

The Effect of Cultural Differences on Trust and Control in IT Outsourcing Relationships

Research Project Overview

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The University of Cologne in Germany conducts a research project on the effect of cultural differences on the quality of IT outsourcing relationships.



Research Objective and Approach

Research Objective

- **The University of Cologne (Germany)** conducts a joint research project in order to investigate the effect of cultural differences between client and vendor organizations in IT outsourcing relationships.
- Specifically, the team will evaluate how cultural differences between client and vendor organizations in ITO engagements influence
 - the development of **client vendor trust** during the lifecycle of an ITO relationship.
 - the **usage of control** mechanisms by the client and vendor project management.
 - the **effect** of country and individual culture **on ITO relationship quality and ITO success** in general.
- The goals of this research are to (1) **evaluate the implications of cultural differences** on ITO client vendor relationship quality and (2) **provide practical guidance** for client and vendor organizations on the development of successful ITO relationships.

Research Approach

- We plan to administer a **large-scale, cross-cultural survey to subject matter experts** working in international IT outsourcing projects, for example, client and vendor project sponsors, managers and team members working on global software development or infrastructure outsourcing projects.
- We intend to **distribute one to three short questionnaire to all project members** within the identified IT outsourcing projects (both onsite and offshore) in order to capture different viewpoints throughout the project.
- The questionnaire data is ideally **augmented by objective data** (e.g. budget, time, no. of reported bugs, internal quality assessments and relationship surveys ...), for example from project tracking and issue management.
- We also plan to conduct **interviews with project managers and team leaders as well as on- and offshore-site visits** in order to discuss the results and implement lessons learned from the questionnaire.
- Lastly, we intend to conduct a **focus group** in order to discuss the results and to provide feedback to the project teams.
- The empirical study is planned from July to December 2015, depending on the industry partner's requirements.

The data collection will be conducted from July to December 2015 and includes at least two surveys as well as site visits and interviews.

Data Collection Process

Overview

- The data collection will be based on several **international ITO projects** with different client and vendor companies.
- The data collection will include **surveys, interviews and further supportive data**.
- The projects will be chosen based on number and location of delivery units with a **special focus on enabling cross-cultural comparisons** (e.g., delivery from India, Eastern Europe, South-East Asia).

Data Collection Process



- The data collection will start with a survey on culture, trust, and control in ITO client-vendor relationships to be **answered by all project members** (team members and project leader), if possible from both client and vendor side.
- After a preliminary analysis of the first survey, we will conduct **site surveys for respective projects** (e.g. onsite and/or near-/offshore).
- The purpose of the site visits is the execution of interviews on team and leadership level to **discuss the survey results as well as the collection of further supportive data** (project status reports, incident reports, satisfaction surveys, etc.).
- If required and appropriate, a **second survey** will be sent out to the project teams based on the already gathered data.
- The goal of the second survey could be the **identification of further evidence** as well as measuring the data at a second point in time.

To conduct the empirical research, industry partners are required to get access to relevant ITO engagements in practice.

Request for Industry Partners

Requirements

- **Identification of 2 to 5 IT outsourcing projects** within the company (e.g., global software development projects / infrastructure outsourcing projects) and **distribution of the survey** to the project teams (alternative: 1 ITO project for an in-depth analysis).
- **Access to selected project managers or team leaders** of the IT outsourcing projects for 45 to 60 minutes-long interviews.
- **Access to selected client and vendor project locations** for onsite as well as offshore site visits (e.g., including meeting attendance, result discussions with project management, etc.).
- **Access to anonymized, objective project data** would be very helpful, but is not required (e.g., data from project tracking and management systems such as project budget, timeline adherence, client satisfaction surveys, etc.).
- **Note:** *All gathered information will be **anonymized** prior to analyzing and publishing (based on agreed-upon Non-Disclosure-Agreement(NDA) between the industry partner and the University of Cologne).*

Benefits for Partners

- + Provisioning of a **detailed report on findings and implications** based on the gathered data and including appropriate benchmarking data and improvement suggestions (based on the participating industry partners).
- + If desired, presentation of the report to the **industry partner's management** by the University of Cologne team.¹
- + **Access to collected data** within the own company for own analysis and evaluation (incl. raw data).
- + **If desired, access to students** as well as researchers of the University of Cologne for further research studies and recruiting activities.

Researcher Contact Details



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Appendix

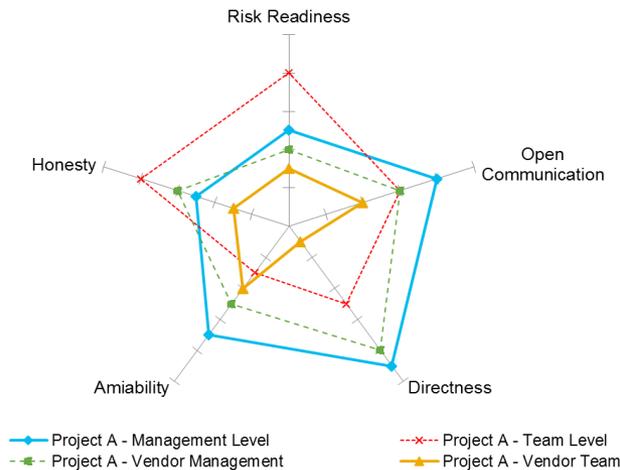
After participation in the project, the industry partner will receive a detailed report with the respective findings.



Finding Report - Examples

Cultural Fit Analysis¹

- Based on the survey data, the industry partner will receive an analysis concerning the cultural fit between the own company and the respective vendor companies within the ITO engagement.
- This analysis will include for example a cultural fit score in terms of several levels (for example project management level and team level) and culture-induced variables (directness, amiability) as well as specifically derived improvement suggestions based on the analysis results.



1) The cultural fit analysis requires survey data from both the client and the vendor team members in the ITO engagements.

Benchmarking Analysis

- Based on the survey data and the observations (site visits, interviews) the industry partner will receive a benchmarking analysis for her current ITO engagements.
- This analysis will include for example a benchmark between the client-vendor cultural fit, the level of trust and the usage of formal control within the analyzed ITO engagements.
- The report will also include improvement suggestions based on the analysis results (e.g. changes in the usage of control modes).

