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Offshore Outsourcing of Services

A Stakeholder Perspective

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Offshore outsourcing of business processes is a rapidly increasing global phenomenon that requires a greater reliance on the effective development of strategic alliances and inter-firm relationships. The stakeholders involved in these service purchases influence the success or failure of the buyer-supplier relationship. This article examines the key stakeholders involved in the offshore outsourcing of services, determines what expectations these stakeholders hold, and assesses how a buying firm and the offshore supplying firm work together to meet these expectations. The case research method is used to address this phenomenon by studying six U.S.-based, Fortune 500 firms involved in offshore outsourcing of services. These buying organizations initially experienced more complexity than anticipated in engaging with offshore suppliers in outsourcing relationships. To achieve success with these relationships, the buying organizations needed to embrace cultural differences, including the needs of their suppliers' employees.

Keywords: *offshore outsourcing; services purchasing; stakeholder theory; services globalization; case studies*

Reliance on strategic alliances and inter-firm relationships has grown considerably in recent years (Lorenzoni and Lipparini 1999). This is due in part to the increased global outsourcing of products and services (Taylor 2007). The most recent trend in outsourcing is moving business processes offshore to locations outside of the buying firm's country of origin (Drezner 2004), also known as offshore outsourcing. These interorganizational business-to-business relationships and alliances help firms create value by combining resources, sharing knowledge, increasing speed to market, and gaining access to foreign markets (Barringer and Harrison 2000; Doig et al. 2001).

The research to date on business-to-business alliances has typically been framed with the buyer and supplier as the key stakeholders (Barringer and Harrison 2000; Cullen, Seddon, and Willcocks 2005). A stakeholder is one who affects or is affected by an organization's actions. A key stakeholder is one whose continuing participation is critical to the survival of the corporation (Clarkson 1995). In the evolving offshore outsourcing environment, business-to-business purchases involve many additional stakeholders. In offshore outsourcing of customer-facing services, for example, two additional key stakeholder groups include the ultimate customers and the internal business unit that specifies the service. The stakeholders' level of involvement ranges from direct to tangential. Regardless of the degree of involvement, the needs and expectations of these stakeholders should be addressed. The fact that each stakeholder may perceive the success or failure of the offshore outsourcing experience differently complicates the task of successfully meeting everyone's needs. Research has shown that by effectively managing stakeholder concerns, expectations, and interests, corporations can improve their bottom line success (Clement 2005).

The purpose of this article is to use stakeholder theory to examine the key stakeholders in the offshore outsourcing of services, the expectations held by these stakeholders, and how the buyer and supplier effectively meet

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those expectations. As firms become more dependent on offshore service suppliers, the actions and performance of suppliers have a greater influence on a number of important stakeholders. This fact, coupled with the high rate of failure of business-to-business alliances (Barringer and Harrison 2000), creates the need to assess the effectiveness of managing these stakeholder relationships more broadly and better understand how effective stakeholder management impacts the firm. To date, there has been limited attention in the stakeholder literature on supply chain relationships (Phillips and Caldwell 2005) and limited attention in the supply chain literature on stakeholder issues. Further, the broad topics of the globalization of services and the phenomenon of offshore outsourcing have received scant attention in the service literature.

To address the opportunities for effective stakeholder management in the business–to-business offshore outsourcing environment for services, this research first presents the relevant literature on offshore outsourcing. This literature review encompasses the stakeholders involved in inter-organizational relationships, business-to-business relationship management, and stakeholder theory. Stakeholder theory provides the theoretical framing for the research. Following the literature review is an overview of the study's research methods and findings, including an introduction of testable propositions supported through the field research. This research then concludes with study implications, limitations, and directions for future research.

Conceptual Foundation

In the emerging world of networked, global operations, resources critical to the success of the firm increasingly lie outside the firm's direct control (Hamel 1991). Many essential services are now outsourced to suppliers in offshore locations. With this shift, reliance on strategic alliances and inter-firm relationships has grown considerably (Lorenzoni and Lipparini 1999). Because there are multiple stakeholders involved in the purchase of any service, organizations must ensure that the expectations of these stakeholders are met and value is provided for each of them (Zinkhan 2002).

Offshore Outsourcing and Stakeholder Involvement

Historically, offshore outsourcing decisions were motivated by a desire to maximize profit though lower labor costs (Doh 2005; Garner 2004; Lewin and Peeters 2006). During the last decade, the increase in offshoring of services has received considerable media attention in the United States. This attention is predominantly due to a perceived loss of domestic jobs (Ramamurti 2004). Information technology (IT) applications were among the early business functions that were offshore outsourced (Lewin and Peeters 2006), while offshoring of administrative and technical work is in a relatively early stage of development and rapidly growing. Much of the offshore movement of business processes focuses on realizing cost savings by offshoring non-core activities to countries with significantly lower labor costs and highly educated, English-fluent labor pools (Ramamurti 2004; Zaheer and Manrakhan 2001).

Offshore outsourcing of services increases risk. Data and intellectual property are more accessible to outsiders; employee turnover is more likely at an offshore site. With higher risks, the total costs of doing business can significantly increase (Lewin and Peeters 2006). Further, the greater diversity of stakeholders in the offshore environment may create conflict between the buying and supplying firms' interests. This is especially true when offshore outsourcing directly affects the customers' interactions with the company, as in call centers or technical support service (Tate and Ellram 2009). The reputation of the buying firm may be damaged because the customer will view the offshore supplier as the face of the company.

Contracts are one method that organizations employ to define their relationships with stakeholders and reduce risk. These contracts delimit the exchanges, transactions, and delegation of decision-making authority (Jones 1995) needed to purchase services offshore. The contracts outline the expectations for both instrumental and normative obligations (Beach 2005). The instrumental needs are often based on logic or specific, measurable performance expectations whereas the normative needs are based on the interests and identities of the participants (Beach, 2005). For example, payment terms and delivery dates address the instrumental obligations, and job titles and communication flow speak to the more normative obligations.

To manage both the instrumental and normative aspects of the contract requires involvement from diverse functional areas. For example, supply management at the buying firm has certain instrumental contractual needs that are usually addressed through detailed supplier performance metrics. To manage the instrumental aspects of the contract requires that appropriate and timely information is communicated between supply managers and the supplier. The contacts between the different representatives of the buying firm and the offshore stakeholders vary in terms of frequency and regularity of the exchange

(Jones 1995). Supply management also has a number of normative concerns such as minimizing how different managerial styles at both the domestic and offshore locations influence the inter-organizational relationship.

The agents who represent the buying firm often encounter conflicting demands that may hinder the evolution of the alliance (Doz 1996) and its ultimate success. These conflicts include an agent's self-interest at the expense of the buying organization, supplier misrepresentation of abilities and value, and free-riding team members (Jones 1995). The low labor costs associated with offshore outsourcing of services often generate a short-term "gain taking" mentality for the buying firm (Kumar and van Dissel 1996) and can encourage opportunistic behavior on the part of both the buyer and the supplier. When representatives of either organization attempt to maximize their own interests, the benefits of the alliance are diminished (Williamson 1988). Alternatively, strategic alliances create stakeholder value by building competencies and capabilities, combining resources, sharing knowledge and risk, increasing speed to market, and gaining access to foreign markets (Barringer and Harrison 2000; Doz and Hamel 1998; Lorenzoni and Lipparini 1999). Therefore, an understanding of how to select, build, and manage lasting alliances enhances the potential value of the service relationship (Jones 1995).

Finding and managing the offshore outsourced service providers require a broader understanding of the supply chain than domestic outsourcing. To minimize risks, reduce complexity, and maximize the cost savings potential and opportunity for increased service quality, firms should consider how to best meet the needs and expectations of the relevant stakeholders. The current focus in both the marketing and supply chain literatures on the buyer-supplier relationship does not capture the perspectives of all the stakeholders involved in the offshore services relationship. The literature on business-to-business relationship management is reviewed in the next section and focuses on methods used to reduce uncertainty and risk.

Business-to-Business Relationship Management

Businesses face numerous uncertainties in the offshore environment. The buyer faces uncertainty in specifying the service and difficulty in assessing the market for available suppliers and variability in pricing (Ford 2003). The suppliers experience uncertainty due to volume fluctuations, changing specifications, and changing technology (Ford 2003). For example, a supplier may over-commit its capacity and be unable to deliver as promised. There may be challenges pricing the service to match the expectations, and the buyer or user of the service may want to customize or change the behavior of the supplier. Businesses can overcome these uncertainties by clearly communicating expectations, adapting processes and products to meet their needs, minimizing the cultural gap between the organizations, and investing in the relationship (Ford 2003; Johanson and Vahlne 2004). These techniques form the foundation for a successful and responsive relationship.

One key approach for reducing the uncertainty in the business-to-business relationship is closer integration of the associated expectations of the involved stakeholders (Rosenbloom and Larsen 2003) and the social, cultural, and technological elements of the two organizations (Ford 2003). Often in situations with cultural divides, including additional stakeholders in the purchase and delivery process helps clarify expectations and simplify communication channels (Rosenbloom and Larsen 2003). Examples of this increased involvement include co-location of culturally compatible buying organization employees at the supplier's site and involving risk and change management experts as part of the buying team.

In addition, the business-to-business relationship often develops through a series of incremental investments (Turnbull, Ford, and Cunningham 1996), including adapting the service delivery process or changing the service provided (Håkansson 1982). Such investments may intensify the relationship, creating a sense of loyalty and commitment. Investments can be made by both the buyer and the supplier (Turnbull, Ford, and Cunningham 1996) and also create social and economic bonds, which ultimately can lead to a long-term and profitable relationship (Wilson and Mummalaneni 1986).

Stakeholder Theory

In the context of stakeholder theory, organizations are the vehicle for coordinating stakeholder interests (Barringer and Harrison 2000; Clement 2005). Organizations are apt to cooperate with stakeholders by aligning diverse goals to achieve common objectives (Donaldson and Preston 1995) and reduce environmental uncertainty (Barringer and Harrison 2000). This cooperation includes higher levels of communication and investment in customizing the service to match the organization's expectations.

The premise of stakeholder theory is that to remain competitive, the organization must attend to the relevant stakeholders' legitimate interests in each business

Table 1
Instrumental and Normative Concerns of Major Relevant Stakeholder Groups

Stakeholder	Instrumental Concern	Normative Concern
Supplier	profit seeking	cultural integration with buying firm, customization to meet demands
Business unit	best price, meets requirements to support customer growth and retention, increased sales	transparent to end customer, brand identity, integrity, creativity, reliability
Supply management	best price/value, meets requirements, leverage volume, strict adherence to metrics	meets company's ethical requirements, supplier is responsive, performs well
End customer	new source meets its needs as well as internal source did	supplier really understands its needs; Can the supplier really be as responsive when it is so geographically distant?; transparency of offshore supplier

Note: Adapted from the work of Shankman (1999), Clement (2005), and Donaldson and Preston (1995).

transaction (Agle, Mitchell, and Sonnenfeld 1999; Barringer and Harrison 2000; Clement 2005). The offshore environment studied in this research is dynamic, and the business requirements for the offshore suppliers are evolving. Such uncertainty puts the key stakeholder relationships at risk. In order to reduce such risk, the decision makers in the buying organization should identify the influential stakeholders, understand their expectations, and attempt to thoroughly address these expectations. This population varies with the situation. Buyer-supplier relationships tend to focus on the requirements of participants who directly influence the contract. Because of the variety of services purchased, and the cultural idiosyncrasies of the outsourced country and the outsourcing country, companies have a difficult time identifying the salient needs and a much more difficult time addressing the expectations of the influential stakeholders.

Defining Instrumental and Normative Stakeholder Expectations

As presented above, stakeholder expectations may be defined in terms of instrumental (concrete, measurable) and normative (subjective, values-based) expectations (Donaldson and Preston 1995; Holland, Pyman, and Nash 2005). In stakeholder theory, stakeholders are viewed through a lens based on their power, legitimacy, and urgency (Freeman 1984; Mitchell, Agle, and Wood 1997). This perspective helps identify and define the roles of the central stakeholders in the offshore outsourcing environment and provides focus for satisfying their needs. Viewing stakeholders through this type of lens can, however, generate uncertainty and conflict among both the direct participants and those who are more tangentially involved in the service purchase. One problem is that individual stakeholders may assign dissimilar levels of power, legitimacy, and urgency to other stakeholders based on their own goals and prior experience. Marketing prioritizes the customers' needs (Panda 2003), whereas supply management focuses on the suppliers' needs. Unless competing needs are considered, major conflicts and dissatisfaction could emerge among stakeholders.

It follows that each stakeholder group has its own instrumental and normative concerns regarding the offshore services purchase. Stakeholder theory explains and predicts how an organization functions with respect to the relationships and influences that exist in its environment (Rowley 1997), such as the offshore outsourcing environment for services. Table 1 shows the instrumental and normative concerns of the major relevant stakeholder groups involved in the purchase of offshore outsourced services at the operating level. The buying firm must be aware that there are additional salient instrumental and normative concerns of specific individuals within each of these groups (employees, management).

Research Methods

Because the topic involved a particular phenomenon with high complexity, uncertainty, and risk, case-study-based research is the most effective methodology (Eisenhardt 1989; Ellram 1996; Yin 2003). The methodology allows the researchers to address "what" and "how" questions such as, "What are the expectations of key stakeholders involved in the purchase of offshore outsourced services?" and "How can the buying firm and the supplying firm work together to address these expectations?"

Table 2 describes the six companies included in this case research. It includes their general economic sector, major industry, and reasons for offshoring. The predominant

Table 2
Overview of Participating Case Research Companies

Name	# of Interviews	Total Interview Time (hours)	Sector	Industry	Predominant Offshoring Driver
SOFT	8	8	technology	software	flexible capacity
FIN1	6	6	financial	services	process improvement
TECH1[a]	5	8	technology	—	cost savings
TECH2	7	6	technology	computers	increase volume
TRANS	4	5	transportation	passenger services	cost savings
FIN2	7	9	financial	services	increase volume

a. TECH1 did not want industry information disclosed.

motivations for offshore outsourcing are opportunities for increased volume, cost savings, flexible capacity, and process improvement. The focus of the case research is the experiences of companies outsourcing call center operations to India.

A detailed methodological appendix is included at the end of this article. It provides more information about the case studies, the case selection process, data gathered, coding methods, and a description of how validity and reliability concerns were addressed. Several tables provide more detailed research process and methodology.

Results

This research is both explanatory and exploratory with results derived from analysis of the case study data. The outcome is the development of five testable propositions. These propositions extend the extant literature, highlight some of the differences in service purchasing in the offshore outsourcing environment, and detail how these differences impact the organization's relationship with its stakeholders. The unit of analysis is the purchase of offshore outsourced services and therefore specifically explores the stakeholders involved in this relationship. Since this environment adds complexity to the relationship between the buying organization and the supplying organization as well as increases the number of stakeholders involved in the service purchase, the case participants were asked to describe the offshore outsourcing environment in India in terms of opportunities and barriers to entry. This discussion allows for a better understanding of the stakeholders' environment and expectations.

Environment

Offshore outsourcing of services to India was seen by the participants as an opportunity to draw from a large, well-educated labor pool at a considerably lower cost than the comparable domestic workforce, providing capacity for growth and variability of demand. However, case firms experienced much complexity and turbulence in the offshore outsourcing environment. This was not initially anticipated because the purchases were perceived much like any other purchase that involved standard contracting procedures and supplier management. However, this case firms' focus on low cost and quality created a gap in awareness of the more normative concerns of the stakeholders. This focus also drove many unexpected issues in supplier selection, service execution, and supplier management. The case companies quickly realized that these purchases were more involved and had much more associated risk than domestic outsourcing. Table 3 describes some of the problems that the buying firms had to face and indicates a number of methods that each firm used to overcome the problems.

Trent and Monczka (1998) determined that the highest rated success factor in global sourcing is having qualified personnel to support the sourcing program; the greatest problem was a lack of qualified personnel. The case companies found that the needed skills and expertise differed when purchased services moved from domestic to offshore suppliers. Notably, these skill sets were rarely available internally. Both the buyer and supplier site employees lacked cross-cultural skills to do their jobs effectively. Lower-than-expected supplier performance alerted the buyers to the problem. Investigation revealed that cultural differences between the stakeholders at both the supplying and buying organizations were to blame. Organizations have to specifically address all stakeholders' needs with a legitimate interest or claim (Freeman 1984).

In response, the case firms trained their own and supplier employees to develop the required skills and expertise for this environment. FIN1, FIN2, SOFT, TRANS, and TECH2 recruited and hired personnel with greater cultural awareness to participate in the selection, evaluation, and management of offshore third-party suppliers. For example, FIN2 hired an Indian employee to oversee its call center activities. FIN1 and TECH2 recruited an employee with much experience in offshore outsourcing services to India. SOFT and FIN2 placed their own employees at supplier sites in an effort to integrate their company values into the workforce of the suppliers. SOFT routinely located employees at the supplier site in India to answer questions and address

Table 3
Problems During the Transition to Offshore Suppliers

Company	Example of Problems That Occurred During the Transition of a Service to Offshore Suppliers	Techniques Used to Address the Problems
SOFT	Placed the wrong type of service at an offshore supplier site. The needs of the end customer stakeholder were not being met.	• Standardized process and engaged more employees in matching the capabilities of the supplier with the needs of the customers. • Placed company employees at the supplier's site. • Engaged company employees in the hiring of supplier's employees. • Developed cross-functional buying teams that better addressed both the instrumental and normative needs of the stakeholders. • Differentiated company to supplier's employees through increased wages, better benefits, and better work environment. • In-sourced and maintained internal call centers for services where there was a mismatch in the needs of the customer and the supplier. • Installed performance metrics to reward the supplier for exceptional service and innovative ideas.
FIN1	Performed below commitment levels. The needs of supply management were not met.	• Hired consultants to manage the offshore outsourcing process. • Used cross-functional teams to manage the entire process of supplier selection and management. • Developed clear performance expectations. • Implemented more frequent communication with supplier regarding performance expectations.
TECH1	Exceeded anticipated costs and fell below anticipated customer service levels. The needs of the business unit and supply management were not being met.	• Hired consultants to manage the offshore outsourcing process. • Established cross-functional teams to better represent the needs of the different stakeholders. • Increased the prominence of supply management in the area of service purchasing.
TECH2	Serviced the wrong type of customer in an offshore facility. The needs of a particular customer segment were not being met.	• Hired project managers skilled in the offshore outsourcing of services. • Focused on service provision versus lowest price providers. • Involved more functional areas in the selection and management of the offshore supplier. • Established a routine system to measure customer satisfaction.
TRANS	Selected a supplier that lacked the needed capabilities. The needs of the business unit were not being met. Expectations of the supplier and the buying firm did not match with the expectation of the buying firm.	• Hired specialist in services purchasing and offshore outsourcing. • Commoditized the purchase of call center services and segmented the customer base. • Established cross-functional teams to better represent both the instrumental and normative needs of the supplier, buying firm, and customer.
FIN2	Experienced difficulty in bringing supplier site to necessary standards. Unmet stakeholder's expectations.	• Put company employees at the supplier site. • Hired employees from the Indian labor pool to further integrate company culture and manage the service supplier. • Set up regular and consistent performance reviews. • Developed cross-functional teams to purchase services from offshore suppliers. • Established a system to measure customer satisfaction.

problems as they occurred. TRANS and SOFT also developed internal talent, so their employees could become more adept at the offshore outsourcing process. Based on these observations, the following proposition is introduced:

Proposition 1: To address the normative and instrumental concerns of the stakeholders involved in the offshore outsourcing of services, employees with expertise in the purchased service and the service provider's culture must be recruited or developed.

Table 4
Barriers in Offshore Outsourcing

Barrier		Description	FIN2	SOFT	FIN1	TECH1	TECH2	TRANS
Culture	language—external	English dialects are spoken differently.	X	X	X	X	X	X
	language—internal	Communication between the buyer and the supplier is hindered by differences in language and dialect.		X	X			
	culture	The business culture of the home country for the buying firm may differ from the business culture in the country of the supplying firm. For example, compared to the United States, India is more hierarchical with internal bureaucracy.	X	X	X	X	X	X
	employee bias	Internal employees are biased against certain geographical locations. It is difficult to change the mindset from managing internally to managing an offshore supplier.		X	X		X	
	customer bias	U.S. citizens are biased against offshoring to India, usually because of a perception of American job loss.	X	X		X	X	X
Competition for resources	resource shortage	Many companies are offshoring to India, creating a competitive environment for talented agents and managerial talent; turnover is high within the centers.	X	X	X	X	X	X
	fluctuation in demand	Seasonality of work load creates a problem with staffing.		X			X	
Distance	implementation costs & quality	Implementing an offshore service provider requires significant start-up funding.		X	X	X		X
	communication & management of supplier	Distance creates difficulties in communicating with and managing the supplier.	X	X	X	X	X	
Infrastructure	performance measurement	Technology has not advanced enough to track relevant performance issues.		X				X
	technology	Networks have performance problems, such as signal delays. Technology and usage differ between the firms.	X	X	X	X		
	infrastructure	Travel, roads, security, technology, and other basic structural elements are required for daily operation.	X			X	X	
Standards and regulations	lack of standards	International standards or consistent standards are not established for certain issues. For example, laws regarding data security vary significantly across the different geographies.		X				
	regulation	Company must be cognizant of the many regulations regarding technology, hiring practices, and security.	X	X	X		X	
	information & data security	Firm doesn't want trade secrets, confidential information, or intellectual property passed along.	X	X	X	X	X	X

Barriers to Meeting Stakeholder Expectations

Organizations were not prepared for the new problems they would encounter in offshoring call centers because they had formerly worked primarily with domestic suppliers for outsourced call centers. They were prepared to train the suppliers' employees in their systems and processes to meet the needs of the buying firms' customers and employees. They were not sufficiently prepared for barriers associated with differences in culture, competition with other buying firms for resources, issues related to physical distance, infrastructure and network issues, and differences in regulation and common practices in India (see Table 4).

It was a goal of all of the case firms that their internal and external customers be unable to discern any difference in service performance as a result of the move to India. The issue was how to most effectively encourage the new Indian suppliers' management teams and employees to perform in such a way as to satisfy the stakeholders whom they were to serve: the buying firm's customers and employees.

All of the case firms incurred significant expense and resource commitment to overcome these barriers and meet the stakeholders' needs. This included efforts to minimize the effects of suppliers' linguistic and cultural differences on both customers and employees. As shown in Table 4, all of the firms noted difficulty in managing physically distant suppliers. Case firms SOFT, FIN1, TECH1, and TRANS faced both higher-than-expected costs and initial declines in customer satisfaction when migrating functions offshore because they didn't address the cultural divide between the supplier and the firm. Service decreased in part because initial supplier training did not overcome communication barriers related to language and culture. The need for training, higher staffing when suppliers were in the learning mode, as well as greater company travel to the supplier site increased firm costs. FIN2, SOFT, and TECH1 also had problems with technology and infrastructure that created both service and cost issues. These barriers to offshore outsourcing must be surmounted to enjoy the benefits from offshore outsourcing.

Investments to Overcome Barriers: Meeting Stakeholder Expectations

Before the case firms invested in the appropriate training, assets, and employee retention efforts, the suppliers spent time trying to address many performance issues related to culture and language. The suppliers had limited understanding, resources, and expertise to resolve these issues, and this diverted their attention from simply performing their assigned tasks.

Currently, a high level of competition exists among Indian suppliers for quality personnel. This contributes to frequent workforce turnover. Wages are also rising because of strong economic growth in India, an increasing standard of living, exchange rate fluctuations, and competition for the most qualified labor. Management of employee attrition is a key performance indicator considered by buying firms when selecting an offshore supplier. Each time an employee is hired or terminated, the buying firm incurs additional administrative time and expenses. Costs can be minimized through better retention policies and focusing on the needs of these highly relevant stakeholders. The costs associated with employee attrition are ultimately passed on to the buying firm.

TRANS is well aware that agents become more efficient as they develop tenure in their positions. Prior research shows that the more effectively the organization meets the normative and instrumental needs of the employees (Clement 2005; Shankman 1999), the longer they stay in their positions and the more efficiently they accomplish the tasks. As the case companies learned the nuances of offshore outsourcing, they realized that it was imperative to hire educated and qualified agents. These agents were needed to manage the attrition in order to maintain the expected levels of customer satisfaction. Experts in Indian employment practices were consulted so that the companies could better understand what was important to the employees and what tactics would help keep them satisfied. Some solutions included higher wages, additional benefits, and a better work environment. Increasing buying firm visibility at the suppliers' sites connected the suppliers to the buying firms. Including the buying company in the suppliers' hiring processes also helped to reduce attrition. All six case firms worked with the suppliers' management teams to improve performance, to hire skilled workers, and to provide assistance to agents struggling to meet job performance requirements. This ultimately better satisfies both the normative and the instrumental needs of the employees, supplier, and buyer. As a result, they all experienced both operational and service quality improvements. Examples of investments that the case firms made in their suppliers and their suppliers' employees are shown in Table 5.

According to SOFT, additional education and upward progression are important in the Indian culture. To distinguish themselves and meet the agent's normative needs, SOFT is improving wages, providing meals and transportation, as well as offering education and personal development classes. TECH2 and FIN2 offer agents positions at their proprietary or domestic sites as a strategy of differentiation. One approach is to cross-train employees in both front and back office operations to maximize utilization of the call center and give employees the opportunity to move from a night shift to a much preferred day shift. By differentiating themselves not just to the management of the supplier but also to the labor pool, SOFT, TECH2, and FIN2 have increased employee loyalty and decreased turnover and attrition. Thus,

> *Proposition 2:* Buying companies that make specific investments to meet the normative and instrumental needs of offshore outsourced suppliers' employees and management will reduce costs and increase retention of the suppliers' workforce.

Table 5
Investment to Overcome Barriers

Barrier	Investment to Overcome Barrier	Selected Case Example
Culture	• accent neutralization • brand and product training • cultural gap analysis • consultants for counsel on cultural sensitivities • additional monitoring and management • in-sourcing poorly placed services	Differences in accents create a bias from the U.S. customers and supplier. The lack of understanding by the Indian agents of the U.S. culture creates additional bias and frustration for customers and employees. The lack of "Westernization" in the Indian culture is causing some companies to look for areas that have cultures that are more similar to the United States.
Competition for resources	• pay or benefits differentiation • employee education provisions	Offer opportunity for meals, retention bonuses, transportation, better work environment, or higher pay.
Distance	• additional lead time for training • co-location of employees at the supplier site • routine visits • consultants and intermediaries near or at the site	Difficult to manage suppliers that are not physically near. The tendency is to adjust processes to fit the current needs, which makes it difficult to specify requirements for the outsourcer.
Infrastructure	• equipment for telephone, switching, and cables, new technology	Problems in telephone, switching, and cables have occurred. Difficulty in tracking performance. Internal infrastructure creates delays in movement.
Standards and regulations	• independent security review • rigor and discipline in process • due diligence and documentation • data security arrangements established • additional management and monitoring, more people	A number of the organizations that are moving to India are working on development of their own standards and regulations. Sharing of best practices within and across industries that participate in offshoring is needed and necessary. Work with local and federal governments should make improvements and further standardize the processes.

Of course, retention of well trained employees reaps additional benefits beyond simply meeting the needs of those employees. Some of these benefits are presented below.

Benefits of Meeting Stakeholder Expectations

The benefits of offshore outsourcing services are generally achieved through effectively meeting the needs of the stakeholders who provide the service. The buying firms' investments in language and cultural training allow the suppliers to focus on their core competency—call center operations. This increases innovation, knowledge transfer, and learning between the buying firm and the supplying organization. The suppliers' employees become stakeholders who understand and work to satisfy the needs of the buyer firm's customers and employees. Table 6 lists the benefits that the case companies have received from offshoring.

For example, one of TECH2's Indian suppliers developed a better method for reaching TECH2 customers and improved upon the percentage of accounts collected. FIN1 outsourced a business process to an experienced supplier. The supplier made improvements to the process, which FIN1 then integrated back to its own internal processes. In both of these cases, the supplier was able to focus on its core competencies because the buying firm had provided enough support to reach an effective level of day-to-day performance. These examples are consistent with other research, which indicates that increased investment in the supplier tends to reduce performance risk and the risk of supplier opportunism (Stump and Heide 1996).

A general perception is that reduced labor rates provide reduced quality. However, the case companies presented information to the contrary. FIN2 and TECH1 participants mentioned that the offshore centers performed well on operational metrics. On TRANS's requirement that agents say the customer's name twice, say the company name four times, and finish the call in 60 seconds, the Indian agents outperformed domestically based suppliers. Further, TRANS compared its own internal quality scores with those received by the supplier; quality scores on compliance metrics were greater at the Indian sites than TRANS's internal sites. TECH1's Indian sites also scored at a higher level than its internal centers. From the findings above and information contained within the stakeholder literature (e.g., Donaldson and Preston 1995), the following proposition is put forth:

Proposition 3: Meeting the offshore outsource suppliers' employees' instrumental and normative concerns improves the normative and instrumental satisfaction of other stakeholders.

Table 6
Benefits of Outsourcing Offshore

Benefit	Company Example	FIN2	SOFT	FIN1	TECH1	TECH2	TRANS
Cost	cost reduction	X	X	X	X	X	X
	reduction in managerial costs and effort			X			
	leveraging volumes and internal resources		X				
Quality	highly educated workforce	X	X	X	X	X	X
	stability of agents				X		
	recruiting of skilled, knowledgeable, and talented people					X	
Flexibility	capacity flexibility	X				X	X
	variable staffing			X			
Delivery	increased (24/7) availability	X			X		
	scalability	X	X	X	X	X	
	focus on core competency: more efficient and effective delivery of products and services		X	X			
	decreased time to market	X					
	integration of global perspectives into the outsourcing process: better able to meet the needs of global customer base					X	
Innovation	innovation through supplier ideas and techniques	X			X	X	
	process improvement and re-engineering of processes	X	X	X		X	X
	learning new skills and methods of performing service		X	X	X	X	X
	leveraging supplier skills and capabilities	X					
	improved requirements, documents, and contracts technology		X				X
Customer service	customer satisfaction	X	X	X	X		X
	diversification in service offerings and geographical location	X			X	X	
	regionalized services to address Indian customers' needs	X			X	X	X

According to the six firms, significant managerial effort and greater integration between the organization and its stakeholders are required to meet enhanced quality and service demands. The necessary level and types of investment in supplier employees surprised all of the case firms. Despite the shock, they all concluded that the investment was cost-beneficial.

Aligning Buyers and Suppliers to Improve Service Delivery

Businesses use learning, investment, adaptations in processes and products, and minimizing the organizations' cultural distance to reduce some of the uncertainty surrounding offshore outsourcing (Ford 2003). One of the presumed outcomes of the offshore outsourcing process is meeting stakeholder needs and expectations. However, the buying firm and its employees' needs differ from those of the supplying firm and its employees. For example, the supplier often tries to maximize its profits while the buyer works to minimize its costs. These two instrumental concerns can conflict and lead to poor performance and opportunistic behavior (i.e., Donaldson and Preston 1995; Jones 1995). The needs of each party must be understood and balanced to achieve mutual benefits from the business-to-business relationships. The case study firms found that a high level of integration and interaction between the buying and the supplying firms created a mutual understanding of objectives and ultimately developed shared goals. This improved the overall outcome of the purchasing process in terms of supplier performance and stakeholder satisfaction.

The increasing labor rates and competition for educated and trained employees in India are inducing the case firms to find alternative methods to reduce costs and increase offshore supplier productivity. One method noted by SOFT and FIN2 is to focus on continuous process improvement and directly involving their own employees in the operations of the offshore call center provider. FIN2 believes that maintaining high levels of customer satisfaction when using suppliers from India requires additional hands-on involvement at the supplier site. The hands-on involvement includes day-to-day on-site monitoring, conflict resolution, and solving service problems as they arise. FIN2, TECH2, and SOFT co-locate operational experts at the supplier sites to participate in management, facilitate problem resolution, and expedite decision making. These experts represent the buying firm and they help to make process changes that address both the buying and supplying companies' stakeholder instrumental and normative needs. These experts are also knowledgeable in both local and corporate culture; they help address the normative aspects of the relationship such as the cultural differences in management structure and style.

Participants from SOFT said that the hierarchical management structure of the Indian supplier made it difficult for supply management and other functions to communicate across organizations and organizational levels. The supplier was unwilling to deal with a person who had the title of "buyer" and expected participation from a "vice president." To overcome this status problem, the case companies held face-to-face meetings with the supplier, clearly specifying the communication channels and lines of authority. In addition, FIN2 and SOFT found that co-locating their employees to share information with the supplier further reduced misunderstandings. Organizations such as TECH2 and FIN2 also had employees conduct routine visits to all of their Indian suppliers' sites, in order to encourage communication and establish a strong identity with the suppliers' employees. An understanding of the culture helped to reduce the cultural divide between the organizations and also mitigate the conflict.

Bringing an offshore supplier site on-line also requires information sharing and integration of systems, technology, and processes. There is risk associated with the sharing of proprietary technology and customer information. However, as discussed previously, investment and integration such as employees' co-location at the supplier site create a stronger bond between the two firms. The observed activities seem to increase the level of mutual stakeholder communication and understanding to ultimately improve success. Therefore,

Proposition 4: The buying firm's direct participation in the offshore suppliers' operations improves the buying firm's instrumental and normative outcomes. It also increases the satisfaction of the stakeholders affected by the offshore outsource purchasing process.

A final challenge faced by these organizations is finding the right balance between providing so many specifications that they limit supplier creativity and providing so few that the supplier does not have clear guidelines of expected performance. According to SOFT, over-specifying contractual penalties and bonuses can cause dysfunctional behavior. Achieving a bonus or avoiding a penalty becomes an end in itself. Reporting is confused and important measures are marginalized. Similarly, FIN2, FIN1, and TECH2 have discerned that excessive terms and conditions restrict the suppliers' levels of innovation and motivation to initiate potential process improvements. SOFT believes that a direct relationship exists between offering a supplier a contract that contains excessive clauses concerning liquidated damages and risk and having the supplier request a higher price for the service. According to SOFT, FIN1, and FIN2, suppliers are more productive and effective when they are offered incentives. SOFT and FIN2 have determined that they get the best results if they provide clear communication regarding expected outcomes (what) but allow the supplier some flexibility in processes used to achieve the outcomes (how).

All of the case companies selected their suppliers because of the suppliers' competencies. They acknowledge that the supplier should be given a certain amount of latitude to innovatively manage the business. However, many of the individual participants at all six case firms mentioned that more detailed performance requirements, tighter performance metrics, and monitoring will improve the governance process. One participant at FIN1 indicated that there is always subjectivity in judging supplier performance. As the service level agreements become more clearly articulated, and objectives and guidelines become more measurable but not excessive, the opportunity for an effective and successful relationship increases. Clear specifications, objectives, and guidelines help to meet the instrumental goals of the buying firm, the supplier, and internal and external customers. Thus,

Proposition 5: Clear specifications, objectives, and incentive provisions help to meet the instrumental goals of the various stakeholders at the buying firm, supplying firm, and internal and external customers. Providing guidelines and flexibility in how the suppliers perform the activities meets the normative needs of the supplier.

Discussion

Many companies are receiving mixed results in service performance and financial benefits from offshore outsourcing (Aron and Singh 2005). Stakeholder theory suggests that by incorporating the instrumental and normative needs of key stakeholders into business-to-business relationships, outcomes can be improved. However, our research shows that there are different requirements for companies that offshore outsource. As was the case with outsourcing of materials and finished products, there is the opportunity to gain a capable workforce at a considerably lower price. Yet, companies that offshore outsource must closely integrate their priorities and actions with those of the supplier. This first requires the identification of key stakeholders in the offshore outsourcing process and the needs of those stakeholders. Systems and processes must be developed to meet these needs. The results of our research show that designing and managing an extended organization requires different governance structures, investment, and monitoring systems for effective service delivery, as presented below in conjunction with managerial and theoretical implications.

Managerial Implications

This study provides insights into some of the challenges faced by firms initiating offshore outsourcing of customer-facing services to providers located in areas with cultures different from their own. An important managerial finding from this study is that organizations should anticipate special issues when domestic outsourcing is moved offshore. Companies learning from the experiences of the firms we studied can better assess the true potential cost and service implications of offshore outsourcing, thus improving their decision-making processes. If they decide to pursue offshore outsourcing and prepare for the additional level of engagement required, they will likely see more immediate results.

This research provides an initial examination of the major stakeholders involved in the offshore outsourcing environment. According to Scott and Lane (2000), identification of the key stakeholders is important in order to align corporate priorities and actions with stakeholder needs. Meeting stakeholder needs increases the probability of an organization's success (Wolfe and Putler 2003). There are significant managerial implications for the organization in effectively dealing with both internal and external stakeholders. As stated in Proposition 1, to ensure that the offshore outsourcing process is effective, employees with expertise in the purchased service and the service provider's location and culture must be recruited or developed. The companies in this research use different techniques to address the added complexity and cultural nuances. Some companies hire outside consultants to select and manage the offshore supplier. Others provide additional training to existing employees, often by co-locating employees at the suppliers' sites in India.

At the same time, offshore outsourcing requires a strong commitment and investment in the offshore supplier, to a greater extent than domestic outsourcing. As indicated in Proposition 2, these investments help to improve the suppliers' employee retention, maintain the levels of service quality, and decrease costs. These commitments are a means to minimize inconsistencies in culture and process between the two organizations. These investments were generally unanticipated and counter to the initial expectations of purchasing services offshore. In the offshore outsourcing environment, buying firms have to be much more engaged with the supplying firm at both the management and the employee levels. The need to engage with the suppliers' employees was particularly surprising to the firms studied here. Yet, buying firms found it necessary to understand and influence the suppliers' processes and culture in order to provide equivalent service across supplier locations.

By responding to the initial problems that occurred, the firms gained benefits beyond cost benefits, as indicated in Proposition 3. The organizations experienced improvements in both processes and service quality. Prior to investing in retention and training of the suppliers' employees, the buying organization's results were lower than expected. These companies came to realize the critical role of the suppliers' front-line employees. Thus, the buyer has to focus not only on those stakeholders it is serving and those it employs but also on the suppliers' employees as the stakeholder group performing the job. This need is much more important with services than goods, because service providers have direct customer contact. Quality cannot be "inspected" into services. Thus, as noted in Proposition 4, buying firms find that direct involvement and participation in the suppliers' operations is the most effective way to achieve their goals. Such involvement may include co-location of buying firm employees or hiring local representatives. Working with the supplier directly also provides greater opportunity to interact with the suppliers' employees and provides enculturation and a greater feeling of loyalty and commitment.

During contracting, the buying organization needs to balance the "tight" specifications often desired in an uncertain environment with the flexibility to allow the supplier to utilize its expertise, as shown in Proposition 5. In taking this approach, the relationship with the supplier changes from being predominantly hands-off or transactional to one that is significantly more involved and strategic. This necessitates flexible contract terms in order to be successful. Companies should make investments, become more engaged, and develop specifications that are more reflective of the suppliers' capabilities. Rewards and penalties should be co-developed with the appropriate stakeholders and formalized as part of the contracting process.

Theoretical Implications

This research reinforces the validity of applying stakeholder theory to view buyer-supplier relationships. It extends our lens beyond the dyadic buyer and supplier relationship on which most of the literature is based. The findings provide legitimacy for the importance of considering both the instrumental and the normative needs of many concerned stakeholders, not just the immediate buyer and supplier. Initially, the buying organizations in our research assumed that the supplier relationships should be strictly arms-length. The case firms' initial behavior paralleled other theories such as transaction cost economics (Williamson 2008), which argue that making specific investments to benefit the other party in a buyer-seller relationship can increase risk and raise the potential for opportunism.

After disappointing early results in services offshore outsourcing, the case firms determined that it was in their own best interests to expand their view of key players in the relationship. These organizations expanded their thinking and actions to embrace multi-level, multi-dimensional relationships. They also shifted from focusing primarily on working with the suppliers' management level and the only instrumental needs to better understanding both the normative and instrumental needs of the suppliers' employees who were providing the service. In making this significant adjustment, the case firms expanded their view of what was important to the supplier. The net result was that cost savings increased through employee retention when the case firms invested in the supplier. This included investment in normative areas such as providing suppliers' employees with training and a career path and investment in instrumental areas such as competitive remuneration and bonuses. As the supplier's front-line employees have their needs satisfied, the service they provide improves, which in turn creates greater benefits for other stakeholders in the relationship. From a practical standpoint, there is a certain irony in the fact that most firms' main initial objective is to reduce costs by offshore outsourcing. Yet, in order to achieve this objective, they must invest in training and enculturating the supplier and their own employees. This finding also reinforces the contribution of applying stakeholder theory to complex, multi-level relationships.

The findings here do not contradict other research that focuses on buyer-supplier relationships. Rather, this research expands upon prior research by broadening the definition of who needs to be involved beyond the dyad and perhaps even behind the scenes. As indicated in Proposition 4, an appropriate level of engagement and presence at the supplier location can provide benefits beyond those initially expected. Such direct participation addresses the fears of opportunism that often arise in both theory and practice as one firm invests in, and increases its dependency upon, another. Finally, in support of earlier stakeholder research (Jones and Wicks 1999; Jones 1995), this study provides clarification that addressing the instrumental and normative needs of the expanded set of key stakeholders can actually enhance stakeholder satisfaction (Proposition 5). Contracts often tend to focus too much on the instrumental concerns at the managerial level to the exclusion of normative needs at multiple organizational levels.

Lastly, while not a central theme in this research, these findings also support the theoretical position that goods and services differ in general (Fitzsimmons and Fitzsimmons 2004). Stakeholder theory tells us that we need to consider the impact and needs of all key stakeholders in the process. In the case of manufacturing outsourcing, companies have tended to focus on meeting the needs of management of the supplier and relying upon the supplier's management team to meet the needs of its employees. In a customer-facing service operation, where culture, image, and transparency are important, this does not appear to be enough. The buying organization can benefit from involvement with supplier employees through training and on-site participation.

Limitations

This research has a number of limitations. The case studies were all conducted from the perspective of the buying firm and from a Western-centric perspective. This influences the findings. Initial concepts for this research were developed from prior theory and several streams of research. Factors outside the scope of this study could also impact the purchasing process and outcomes in the offshore outsourcing environment (Miles and Huberman 1994). To avoid this, semi-structured interview protocols were used. They provided flexibility and opportunity for new insights to develop. Finally, the major limitation is that only six large, U.S.-based companies were studied. This limits the generalizability of the results to a broader population. Available internal resources partially determines these firms' ultimate success.

Future Research

Since all the firms studied in this research are large, Fortune 500 firms, it would be useful to conduct similar research with smaller companies to understand their experiences and what size-related differences may exist in the offshore outsourcing of services. It would also be useful to study the influence of intermediaries on the firms that offshore outsource compared to firms that do not use an intermediary. Are the results and relationships any different with the addition of another influential stakeholder in the process? In addition, does the culture of the buying firm affect whether it decides to train its own employees, hire new employees to fill specific skills, or rely on consultants?

Future research could empirically test hypotheses derived from the propositions with a large sample of organizations that are outsourcing services. The hypotheses could also be tested among firms using offshore and domestic suppliers. Current trends indicate that the practice of offshore outsourcing will continue to grow. Interest levels for both practitioners and academics will remain high as offshore outsourcing spreads to other parts of the world. Finally, we hope that our work will serve as a catalyst for scholars interested in service research to pursue much needed work in the under-researched but critically important domain of service globalization.

Appendix

Description of Research Method

A multi-case research design, with multiple informants for each case, was used to address the research questions. Similar to research performed by Wilson and Vlosky (1997) and Neu and Brown (2005), this study is concerned with the analysis of a particular phenomenon across a population of cases versus each individual case. The cases each represent multiple observations about purchasing outsourced, offshore services from independent suppliers located in India.

A minimum of four people was interviewed in each of the organizations regarding their participation in offshore call center service purchases (see Table 7). Initial contact was made with a high level purchasing executive in the organization. Then, a snowballing technique was used to identify additional participants involved in the purchase of offshore outsourced services, including the key contact person. The key contact person was the supply manager responsible for the purchase of the offshore services. Depending upon the proximity of the location to the researcher and availability of the participants, interviews were conducted by phone or in-person. Informants from multiple functional and organizational levels were included in the interview process. All of the participants were asked for and most provided documentation that offered additional insights into the selection, evaluation, and management of offshore suppliers. The additional documentation provided included work orders, service level agreements, performance measures, organizational charts, and process checklists. The key contact person helped coordinate the gathering of these documents to use as additional sources of evidence.

Three semi-structured interview protocols, a guided survey regarding the characteristics of the purchase, and a process flow document were used to guide the data collection efforts (see Table 8) and provide consistency in the data collected. The protocols consisted of a set of open-ended questions that allowed each participant the opportunity to share his or her experiences related to purchasing services from offshore suppliers. The protocols also consisted of structured questions designed to address specific issues outside of the unstructured part of the interview (Eisenhardt 1989; Perry 1998).

Table 7
List of Interviewees and Functions

Functional Area	SOFT	FIN1	TECH1	TECH2	TRANS	FIN2
Purchasing						
Executive	1	1	2	1	1	1
Director	2	2	1		2	1
Manager	1		1	2	1	1
Business						
Executive	1	1	1			1
Director				2		
Manager				1		
Functional						
Technology		1				1
Finance	2					
Project analyst				1		
Security	1	1				
Reengineering						1
Operations						1
Total Participants	8	6	5	7	4	7

Table 8
Data Collection Instruments

Data Collection Document	Purpose
Demographics	Gather general information about the company in terms of size and organization.
Characteristics of the purchase	Develop a description of how the outsourced offshore services are perceived by the organization.
Process flow document	Determine the steps involved in the purchasing process from identification of need to monitor and measure. Also, identify the other participants in the purchasing process and their level and frequency of involvement.
Chief purchasing officer (CPO) protocol	Increase understanding of the performance implication of offshore outsourcing. Understand the general perceptions of a senior purchasing executive of the importance of purchasing call center services from offshore suppliers.
Buyer protocol	Focus on how the purchasing organization is structured, the environment, performance implications, drivers, and barriers.
Functional protocol	Determine the level of involvement of other functional areas of the firm and their perceptions of the purchasing area as it relates to outsourced offshore purchases.

(continued)

Appendix (continued)

Table 9 shows an overview of the services purchased by the case companies. To minimize the variation between companies, India was selected as a single geographic supplier location.

Table 9
Summary of Services Purchased

Company	Service for This Research	Types of Calls	Services Purchased	Work Performed in the Offshore Center
SOFT	call center	inbound/ outbound	customer service, sales, technical support	front office
FIN1	information technology and document control	NA	document imaging, document control, information technology	back office
TECH1	call center	inbound	technical support, customer service	front offic
TECH2	call center	inbound/ outbound	technical support, customer service sales and collections	front office
TRANS	call center	inbound	customer service	front office
FIN2	call center	inbound/ outbound	customer service, sales	front office/ back office

Data Analysis and Interpretation

An important step in case study research design is to determine how the analyzed data will be interpreted and what criteria will be used (Yin 2003). Data collection and interpretation are iterative processes that are often conducted simultaneously. In general, three strategies for analyzing the data of the case studies were used by the researchers: relying on theoretical propositions, exploring alternative explanations, and developing a case description (Ellram 1996).

All of the interviews were taped, transcribed, reviewed for accuracy, and initially analyzed for content through a process of open coding (Strauss and Corbin 1998). The coding process involved open coding, axial coding, and then more selective coding of the interviews (Ellram 1996). Open coding focuses on within-case analysis, axial coding facilitates theme development, and selective coding allows the researchers to focus on the important themes. NVivo was used to help track the themes that developed within each case. It facilitated the between-case analysis by helping to identify relevant material that fit each theme.

Within-case analysis was conducted first, with any discrepancies addressed by contacting the interviewees. This was followed by between-case analysis, which allowed for the comparison among cases and pattern matching. Numerous tables were developed that assessed the relationships across the six case studies. These tables facilitated the between-case analyses, highlighting similarities and differences among the case studies. The chain of evidence is established by these tables and the other data gathered from the case study firms. These tables and additional data sources allowed the researchers to develop propositions based on pattern matching in the between-case analysis (Strauss and Corbin 1998).

Validity and Reliability

Tests of construct validity, internal validity, external validity, and reliability were used to assess the quality of the research design (Flint, Woodruff, and Gardial 2002; Voss, Tsikriktsis, and Frohlich 2002; Yin 2003). According to Ellram (1996) and Yin (2003), construct, internal and external validity, and reliability should be assessed throughout the case study research. Case study tactics and brief descriptions of their implementation to address threats to validity and reliability are presented in Table 10.

Table 10
Overview of How Validity and Reliability Were Addressed in the Case Studies

Test	Definition	Tactic	Implementation in Cases
Integrity Internal validity	extent to which conclusions can be drawn for causal effects and a causal relationship can be established	• pattern matching • rival explanations • logic models • explanation building	• investigated patterns across the case studies • examined relationships such as the process for procurement and involvement of team members, including senior management and other functional areas

(continued)

Appendix (continued)

Table 10 (continued)

Test	Definition	Tactic	Implementation in Cases
Credibility Construct validity	extent to which the research instruments measure what they are supposed to measure; establishes the correct operational measures for the constructs being studied	• establish a chain of evidence • use multiple sources of evidence • key informants review draft of report	• gathered multiple documents • use of multiple informants with differing internal perspectives • research team members gave input during data collection and analysis • key informants and other members of the organization reviewed the write up
Transferability External validity	extent to which the research results can be applied to the populations and the settings of interest; establishes a domain in which the findings of the study can be generalized	• use replication logic in multiple case studies	• conducted business-to-business multiple studies in different industries
Dependability Reliability	extent to which the findings demonstrate repeatability	• use case study protocol	• refined and implemented study protocol with all firms
Objectivity of data	extent to which the collection of the data limits interviewer bias	• multiple sources of evidence • multiple interviewers • multiple interviewees	• key informants review the write up • multiple interviewers • multiple interviewees

Source: Tate, W. L., L. M. Ellram, E. Hartmann, L. Bals, W. van der Valk (2009), Ellram (1996), Flint, Woodruff, and Gardial (2002), Voss, Tsikriktsis, and Frohlich (2002), and Yin (2003).

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