Aligned communication. As the repertoire of outsource services provided and received expands, alliances need to build relationships that allow for flexibility in a dynamic and often unpredictable technological environment. Under such conditions, relationships can be established based on characteristics of partnership, including trust, cooperation, and communication. Communication as a cultural dimension refers to direct versus indirect or low context when an individual or a society as a whole goes to great lengths to be very clear and

explicit using words, whereas high context depends much more heavily on implied meaning and assuming that the listener will pick up in between the lines. My recommendation is that while IT outsourcing might be related to success because of its perceived importance, lack of in-house expertise, and availability of large common carrier services, the management of IT operations outsourcing might be more successful if attention is devoted to productive team communication, establishing, and sustaining reliable team trust, and cooperative relationship building.

Compatible work lifestyle. Lifestyle as a cultural dimension refers to being versus doing or the importance one attributes to taking care of ourselves, being productive, and striving for work-life balance characterized in the phrase "working to live or living to work." The expression work lifestyle was first used in the late 1970s to describe the balance between an individual's work and personal life. Most recently, there has been a shift in the workplace as a result of advances in technology. Increasingly sophisticated and affordable technologies have made it more feasible for employees to keep contact with work. Employees have many methods, such as emails, computers, and cell phones, which enable them to accomplish their work beyond the physical boundaries of their work location. Employees may respond to an email or a voice mail after hours or during the weekend, typically while not officially on the job. Qualitative respondents note that employees who consider their work roles to be an important component of their identities will be more likely to apply these communication technologies to work while in their non-work domain. On the other hand, employees in cultures who work to live avoid the job after hour connectivity.

My experience suggests that this blurred boundary of work and life is a result of technological control. Technological control emerges from the physical technology of an organization. In other words, companies use email and distribute smart phones to enable and

encourage their employees to stay connected to the business even when they are not in the work location. This type of control replaces the more direct, authoritarian control, or simple control, such as managers and supervisors. As a result, communication technologies in the temporal and structural aspects of work have changed, defining a new global clock workplace in which employees are more connected to their jobs beyond the boundaries of the traditional workday and workplace. The more this boundary is blurred, the higher work-to-life conflict is noted by employees in my global work experience. My recommendation is that alliance leaders respect the service delivery resident culture lifestyle and plan for that lifestyle with a global staffing for 7 X 24-hour operations when appropriate.

Compatible on handling deviation from social norms. Human culture and cultural transmission are fundamentally cooperative. Synchronically, humans engage in cooperative behavior in terms of such things as collaborative problem solving and cooperative communication. Moreover, human individuals live in a world in which the group expects them to conform to particular conventions and social norms. Social norms as a cultural dimension refers to tight versus loose or the degree that strong social norms are within a culture and are concerned with how a culture handles people who deviate from such norms. The result is a society structured by cooperatively created and enforced conventions and norms for how to behave as one of "us," results ultimately in rule-governed social institutions. This cooperative way of living translates into established members of the group teaching things to youngsters who not only learn but actively conform. Teaching and conformity contribute to the stability of cultural practices while human cultural practices ratchet up in complexity over historical time. The result is human artifacts and symbol systems with histories and cumulative cultures. Underlying humans' uniquely cooperative work lifestyles and modes of cultural transmission are

a set of species unique social cognitive processes, which may be referred to collectively as skills and motivations for shared intentionality. These involve such things as the ability and motivation to form shared goals and intentions with others in collaborative activities, and the ability and motivation to share experience with others via joint attention, cooperative communication, and teaching. My recommendation is that alliance leadership recognize and respect that skills and motivations of shared intentionality which arose as part of an evolutionary process in which humans evolved species unique ways of operating, indeed cooperating, within their own cultural worlds to conform to its particular conventions and social norms or suffer the consequences.

One party is more team-orientation. Identity—individualism versus collectivism: the degree to which organizational and societal institutions' practices encourage and reward collective distribution of resources and collective action. While in-group collectivism is the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families versus claiming reward for personal achievements.

Alliance Fulfillment Performance. Cumulatively, the Chapter IV descriptive statistics surface the following four service fulfillment performance issues flowing from the less than favorable responses: (i) meeting deadlines at 27.5%; (ii) meeting the overall SLAs at 27.5%; (iii) enhancing economies of scale in human resources at 34.0%; and, (iv) satisfy the overall benefits from outsourcing at 28.6%. These four practices with less than favorable inquiry response are interrelated as exhibited in Figure 5.5 and are explained in the sections that follow.

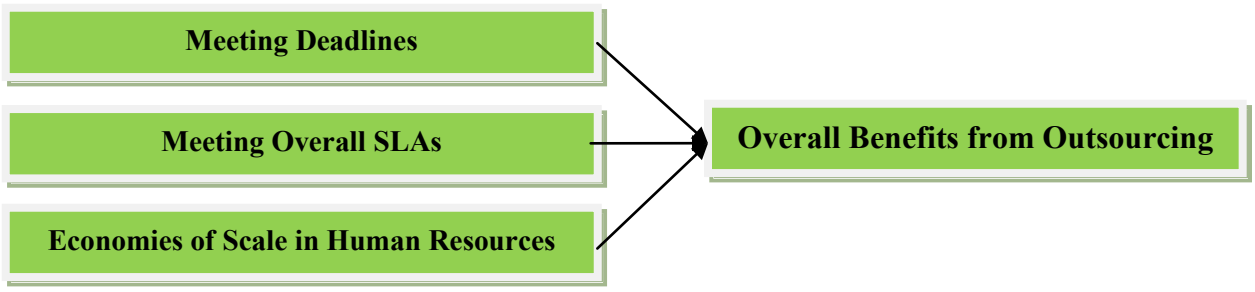

Figure 5.5. Alliance fulfillment performance interaction.

Meeting deadlines. IT service management and meeting deadlines have emerged as a key challenge when organizations look to transform the view of IT from a technology focused function to a value added partnership, offering both strategically aligned services and tactical know how to keep outsource enablers operational. As the most visible face of IT, support organizations must redefine their technology support services and deploy methodologies and standards that will improve the IT customer experience with the flexibility to anticipate and accommodate the nuances of service delivery quality. The true measure of success is a well tailored, high quality and timely service capability that delivers culturally sensitive responses scaled to support IT enablers with minimal service interruptions, at an acceptable cost. Thus, an ever increasing number of organizations are aggressively pursuing deployments to improve IT customer relationships and better align with user expectations. Given the desire for change and an array of rich IT service management disciplines, organizations may not know where to start. How much should they embrace the service management philosophy? How will they recognize when they have done enough? To further complicate matters, IT must resolve how IT service management may co-exist with other transformational initiatives such as Six Sigma. With no easy answer, many are turning to the ITIL, in its latest service oriented version and update, which provides a near implementation ready practice playbook. However, to realize the most benefit from ITIL and meet deadlines, my recommendation is that organizations be aware that ITIL can be a useful framework with direct applications in certain areas, but others can be burdensome and impractical. Consequently, IT alliance leadership should implement only those elements that drive desired results and leave unnecessary theory components behind.

Meeting the overall SLAs. Performance SLAs and metrics help define and measure the performance of the service solutions to ensure they meet performance requirements. The performance of the proposed solution is often measured with performance monitoring tools across the proposed service infrastructure. The performance SLAs should include the average expected volume of traffic, peak volume of traffic, average response time, and maximum response time allowed. This information can then be used later in the solution validation activity and ultimately helps determine the required performance and availability of the services.

An important aspect of IT alliance outsource operations is to refine the service for user communities. Enterprises call these SLAs while service providers refer to it as service level management. Service level management typically includes definitions for problem types and severity and help desk responsibilities, such as escalation path and time before escalation at each tier support level, time to start work on the problem, and time to close targets based on priority. Other important factors are what service is provided in the area of capacity planning, proactive fault management, change management notification, thresholds, upgrade criteria, and technology evolution or replacement.

When organizations do not define service levels up front, it becomes difficult to improve or gain resource requirements identified at a later date. It also becomes difficult to understand what resources to add in order to help support faltering service delivery. In many cases, these resources are applied only after problems are discovered that impact the service providers ability to meet the overall SLAs. Performance management is an umbrella intervention that incorporates the configuration and measurement of distinct performance areas with six concepts including: (i) gather baseline data; (ii) measure availability; (iii) measure response time; (iv) measure accuracy; (v) measure utilization; and, (vi) capacity planning.

An area of proactive fault management that overlaps with performance management is service operations metrics. These metrics provide valuable data for fault management process improvement. At a minimum, these metrics should include a breakdown of all problems that occurred during a given period. The breakdown should include information such as: (i) number of problems that occur by priority; (ii) minimum, maximum, and average time to close each priority; (iii) breakdown of problems by problem type (hardware, software crash, configuration, power, user error); and, (iv) breakdown of time to close for each problem type. The alliance help desk often has a reporting system with the ability to generate metrics or reports on how often an SLA requirement was met or missed, and by whom. Process improvement based on the discussion can be implemented in order to improve missed SLA requirements or in order to improve how certain problem types are handled by geographic location or cultural cluster.

Alliance management personnel should conduct meetings to periodically go through specific reports. This provides additional feedback, as well as a proactive approach to potential problems in service fulfillment. These meetings should include both operational and planning personnel. This provides an opportunity for the planners to receive operational analysis of the baseline and trended data. It also puts the operational staff "in the loop" for some of the planning analysis. Another type of item to include in these meetings is the SLA objectives. As objective thresholds are approached, management personnel can take actions in order to prevent missing an objective and, in some cases, this data can be used as a partial budgetary justification when appropriate. The data can show when SLA objectives are projected to be breached if proper measures are not taken. Also, because these objectives have been identified by alliance services and applications, they are easier to justify on a financial basis. My recommendation is that the alliance team conducts these reviews every two weeks and holds a more thorough analytical

meeting once each quarter in the year. These meetings allow the alliance to address both short and long term issues with the virtual teams including actual or potential service delivery problems, operational issues and infrastructure planning for evolving alliance steady state maturation.

Enhanced economies of scale in human resources. While both structural and process factors are important, the most significant factors affecting alliance success are the adaptability and openness of the alliance partners, human resource practices and partners' learning capability during implementation. Partners are paying more attention to operational implementation issues and the economies of scale in human resource as an alliance evolves, in order to achieve successful cooperative relationships.

The economics for IT outsource right shoring suggests that IT activities will continue to expand. Similar outsourcing phenomena are likely to occur in other areas of services. Generally speaking, these changes will both follow and amplify the existing trends in IT. For instance, various human resources (HR) activities are more frequently outsourced today. The results of outsourcing in a variety of functional areas are a lessening of internal demand on the IT function and the shrinking of the customer's internal functional groups as well as their internal IT human assets.

The creation of outsourcing vendors such as the Electronic Data Systems and Computer Science Corporation some years ago was considered by some to be the end of in-house IT staffs. However, the immediate effects were not as predicted. Soon it became apparent that while some jobs were eliminated, others were being created. The IT profession continued to surge, and the job market continued to grow to the point that new immigration laws and provisions were created to improve the supply of HR. Investment in international high technology industries

grew rapidly and excessive characterized by competition as well as accelerated innovation and investment changed the profile of contemporary IT professional staff.

The nature of IT outsourcing tasks continues to become more complex and sophisticated as do the skills available through right shore service vendors. There is no shortage of computer skill and competency offshore. Thus, my recommendation is that alliance leadership be very engaged in the selection of virtual team staff, their skills and their service roles noting that while jobs in the United States are being lost, new jobs are being created that focus on vendor relationships offering enhanced economies of scale in HR.

Satisfying overall benefits from outsourcing. Achieving the overall benefits from outsourcing IT as measured in the quantitative inquiry included meeting deadlines, providing key activities, meeting the overall SLAs, permitting focus on core business activities, permitting enhanced technological resources, enhanced economies of scale in human resources and overall outsourcing benefit satisfaction. As noted, fulfillment performance posted less than favorable responses in the areas of deadlines, SLAs, and HR economies thereby cumulatively reflecting a less than favorable posting in overall outsourcing benefits. Fulfillment performance posted favorable responses in the area of providing key activities, focus on core business activities and enhanced economies of scale in technological resources. My recommendation is that all seven areas of fulfillment performance are interrelated warranting attention to achieve satisfaction of overall benefit from outsourcing. When alliance leadership does not measure and drive timely fulfillment performance intervention to overcome or avoid flawed performance in any one of the measured areas, the user community will continue to report less than favorable overall benefit.

Implications for Alliance Training

Cultural training for employees is an increasing necessity in the global arena. Alliances are continually developing ways to connect with different cultures across the globe in order to deliver IT outsource services and stay relevant. Also, Fortune 100 corporations have overseas operations around the globe from Europe to Asia, which makes it important to interact with many different types of people. The growth of the global business market through digital media and Internet connectivity means every outsource IT alliance must have a global perspective. Culture training of employees is necessary to effectively connect with different cultures around the world. Culturally trained employees know the power of symbolism and how it applies differently across cultures. For example, the color white is a symbol for weddings and purity in the United States but in Japan white is the national color of mourning. Culturally trained employees can help ensure the virtual team members send the appropriate message to different virtual team contributors around the globe.

Cultural training for alliance participants can impact the primary service operation location by making knowledge workers more aware of everyone's cultural sensitivities and how those sensitivities impact communication. Training also works to break down cultural biases and stereotypes that may be held by knowledge workers either consciously or subconsciously. Properly trained virtual team members can communicate with one another in a way that is both culturally aware and focused on the alliance's goals. This allows the virtual team members to grow closer and work as a more cohesive unit rather than separate knowledge workers attempting to contribute to a task. Thus, alliances with operations around the globe may require cultural training for employees in order to effectively communicate with different service delivery personnel located in different cultural clusters. Alliance management often receive

cultural training prior to visiting operations in other countries to make sure they don't offend any important executives.

Where cultural training and awareness was once a social concern, it has become a real time focus for global IT alliance virtual teams. Such alliance virtual team cultural sensitivity training construct addresses the following as a minimum:

- Information about a country, introduction to culture and history, the norms, values, laws and taboos of the society.
- Improve the awareness of cultural values and how these compare with people from other cultures, the role and the characteristics of how to communicate effectively and how to overcome language barriers.
- Techniques and strategies to improve the understanding of organizational and cultural differences to encourage non-native speakers to communicate more effectively.
- Seeing the world through the eyes of others or looking at how teams operate from other cultural perspectives including how meetings are run, the role of a supervisor, effective and preferred methods of communication.
- How to build effective global relationships with others utilizing techniques and strategies to understand and adopt business and social etiquette.
- How to handle questions during discussions and presentations in a multi-cultural context.
- How to effectively discuss service operations and fulfillment performance interventions with people from different cultures.
- Leisure activities and customs, eating, drinking, the relations at work and social contacts.

As stated in Chapter II, the capability of an individual to adjust across cultures is what Earley and Mosakowski (2004, p. 154) call the cultural intelligence quotient (CQ). Livermore (2013) defines CQ as the capability to function effectively across various cultural contexts. An approach to implementing the appropriate training modules is to pre-assign attendees utilizing a questionnaire in the skill areas of motivational CQ or drive, cognitive CQ or knowledge, Meta cognitive CQ or strategy, and behavioral CQ or action. Typical questionnaire statements might include:

- Drive—I enjoy working with cultures that are unfamiliar to me.
- Knowledge—I know the legal and economic systems of other cultures.
- Strategy—I am conscious of the cultural knowledge I apply in cross-cultural interactions.
- Action—I change my verbal behavior when a cross-cultural interaction requires it.

It was also noted in Chapter II, innovation may be challenged when situations arise with an offshore service provider that might be more difficult to resolve because of cultural differences. Thus, because a person's beliefs and values are tied to their cultural upbringing, the absence of cross-cultural sensitivity training for a global IT outsourcing manager may lead to difficulties when there is a need to stimulate group member's innovation for service alliance performance improvements and service fulfillment excellence.

Summary Comments

As stated, being global is not just about where you do business; it is also about how you do business. Being global is the fact that an individual's national identity (i.e., country of origin) shapes his or her ongoing beliefs about international political events; whereas specific workgroup cultural learned behaviors are likely to shape beliefs about IT. Such IT workgroup

shaping reflects the diverse national and company cultures raising awareness and a need for applied cultural sensitivity when designing, and implementing IT outsourcing alliances.

Again, the cross-cultural components of a global mindset defined by Jokinen (2005) that bear fruit in an IT outsourcing leadership role are acceptance of complexity and contradictions, diversity consciousness and sensitivity, seeking opportunity in surprises and uncertainties, faith in organizational processes, focus on continual improvement, extended time perspective, and systems thinking. When I ponder the research question of what are the leadership best practices and cross-cultural awareness that permeate successful cross-cultural offshore IT outsourcing alliances it is not lost on me that years of work as an IT professional did not prepare me to anticipate certain of the findings.

Specifically, the fact that 26.4% disagreed that alliance leadership practices were being adhered to in the areas of: (i) building and sustaining mutual trust; (ii) having compatible business objectives; (iii) protecting service quality at lower functional costs; (iv) sharing a common view of alliance performance metrics; and, (v) having compatible missions. Whereas, favorable responses at 61.2% included: (i) there is an alliance agreement or charter which clearly defines what all alliance participants must do; (ii) senior leadership on all sides of the alliance is highly supportive of the alliance; and, (iii) alliance participants are willing to share knowledge. These results warrant leadership focus on leveraging the favorable practices to address the less than favorable areas across the alliance virtual team and user communities.

Next, 29.8% disagreed that the alliance members were compatible in the areas of: (i) treatment of authority; (ii) treatment of uncertainty; (iii) approach to achievement; (iv) alignment of communication; (v) work lifestyles; and, (vi) handling deviations from social norms. Whereas, favorable responses at 43.8% included: (i) the alliance culture of one party is

more team-oriented; (ii) the alliance culture of one party is more sensitive to punctuality; (iii) the alliance cultures are compatible in their view of obligations to rules and laws versus obligations to relationships; and (iv) the alliance cultures are compatible in form of expressiveness and emotional control. These results warrant leadership focus on educating the alliance members on the fact that compatibility variations permeate cultural clusters and that culturally sensitive personnel are aware of such variations and adjust their persona accordingly to interact with the globally dispersed alliance team and user communities.

Lastly, 24.8% disagreed with the alliances fulfillment performance in the areas of: (i) meeting deadlines; (ii) meeting the overall SLAs; (iii) enhancing economies of scale in human resources; and, (iv) satisfy the overall benefits from outsourcing. Whereas, favorable responses at 62.3% included: (i) the alliance has delivered on its commitment in terms of providing key activities; (ii) the alliance has permitted the parties to focus on core business activities; and, (iii) the alliance has permitted enhanced economies of scale in technological resources. These results warrant leadership focus on leveraging the performance metrics to address timely interventions on the less than favorable areas across the alliance virtual team and user communities. Then too, effective collaboration and meaningful communication may be contributing factors in the less than favorable responses specifically from the user community.

In my recommendation section of this Chapter V I have attempted to treat each of these less than favorable responses from the non-practitioner roles without commenting on how surprised I was with the magnitude of the disagreements. As I noted from the literature, while bilateral contracting and outsource alliance relationships foster and forge cross-cultural interaction, the advent of right shoring introduced cultural complexity for IT service outsourcing leadership, and for knowledge worker virtual team member roles born of national, international,

and sub-culture global dimensions. The less than favorable response levels exceeded my expectations and raise my cultural awareness that when and if cross-cultural differences become an issue in global IT outsourcing alliance operations, virtual team members must negotiate such differences with cultural sensitivity to overcome those challenges. Also, while task-related conflicts may help to surface different perspectives and viewpoints and provide opportunities for exploring innovation, relationship and process conflicts may affect team cohesiveness and have negative influences on team performances regardless of adhering to agreed governance principles.

To produce the proper group member interaction across cultures, individuals must reflectively monitor their sensitivity to combinations of internally diverse and potentially contested ways of acting to create highly distinctive and desirable group behavior across cultural clusters. While a person's beliefs and values are tied to their cultural upbringing, the absence of cross-cultural sensitivity in a global IT outsourcing transaction may lead to difficulties when there is a need to stimulate group member's innovation for service alliance performance improvements and service fulfillment excellence. Further, in an IT leadership role the "universal attribution error assumes that all workers share the same orientations, and will respond similarly to managerial practices" (Leung et al., 2005, p. 370).

Today right shoring has spread beyond the traditional IT service team interactions to challenge cultural compatibility when virtual project team members work in one culture and live in another culture. While "the value aspects of corporate culture are attributable to nationality, … the practices aspects (symbols, heroes, and rituals) are attributable to the profession, and the corporation change practices in response to environmental demands" (Rodrigues, 1997, p. 700).

A fundamental consideration to stimulate cultural sensitivity is to recognize that although industries and professions may operate in similar ways regardless of the country in which they operate, it is impossible to completely override the cultural norms that exist within a particular society. While knowledge or expertise, people, contract management, formulating scope, budget and schedule estimates, quality standards, measurement of performance, multi-vendor arrangements, and cross-cultural issues follow the traditional alliance practices, the elements that influence less than favorable responses from the alliance roles to have a more positive position can include: competence, courtesy, credibility, security, knowing the tangibles, reliability, and responsiveness. It is now clear to me that top down alliance leadership cross-cultural attributes that align the virtual team members also must be applied to the cross pollination of the customer's users and their service provider's counterparts.

Contributions, Limitations, and Future Research Recommendation

Contributions of the Research. This research has contributed to the literature on global IT alliance research by examining the cultural influences on virtual team performance. By combining the situating cultural theory and the cultural cluster theory in the study, this research answers the call for new theoretical approaches to studying the multi-leveled socio-cultural context. The analytical strength of this theoretical approach has been demonstrated by the identification of multiple cultural influences at the organizational level and professional level. The research findings answers calls for an in-depth understanding of cultural influences by showing how cultural factors affect the work behaviors of global virtual team members as measured by their overall fulfillment performance. The research findings suggest that cultural influences affect the work behaviors of global virtual team members, with respect to language skills, expectation of face-to-face interaction and time-based behaviors. Furthermore, this

research adds some insights with regards to global IT alliance collaborations across the theoretical 10 cultural clusters, which is quite limited in the existing literature.

This research contributes to the literature on cross-cultural IT alliance operations by examining the leadership practices in the specific context of global IT outsource collaborations. Additionally, it assesses the practice and effect of cross-cultural training, cultural dimensions and the global IT service delivery model. Integrating the research findings about cultural influences on global IT work, a set of recommendations is formulated to inform the activities of virtual work management, leadership practices, cultural compatibility, leadership training, and fulfillment performance management.

Limitations of the Research. There are limitations in this research. The findings of this research can be generalized to theory, but not to populations or gender. It should be recognized that this study examined the global IT collaborations within Fortune 100 IT entities. The behavioral differences of global virtual team members largely resulted from national cultural influences. Further, the participants of this study were engaged in network and desktop types of global IT work. While this sampling strategy provided a perspective of global IT collaborations, it limited the opportunity to uncover some work specific factors. Similarly, because the participants did not work on the same project or in the same team, it limited the opportunity to observe the influence of team culture. In addition, this research was not a longitudinal study. Therefore, it was unable to provide a process view of cultural influences and cultural negotiations over time. It should be noted that the interview data collected in this research provide empirical accounts of the phenomenon from the participants' perspectives and facilitate the understanding of the meanings attributed to actions by the participants in real settings. On the other hand, a limitation of interview data is that interviewees may have their own emotional

and political bias when responding to interview questions. Therefore, it is important to acknowledge such bias and employee data triangulation technique to integrate multiple sources of data, to take into account different perspectives, and, hence, to reduce the personal bias of the participants.

Future Research Recommendation. Based on previous discussion of research limitations, future research might study other multinational IT alliances to examine whether the findings of this research can be replicated. Such future research should draw on the same qualitative and quantitative approach, but not necessarily duplicate the same research settings. This will allow a chance to amplify the generalizability of the research findings. In addition to examining whether the major research findings are replicable, it is also important to check whether those emerging constructs and themes are replicable, so that those emerging themes can inform IT alliance leadership best practices in the future.

In line with the same direction, it may also be interesting to provide new insights on the interplay between national culture and organizational culture with a focus on cross-cultural sensitivity. In addition, it may help to examine potential cultural bias in current research. This will provide an opportunity to examine a wide range of complexities, such as the differences in industrial culture, organizational culture, organizational structure, and technology infrastructure. It will be interesting to examine the nature of challenges in communication, coordination, and relationship building, as a result of these complexities. Such a study can make a contribution to the situating culture theory by examining its analytical strength.

The findings of this research indicate that the identity construction of global IT professionals varies based upon their ethnic cultural backgrounds and personal life experiences. The future research direction might conduct an interpretative, longitudinal study of a globally

distributed IT alliance project from formation to steady state. Future research can provide an opportunity to examine how global virtual members negotiate cultural differences in the process, whether the team members will change their identity in the process, whether the alliance team will be able to turn the differences into synergy, and possible enabling factors. Such a study can make a contribution to social identity theory by examining the changes of identities beginning with the agreement negotiation process through to steady state alliance fulfillment while examining the level of disagreement when comparing national versus international IT outsourcing. In other words, when outsourcing remains within a national boundary, would one see similar disagreements with such things as compatible business objectives, meeting deadlines, and meeting the overall SLAs?

A future research agenda might also explore the leadership of multinational IT alliances from the perspective of gender. As noted in this research, comments from female management indicated that they perceived more resistance to female IT alliance leaders, particularly in some countries noted in this study, e.g. India and Germany. These responses seem to beg the question of how gender differences may require divergent leadership practices across cultural clusters.

Conclusion

Globally distributed IT alliances have become increasingly prevalent in recent years and continue to grow. The inherent cultural diversity in globally distributed IT alliances grants both challenges and opportunities. This calls for a thorough examination of cultural influences. Drawing on an exploratory mixed methods study, this research provided empirical insights on how cultural dimensions affect the globally distributed IT leadership best practices and develops implications regarding how to manage the challenges of cultural sensitivity. This research makes a contribution to theory, literature, and practice. The theoretical contribution of this research has

been developed by integrating the situating culture theory and the alliance leadership practices in the study. This research demonstrates the strength of the situating cultural theory and applies it to specific domains of globally distributed IT service operations. This research also contributes to literature by generating an in-depth understanding of cultural influences on global IT alliances. Furthermore, this research makes a contribution to IT alliance practice with recommendations that provide actionable guidance for practitioners with respect to virtual team leadership best practices with cultural sensitivity, cross-cultural training, and knowledge worker management.

Appendix

Appendix A: Glossary of Terms

Terminology	Definition for the purposes of this study
Alliance	Alliance refers to an agreement between two or more parties to pursue a set of agreed upon objectives while remaining independent organizations.
Community, corporate	In this study the corporate community is the for-profit Fortune 100 corporations.
Culture, cultural sensitivity	Cultural sensitivity means being aware that cultural differences and similarities exist and have an effect on values, learning, and behavior.
Culture, cross-cultural	The term "cross-cultural" emerged in the social sciences in the 1930s, largely as a result of the *Cross-Cultural Survey* undertaken by George Peter Murdock, a Yale anthropologist. Initially referring to comparative studies based on statistical compilations of cultural data, the term gradually acquired a sense of cultural interactivity.
Culture, national	Hofstede (1984) conceptualized national culture as implicit, core, systematically causal, territorially unique, and shared.
Culture, Organizational	Den Hartog et al. (1996) stated organizational culture springs from three sources: (i) the beliefs, values, and assumptions of founders of organizations; (ii) the learning experiences of group members as their organization evolves; and, (iii) the values and assumptions new members and leaders invest in organizations.
Governance, IT	IT governance primarily deals with connections between business focus and IT management. Such governance specifies the decision rights and accountability to encourage desirable behavior and mitigate risks associated with IT, including outsource alliances.
Interventions, service risk	Action affecting another's affairs: the act of intervening, especially a deliberate entry into a service situation, risk or dispute in order to influence events or prevent undesirable consequences such as IT service level performance degradation.
Key performance indicators	Key Performance Indicators, also known as KPIs or Key Success Indicators (KSI), help an organization define and measure progress toward organizational goals. Once an

	organization has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress toward those goals. KPIs are those measurements.
Knowledge worker(s)	Knowledge worker are workers whose main capital is knowledge. Typical examples may include architects, doctors, engineers, public accountants, scientists, and lawyers, because they think for a living.
Leadership, transformational	According to Den Hartog et al. (1996) transformational leadership goes beyond the cost-benefit exchange of transactional leadership by motivating and inspiring followers to perform beyond expectations in ways that transform their organizations.
Outsourcing arrangements	According to Dibbern et al. (2004), there are four fundamental parameters that determine the kind of outsourcing arrangement that a firm may enter into: *degree* (total, selective, and none); *mode* (single vendor and client or multiple vendors and clients); *ownership* (totally owned by the company, partially owned, or externally owned); and *time frame* (short-term or long-term).
Virtual, team members	The terms “virtual”, “distributed”, and “dispersed” are sometimes used interchangeably in the literature; this study adopted virtual when dealing with distributed or dispersed team and group members.

Appendix B: Permissions

Table 2.1 Cross-cultural IT Outsourcing Experiences.

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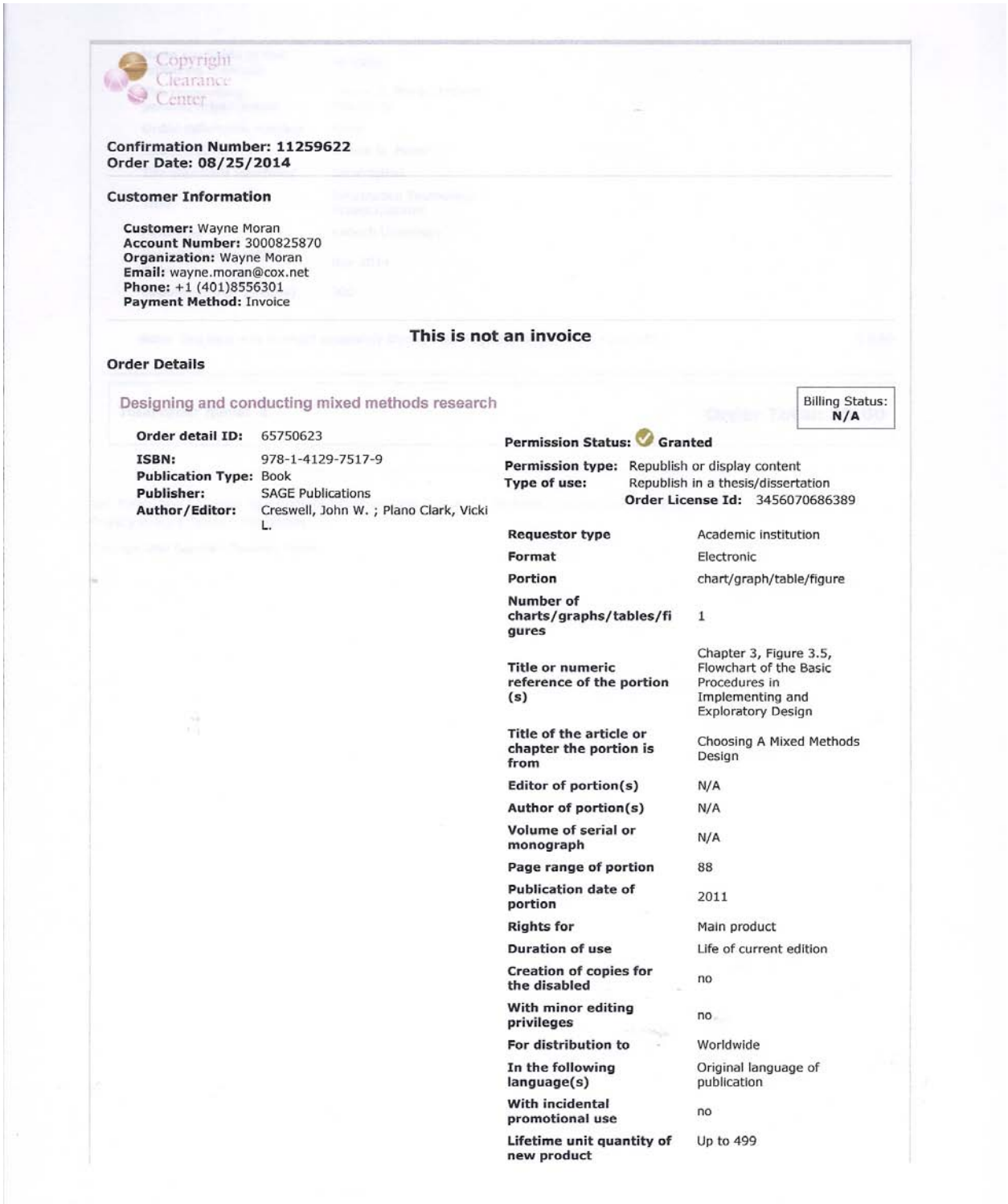

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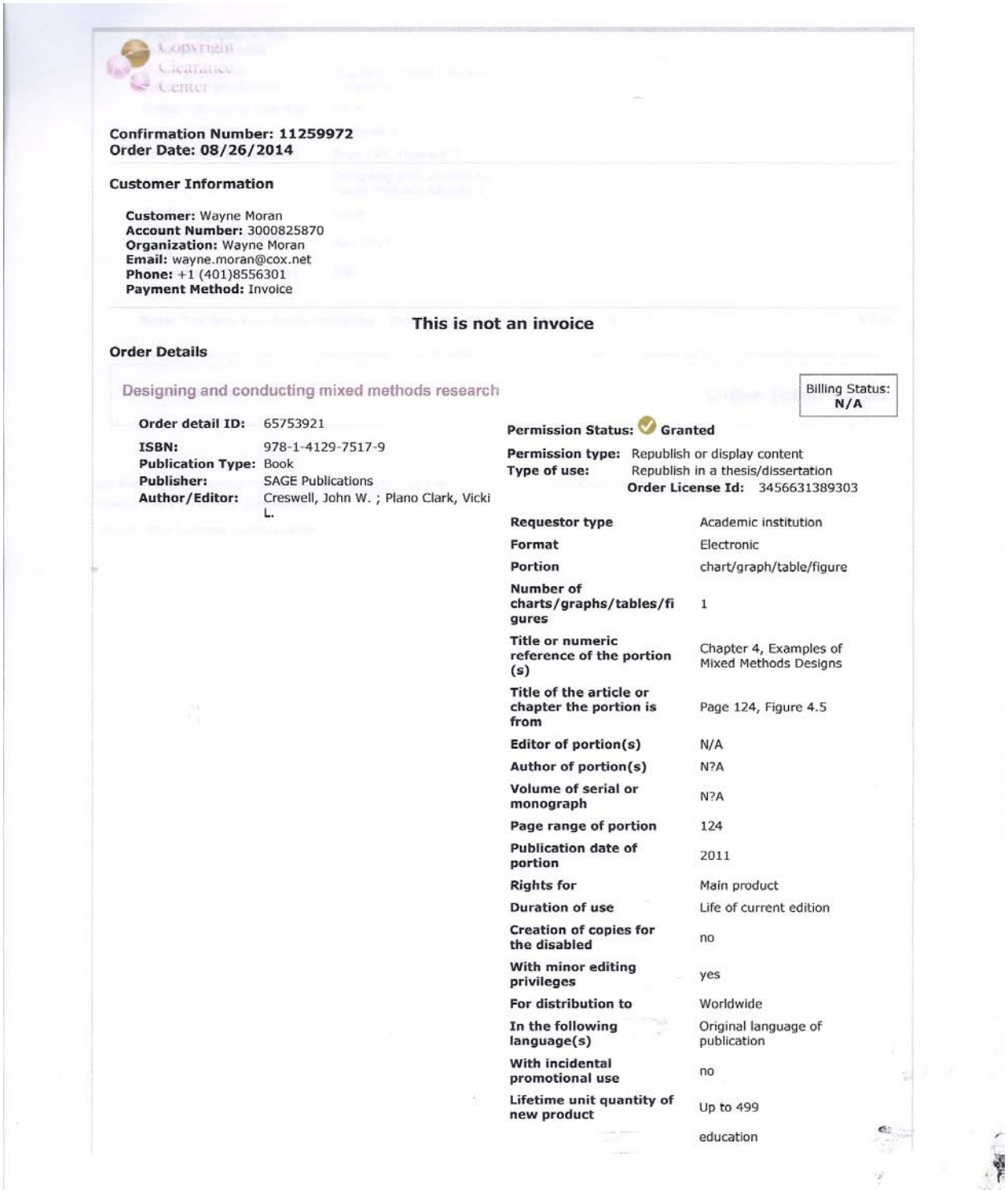

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Figure 1.1. Corporate and Key Asset Governance.

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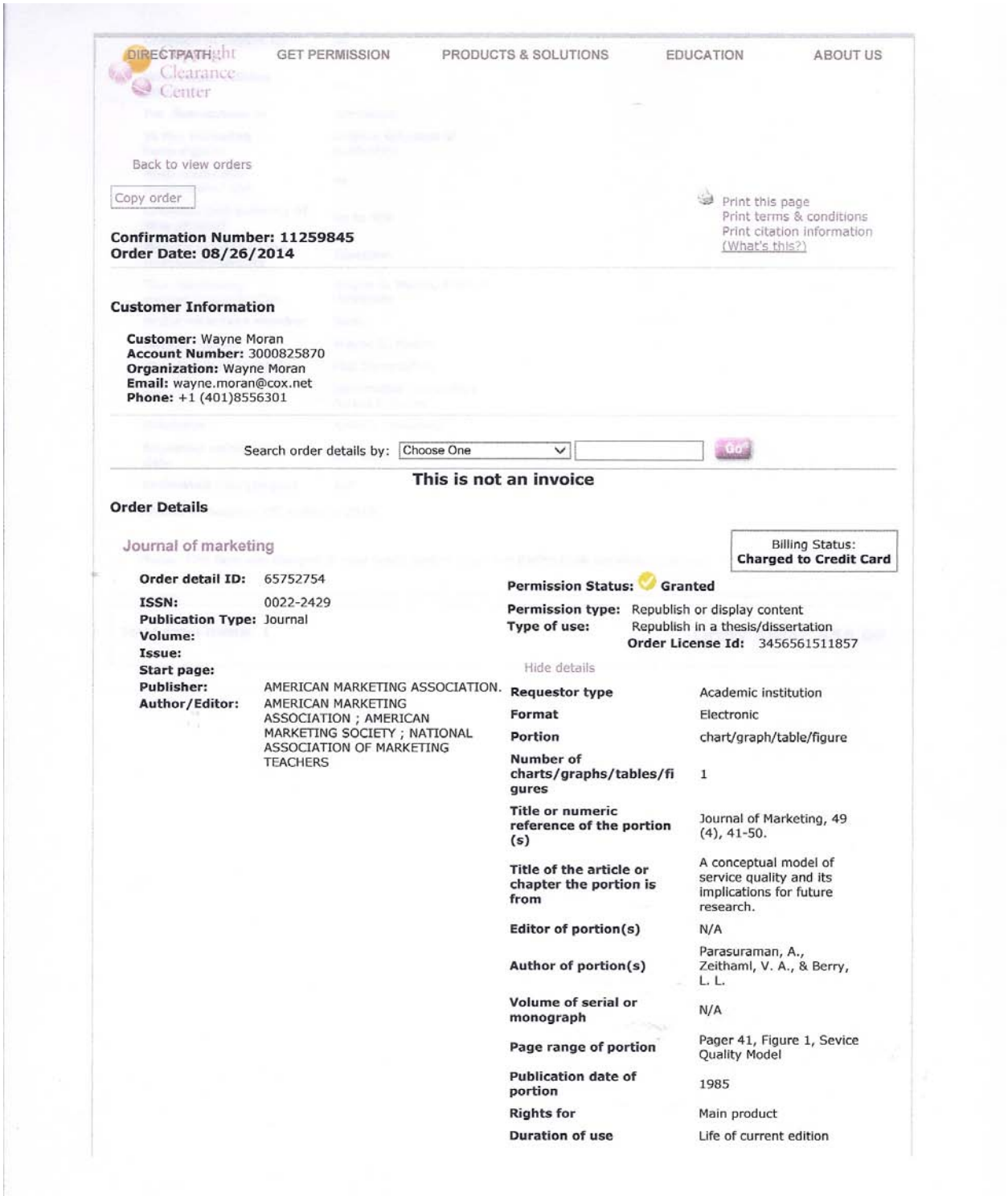
Figure 2.1 Customer/Provider Expectation Gap Diagram.



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