

Association for Information Systems AIS Electronic Library (AISeL)

ACIS 2005 Proceedings

Australasian (ACIS)

December 2005

Partnership Quality in IT Outsourcing - A mixed methods review of its measurement

Michael Lane

University of Southern Queensland

Glen van der Vyver

University of Southern Queensland

Follow this and additional works at: <http://aisel.aisnet.org/acis2005>

Recommended Citation

Lane, Michael and van der Vyver, Glen, "Partnership Quality in IT Outsourcing - A mixed methods review of its measurement" (2005). *ACIS 2005 Proceedings*. 68.

<http://aisel.aisnet.org/acis2005/68>

This material is brought to you by the Australasian (ACIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in ACIS 2005 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.

Partnership Quality in IT outsourcing—A Mixed Methods Review of its Measurement

Dr Michael Lane
Glen Litton Van der Vyver
University of Southern Queensland

Division of Information Systems, Faculty of Business

University of Southern Queensland, Toowoomba, Queensland, Australia

Email: Michael.Lane@usq.edu.au

Email: Glen.Vanderyver@usq.edu.au

Abstract

There is little doubt that how an IT outsourcing relationship is managed has a significant bearing on the overall success of an outsourcing venture. However, there has been a lack of empirical research with the view to developing a better understanding of the partnership type relationship between the client organisation and outsourcing vendor. This paper reports on the measurement and applicability of partnership quality using a mixed methods approach. The findings confirmed six dimensions of partnership quality which are important in evaluating the quality of a partnership type relationship in IT outsourcing. But findings also show that a partnership type relationship is more likely to exist for small to medium sized organisations.

Keywords: IT outsourcing relationship, partnership quality

INTRODUCTION

The transactional nature of the relationship between IT outsourcing vendor and client has gradually evolved over time towards a partnership type relationship (Cheon, Grover & Teng 1995; Ye & Agarwal 2003). There is an increased emphasis on the importance of the quality of partnership between the client organisation and the IT outsourcing vendor for successful IT outsourcing activities (Lee & Kim 1999; eGlobal-CIO 2003).

However, there has been little empirical research which has critically examined the quality of partnership in IT outsourcing relationships between the client organisation and the outsourcing vendor. Lee and Kim (1999) examined partnership quality as part of a larger quantitative model which looked at the relationships between antecedents of partnership quality, partnership quality and IT outsourcing success. Yet the dimensions of partnership quality have not been retested in subsequent research until the research of Lum (2005), which found that the measurement of the dimension conflict was lacking. Lum (2005) extended the measurement of partnership quality by including functional conflict and dysfunctional conflict as two separate dimensions in the measurement of conflict, and including additional item measures from the existing literature for each dimension of partnership quality. This research builds on the research of Lee and Kim (1999) and Lum (2005) by examining the extended partnership quality construct in-depth, using a mixed methods approach. In particular, this research sought to determine how important each of the six dimensions of partnership quality are in the IT outsourcing relationship.

The structure of this paper is as follows. First, we provide an in-depth review of partnership quality and a rationale for the inclusion of functional conflict in its measurement. Then the research question investigated in this study is stated, and the research method employed to collect data to provide answers and insights into the research question is described and justified. Next, the results of the data analysis are presented and discussed in relation to the research question. Finally, the conclusions and implications of this research are discussed. The limitations of this study are acknowledged and suggestions for future research in this area are made.

PARTNERSHIP QUALITY

The partnership relationship between businesses has been studied extensively in the management literature. For example, the marketing discipline has examined inter-firm cooperation (Ring & Van de Ven 1994), partnering between manufacturers and distributors (Anderson & Narus 1990), manufacturers and sales agents (Anderson & Weitz 1989), buyers and sellers (Dwyer, Schurr & Oh 1987), as well as auditors and clients (Levinthal & Fichman 1988). Empirical studies on the relationship or the partnership between IT outsourcing vendor and client started to emerge around 1997, but most of the studies were based in the United States, Europe and Asia

(McFarlan & Nolan 1995; Grover, Cheon & Teng 1996; Saunders, Gebelt & Hu 1997; Lee & Kim 1999; Kern & Willcocks 2000; Lee 2001).

A partnership can evolve through a progression of transactional exchanges with increasing trust and commitment to an on-going relationship between business partners (Klepper 1995). The partnership-style relationship differs from the transactional-style relationship in the sense that it requires risk and benefit sharing between both parties (Henderson 1990; McNamara 2001). The partnership-style relationship is viewed as a series of changes, although a range of mechanisms also need to be established in order to monitor and execute its operations (Henderson 1990). In a partnership, every member of the relationship ‘...walk together and...pick each other up’ (McKeen & Smith 2001, p. 3). All parties should keep in mind what the partnership is trying to accomplish (McKeen & Smith 2001). This will enable the vendor to leverage its experience and knowledge toward meeting its client’s business requirements (McNamara 2001). Table 1 compares the purely transactional relationship perspective with the partnership type relationship perspective.

Table 1 Comparison of the transactional style relationship perspective with the partnership style relationship perspective

Transactional-style	Partnership-style
<ul style="list-style-type: none"> • Driven by client’s self-interest (largely a ‘we-versus-them’ mindset) • Shaped by a hierarchical relationship • Dictated by a win-lose strategy • No incentives to work together • Include a lot of finger-pointing back and forth 	<ul style="list-style-type: none"> • Organisations begin to realise the strategic advantage of not just owning IT, but in using it in specific ways • Managers tend to be more interested in the impacts of IT on efficiency and effectiveness, rather than in the technical superiority of their organisational IT infrastructure • As the extent and scope of IT outsourcing projects increase, outsourcing vendors begin to take on management responsibility and risk, eventually joining clients as stakeholders in the process • This stage is driven or characterised by mutual trust, rather than the pursuit of self-interest • Organisations recognise that the mutual-exchange relationship in the long term is a win-win for them, and competitive advantage is to be gained through developing and sustaining high-quality partnerships

Adapted from: Lee et al. (2003); Pfannenstien & Tsai (2004)

The most significant element in an IT outsourcing partnership is that the profit motive is shared between both the client and vendor (Henderson 1990; Beaumont & Sohal 2004). If one’s profit is maximised at another’s expense, that is not a partnership (Lacity & Hirschheim 1993; Saunders, Gebelt & Hu 1997). In other words, all parties in a partnership should be allowed to gain profitability at the same time (McNamara 2001).

Partnership quality refers to ‘*how well the outcome of a partnership delivered matches the participants’ expectations*’ (Lee & Kim 1999, p. 34). Lee & Kim (1999) proposed that trust, business understanding, benefit and risk share, conflict and commitment are key dimensions of partnership quality.

Trust

Trust is defined by Lee and Kim (1999, p. 36) as ‘the degree of confidence and willingness between partners’. However, the definition given by Moorman, Deshpande and Zaltman (1993, p. 82) is deemed to be clearer and hence adopted for this study: ‘a willingness to rely on an exchange partner in whom one has confidence’. An organisation is willing to rely on its partner when the partner is believed to perform actions that will result in positive outcomes, not to act opportunistically or bring detrimental impacts to the organisation (Bradach & Eccles 1989; Gulati 1995). Moorman, Deshpande and Zaltman (1993) emphasised that if one perceives its partner to be trustworthy but is unwilling to rely on that partner, trust is limited. Trust is an essential ingredient in cooperation and agreement (Blau 1964; Deutsch 1973; Pruitt 1981). It plays a significant role in the development of a long-term inter-organisational relationship and in facilitating an exchange relationship, because it leads to constructive dialogue and cooperative problem-solving (Pruitt 1981; Morgan & Hunt 1994; DiRomualdo & Gurbaxani 1998; Lee 2001). Trust is the key concept that distinguishes between a transactional-style and a partnership-style relationship in IT outsourcing (Lee 2001). Trust evolves through mutually satisfying interactions between exchange partners and increasing confidence in the relationship (Lee 2001). Partners are more likely to undertake high-risk and coordinated behaviours when trust exists (Pruitt 1981). Trust is postulated to be the cornerstone of a partnership because the relationships characterised by trust are highly-valued when each party desires to commit itself to such relationships (Hrebiniak 1974; Spekman 1988; Morgan & Hunt 1994). Trust is necessary for the perception of a fair division of the pie of resources between partners (Ganesan 1994). In other words, lack of trust could be the biggest stumbling block to the success of a partnership

(Sherman & Sookdeo 1992). In the study by McLellan, Marcolin and Beamish (1995), a senior bank executive emphasised that trust is a precursor to the outsourcing of their IT functions.

The predictability of a partner's behaviour could be the biggest concern of organisations entering a partnership (Gulati 1995). Apart from a detailed contract, trust serves as an alternative control mechanism for making the partners' behaviours predictable (Bradach & Eccles 1989; Gulati 1995). Several previous studies have found that inter-organisational trust is incrementally built with ongoing interactions between organisations (Good 1988; Ring & Van de Ven 1989; Ganesan 1994). This is because organisations and their partners learn about and understand each other while developing trust around norms of equity (Shapiro, Sheppard & Cheraskin 1992; Ganesan 1994). Prior experience with a partner can also mitigate the perception of expected opportunistic behaviour by the partner (Schurr & Ozanne 1985; Parkhe 1993; Ganesan 1994). However, trust is difficult to observe and measure because it has a taken-for-granted nature and is closely linked to fundamental social norms and customs (Gulati 1995). Once trust is established, organisations will learn that coordinated and joint efforts with partners can lead to outcomes that exceed what the organisation would achieve if it acted solely in its own best interests (Anderson & Narus 1990).

Business Understanding

Lee and Kim (1999, p. 36) defined business understanding as the 'degree of understanding of behaviours, goals and policies between partners'. After reviewing the indicators that reflect business understanding in the relevant literature, it was found that partners should better understand each other in a wider range of business issues—rather than just behaviours, goals and policies (DiRomualdo & Gurbaxani 1998; Hancox & Hackney 2000; Quinn 2000). Hence, business understanding in this study is defined as the degree of comprehension of business issues between partners. The business issues include each other's vision, goals, culture, business processes, roles, values, objectives and ethical principles. Most successful partnerships have a shared vision (Konsynski & McFarlan 1990). If the divergences of interest among partners are to be overcome, a shared understanding of the specific benefits of collaboration is necessary (Konsynski & McFarlan 1990). Conflict can be reduced when there is a shared vision between partners, while the problems of opportunistic behaviours can be mitigated (Kogut 2000). Furthermore, a jointly developed vision helps to create an identity and clarify the common goals of a partnership, making the goals exciting and explicit (Kogut 2000; Quinn 2000). In a partnership, cultural compatibility is vital (Fitzgerald & Willcocks 1994; McFarlan & Nolan 1995; Kern 1997). Success can hardly be achieved if the partners are from fundamentally different domains and bring different perspectives (Hancox & Hackney 2000). Culture collisions often occur because organisations do not have specific business insights or the same culture as their partners (McKeen & Smith 2001). For a successful inter-organisational partnership, the cultures and operating styles of both organisations must be compatible (DiRomualdo & Gurbaxani 1998). In addition, both parties must develop mutual understanding of their business processes and identify critical aspects of the IT outsourcing partnership, including the roles played by each other in the relationship (Ring & Van de Ven 1994; DiRomualdo & Gurbaxani 1998; Lee & Kim 1999; Bull Group 2002). Shared values and objectives inform all stages of the partnership development process (Klepper 1995). When shared values and objectives exist, partners are more motivated to share knowledge with each other in order to achieve the common goals of the partnership (Ye & Agarwal 2003). A shared platform of ethical principles can also contribute to the effectiveness of a partnership (Quinn 2000; McKeen & Smith 2001). Without an understanding of each other's business issues to a desirable level, both the outsourcing client and vendor may find that they can hardly resolve the inevitable differences and disputes that arise throughout their relationship (Klepper 1995).

Benefit and Risk Sharing

Benefit and risk sharing refers to the 'degree of articulation and agreement on benefit and risk between partners' (Lee & Kim 1999, p. 36). It is said to be one of the characteristics of a partnership. As mentioned previously, partnership is '...based upon mutual trust, openness, shared risk, and shared rewards...' according to the definition by Lambert, Emmelnainz and Gardner (1999, p. 166). This dimension of partnership quality is correlated with the contractual agreement, which serves as a framework that provides normative guidelines within which the cooperation between partners proceeds (Llewellyn 1931; Gulati 1995). Previous literature has stressed the importance of managing a formal and strict contract as a governance structure for an outsourcing relationship (Lacity & Hirschheim 1993; McKeen & Smith 2001). However, it is almost impossible for a contract to completely and accurately indicate every real working relationship (Llewellyn 1931; Clark 1992). 'The mere specification of contracts represents a significant expense' (Clark, Zmud & McCray 1995, p. 233). Hence, the significance of a flexible contract and trust that can exceed or override the importance of a contract between IT outsourcing vendor and client has been highlighted in previous literature (Fitzgerald & Willcocks 1994; Clark, Zmud & McCray 1995; Harrison & St. John 1996). Harrison and St. John (1996) claimed that the formalisation and monitoring of contractual agreements can result in conflict and distrust. A rigorous or flexible contract can be suitable for the different partnerships formed between IT outsourcing clients and vendors,

depending on how the contract is administered. The focus of this study is on measuring the sharing of well-specified risks and benefits in a partnership contract. To date, there is still much dissatisfaction with partnerships in general, especially regarding the equitable sharing of costs and benefits (Briggs 1996). Effective partnerships require explicit articulation and agreement upon the benefits accrued by each member of the partnership (Henderson 1990; Saunders, Gebelt & Hu 1997). An outsourcing deal can only be successful if both client and vendor benefit, or when the interests of both parties are addressed (Willis 2004). A conventional outsourcing contract for simple commodity transactions and services is insufficient in IT outsourcing (DiRomualdo & Gurbaxani 1998). A client should negotiate an agreement on the basis of a realistic and attainable win-win scenario with its vendor (Willis 2004). In an outsourcing relationship, the vendor should be able to make sustainable profit, whilst the client should also be able to achieve the negotiated cost reductions and quality service delivery in the relationship (Willis 2004).

However, apart from the benefits gained from IT outsourcing, the risks that might arise from the uncertainties in IT outsourcing should also be taken into account by partners. Partnerships enable both IT outsourcing client and vendor to pool risks, therefore, they should have an increased willingness to take risks (Henderson 1990). An outsourcing contract between partners must emphasise both shared benefits and risks tied to tangible business results (DiRomualdo & Gurbaxani 1998; McNamara 2001). Because of the benefits and risks associated with commercial exploitation of IT, the issues of sharing and control are unique in IT outsourcing relationships (DiRomualdo & Gurbaxani 1998). For an IT outsourcing venture to succeed there must be adequate incentives for each party to share not only the benefits, but also the costs and risks over the course of the relationship (DiRomualdo & Gurbaxani 1998; McNamara 2003). A full risk and reward sharing contract is necessary, especially in situations of high uncertainty such as that in IT outsourcing (Fitzgerald & Willcocks 1994). Different types of benefit and risk sharing contracts apply in different circumstances (DiRomualdo & Gurbaxani 1998). For example, organisations wanting cost-effective IT-enabled business solutions that require an understanding of their business should enter into partnership arrangements that give their vendor the incentives to learn about their business, while still maintaining the competitive pressures on the vendor (DiRomualdo & Gurbaxani 1998).

Conflict

Disagreements or conflicts always occur in relational exchanges (Dwyer, Schurr & Oh 1987). Conflict is defined by Lee and Kim (1999, p. 36) as the 'degree of incompatibility of activities, resource share, and goals between partners'. In the organisational behaviour area, conflict is defined as 'a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about' (Huczynski & Buchanan 2001, p. 770; Robbins et al. 2001, p. 4). Robbins et al. (2001) recognised that there has been a transition in conflict thinking. The traditional view (1930s to 1940s) argued that all conflict is harmful and must be avoided (Robbins et al. 2001). The human relations view (1940s to mid-1970s) perceived conflict as a natural occurrence in all groups and organisations (Robbins et al. 2001). Thus, inevitable conflict needs not be negative, but rather, has the potential to positively impact on group performance (Robbins et al. 2001). The most recent perspective, the interactionist view, proposes that conflict can not only be a positive force, but it is necessary for a group to perform effectively (Robbins et al. 2001).

Functional and Dysfunctional Conflict

Basically, two major types of conflict have been identified: functional conflict that supports organisational goals and improves performance; and dysfunctional conflict which has the opposite effect (Huczynski & Buchanan 2001; Robbins et al. 2001). The frequency, intensity and duration of disagreements are said to affect the overall level of conflict in a working partnership (Anderson & Narus 1990). Up to a certain level, conflict is productive; beyond this level, conflict becomes counter-productive (Schroder, Yussuf & Mavondo 2000). Previous IT outsourcing studies that examined conflict have always looked at conflict from a dysfunctional view (Lee & Kim 1999; Lee 2001; Sun, Lin & Sun 2002). However, several studies examined the positive view of conflict and emphasised that the two different dimensions of conflict should not be overlooked (Amason 1996; Wong et al. 1999; Schroder, Yussuf & Mavondo 2000). Amason (1996) claimed that conflict should at least be recognised as two distinct, but related, forms (dysfunctional and functional). It is inappropriate to address one dimension of conflict while ignoring the other (Amason 1996). Conflict may occur due to the incompatibility of activities or resources allocation, and different styles, goals or cultures between partners (Lee & Kim 1999; Wong et al. 1999). When conflict arises, the hostility and bitterness resulting from disagreements not being resolved amicably can lead to pathological consequences such as resentment, tension, anxiety, retarding of communication, reduction in cohesiveness, or even relationship dissolution (Hellriegel, Slocum & Woodman 1992; Morgan & Hunt 1994; Robbins et al. 2001). In such situations, dysfunctional conflict is said to have occurred. However, when disputes are resolved amicably, such disagreements can be referred to as functional conflict (Robbins et al. 2001). Functional conflict can prevent stagnancy, stimulate interest and curiosity, further

the creation of new ideas, improve the quality of decisions, and provide a 'medium through which problems can be aired and solutions arrived at' (Deutsch 1973, p. 19; Robbins et al. 2001). Functional conflict, therefore, may increase the productivity in a relationship and can be viewed as 'just another part of doing business' (Anderson & Narus 1990, p. 45; Hellriegel, Slocum & Woodman 1992). Trust, communication and past cooperative behaviours lead to the perception that conflict can be functional (Deutsch 1969; Anderson & Narus 1990; Morgan & Hunt 1994). Therefore, problems can then be discussed openly without the fear of malevolent actions by partners (Morgan & Hunt 1994). Organisations in successful partnerships would have acknowledged that disagreements cannot be avoided in a relationship (Anderson & Weitz 1989). Rather than allowing conflict to negatively affect their relationship, partnering organisations develop mediating mechanisms to defuse and settle their differences (Anderson & Weitz 1989).

Commitment

Lee and Kim (1999, p. 36) defined commitment as the 'degree of the pledge to relationship continuity between partners'. Dwyer, Schurr and Oh (1987) and Klepper (1995) further emphasised that the pledge can be in either an implicit or explicit form. When the exchange partners believe that an ongoing relationship is important and worth working on, the relationship will warrant maximum effort from the partners in maintaining it (Moorman, Deshpande & Zaltman 1993). In the services relationship marketing area, Berry and Parasuraman (1991, p. 139) claimed that 'relationships are built on the foundation of mutual commitment'. Commitment among the members of a partnership is a major contributor to the belief that the relationship would be sustained (Henderson 1990). Mutual commitment can result in the exchange partners working together to increase mutual profitability (Anderson & Weitz 1992). Trust is said to be the major determinant of a relationship commitment (Achrol 1991; Morgan & Hunt 1994). Mistrust decreases commitment in a relationship and shifts the transaction to one of more direct short-term exchanges (McDonald 1981). When a partner delivers superior benefits, it will be highly-valued (Morgan & Hunt 1994). Organisations will commit themselves to maintain and retain the relationships with such partners because commitment is identified as a key to achieving valuable outcomes (Morgan & Hunt 1994). When partners are committed to and are willing to maintain a relationship, this will encourage ongoing value-adding contributions to the relationship (McKeen & Smith 2001). Therefore, commitment is central to the success of relational exchanges (Morgan & Hunt 1994).

RESEARCH QUESTION AND METHOD

The following general research question was investigated in this project using a mixed methods approach:

RQ: *How important are each of the dimensions of partnership quality (trust, business understanding, mutual sharing of benefits and risks, conflict, commitment) in an IT outsourcing relationship?*

A mixed method approach (Gable 1994) of a survey and in-depth interviews allowed the researchers to triangulate the research findings using both quantitative and qualitative data, thereby increasing the validity and reliability of the findings. Hence, the general research question was investigated in two data collection phases. Firstly, we tested an extended model of partnership quality (Lum 2005) using a quantitative survey. The instrument used by Lee and Kim (1999) to measure partnership quality was refined to include functional conflict. We surveyed a range of small, medium and large Australian organisations about partnership quality and IT outsourcing success. We selected 600 organisations from each category (small, medium, large) from the *Business Whos Who* database for our sample of 1800 organisations. The targeted respondent in each organisation for the survey was the senior IT executive (IS/IT Manager or CIO) or the person responsible managing outsourcing of IT. A response rate of about 9 percent was achieved once the sample size was adjusted for ineligible (not outsourcing IT) or unreachable organisations (incorrect postal address or organisation no longer existed). We further validated the importance of the dimensions of partnership quality by conducting ten in-depth interviews with four CIOs, five senior managers from a range of different sized outsourcing vendor organisations, and an IT consultant who has been heavily involved in IT outsourcing arrangements with a number of large organisations. The qualitative data collected from the interviews allowed us to validate and confirm the relative importance of the dimensions of partnership quality which had been derived from the findings of the quantitative survey. The qualitative data also allowed us to include the opinions of the CIOs, Senior Managers of outsourcing vendors and an IT consultant in determining the relative importance of each dimension of partnership quality. The interviews were transcribed, and then coded using the theoretical framework of the six dimensions of the extended partnership quality model which guided and informed the qualitative analysis (Miles & Huberman 1994; Richards 1999; Carroll & Swatman 2002; Gibbs 2002). Both researchers in this project coded and analysed the interview notes separately. Another researcher who was knowledgeable about IT outsourcing was asked to review the interview data, the coding and analysis to further increase the validity and reliability of the interpretation of the data analysed from the interviews.

RESULTS OF DATA ANALYSIS OF SURVEY DATA

The normality of the items measuring each dimension of partnership was examined graphically using bar charts and box plots and by examining the skewness and kurtosis of each item. Table 2 shows that means, standard deviations, skewness and kurtosis of each these items measuring partnership quality was within the acceptable range for normal data (Coakes 2005). The means were calculated from a Likert scale which the survey respondents used to rank their level of disagreement or agreement with the statements, measuring six dimensions of partnership quality on a scale from 1 to 5.

Table 2 Normality assessment statistics (mean, standard deviation, skewness, kurtosis)

	N Valid	Missing	Mean	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
Trust1	88	0	4.18	.865	-1.018	.257	.584	.508
Trust2	88	0	4.22	.823	-.930	.257	.450	.508
Trust3	88	0	4.00	.858	-.895	.257	1.081	.508
Trust4	88	0	3.84	.829	-.436	.257	-.199	.508
Trust5	88	0	3.90	.923	-.512	.257	-.518	.508
Trust6	88	0	4.08	.874	-.686	.257	-.217	.508
Trust7	88	0	4.07	.799	-.677	.257	.226	.508
Trust8	87	1	4.15	.800	-.557	.258	-.433	.511
Trust9	88	0	4.10	.910	-.861	.257	.034	.508
Trust Average			4.06					
Bus1	88	0	3.86	.860	-.840	.257	.899	.508
Bus2	88	0	3.84	.771	-.793	.257	1.567	.508
Bus3	87	1	4.13	.804	-1.059	.258	1.993	.511
Bus4	87	1	3.48	.963	-.390	.258	-.260	.511
Bus5	87	1	3.62	.918	-.550	.258	-.117	.511
Bus6	88	0	3.57	.920	-.296	.257	-.304	.508
Business Understanding Average			3.74					
Risk1	87	1	3.46	1.032	-.247	.258	-.648	.511
Risk2	87	1	3.45	1.118	-.710	.258	-.352	.511
Risk3	86	2	2.70	1.159	.154	.260	-.681	.514
Risk4	85	3	2.29	1.056	.437	.261	-.496	.517
Risk5	87	1	3.00	1.057	.000	.258	-.466	.511
Sharing Risks and Benefits Average			2.98					
Dysconflict1	87	1	2.22	1.104	.560	.258	-.797	.511
Dysconflict2	88	0	1.94	.975	1.029	.257	.870	.508
Dysconflict3	88	0	2.65	1.104	.008	.257	-1.201	.508
Dysconflict4	88	0	2.18	1.078	.642	.257	-.606	.508
Dysconflict5	88	0	2.32	1.130	.515	.257	-.785	.508
Dysconflict6	88	0	2.08	1.008	.733	.257	-.183	.508
Dysfunctional conflict average			2.23					
funconflict1	88	0	3.92	.834	-.579	.257	-.003	.508
funconflict2	88	0	3.34	.933	-.390	.257	-.042	.508
funconflict3	87	1	4.13	.760	-.706	.258	.466	.511
funconflict4	88	0	3.49	.816	-.222	.257	-.473	.508
funconflict5	88	0	3.53	.870	-.428	.257	-.052	.508
funconflict6	88	0	3.64	.790	-.535	.257	-.058	.508
Functional conflict average			3.67					
Comm1	84	4	4.02	.703	-1.316	.263	4.289	.520
Comm2	84	4	3.73	.779	-.583	.263	.532	.520

	N Valid	Missing	Mean	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
Comm3	84	4	3.73	.758	-.359	.263	.405	.520
Comm4	84	4	3.97	.676	-.892	.263	2.027	.520
Comm5	84	4	4.17	.686	-1.750	.263	6.340	.520
Comm6	84	4	4.21	.731	-1.613	.263	4.777	.520
Commitment Average			3.97					

We were unable to conduct factor analysis as there were an insufficient number of responses. A bare minimum of five cases is needed for each construct item, which would have required 190 case observations/responses (Coakes & Steed 2004). As a result, an alternative technique for assessing the construct validity of PQ was used: we ran a correlation analysis on the six dimensions of partnership quality, both overall for all measurement items and individually for the items measuring each dimension. We also ran reliability analysis on the items measuring each dimension of partnership quality. The results of these two analyses determined which items were retained for each dimension of partnership quality. A summated average was calculated for each dimension of partnership in order to conduct the multiple regression analysis.

Correlation analysis was chosen to assess the construct validity of partnership quality in two ways: convergent validity and discriminant validity. Convergent validity assesses the degree to which the measurement items of each dimension of partnership quality are correlated with each other (Hair et al. 1998). High correlations indicate that the scale is measuring its intended concept (Hair et al. 1998). Discriminant validity measures the degree to which the items from the different dimensions of partnership quality are distinct to each other (Hair et al. 1998; Neuman 2003). Each item from a particular dimension was assessed to determine the extent to which that item was correlated with the summated score of another dimension (Hair et al. 1998). The correlation should be low, or at least not higher than the correlations between the items and the summated score of a similar dimension (Hair et al. 1998). In order to interpret the results of correlation analyses to determine which measurement items were reliable and/or valid for each dimension of partnership quality, the item-total statistics of each item within its own dimension was examined. Only the measurement item of functional conflict (FC1) was found to be problematic, as it had one item-total correlation below 0.4. This indicated problems of convergent and discriminant validity with this measurement item. In addition, if item FC1 was removed, the reliability of the functional conflict dimension of partnership quality also increased slightly. On this basis, item FC1 was dropped from the functional conflict dimension of partnership quality. All of the measurement items that were retained displayed adequate convergent and discriminant validity (see Table 3).

Table 3 Partnership quality measurement items retained after the correlation analysis

Dimensions of Partnership Quality	No of items	Measurement items retained
Trust	9 Items	All retained
Business Understanding	6 Items	All retained
Benefit and Risk Sharing	5 Items	All retained
Dysfunctional Conflict	6 Items	All retained
Functional Conflict	5 Items	FC1 dropped because low inter-correlations with other functional conflict items
Commitment	6 Items	All retained

* all items with inter-correlations with their other measurement items that were above 0.4 and significant at 0.01 were retained for each dimension of partnership

The reliability of the retained measurement items of PQ was assessed by evaluating the Cronbach Alpha coefficient for each of the six dimensions.

Table 4 Reliability of the six dimensions of Partnership Quality (PQ)

Dimension of Partnership Quality	Cronbach Alpha
1. Trust (all 9 items retained)	0.941
2. Business Understanding (all 6 items retained)	0.883
3. Benefit and Risk Sharing (all 5 items retained)	0.843
4. Dysfunctional Conflict (all 6 items retained)	0.934
5. Functional Conflict (5 items retained, FC1 dropped)	0.843
6. Commitment (all 6 items retained)	0.888

Table 4 shows that all of the alpha coefficients for the six dimensions of PQ were well above the recommended level of 0.7 (Nunnally 1978) indicating that they were reliable measures of the six dimensions of partnership quality.

We conducted further analysis to see if the overall means for each dimension of partnership quality differed across small, medium and large organisations (see Table 5).

Table 5 Comparison of Mean Rankings of Six Dimensions of Partnership Quality across Organisational Size in Terms of Number of Employees

Organisation Size		Trust	Business Understanding	Risk Benefits Sharing	Dysfunctional conflict	Functional conflict	Commitment
Small organisations	N Valid	44	44	43	44	44	44
	Missing	1	1	2	1	1	1
	Mean	4.09	3.72	2.96	2.29	3.51	3.88
Medium organisations	N Valid	25	25	25	25	25	25
	Missing	2	2	2	2	2	2
	Mean	4.19	3.85	3.11	1.94	3.90	4.04
Large organisations	N Valid	13	13	13	13	13	13
	Missing	0	0	0	0	0	0
	Mean	3.76	3.68	2.71	2.74	3.67	4.06

Table 5 shows that the overall means of the six dimensions of partnership quality varies significantly across small, medium and large organisations for some of the factors such as trust, business understanding, sharing of risks and benefits and dysfunctional conflict.

DISCUSSION OF IMPORTANCE OF SIX DIMENSIONS OF PARTNERSHIP QUALITY

The quantitative findings are now discussed in relation to the qualitative data collected about relative importance of the six dimensions of partnership quality in ten case study interviews.

Firstly, *Trust*, with an aggregate mean of 4.06, was found to be critical for establishing and maintaining a successful partnership in an IT outsourcing relationship by the majority of the interview informants. The findings also show that trust was not as strong in large organisations (mean 3.76) compared to small (mean 4.09) and medium sized organisations (mean 4.19). Our quantitative findings, which indicated that trust was most important factor in a partnership type relationship between the client organisation and IT outsourcing vendor, were reinforced by the qualitative findings from the in-depth interviews. The majority of the informants considered trust to be critical for a successful partnership type relationship, but also qualified that view by emphasising that a partnership type relationship was unlikely to exist between large organisations and the outsourcing vendor. Indeed, one informant noted that the relationship between a large client organisation and outsourcing vendor was adversarial from the start and that trust was largely non-existent. For a partnership type relationship to be successful, a strong level of trust has to exist between the client organisation and the outsourcing vendor. This finding was supported by the existing literature which considers trust to be the cornerstone of any successful partnership

A good understanding of the business of the client organisation by the IT outsourcing vendor was found to be a significant measure of a good partnership between the client organisation and the outsourcing vendor in the survey data, with a mean of 3.76. Our findings also show that the level of business understanding was not as strong in large organisations (mean 3.68) compared to small (mean 3.72) and medium sized organisations (mean

3.85). The qualitative data from the interviews provided some interesting insights into why a good understanding of the client organisation's business and IT function(s) being outsourced by the outsourcing vendor was critical for a successful partnership type relationship. Understanding how a client organisation conducted their business went beyond what was specified in a contract agreement and the associated service level agreements. For instance, one client organisation had outsourced their IT help desk function, which is a commonly outsourced IT function, but were unhappy with the quality of service provided by the staff of the outsourcing vendor assigned to this IT function despite the fact that the SLAs were met. With large organisations, the complexity of contractual clauses in SLAs often gets in the way of a good understanding of the business. In general, where an IT function required human intervention, or was part of a business process that required human intervention, understanding the business of the client organisation then becomes critical. It was also evident that for certain IT functions the outsourcing vendor could bring expertise and skills that were not available within the client organisation's own IT department, or the outsourcing vendor could put the client organisation in touch with other client organisations who had expertise and skills with a particular system or technology.

Sharing of the risks and benefits was found to be a neutral dimension of a successful partnership between the client organisation and the outsourcing vendor in the survey data, with an average mean of 2.98. This indicated that there was varying agreement among the client organisations regarding the sharing of the risks and benefits associated with an outsourcing relationship. Our findings also show that the sharing of the risks and benefits was not as strong in large organisations (mean 2.71) compared to small (mean 3.11) and medium sized organisations (mean 2.96). This finding by the qualitative data from the interviews indicated that, in SME organisations particularly, the sharing of the risks and benefits with the outsourcing vendor was critical for a successful partnership type relationship, where both parties benefited and the risks associated with IT were reduced. Indeed, for SME organisations it makes good business sense to outsource IT when it is a business enabler, rather than a differentiator, as noted by one of informants of an outsourcing vendor organisation. In large organisations, the outsourcing vendor has often entered into an arrangement which distinctly advantaged the client organisation in terms of the sharing of risks and benefits.

Dysfunctional conflict was not found to be a significant dimension of a successful partnership between the client organisation and the outsourcing vendor in the survey data overall, with a mean of 2.23. This indicated that, in general, dysfunctional conflict did not impact negatively on a partnership type relationship. Our findings also show that the level of dysfunctional conflict is much stronger in large organisations (mean 2.74) compared to small (mean 2.29) and medium sized organisations (mean 1.94). This finding is reinforced by the qualitative data from the interviews which provided some valuable insights into this dimension. The qualitative data indicated that in relationships between large client organisations and outsourcing vendor, there was considerable dysfunctional conflict right from the start and that often partnership was virtually non-existent in the outsourcing relationship. As one of the informants noted, the terms of the contract agreement between the two parties was so much in favour of the client organisation and so inflexible that the outsourcing vendor struggled to actually make any profit out of the outsourcing contract. Hence, the two parties had adopted almost adversarial roles right from the beginning of the outsourcing relationship, with dysfunctional conflict being ever present.

Functional conflict was found to be a significant dimension of a successful partnership between client organisation and the outsourcing vendor with a mean of 3.67 indicating that, in general, functional conflict had a positive impact on a partnership type relationship. . Our findings also show that the level of functional conflict was relatively consistent for large organisations (mean 3.67) when compared to small (mean 3.51) and medium sized organisations (mean 3.90), although medium sized organisations had higher levels of functional conflict than the overall average. In general, the qualitative data supported this proposition, particularly in relation to small to medium organisations where a number of the interview informants indicated functional conflict actually brought the two parties in an outsourcing relationship together in a crisis where they worked and pulled together for a common good and benefit. One case informant likened functional conflict as being similar to a war where different individuals are thrown together, but in the face of a crisis pulled together for the common good.

Commitment was found to be a very significant dimension of a successful partnership between client organisation and the outsourcing vendor, with a mean of more than 3.97 indicating that, in general, commitment had a very positive impact on a partnership type relationship. The qualitative data from the interviews provided some interesting insights into why commitment by the client organisation and the outsourcing vendor was critical for a successful partnership type relationship. A partnership type relationship is dynamic and evolving and, as discussed previously, trust needs to be built and maintained in order for there to be a genuine sharing of risks and benefits. Commitment is needed for the outsourcing vendor to be able truly understand the business of the client organisation and how they can add value through delivering IT services, while at the same time leveraging any potential conflict that might arise in a positive manner and limiting any negative consequences of conflict. In other words, for all of these factors to work in a positive manner in an outsourcing relationship there needs to be commitment to the relationship, as a partnership, from the client organisation and the outsourcing

vendor. Indeed one of the case informants from an outsourcing vendor organisation indicated that they were quite selective in choosing to enter into a partnership with a client organisation. One of their criteria was to determine whether the client organisation was really serious about and committed and ready for a partnership type relationship.

Conclusions and Implications

The results reported in this paper show that the six dimensions of partnership quality are important indicators of a successful partnership relationship between the client organisation and the outsourcing vendor. Both the quantitative and qualitative findings of this study provide strong support for trust being a critical success factor in a partnership type relationship, and that both client organisation and outsourcing vendor need to be committed to a partnership type relationship where trust is built and maintained over time. In general, qualitative data provided some deeper insights and understanding of the partnership type IT outsourcing relationship and indicated that a partnership type relationship might only be valid for small to medium organisations. Indeed, for many large client organisations, a partnership type relationship with the outsourcing vendor may be non-existent.

Trust is the critical success factor for a partnership type relationship which mostly occurs in small to medium organisations, while trust is often virtually non-existent as is a partnership type relationship between large organisations and the outsourcing vendor. Not surprisingly, a lack of equitable sharing of risks and benefits and dysfunctional conflict were significant factors impacting negatively on the relationship between a large organisation and the outsourcing vendor when trust is non-existent. Functional conflict was also seen as having a potentially positive impact on the outsourcing relationship.

As the data sample used in this study was not large and the response rate was not high, the findings from this study should be treated with caution and more empirical work is required to confirm the robustness of instrument measuring partnership quality. Given the multi-dimensionality of partnership quality in an outsourcing relationship, future empirical work should also examine the interrelationships between six dimensions of partnership quality. It is evident from the existing literature and the findings of this study that there are significant relationships between six dimensions of partnership quality, and that trust and commitment are the key drivers in the partnership relationship between the client organisation and the outsourcing vendor.

REFERENCES

- Achrol & Ravi 1991, 'Evolution of the marketing organization: new forms for turbulent environments', *Journal of Marketing*, vol. 55, no. 4, pp. 77-93.
- Amason, AC 1996, 'Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: resolving a paradox for top management teams', *Academy of Management Journal*, vol. 39, no. 1, pp. 123-48.
- Anderson, JC & Narus, JA 1990, 'A Model of Distributor Firm and Manufacturer Firm Working Partnerships', *Journal of Marketing*, vol. 54, no. 1, pp. 42-58.
- Anderson, E & Weitz, B 1989, 'Determinants of Continuity in Conventional Industrial Channel Dyads', *Marketing Science*, vol. 8, no. 4, pp. 310-23.
- Anderson, E & Weitz, B 1992, 'The use of pledges to build and sustain commitment in distribution channels', *Journal of Marketing Research (JMR)*, vol. 29, no. 1, pp. 18-34.
- Berry, LL & Parasuraman, A 1991, *Marketing Services*, The Free Press, New York.
- Blau, PM 1964, *Exchange and Power in Social Life*, John Wiley & Sons, New York.
- Bradach, JL & Eccles, RG 1989, 'Price, Authority, and Trust: From Ideal Types to Plural Forms', *Annual review of sociology*, vol. 15, pp. 97-118.
- Briggs, D 1996, 'The road ahead - partnership or conflict?' *Industrial Management & Data Systems*, vol. 96, no. 8, pp. 3-6.
- Bull Group 2004, *Bull Group Annual Report*, Bull Group, viewed 27th September 2005, <<http://www.bull.com/download/investors/2004annualreport.pdf>>.
- Carroll, J & Swatman, P 2000, 'Structured case: A methodological framework for building theory in information systems research', *European Journal of Information Systems*, vol. 9, no. 4, pp. 235-42.
- Cheon, MJ, Grover, V & Teng, JTC 1995, 'Theoretical perspectives on the outsourcing of information systems', *Journal of Information Technology*, vol. 10, no. 4, pp. 209-19.

- Coakes, SJ 2005, *SPSS: Analysis Without Anguish: Version 12*, John Wiley & Sons Australia, Ltd, Milton, Queensland, Australia.
- Clark, TD 1992, 'Corporate systems management: an overview and research perspective', *Communications of the ACM*, vol. 35, no. 2, pp. 61-75.
- Clark, TD, Zmud, RW & McCray, GE 1995, 'The outsourcing of information services: transforming the nature of business in the information industry', *Journal of Information Technology*, vol. 10, no. 4, pp. 221-37.
- Deutsch, M 1973, *The resolution of conflict*, Yale University Press, New Haven, CT.
- Dillman, DA 2000, *Mail and Internet Surveys: The Tailored Design Method*, 2nd edn, John Wiley & Sons, Canada.
- DiRomualdo, T 2004, *Outsourcing Partnerships, Organization and Governance Survey*, viewed 12 June 2004 <<http://www.cscresearchservices.com/opog/survey00.asp>>.
- DiRomualdo, A & Gurbaxani, V 1998, 'Strategic intent for IT outsourcing', *Sloan Management Review*, vol. 39, no. 4, pp. 67-80.
- Dwyer, FR & Oh, S 1987, 'Output sector munificence effects on the internal political economy of marketing channels', *Journal of Marketing Research*, vol. 24, no. November, pp. 347-58.
- Dwyer, FR, Schurr, PH & Oh, S 1987, 'Developing Buyer-Seller Relationships', *Journal of Marketing*, vol. 51, no. 2, pp. 11-27.
- eGlobal-CIO 2003, *Optimize outsource relationships*, viewed 4 May 2004 <http://www.eglobalcio.com/optimize_it_outsource_relation.html>.
- Fitzgerald, G & Willcocks, L 1994, 'Contract and partnerships in the outsourcing of IT', paper presented to the Proceeding of the 15th International Conference on Information Systems, Vancouver, British Columbia, Canada, December 1994.
- Gable, GG 1994, 'Integrating case study and survey research methods: an example in information systems', *European Journal of Information Systems*, vol. 3, no. 2, pp. 112-26.
- Gibbs, G 2002, *Qualitative Data Analysis: Explorations with NVivo*, Open University Press, Buckingham - Philadelphia.
- Ganesan, S 1994, 'Determinants of long-term orientation in buyer-seller relationships', *Journal of Marketing*, vol. 58, no. 2, pp. 1-19.
- Grover, V, Cheon, MJ & Teng, JTC 1996, 'The effect of service quality and partnership on the outsourcing of information system functions', *Journal of Management Information Systems*, vol. 12, no. 4, pp. 89-116.
- Gulati, R 1995, 'Does Familiarity Breed Trust? The Implications of Repeated Ties for Contractual Choice in Alliances', *Academy of Management Journal*, vol. 38, no. 1, pp. 85-112.
- Hancox, M & Hackney, R 2000, 'IT outsourcing: frameworks for conceptualizing practice and perception', *Information Systems Journal*, vol. 10, no. 3, pp. 217-37.
- Harrison, JS & St. John, CH 1996, 'Managing and partnering with external stakeholders', *Academy of Management Executive*, vol. 10, no. 2, pp. 46-60.
- Hellriegel, D, Slocum, JW & Woodman, RW 1992, *Organizational Behavior*, 6th edn, West Publishing, USA.
- Henderson, JC 1990, 'Plugging into Strategic Partnerships: The Critical IS Connection', *Sloan Management Review*, vol. 31, no. 3, pp. 7-18.
- Hrebiniak, LG 1974, 'Effects of Job Level and Participation on Employee Attitudes and Perceptions of Influence', *Academy of Management Journal*, vol. 17, no. 4, pp. 649-62.
- Huczynski, A & Buchanan, D 2001, *Organizational Behaviour: An Introductory Text*, 4th edn, Prentice Hall, UK.
- Kern, T 1997, 'The gestalt of an information technology outsourcing relationships: An explanatory analysis', paper presented to Proceedings of the 18th International Conference on Information Systems (ICIS), Atlanta, Georgia.
- Kern, T & Willcocks, LP 2001, *The relationship advantage: Information technologies sourcing, and management*, Oxford University Press, Oxford.

- Klepper, R 1995, 'The Management of Partnering Development in IS Outsourcing', *Journal of Information Technology*, vol. 10, no. 4, pp. 249-58.
- Kogut, B 2000, 'The Network as Knowledge: Generative Rules and the Emergence of Structure', *Strategic Management Journal*, vol. 21, no. 3, pp. 405-25.
- Konsynski, BR & McFarlan, FW 1990, 'Information partnerships--Shared data, shared scale', *Harvard Business Review*, vol. 68, no. 5, pp. 114-20.
- Lacity, MC & Hirschheim, R 1993, *Information Systems Outsourcing: Myths, Metaphors and Realities*, John Wiley, New York.
- Lambert, DM, Emmelhainz, MA & Gardner, JT 1999, 'Building Successful Logistics Partnerships', *Journal of Business Logistics*, vol. 20, no. 1, pp. 165-81.
- Lee, JN 2001, 'The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success', *Information & Management*, vol. 38, no. 5, pp. 323-5.
- Lee, JN & Kim, YG 1999, 'Effect of Partnership Quality on IS Outsourcing Success: Conceptual Framework and Empirical Validation', *Journal of Management Information Systems*, vol. 15, no. 4, pp. 29-61.
- Lee, JN, Huynh, MQ, Kwok, RCW & Pi, SM 2003, 'IT outsourcing evolution—past, present, and future', *Communications of the ACM*, vol. 46, no. 5, pp. 84-9.
- Levinthal, DA & Fichman, M 1988, 'Dynamics of Interorganizational Attachments: Auditor-Client Relationships', *Administrative Science Quarterly*, vol. 33, no. 3, pp. 345-69.
- Llewellyn, KN 1931, 'What price contract? An essay in perspective', *Yale Law Journal*, vol. 40, no. 7, pp. 704-51.
- Lum, WH 2005, 'The Impact of Partnership Quality on IT Outsourcing Success', Honours Dissertation thesis, University of Southern Queensland.
- McFarlan, FW & Nolan, RL 1995, 'How to manage an IT outsourcing alliance', *Sloan Management Review*, vol. 36, no. 2, pp. 9-23.
- McKeen, JD & Smith, HA 2001, 'Managing External Relationships in IS', paper presented to the 34th Hawaii International Conference on System Sciences.
- McLellan, K, Marcolin, BL & Beamish, PW 1995, 'Financial and strategic motivations behind IS outsourcing', *Journal of Information Technology*, vol. 10, no. 4, pp. 299-321.
- McNamara, B 2001, *Enabling Long-Term Value in Your Outsourcing Relationship*, Outsourcing Institute, viewed 12th June 2004, <<http://www.outsourcing.com>>.
- Miles, M & Huberman, A 1994, *Qualitative Data Analysis: An expanded source book*, Sage, Thousand Oaks.
- Morgan, RM & Hunt, SD 1994, 'The commitment-trust theory of relationship marketing', *Journal of Marketing*, vol. 58, no. 3, pp. 20-38.
- Moorman, C, Deshpande, R & Zaltman, G 1993, 'Factors Affecting Trust in Market Research Relationships', *Journal of Marketing*, vol. 57, no. 1, pp. 81-101.
- Nunnally, J 1979, *Psychometric Theory*, McGraw-Hill, New York.
- Parkhe, A 1993, 'Strategic alliance structuring: A game theoretic and transaction cost examination of interfirm cooperation', *Academy of Management Journal*, vol. 36, no. 4, pp. 794-829.
- Pfannenstien, LL & Tsai, RJ 2004, 'Offshore Outsourcing: Current and Future Effects on American IT Industry', *Information System Management*, vol. 21, no. 4.
- Pruitt, DG 1981, *Negotiation Behavior*, Academic Press, New York.
- Pruitt, DG & Carnevale, PJ 1993, *Negotiation in Social Conflict*, Open University Press, Buckingham.
- Quinn, JB 2000, 'Outsourcing Innovation: The New Engine of Growth', *Sloan Management Review*, vol. 41, no. 4, pp. 13-28.
- Richards, Le 1999, *Using QSR NVivo for Qualitative Analysis, Investigating the Social World*, Pine Forge Press, Thousand Oaks.

- Ring, PM & Van de Ven, A 1989, 'Formal and Informal Dimensions of Transactions', in HA Van de Ven & MS Poole (eds), *Research on the Management of Innovation: The Minnesota Studies*, Ballinger/Harper-Row, New York, pp. 171-92.
- Ring, PM & Van de Ven, A 1992, 'Structuring cooperative relationships between organizations', *Strategic Management Journal*, vol. 13, pp. 483-98.
- Ring, PS & Van de Ven, AH 1994, 'Developmental processes of cooperative interorganizational relationships', *Academy of Management Review*, vol. 19, no. 1, pp. 90-119.
- Robbins, SP, Millett, B, Cacioppe, R & Waters-Marsh, T 2001, *Organisational Behaviour: Leading and Managing in Australia and New Zealand*, 3rd edn, Prentice Hall, New South Wales, Australia.
- Saunders, C, Gebelt, M & Hu, Q 1997, 'Achieving Success in Information Systems Outsourcing', *California Management Review*, vol. 39, no. 2, pp. 63-79.
- Schroder, B, Yussuf, E & Mavondo, F 2000, 'The influence of power and conflict on cross cultural business-to-business relationships', paper presented to ANZMAC 2000 Visionary Marketing for the 21st Century: Facing the Challenge.
- Schurr, PH & Ozanne, JL 1985, 'Influences on Exchange Processes: Buyer's Preconceptions of a Seller's Trustworthiness and Bargaining Toughness', *Journal of Consumer Research*, vol. 11, no. 4, pp. 939-53.
- Shapiro, DL, Sheppard, BH & Cheraskin, L 1992, 'Business on a handshake', *Negotiation Journal*, vol. 8, no. 4, pp. 365-77.
- Sherman, S & Sookdeo, R 1992, 'Are Strategic Alliances Working?' *Fortune*, vol. 126, no. 6, pp. 77-8.
- Spekman, RE 1988, 'Strategic Supplier Selection: Understanding Long-term Buyer Relationships', *Business Horizons*, vol. 31, no. 4, pp. 75-81.
- Straub, DW 1989, 'Validating instruments in MIS research', *MIS Quarterly*, vol. 13, no. 2, pp. 146-69.
- Sun, SY, Lin, TC & Sun, PC 2002, 'The factors influencing information systems outsourcing partnership—a study integrating case study and survey research methods', paper presented to the Proceedings of the 35th Annual Hawaii International Conference on System Sciences (HICSS-35'02), Hawaii.
- Van de Ven, A 1976, 'On the Nature, Formation, and Maintenance of Relations Among Organizations', *Academy of Management Review*, vol. 1, no. 4, pp. 24-36.
- Willis, D 2004, *Characteristics of a Maturing Outsourcing Market*, viewed 4 May 2004
<<http://www2.cio.com/analyst/report2420.html>>.
- Wong, A, Tjosvold, D, Wong, YLW & Liu, CK 1999, 'Cooperative and competitive conflict for quality supply partnerships between China and Hong Kong', *International Journal of Physical Distribution & Logistics Management*, vol. 29, no. 1, pp. 7-21.
- Ye, F & Agarwal, R 2003, 'Strategic Information Technology Partnerships in Outsourcing as a Distinctive Source of Information Technology Value: A Social Capital Perspective', paper presented to the 24th International Conference on Information Systems.

COPYRIGHT

Dr Michael Lane and Glen Litton Van der Vyver © 2005. The authors assign to ACIS and educational and non-profit institutions a non-exclusive licence to use this document for personal use and in courses of instruction provided that the article is used in full and this copyright statement is reproduced. The authors also grant a non-exclusive licence to ACIS to publish this document in full in the Conference Papers and Proceedings. Those documents may be published on the World Wide Web, CD-ROM, in printed form, and on mirror sites on the World Wide Web. Any other usage is prohibited without the express permission of the authors.