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Camilla Noonan
University College Dublin

Micheál Ó Sé
Oileán Enterprises

Séamas Kelly
University College Dublin

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PRODUCING COMFORT: RISK, ANXIETY AND TRUST IN THE DEVELOPMENT OF AN IS OFFSHORING RELATIONSHIP

Séamas Kelly

University College Dublin
Centre for Innovation, Technology &
Organisation (CITO)
UCD School of Business
University College Dublin
Belfield, Dublin 4
Ireland
seamas.kelly@ucd.ie

Camilla Noonan

University College Dublin
Centre for Innovation, Technology &
Organisation (CITO)
UCD School of Business
University College Dublin
Belfield, Dublin 4
Ireland
camilla.noonan@ucd.ie

Micheál Ó Sé

Oileán Enterprises
Dublin, Ireland
michael@oilean.com

Abstract

In this paper we explore the notion of anxiety and its management in the context of a model of offshore software development that is becoming increasingly common in the contemporary world. In particular, we have focused on the important question of how comfort is produced in circumstances that may involve high risk and a very opaque development processes, which are inherently difficult to monitor, not least because of issues associated with geographical and cultural separation.

The paper is based on an ongoing in-depth, longitudinal, interpretive study of the development of an offshore IT sourcing relationship between a small Irish financial services firm (NetTrade) and a large Indian software development company (IndiaSoft) with an extensive global presence. The case focuses on a crucial 18 month period in NetTrade's commercial evolution, during which a decision was made to outsource the development of a replacement for their core technology to one of IndiaSoft's offshore development centers in India City. Specifically, we examine the ongoing implementation process as it unfolded; from NetTrade's initial decision to look for a suitable vendor, through the development of the NetTrade-IndiaSoft relationship, to the delivery of the first major component of the system.

The paper makes empirical and conceptual contributions. With respect to the former, we present a more in-depth, granular, and longitudinal processual account of an outsourcing relationship than is common in the extant literature. Furthermore, the case presented is somewhat distinctive because of the Ireland-India relationship and the fact that it involves a large vendor and a very small client firm. Finally, the perception on both client and vendor sides that the relationship was

very successful, meant that informants were not afraid to speak candidly about the project dynamics; providing us with the opportunity to do a detailed anatomy of, what was for the most part, a well managed project.

From a conceptual point of view, we draw on the extensive literature on risk and trust to synthesize a distinctive perspective that enables us to problematise and shed light on some crucial, yet intangible and often overlooked, aspects of offshoring practice. In particular, we aim to make visible the 'relationship work' required to develop and sustain the outsourcing partnership over time and geography.

Keywords: IS offshoring, risk, anxiety, trust, relationship work

PRODUCING COMFORT: RISK, ANXIETY AND TRUST IN THE DEVELOPMENT OF AN IS OFFSHORING RELATIONSHIP

Introduction

In this paper we report on an ongoing in-depth, longitudinal, interpretive study of the development of an offshore IT sourcing relationship between a small Irish financial services firm (NetTrade) and a large Indian software development company (IndiaSoft) with an extensive global presence.

The case focuses on a crucial 18 month period in NetTrade's commercial evolution, during which a decision was made to outsource the development of a replacement for their core technology to one of IndiaSoft's offshore development centers in India City. Specifically, we examine the ongoing implementation process as it unfolded; from NetTrade's initial decision to look for a suitable vendor, through the development of the NetTrade-IndiaSoft relationship, to the delivery of the first major component of the system. In particular, we aim to make visible the 'relationship work' required to develop and sustain the partnership over time.

The case is interesting for a number of reasons. First, the existence of strong personal relationships between members of the research team and some of the key players involved in the project, facilitated an unusually high level of access to the research site. This provided a rare window on the intimate workings of key social processes as they unfolded over time. In the context of an accepted dearth of published in-depth accounts of the development and dynamics of offshoring relationships (Sahay, et al., 2003), then, the study provides a basis for a relatively nuanced and granular understanding of such activities. A second interesting feature of the study is the Ireland-India connection. Whereas other studies have focused on global software alliances spanning such locations as USA-India (Kumar and Willcocks, 1996), USA-Caribbean (Abbott, 2004), Canada-India (Sahay, 2003), UK-India (Nicholson and Sahay, 2001; Nicholson and Sahay, 2004), Norway-Russia (Imstrand and Sahay, 2005), etc, we know of no study that has specifically explored cultural aspects of an Ireland-India relationship. Finally, the study offers an unusual example of offshoring practice, in that it involves a very small and young firm that that has entered into a sourcing relationship with a large and well established vendor of IT development services (see Nicholson and Carmel, 2003).

While the management of risk has long been seen as a central problem in software development generally (Barki, et al., 1993; Boehm and Demarco, 1997; Willcocks and Margetts, 1994), and IT outsourcing more specifically (Earl, 1996; Willcocks and Lacity, 1999; Willcocks, et al., 1999), it had a special salience in this context due to the key strategic importance of the system, and the scale of the development project in relation to the size of NetTrade (the projected cost of the system actually exceeded the Net Asset Value of the entire firm at the time). Moreover, before IndiaSoft was suggested as a possible option to NetTrade, nobody in the firm had any awareness of, let alone given any consideration to, an offshore IT sourcing model. IndiaSoft, for its part, has no other Irish client of equivalent size to NetTrade.

In the paper, then, we draw on the extensive literature on the concept of trust to illuminate the manner in which confidence in IndiaSoft was established and maintained. In particular, we employ Giddens' (1990; 1991; 1994) ideas about the nature of risk/ trust, emphasizing the connection he makes between trust in abstract systems and important personal enactments at key 'access points'. In this way, we focus attention on the performative dimension of trust. Giddens' ideas are supplemented and developed by drawing on the work of a range of other authors who have made helpful contributions to the area (e.g. Mayer, et al., 1995; Misztal, 1996; Zucker, 1986).

Following the non-cognitivist conception of trust developed here, the emphasis of our analysis is on the less tangible, emotional, dimensions of organizational life (Ciborra and Willcocks, 2006; McGrath, 2006). We use these

concepts to explore the notion of ‘anxiety’ and its management in the context of a model of offshore software development that is becoming increasingly common in the contemporary world¹. In particular, we focus on the important question of how a sense of comfort is produced in circumstances which may involve high risk and a very opaque development process that is inherently difficult to monitor (not least because of issues associated with geographical and cultural separation).

Specifically, we argue that the development of the offshoring relationship to this point involved two distinctive, yet overlapping and mutually reinforcing, phases (Courtship and Cohabitation) that demanded different kinds of practices and skills for their successful negotiation. From the client’s point of view, two salient forms of trust were important: trust in the qualities of the vendor; and trust in the stability and predictability of the collaborative social order (i.e. trust as ‘habitus’). In the Courtship phase, the emphasis was primarily on the client developing trust in the vendor’s ability to deliver the system and in the latter’s integrity and benevolence towards the former. This trust rested primarily on presentational (through the performances of vendor representatives at key access points) and reputational bases, although characteristic-based and institutional-based mechanisms also played a role. In the Cohabitation phase, by contrast, the emphasis shifted to a struggle to construct a stable collaborative order, where both parties had to come to mutual accommodations about key social practices (primarily communicative practices in this case). These practices contributed to the predictability of the social order and, importantly, their successful negotiation and institutionalization was dependent on the skilful balancing of “trust, tact and power” (Giddens, 1990: 82).

While these kind of distinctive phases have been used as analytical devices elsewhere in the outsourcing literature, the work presented here attempts to go beyond mere categorization to provide a more in-depth analysis of the key functions of each stage and the practices required to support them. Furthermore, we caution about viewing such phases as strictly sequential. Rather, we argue that it is merely a question of emphasis; both sets of concerns endure throughout the lifetime of a project and, indeed, are mutually constitutive, but at different points the emphasis tends to be on one over the other. Finally, we observe that there is evidence to suggest that the NetTrade-IndiaSoft relationship is now entering a third, more stable, phase (Marriage) marked by an explicit mutual commitment to a longer term, ongoing strategic relationship (thus leveraging the social capital and mutual understanding that had been so painstakingly built).

Conceptual basis – risk, anxiety and trust

The sociologist Anthony Giddens (1990: 34) argues that, in modernity, the nature of trust relations has been transformed and, indeed, take on a new importance. Trust is inherently connected to *absence* (there is no need to trust what one can directly monitor), and is bound-up with the organisation of ‘reliable’ interactions across time-space. He defines trust as:

“... confidence in the reliability of a person or system, regarding a given set of outcomes or events, when that confidence expresses a faith in the probity or love of another, or in the correctness of abstract principles.” (Giddens, 1990: 34)

Thus, he distinguishes between two types of trust relations prevalent in modern societies: *trust in abstract systems*² and *personal trust*. The former are based, to a large extent, on *faceless commitments* while the latter depend on

¹ See Wastell, D., "Learning dysfunctions in information systems development: overcoming the social defences with transitional objects," MIS Quarterly, Volume 23, Number 4, 1999, pp. 581-600.

, Wastell, D. G., "The fetish of technique: methodology as a social defence," Information Systems Journal, Volume 6, 1996, pp. 25-40. for an interesting exploration of other aspects of anxiety in the context of more conventional forms of IS development.

² Giddens uses the term ‘abstract systems’ to refer to collectively refer to two distinct types of disembedding mechanism that allow social interactions/ relations to be ‘lifted out’ of the particularities of specific locales and restructured across indefinite spans of time-space:

- *Symbolic tokens*: these refer to media of exchange that have standard value, and thus are interchangeable across a plurality of contexts. Money is an important example of symbolic tokens, which can be passed around regardless of the specific characteristic of the individuals or groups that handle them at any particular juncture.

facework commitments (trust relations that are sustained by, or expressed in, social connections established in conditions of co-presence).

The investment of trust in abstract systems (especially expert systems) is a central feature of modern life. No one can completely opt out of the abstract systems involved in modern institutions yet, due to their diversity and complexity, our knowledge of their workings is necessarily limited. Therefore, trust (or faceless commitments) becomes a very important means of generating the ‘leap of faith’ that practical engagement with them demands. Often, however, engagement with abstract systems involves encounters³ with individuals who ‘represent’ or are ‘responsible’ for them (e.g. in the case of visiting a medical doctor). Such contacts with experts are very consequential and take place at *access points*, which form the meeting ground of facework and faceless commitments.

In the case of some experts (e.g. a doctor) where encounters take place regularly over a period of years, these can take on the characteristics of trustworthiness associated with friendship and intimacy. However, in general, encounters with experts are much more irregular and transitory than this and, therefore, they have to be managed very carefully by the expert if he or she is to win or maintain trust of the laypeople involved. Drawing on Goffman (1956), Giddens argues that facework commitments are dependent on the demeanor of operators and, therefore, such encounters often involve displays of “manifest trustworthiness and integrity, coupled with an attitude of ‘business as usual’ or unflappability” (Giddens, 1990: 85). Access points remind people of the fallible nature of system operators and, therefore, reassurance is called for, both in the reliability of the individuals involved and in the knowledge or skills upon which their expertise relies. Thus, experts must make a strict division between “frontstage” and “backstage” performance at access points, and the control of threshold between the two is the essence of professionalism. Attitudes of trust are strongly influenced by experiences at access points, as well as by updates of knowledge provided by mass communications media and other sources.

Thus, facework commitments are an important means of generating continued trustworthiness in the abstract systems of modernity with which we routinely interact. In this way, trust in impersonal abstract systems is anchored in the trustworthiness and integrity of colleagues. Of course, regular encounters and rituals are required to sustain such collegial trustworthiness: i.e. trust rests on a ‘presentational base’. Furthermore, in Giddens’ terms trust is not a cognitive/ calculative phenomena but, rather, is based on an *emotional* commitment to things being as we expect them to be. Trust, therefore, may be understood as a sense of emotional comfort; a device that can be used to ‘bracket out’ potential risks (Giddens, 1990) and generate the ‘leap into faith’ that cooperative engagement with others demands (Gambetta, 1988).

Despite the emphasis Giddens places on personal trust, he does not explore its constitution in any great detail. In a review of the literature, however, Mayer et al (1995) identify three characteristics of a trustee that appear consistently: ability, benevolence and integrity. Ability is defined as “the group of skills, competencies and characteristics that enable a party to have influence within some specific domain. The domain of the ability is specific because the trustee may be highly competent in some technical areas, affording that person trust on tasks related to that area. However, the trustee may have little aptitude, training or experience in another area, for instance, in interpersonal communication.... Thus, trust is domain specific”. Benevolence, on the other hand, is defined as the extent to which a trustee is believed to want to do good *to the trustor*, aside from an egocentric profit motive (suggesting that the trustee has some specific attachment to the trustor). Finally, the relationship between integrity and trust involves the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable.

If the dispositions and character of a collection of people are individually well known to each other then cooperative relations may be founded on, what Williams terms, *thick trust* (Williams, 1988: 8). In other words, cooperation amongst a group of individuals is greatly facilitated if they have established personal bonds and know one another very well. However, where thick trust doesn’t exist, other means of establishing or producing trust are required as a

• *Expert systems*: these bracket time and space through deploying modes of technical knowledge which have a validity independent of the practitioners and clients who make use of them. Thus, like symbolic tokens, they provide ‘guarantees’ of expectations across distanced time-space.

The reorganization of time and space and the disembedding mechanisms prise social relations free from the hold of specific locales, recombining them across wide time-space distances. These radicalize and globalize the pre-established institutional traits of modernity and act to transform the content and nature of day-to-day social activity.

³ In his analysis of ‘encounters’, Giddens draws heavily on the work of Erving Goffman.

basis for cooperation. Zucker identifies three key modes of trust production in the modern world (Zucker, 1986): *process-based* (information based on personal experience), *characteristic-based* (information based on ascribed characteristics) and *institutional-based* (formal protection against default).

In modes of process-based trust production “a record of prior exchange, often obtained second hand or by imputation from outcomes of prior exchange, provides data on the exchange process” (Zucker, 1986: 60). Therefore, process-based trust is based on the availability of large quantities of person- or group-specific information which can often be in the form of positive reputations. This is the most commonly identified mode of trust production in sociological and anthropological work, and most of the early work in the area focused on gift-exchange (c.f. Mauss, [1925] 1954). In such cases, trust is required due to the time lapse between the gift and the counter-gift and the possible ambiguity surrounding accepted conceptions of what constitutes a fair exchange. One possible mechanism for developing such trust involves “restricting exchanges to those whose prior exchange histories are known or to those with some guarantee concerning the nature of future exchanges” (Zucker, 1986: 62). Information about prior exchange histories can be obtained by engaging in repetitive exchanges with a party and, therefore, such informal trust-producing mechanisms “require extensive interaction over long periods of time and/or produce trust between a small number of individuals involved in a limited set of exchanges” (Zucker, 1986: 62). Such exchange relationships are generally highly specific to the parties involved in the exchange and involve idiosyncratic understandings and rules. Thus, trusting relationships are built in successive stages, tentatively and conditionally over time (Good, 1988).

A more formal mechanism for the production of process-based trust involves the use of reputation (or, brand name in the case of products). As Misztal puts it:

“Reputation permits us to trust another person by providing us with some information regarding the sort of person we are dealing with, before we have had a chance to have contact with that person.” (1996: 120-121)

Thus, reputation serves as a warrant for trust and can, therefore, be seen as valuable social capital (Misztal, 1996: 121). The establishment of a favorable reputation requires significant investments of time and resources and is, thus, something which individuals and groups will be very careful to maintain. Therefore, a reputation not only provides information about the trustworthiness of an individual or group, but also serves as a device for restricting the behavior of those who have invested in it (Misztal, 1996: 98). Moreover, as Casson (1991: 16) has pointed out “[l]oss of reputation is particularly serious for people who are locked into a group where barriers to exit are high. In fact it can be shown that reputation effects succeed quite well in sustaining trust in small, compact, and isolated social groups”. Reputation, therefore, promotes cooperation by increasing the possibility of carrying out promises, thus helping to facilitate efficient contractual relations by allowing economic agents to reduce transaction costs and overcome limited information (Dasgupta, 1988; Lorenz, 1988: 198-202). Misztal (1996: 127) also underlines the importance of reputation by pointing out that “the absence of cooperation is a result not so much of bad reputation as of the lack of reputation. In other words, the existence of reputation is an important social capital which facilitates people’s willingness to cooperate by helping to overcome a scarcity of information”.

The second basis for trust, according to Zucker (1986), is individual characteristics. Such characteristics may be ascribed to individuals through labeling or stereotyping mechanisms:

“When there is scarcity of information, particularly when we have more information about the group than an individual member, there is a tendency to simplify the perception of the social environment by identifying all individuals with the groups to which they belong.” (Misztal, 1996: 126)

Thus, characteristics such as gender, ethnicity, family background or age may be used as an index of trust in a transaction, as they “serve as indicators of membership in a common cultural system, of shared background expectations. In general, the greater the number of social similarities (dissimilarities), the more interacts assume that common background expectations do (do not) exist, hence trust can (cannot) be relied upon” (Zucker, 1986: 63). Furthermore, as in the case of reputations, stereotypes or preconceptions are not easily changed, even in the face of challenging evidence. New information about an individual will tend to be interpreted in accordance with existing preconceptions, thus serving to reinforce those preconceptions (Good, 1988: 41).

The third basis of trust production, institutional, is more generic in its application, in that it extends beyond a specific transaction or set of exchange partners (Zucker, 1986: 63). Two types of institutional-based trust are identified: person-specific (or firm-specific), and intermediary mechanisms. Person- or firm-specific trust depends on membership of a social group “within which carefully delineated specific expectations are expected to hold, at

least in some cases based on detailed prior socialization” (Zucker, 1986: 63). The professionalisation of occupations (see Reed, 1992: 206-213) provides a very clear illustration of how this type of trust can be signaled. Thus, for example, the attainment of specific educational or professional certifications can signal one’s trustworthiness within a particular social sphere. The second type of institutional trust, intermediary mechanisms, involves insuring against potential losses in the event of a transaction not being completed or failing to produce the expected results. Intermediary institutions such as courts of law or insurance companies specialize in protecting parties involved in an exchange in this way.

A further important mode of trust production are stable institutionalised routines, or trust as ‘habitus’ (Miztal, 1996: 127). Having stable and well recognized rules of interaction gives a sense of predictability, reliability, and legibility to social life, thus reducing the anxiety caused by the ambiguity and openness of many social situations. The construction of a shared set of stable social practices amongst people who are strangers or mere acquaintances, however, can be problematic and calls for the balancing of “trust, tact and power” (Giddens, 1990: 82). As Giddens (1990: 82-83) puts it:

“Tact and rituals of politeness are mutual protective devices, which strangers or acquaintances knowingly use (mostly at the level of practical consciousness) as a kind of implicit social contact. Differential power, particularly where it is very marked, can breach or skew norms of tact and politeness rituals.”

The implications of this are twofold. First, it emphasizes the importance of a stable social order for the production of trust and reduction of anxiety. Second, it emphasizes the important role of tact and rituals of politeness, in the absence of marked differential power, in helping to bring about the mutual accommodations required to develop the shared social practices required to sustain any stable collaborative order. In other words, attention is drawn to the micro-politics of trust production.

Research approach and methods

The case study described in this paper is the result of an ongoing in-depth, longitudinal, interpretive study of the establishment and ongoing development of the offshoring relationship between NetTrade and IndiaSoft. We followed the project since its inception in the latter part of 2005, when we were introduced to the case by John (joint CEO of NetTrade), a close friend of one of the research team. Through John we managed to secure the cooperation and involvement of IndiaSoft. We established contact with their local office in Dublin and negotiated further access to the development centre (IndiaCity) in India. In this paper, we focus on the key events that shaped the project, from its instigation in late 2005 to the delivery of the first working software in January 2007.

At the outset, the data collection consisted mainly of informal chats with John, but as the project gathered pace, a more systematic approach was employed. A range of ethnographic methods were used. In addition a number of visits to the NetTrade offices in Dublin, we spent one week at IndiaCity development centre conducting interviews, observing activities and reviewing various documents associated with this project. Overall, we interviewed the 13 key players involved in the project, in formal and informal settings, many of them repeatedly and for extended periods of time. Furthermore, key personnel at NetTrade were requested to keep a written journal, reflecting on their interactions with IndiaSoft, particularly during their early visits to India. Herein, they recorded their impressions and observations at critical junctures in the project.

Although we present a very granular discussion of the evolution of this offshoring relationship, we acknowledge that, owing to the relationship that exists between John and one of the researchers, we had much richer access to data from the NetTrade side of this story (which constitutes the analytical focus of this paper). We are fully aware that interviews held at the Indian site were likely to have been colored by this relationship and we are keenly aware of this limitation. As this research is ongoing, however, we believe that important relationships were established through this visit and that these are being strengthened and developed on an ongoing basis. Finally, as the process of relationship development in the project is still at quite an early stage, we acknowledge that our perspective at the time of writing is necessarily partial and may be subject to some revision as the research progresses.

The production of comfort in the NetTrade-IndiaSoft case

NetTrade, a small Irish financial services firm was established in 2001 by joint CEOs, John and Niall. They described themselves as “*a small unknown company with the standard start-up mentality*” (John, joint CEO, NetTrade). After four very successful years in operation, they began to plan for future growth. The key strategic issue related to the IT system, which was core to their business. Up to now, NetTrade had leased the software from a small UK-based supplier but the attraction of having their own bespoke system was always apparent. In addition to the risk associated with over reliance on a supplier, two additional factors influenced their decision to develop their own bespoke system. First, as the business grew, their requirements for additional system functionality were also growing. Second, under the current arrangement, they owned the license for this system but not the code. Consequently, they felt that a bespoke trading system would “*put us [them] on a different planet entirely*” (John, joint CEO, NetTrade).

In Autumn 2005, NetTrade set out to formally identify a partner to develop the system for them. As this was the key strategic system upon which future prosperity depended, the quality of the delivered product was paramount. Consequently, it was with some trepidation that NetTrade approached the development project:

“It was difficult because we didn’t know what we were doing...we were shooting in the dark and did not know who would be even interested in doing business with us” (John, Joint CEO, NetTrade)

The firm was very conscious that it would be financially exposed should anything go wrong (the projected cost of the system was greater than the Net Asset Value of the entire firm at that point in time). They decided to manage this risk by insisting to potential vendors that the project be structured in stages (or ‘*bite sized chunks*’). This meant that NetTrade would pay for each deliverable and would reserve the right to pull back from the other stages of the project in the event of dissatisfaction or changing financial circumstance.

After meeting with a number of ‘*singularly unimpressive*’ local consulting firms, a personal friend of John and Niall’s suggested that they might explore an offshoring model and introduced them to IndiaSoft, a major Indian software vendor with a base in Dublin. After an initial meeting with Ajit (the Indian General Manager of IndiaSoft’s Irish operation) and Stephen (an Irish Business Development Manager for IndiaSoft), NetTrade were extremely impressed and, despite some significant apprehension about their unfamiliarity with this mode of development, decided that an offshoring approach was worth exploring further. Throughout their initial interactions with IndiaSoft, NetTrade were very honest about their anxieties, their inexperience and their need for guidance through the process that lay ahead:

“We knew what we wanted but we were not ‘deal’ savvy. We were not through the RFP process, which was the first thing we told everybody. Don’t expect us to tell you, you need to tell us. We didn’t know but we knew we didn’t know. We did make a big deal about that.” (John, joint CEO, NetTrade)

In addition to stated concerns about their inexperience, and consequent dependence on the vendor, another major issue concerned NetTrade. They were very conscious of the fact that in IndiaSoft’s eyes, they might be viewed as a small, relatively unimportant, and insignificant Irish company in the context of the firm’s overall client portfolio. They feared that this imbalance could be problematic going forward:

“That was a big deal because the first question (and one that we kept coming back to) was, what happens when Ford or GM or whoever calls, will we get screwed? ... it is engrained in us, people will value you less because you are smaller.” (John, joint CEO, NetTrade)

As is evident in our discussion below, the Indian firm went to considerable lengths to address these fears, thereby laying the foundations for a successful relationship that developed over the 2005/2007 period under study. In late December 2005, and in line with the ‘*bite sized chunks*’ philosophy of the firm, an agreement was reached that IndiaSoft would be engaged to do an initial requirement specifications and scoping exercise. NetTrade were extremely satisfied with the resulting document and decided to contract with the Indians for delivery of the system.

Key events over this time period include:

December 2005: First meeting with IndiaSoft and signing of the initial agreement for requirements specification

- January 2006: First visit by John (Joint CEO, NetTrade) and Paul (Head of Finance) to IndiaSoft's development (IndiaCity) center in India to commence the requirements gathering and scoping process
- March 2006: Representatives from IndiaCity visit Dublin to complete requirements gathering.
- April 2006: Functional Specification completed and negotiations take place around the signing of the contract for the development work.
- September 2006: NetTrade visit IndiaCity to view prototypes.
Prototypes are delivered and made available to NetTrade.
Issues around IndiaCity live data feed requirements surface.
- December 2006: NetTrade visit IndiaCity.
- January 2007 Representatives of IndiaCity visit Dublin to ensure smooth delivery.
Delivery and implementation of software system.

These events will be returned to in the subsequent analysis.

One of the notable aspects of this case is that the offshore development project, for the most part, ran relatively smoothly and was not beset by any major crises. This is not to say that frustrations and anxieties were not encountered along the way, but these were addressed and repaired in a relatively calm and mature manner. Here we argue that a key factor in understanding this smooth running of the project was the way in which a sense of comfort was produced and sustained over time. The careful cultivation of this sense of comfort, although costly and resource intensive, played a key role in the success of the project. Here, we draw on some of the theories of trust introduced earlier, in an attempt to trace some of the mechanisms by which this comfort was produced, enhanced, undermined, and re-established over time.

Following Giddens, we suggest that a key source of anxiety in the offshoring project was the difficulty in establishing trust in the expert systems of technical and professional knowledge upon which IndiaSoft drew (i.e. to provide 'guarantees' with respect to the 'correctness' of the technological solution that would be delivered across distanced time-space (from India to Ireland)). Of critical importance here, then, was the manner in which this abstract system was 're-embedded' in the concrete context of the NetTrade-IndiaSoft relationship⁴.

We argue that within the time frame outlined above, two distinctive, yet overlapping and mutually constitutive, phases are discernible. In the Courtship phase the emphasis was on establishing a sense of trust in IndiaSoft as the suitor of choice, thus allowing NetTrade to bracket the associated risks and comfortably proceed with the project⁵. In the Cohabitation phase a new emphasis emerged, that focused on the joint construction of a stable collaborative order. In what follows, we examine and compare the social practices that underpinned these important processes.

Stage 1: Courtship – establishing trust in IndiaSoft

With respect to becoming comfortable with the notion of an offshoring arrangement, John identified three different components with which he, and his colleagues at NetTrade, needed to reconcile themselves: the generalized offshoring model; the idea of offshoring to India specifically; and IndiaSoft as the vendor of choice. The fact that

⁴ More precisely, building on the notion that any such abstract system will be interpretively flexible and may be enacted or embedded differently in different contexts, we argue that the key issue at stake is the expert **system-in-use** (i.e. the specific way such abstract principles are instantiated in the practices that constitute this project). The fact that systems **always** have to be re-embedded underscores the importance of making the connection between forms of system trust and personal trust, between the rule and its application Wittgenstein, L., *Philosophical Investigations*, Blackwell, Oxford, 1953.. It is not merely trust in 'abstract principles' that need to be re-established at access points but, also, trust in the manner in which these principles are appropriated and applied.

⁵ We could, indeed, countenance a further stage immediately prior to this Courtship one. At the Dating stage, NetTrade explored a number of options and had some brief liaisons with a number of other vendors. (They had to kiss a few frogs before finding their Prince!) In fact, these encounters were very important in framing their subsequent relationship with IndiaSoft. Here, however, we believe that the comfort producing mechanisms at play were essentially the same as those in the Courtship phase, and so we rejected the idea of analyzing them separately.

John had only vaguely heard of software offshoring prior to the initial suggestion by a friend in August 2005, illustrates the distance he had to travel before committing to this route:

“To me now it seems like an easy decision. But then I knew very little about the whole outsourcing area.... it was a real dark place that we were trying to figure out...I asked myself whether this made sense, how did it work? Were we just looking for a cheap option? Were we crazy?” (John, Joint CEO, NetTrade)

The initial comfort that created the impetus to explore the off shoring model and aligning with IndiaSoft specifically was based mainly on established trust relations i.e. **process-based trust**. Both direct and indirect forms of such trust were apparent. Direct forms are observed in the case of recommendations of friends and friends of friends. John and Niall approached IndiaSoft in the first place on the recommendation of a close personal friend with experience of the IT industry. Furthermore, and perhaps more importantly, on approaching a very senior manager in a large global IT consulting firm, who was a friend of a fellow NetTrade board member, for advice on the subject, they received a “*big thumbs up*” with respect to the offshoring model and IndiaSoft’s capability in the area. A final example was seen in April 2006, when the two firms entered into negotiations around the contract. Niall talked about how reassured he was by the minimalist nature of IndiaSoft’s contract:

“I am still surprised by their template contract that they had for us in terms of how short it was. I was totally taken aback that, for a company like IndiaSoft, it was not more comprehensive and did not cover more areas. Even from their point of view, I thought there would be more protections in there for themselves. Even perceiving it like that was quite reassuring – they were obviously not out to screw anybody”. (Niall, Joint CEO, NetTrade)

The initial awareness of the offshoring possibility was followed by the commencement of what John described as a “*demystification process*”, where he began to notice and actively seek out articles about outsourcing in, what he considered, trusted sources such as ‘The Economist’. The reputational effects (indirect process-based trust) of such sources, supplemented by testimonies from IndiaSoft reference clients, contributed to a growing sense of comfort with the overall offshoring model.

A more **firm-specific, institutional basis** for establishing trust and creating comfort was drawn on as IndiaSoft outlined and explained their CMM level 5 certification in their presentations to NetTrade.

The first major **access point** to the IndiaSoft offshoring model came with the initial face to face meeting with Ajit and Stephen in NetTrade’s office in Dublin. This meeting appears to have been very consequential for the development of the relationship, as John and Niall were left feeling extremely impressed and reassured.

“I remember vividly the meeting with Ajit and Stephen and I just found them incredibly impressive – very, very impressive - particularly Ajit. From a cultural point of view, I am used to Anglo-Saxon meetings; everyone is fairly machismo and everybody makes themselves heard... he was a GM and everyone around the table knew that he was very senior and he said almost nothing. And then at the end he said four or five sentences and they were so pithy and so... I personally like people like that that do not talk too much. He finished it off, summarized the meeting, and he was very impressive.” (Niall, Joint CEO, NetTrade)

“They wowed us in terms of their apparent ability to deliver quality and this on top of what appears to be an unbeatable proposition from a cost perspective.” (John, Joint CEO, NetTrade)

Reflecting on their early meetings when representatives presented information about IndiaSoft and the offshoring models employed, John was clearly impressed by their apparent ability. He described the presentations as “*extremely slick and professional*” and he was struck by their “*systematic approach to software development*”. This professional manner and slickness was reinforced by references to IndiaSoft’s CMM Level 5 certification (even though neither John nor Niall had previously heard of CMM, they were able to find out more about it subsequently). Interestingly, however, it was not the apparent professional ability of the IndiaSoft representatives that made the greatest impression; rather, it was their **general demeanor** and their **care and attentiveness**, which was to become a recurring feature of subsequent interactions.

A number of qualities seemed to set IndiaSoft apart from the other software firms that they had approached. First, there was the overall sense of **integrity** which was largely born from a sense of value congruity with NetTrade. Of crucial importance here was NetTrade’s conception of their own values and sense of identity, which had been the subject of lively ongoing reflection and discussion since the inception of the company. In particular, a set of five core values had been agreed upon and, perhaps unusually for a financial services company, two of the principal ones were ‘*humility*’ and ‘*basic honesty*’. The former emphasized the importance of a low key, unfussy and modest style,

whilst the latter emphasized the value of integrity in dealing with people. In this respect, then, IndiaSoft were viewed as fellow travelers with whom NetTrade's guiding values were very well aligned and their humility and integrity seemed to indicate a kind of dependability:

"Bottom line - It was their humility. It is a value that we very genuinely hold and when we are selecting people to work with ... if they don't have it and are more on the arrogant side, they are not for here. IndiaSoft definitely have it". (Niall, Joint CEO, NetTrade)

This apparent **value congruity** generated a kind of **characteristic-based trust** that both John and Niall generalized to, what they saw as, the distinct cultural affinities between Ireland and India. Memorably, John subsequently remarked how the Indian people he interacted with at the outset, and throughout the project, reminded him of Irish software engineers he had worked with on graduating with a Computer Science degree, nearly twenty years before. They were, he claimed, *"modest, hard working, and hungry"* before the more recent Irish economic success enjoyed on the back of the so called 'Celtic Tiger' made them *"too complacent and brash"*. In IndiaSoft, then, John and Niall saw values that they could identify with, and were trying to foster in their own company; values that they nostalgically associated with an apparently bygone 'golden' age of Irish economic development⁶.

The **care and attentiveness** that they received from IndiaSoft came as a very pleasant surprise and was greatly welcomed by NetTrade. John and Niall were both greatly impressed by IndiaSoft's thoroughness in responding to points and requests made by NetTrade:

"they responded to everything on our list – they wanted us; they loved us and we like being loved... they seemed to want our business – they showed an interest in our business in a way that others didn't... When you meet somebody that you are impressed with, it is just a good experience and you want to proceed... we (had) a connection here and we like(d) them.....we were constantly getting good vibes" (John, Joint CEO, NetTrade)

"IndiaSoft had such a huge capacity to listen and respond to this - it is absolutely brilliant, they are great listeners" (Niall, Joint CEO, NetTrade)

While this level of attentiveness was quite unexpected on the basis of their dealings with other agencies and companies in Ireland (*"it is engrained in us, people will value you less because you are smaller"* John), it was instrumental in allaying one of their key fears: that of their project being so small and insignificant that it would *"get lost"* within a big organisation like IndiaSoft. This apparent **benevolence** on the part of IndiaSoft towards NetTrade was reinforced by John's relationship with Stephen who, importantly, was based in IndiaSoft's Dublin office (located only a short distance from NetTrade's office). Stephen *"did a good job initially in selling IndiaSoft as IndiaSoft Ireland"* and so reassuring John that whatever fears he might have of NetTrade *"getting lost"* in IndiaSoft, that there was no way this would happen in IndiaSoft Ireland (another relatively small, but growing, Irish company), or indeed in the IndiaCity development centre (again a small, but growing, business entity). Here again we see an example of IndiaSoft 'mirroring' NetTrade and, in so doing, strengthening the sense of comfort and mutual affiliation.

IndiaSoft's care and attentiveness was also manifested in the numerous ways in which they appeared to go the extra mile to accommodate NetTrade's needs, thereby making them feel valued as a client. Key events here included Stephen making a trip to the delivery centre in IndiaCity to coincide with John and Paul's initial visit there; the attentiveness and personal hospitality afforded by Pratima (the head of the IndiaCity Delivery Centre) to John and his colleagues during his visits to India (the fact that someone so senior was taking an interest in the project made a

⁶ Whether this was an 'accurate' impression of IndiaSoft or not is, perhaps, beside the point. While we are conscious of the danger of resorting to cultural stereotypes here, the key issue is that John formed and sustained this impression of them, and acted on that basis. One point worth considering in this respect is the extent to which IndiaSoft staff were 'mirroring' (perhaps unconsciously) particular traits of their client. It would be interesting, for instance, to observe how their 'presentation of self' Goffman, E., *The Presentation of Self in Everyday Life*, Penguin, London, 1956. would differ with a very different kind of client. On the evidence of our interaction with IndiaSoft staff, however, both in Ireland and in India, we could also clearly recognize the kind of traits to which John drew attention, and broader social values appear to be a very important feature of life in the firm. Furthermore, there are some good bases for making cultural comparisons between Ireland and India. Not only do both countries share a similar British colonial history (indeed India adopted a modified version of the Irish constitution post-independence and even a modified version of the Irish national flag!) and an emphasis on familial and community ties, but comparisons might also be drawn between recent modes of economic development based on engineering and high technology Foley, T. , and O'Connor, M. "Ireland and India, Colonies: Culture and the Empire - Proceedings of the fourth Galway conference on colonialism," Dublin, Ireland), 2004, . Indeed, as John Stuart Mill once pointed out, "[t]hose Englishmen who know something about India, are even now those who understand Ireland best" Cook, S. B., *Imperial Affinities. Nineteenth century analogies and exchanges between India and Ireland*, Delhi, 1993..

very big impression on John); the fact that IndiaSoft appeared to be very sensitive to NetTrade's anxieties about the project and did everything they could to accommodate their "bite size chunks" risk management philosophy (for instance the fact that they agreed to break the total cost of the system into four manageable staged payments was seen as a very significant gesture by NetTrade and provided some welcome relief from the financial burden that they were undertaking to develop the system); and the fact that they went to great lengths to take the unusual step of providing ongoing remote access to a working prototype of the system at John's behest.

One interesting observation about this process of comfort building was that the steps taken to ease NetTrade's anxiety appeared to appeal to both cognitive and emotional elements of John and Niall's personalities. The 'bite sized chunks' approach, for example, was a very rational and sensible strategy for risk management. By contrast, however, both John and Niall spoke often about the (much less tangible) 'good vibes' that they constantly got from IndiaSoft and the important role that this played in their decision making. In this regard, we are reminded of Giddens' assertion that trust is always blind and that it involves an emotional, as opposed to a cognitive, commitment to a given set of outcomes. The comfort established in this case, then, involved both trust (an emotional commitment) and calculation (more of a cognitive sense of assurance⁷).

Stage 2: Cohabitation – constructing a stable collaborative order

Despite the excellent and reassuring early impressions as to the ability, benevolence and integrity of the IndiaSoft representatives, and the reliability of their software delivery systems and processes, it was clear that increasing levels of trust were developed only tentatively over time. In other words, the mechanisms for developing trust discussed above were not confined to one identifiable period of the project, but extended throughout the duration of the relationship. As the project progressed, process-based trust again came to the fore as NetTrade became more comfortable with the IndiaSoft offshore development model. Key to this was the quality of the intermediary deliverables and, more importantly, the deepening personal relationships between key actors in both companies. In particular, these relationships gave the project a new robustness, which allowed issues to be dealt with in a more open and direct manner⁸.

In the Cohabitation phase, however, a new emphasis emerged: that of constructing a **stable collaborative order**. While a good basis for trust had been developed in the earlier period, both parties now had to collectively establish communal social practices to enable them to work closely together. Of critical importance here, from the point of view of producing comfort, was the stability and predictability that such practices would confer on the project interactions. Once activities around the project commenced, incongruent **communication practices** quickly surfaced and presented a number of challenges. The first evidence of tension in the relationship emerged during John's initial visit to India. Together with his Head of Finance (Paul), John spent 8 days in intensive meetings meticulously explaining their requirements to the Indians. He became immediately concerned that the process lacked direction and input from the Indians:

"I'm concerned that there is not a strong leader outlining the process and stepping us confidently though it" (John, Joint CEO, NetTrade)

"One negative aspect would be that they seem a bit too accommodating. I would prefer if they sometimes disagreed and instead gave their views as alternatives". (Paul, personal journal)

On several occasions John repeatedly asked the then project sponsor (Suran) to send him copies of the Indian team's rough notes from the requirements sessions. He wanted these to ensure that the Indians understood NetTrade's needs around the new system. This was new to IndiaSoft – they had never received such a request from a client and

⁷ Of course, we would be sympathetic to the general idea that even ostensibly rational/ cognitive exercises are often enacted in ritualistic ways as a means of facilitating a more emotional type of commitment. This illustrated the difficulties of making a clean separation between the 'cognitive' and the 'emotional'.

⁸ At the same time, however, the trust also had a brittle quality. In September 2006, one of the researchers met an Irish software developer who had worked with IndiaSoft in India for a short, and unhappy, period. His experience of working with IndiaSoft was not very positive, and was dramatically at odds with NetTrade's impression of them. John, on hearing this story, became extremely worried about the project, and for a short time began to seriously question his own judgments.

they were reluctant to comply, preferring instead to complete a draft of the requirements document that might then be reviewed by John⁹:

“... sometimes we wanted things that were not planned for as a deliverable and I don't think their processes allow for it...and this was frustrating because they did not tell us this explicitly...we were not getting a straight answer” (John, personal journal)

At later stages, further frustrations were evident around the directness of communication:

“I remember I got into a very bitter discussion around the issue of volume testing. (...) We asked what they planned to do around volume testing (...) he would not answer the question (...) even if the answer was 'we don't know' - that would have been an honest answer – but getting the other response was annoying” (John, Joint CEO, NetTrade)

These communication deficits were even acknowledged on the Indian side as one informant confided how sometimes *“things tend to go from green to red with no amber light!”*.

Despite weekly status meetings and ongoing contact, John felt that *“there are big silences in the process”*, and these silences made him very uncomfortable. A good example of this was seen towards the end of 2006 when a dispute ensued about the acquisition of the data feed to test the software. After an initial delay around selecting and reaching an agreement with a data provider that would feed the live data into Dublin, NetTrade were surprised to learn that IndiaSoft also needed a live feed link into the development site in India. John claimed that IndiaSoft had casually alluded to this in August 2006, but the issue was hardly raised again. It resulted in significant upheaval and delays in the project and a demand was made by IndiaSoft for an additional payment of 80,000. NetTrade were very aggrieved about the manner in which this communication was managed and, on this occasion, responded angrily and forcefully:

“I was livid...” (John, joint CEO, NetTrade)

“It was extremely disappointing from a project management point of view. We were very genuinely angry, and justifiably angry with Stephen. The fact that it was totally out of the blue was just crazy and we communicated it to them hundreds of times. It was bad project management on their side and this should not have got through their controls” (Niall, joint CEO, NetTrade)

This occurred at a particularly crucial and tense time in the project, prior to the delivery of the initial software. Relations got quite acrimonious, which threatened to disrupt the project significantly. After some negotiation, however, it was agreed that the issue of compensation could be put to one side in order to devote full attention to the critical task at hand:

“Nobody is trying to screw anybody. We are all honourable and we will come to an agreement.” (John, joint CEO, NetTrade)

This indicates the important role of the social capital, which had been so painstakingly created, and contributed to an extraordinary resilience in inter-firm relations:

“Having gone from giving us no warning, he (Suresh) is now, at the blink of the eye lid, warning us about pending overruns etc. (...) and I said ‘this is crazy, he (Suresh) has gone from one extreme to another’”. (John, Joint CEO, NetTrade)

Throughout this cohabitation phase, we see ongoing negotiation of appropriate communicative practices, which proved to be most challenging as it involved difficult processes of finding mutual accommodations between Irish and Indian cultural norms. This process was complicated by the temporal/geographical separation. Moreover, the deeply embedded nature of such practices meant that attempts to alter them required significant skill, as well as the balancing of “trust, tact and power” (Giddens, 1990: 82). In what follows, we explore these *micro-political processes* in more detail, by illustrating how agents attempted to balance trust, tact and power in the course of their

⁹ This kind of interaction became a familiar theme in the project and might be understood as involving the negotiation of the boundary between front-stage and back-stage Goffman, E., *The Presentation of Self in Everyday Life*, Penguin, London, 1956.. Such was John's anxiety that he always trying to 'peep backstage'. In his view, however, IndiaSoft did not want to show him their “dirty laundry”. The fact that trust rests on a presentational base, where front-stage impression management is vital, would suggest that IndiaSoft's reluctance to accede to John's wishes was well founded.

strategic actions. In so doing, we introduce three concepts that emerged from our grounded analysis of the data: namely, *'tactical signaling'*, *'brokering'*, and *'the third man'*. Ironically, while NetTrade bemoaned the fact that IndiaSoft were less than direct in some of their modes of communication, the former often made use of similarly indirect modes themselves as they tried to shape the project by appropriately balancing trust, tact and power.

The first example of tactical signaling was seen during the first visit to the delivery center. John recalls how less than impressed he was by the project manager (Sumeet) who had been assigned to the project. In contrast, he was very impressed and enthusiastic about Sunil, the younger functional requirements person. This played heavily on John's mind throughout his stay but he found it difficult to raise the point directly with IndiaSoft. In an effort to subtly deliver this unpalatable message, he opted for a different strategy:

"The other guy was the yes, yes, yes, he hadn't a clue. I made a point of praising Sunil and did not say anything about the other guy so he disappeared from the team, which was a good thing". (John, Joint CEO, NetTrade)

The message was understood, it seems, as Sumeet was promptly moved from the project. On the other hand, even though John privately admitted to being a little concerned about the extent to which he seemed to be driving the initial requirements gathering process in India, he tactfully decided against raising these issues directly with IndiaSoft at the outset, for fear of being seen to question their professionalism.

These subtle and very careful forms of signaling were also helpfully used in other contexts. On the advice of friends, John made it very clear to IndiaSoft at the outset that he was keen to inspect the résumés of all staff assigned to the project. He later confessed that, despite the fact that he found it difficult to make sense of them, his main intention was to signal to IndiaSoft that he was being very vigilant and watching things closely:

"They sent us CVs. I glanced through them...it was hard to decipher them... Indian colleges etc. I asked for them and there was a bit of posturing around wanting to get good guys etc. We couldn't really read them, but they looked grand". (John, Joint CEO NetTrade)

The symbolism associated with making regular trips to India was also seen as important:

"We went back over in December...it was really to show them that we were taking things seriously and even just to enhance the relationship...to reaffirm it." (Paul, Head of Finance NetTrade)

'Brokering' was another vital means of facilitating productive communication, while minimizing damage to the integrity of important relationships. By brokering we mean the channeling of communications through key intermediaries who had good relationships with some of the main players. Stephen, who had cultivated very strong relationships with people at NetTrade (especially John) and at the IndiaCity delivery centre, was a particularly good example of an important broker. John described Stephen as someone who *"appeared to have a foot in both camps"* and was very receptive to, and understanding of, any issues raised by NetTrade. The fact that Stephen was Irish and of a similar age and background to John, meant that both parties found it very easy to communicate with one another. This close relationship is nicely articulated by Niall when he reflected on a meeting that was held to iron out the penalty fee imposed on the firm in December 2006.

"(..) it was very interesting from a cultural perspective watching Stephen and Ajay - both representing the same company but they were not singing from the same hymn sheet (...) Stephen ended up being a little more on our side and Ajay was very much protecting IndiaSoft - his heart and mind were back in IndiaCity whereas Stephen was looking at it from our perspective (...) Stephen ended up agreeing with us on almost everything and he probably should not have". (Niall joint CEO,, NetTrade)

As the project progressed, John found himself increasingly using Stephen to broker important issues that needed to be communicated to India.

The other key broker between NetTrade and IndiaSoft was Sunil (an Indian). From the very early stages of the project Sunil and John began to form a very good relationship. As noted above, John was initially very impressed by Sunil's ability and by the extent of his domain knowledge. Moreover, he appreciated Sunil's style of interaction, which was much less diffident than some of the other IndiaSoft team members: *"Sunil was like a dog with a bone; he was constantly pursuing problems and issues and in the end he knows much more about our systems than we do ourselves!"* The two months that Sunil spent in Dublin during the onsite requirements gathering phase facilitated the blossoming of this relationship with John. The two found that they had a lot in common and spent significant time together discussing the system and broader business and cultural issues.

The formation of these kinds of strong relationships, however, did not come without a cost. Sunil sometimes found that his relationship with John put him in a difficult position with respect to his loyalties within the project. For instance, while Sunil was onsite in Dublin during the deployment phase in January 2007 he was inadvertently caught in a minor dispute over the release of source code to NetTrade. John was keen to have access to the code so that his technical staff could inspect it and familiarize themselves with it. Unbeknownst to him, however, Suresh (the project sponsor in India) had explicitly instructed Sunil not to release the code, without publicly making this known. At one particular tense project meeting in Dublin when John kept asking Sunil for the code, Sunil had to ask John for a private word outside of the meeting whereupon he disclosed that Suresh had vetoed this.

John seemed very sensitive to the difficulties that Sunil faced and even described an incident where he used a combination of signaling and brokering to deliver a message to India. In the course of the dispute over the implications of the data feed delay, John had complained that Suresh was not adequately communicating problems in advance of them escalating. Following this criticism, John received an email from Suresh that went into great detail about ongoing issues. In full knowledge that Sunil was seated close by, John loudly and angrily complained about the fact that Suresh had suddenly “*gone from giving no information about what’s going on to giving way too much*” in the hope that his annoyance would be relayed back to India by Sunil.

A further tactic that was used by NetTrade, often inadvertently, might be termed the ‘*third man*’. This involved introducing a third party who did not have a close relationship with IndiaSoft, and who could consequently be more ruthless in their dealings with them. Two brief examples can be cited to illustrate this. First, during the contract negotiations between John and IndiaSoft in April 2006, John made regular reference to the importance of reaching an agreement that would be acceptable to NetTrade’s board. Indeed, in the end, one of the major reasons IndiaSoft reduced their price substantially was on the basis that if it exceeded a certain critical amount the board had decreed that the contract should be submitted to public tender:

“We went back to IndiaSoft that the non executive board was a weight upon which everything hung...what would board think?... it was a useful entity... we probably over played it...” (John, joint CEO, NetTrade)

Second, NetTrade hired a specialist software firm (TestCo) in September 2006 to help them develop their User Acceptance Testing plan. One of the TestCo consultants sat in on a User Acceptance Testing (UAT) meeting at which we were present in January 2007 and proceeded to aggressively question Sunil about the way IndiaSoft were prioritizing problem reports in a manner that John or his colleagues would have found difficult. At the conclusion of this meeting (which was attended by one of the researchers), Sunil looked visibly upset at the tenor and tone of the questioning, despite the fact that he appeared to handle the substantive issues raised very competently. Without a ‘*third man*’ this kind of robust interaction would have been almost impossible at this stage of the project. The imperatives of trust and tact would simply not have allowed it.

Discussion and conclusions

In this paper we have explored the notion of anxiety and its management in the context of a model of offshore software development that is becoming increasingly common in the contemporary world. In particular, we have focused on the important question of how comfort is produced in circumstances that may involve high risk and a very opaque development process that is inherently difficult to monitor, not least because of issues associated with geographical and cultural separation.

The paper makes empirical and conceptual contributions. With respect to the former, we present a more in-depth, granular, and longitudinal processual account of an outsourcing relationship than is common in the extant literature. Furthermore, the case presented is somewhat distinctive because of the Ireland-India relationship and the fact that it involves a large vendor and a very small client firm. Finally, the perception on both client and vendor sides that the relationship was very successful, meant that informants were not afraid to speak candidly about the project dynamics; providing us with the opportunity to do a detailed anatomy of, what was for the most part, a well managed project.

From a conceptual point of view the paper attempts to introduce a language that enables us to problematise and shed light on some crucial, yet intangible and often overlooked, aspects of offshoring practice. As such, the emphasis has not been on ‘theory generation’, where this enterprise is conceived of as the development or refinement of a set of

testable propositions. Rather, our aim here has been to synthesize, in a grounded manner, a sophisticated theoretical lens that illuminates important features of the dynamics of offshoring relationships (see Walsham, 1995 for a discussion of this notion of theory as a 'sensitizing device', and of its importance in the context of interpretive studies in the IS field). Specifically, we have drawn on a diverse range of writers on trust (in particular Anthony Giddens, Lynne Zucker, and Barbara Misztal) to synthesize a rich and novel conceptual lens, with a view to making sense of our experiences in the field.

This synthesized perspective provided us with the means to explore the process by which comfort was produced within the context of, what was for NetTrade, a very risky and anxiety provoking journey into the unknown. A key distinctive feature of the perspective was its emphasis on trust as an emotional commitment (as opposed to cognitive/ rational decision) that brackets anxiety and facilitates productive engagement with the world. In particular, we attempted to draw attention to the, often invisible, 'relationship work' that was required to develop and sustain the important social infrastructure that underpinned the project relationships, lending them an important robustness. We argued that this production of comfort appeared to involve both cognitive/ calculative (i.e. the adoption of rational strategies for reducing risk exposure) and emotional (trust)¹⁰ components, that enabled a (partial) bracketing of risk, and associated anxiety, thus facilitating productive engagement with the project at hand. Moreover, we drew on the synthesized theoretical lens to explore two distinctive kinds of trust production that appeared especially important in the NetTrade-IndiaSoft case. First there was the establishment of trust by NetTrade in IndiaSoft as a suitable offshoring partner and, second, there was trust as 'habitus' - the struggle to establish a stable, predictable and productive collaborative order (consisting of a set of well understood and mutually acceptable social practices, especially communicative practices).

In the course of our analysis of the case, we attempted to illustrate how these different modes of trust production operated and complemented one another. In so doing, we considered two distinctive phases of the relationship to date (Courtship and Cohabitation), where one mode appeared to take precedence over the other. We were careful to point out that these were not strictly linear sequential stages. The trust generating practices that predominated in each stage were not absent in the other; it was merely a question of emphasis.

In the Courtship phase, in the early part of the relationship, the emphasis was primarily on 'manifest displays of trustworthiness' at key meetings/ interactions (i.e. access points), on reputational effects (i.e. indirect forms of process-based trust), and on apparent value congruence between Indian and Irish graduates (characteristic-based trust). Of critical importance was the establishment of trust in the reliability of the expert system of knowledge/ practices employed by IndiaSoft, which was grounded in personal interactions with IndiaSoft representatives at access points to the system. With a view to enlarging Giddens' perspective, we focused on perceptions of ability, integrity and benevolence as constitutive features of personal trust. With respect to the latter quality specifically, a key feature appeared to be the extraordinary care and attentiveness lavished upon NetTrade by IndiaSoft.

In the Cohabitation phase, the emphasis shifted to other kinds of strategic action that involved the balancing of trust, tact and power in the construction of a stable collaborative order (trust as 'habitus'). Here, we identified a number of micro-political tactics that were employed in attempts to establish mutually acceptable working practices, especially communicative practices. These were essentially indirect and tactful ways of dealing with important issues so as not to cause offence, and they included 'signaling', 'brokering', and 'the third man'. The aim here was to draw attention to the complex micro-politics of trust, in the context of the development of secure, stable and predictable practices that would keep anxiety at bay.

A striking feature of this analysis is the amount of effort, care and attentiveness that was required to establish productive social relations, notwithstanding the apparent value congruity of the two firms involved. These efforts, however, contributed to the creation of important social capital that gave the project a new robustness which sustained it during difficult periods. The dispute concerning the data feed was perhaps the most significant problem that beset project relations in the process to date, but what was remarkable was the manner in which the potential damage was managed and repaired. Neither parties referred back to contracts or written records but, rather, decided to push the issue to one side, to proceed with the project and to revisit the issue at some future point.

"Nobody is trying to screw anybody. We are all honourable and we will come to an agreement." (John, joint CEO, NetTrade)

¹⁰ The importance of the notion of trust as an emotional commitment was demonstrated in the emphasis that NetTrade placed on the role of 'good vibes' in their ongoing assessments of IndiaSoft.

This last quotation indicates the extent of the social capital that had been developed between these two firms in such a short period of time; John felt obligated to act honorably in relation to IndiaSoft and, perhaps more importantly, he was confident that IndiaSoft would behave honorably towards him.

Finally, and to extend this theme, there is evidence to suggest that this NetTrade-IndiaSoft relationship may run for some time yet. The current plans to extend and deepen the relationship might suggest the transition to a new stage (Marriage?). Should this come to pass, it will be interesting to compare and contrast the challenges associated with this phase to subsequent ones, and to explore the practices required to sustain and enhance the relationship for mutual benefit.

We hope that practitioners may find value in the depth and richness of the case material presented. By addressing the dearth of detailed accounts of the dynamics of such relationships in the IS literature to date (Sahay, et al., 2003), we aim to contribute to the formation of enhanced levels of practitioner expertise in the area of software offshoring (Flyvbjerg, 2001; Dreyfus and Dreyfus, 2005). In keeping with our philosophy of the distinctive strengths of interpretive case study research (see Flyvbjerg, 2006), we have resisted the temptation to attempt to distil the richness of the empirical material presented to a small number of highly generalised prescriptions for practice. Furthermore, we hope that the theoretical perspective that has guided our analysis will provide managers with a productive way of seeing, and engaging with, the world of practice.

In conclusion, we envisage a number of promising future directions for this research work. As well as continuing to follow the NetTrade-IndiaSoft relationship as it unfolds over time, we might also broaden our theoretical perspective to incorporate psychoanalytic perspectives on anxiety and its management (see, for example, Wastell, 1996, 2003). Moreover, the richness of the empirical data available offers us the opportunity to develop complementary analyses, drawing on alternative theoretical perspectives (e.g. learning, power/ politics, surveillance and management control) to illuminate other important aspects of the case.

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