

# Understanding the Vendor's Needs: A Repertory Grid Study on Client-Vendor Relationship Quality in IT Outsourcing

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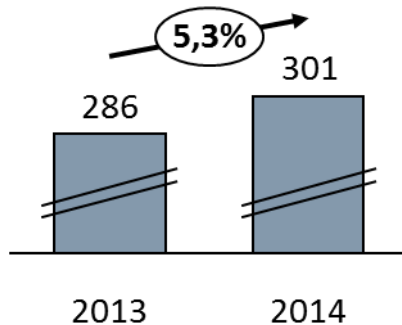
# Agenda

- The Situation on IT Outsourcing (ITO)
- Research Design
- Summary of Results
- Contributions & Limitations

# 1. The Situation on ITO

## ITO in Practice

- Market Size (in bn USD)



- **60% of projects are failing**, often due to non-working client-vendor relationship (Horvath 2014, Gonzales 2006)

## ITO in Research

- 20 years of research → **comprehensive BoK**
- Two research streams → **ITO decision & outcome** (Lacity et al 2010)
- **Client-Vendor Relationship (CVR)** generally accepted as a **key success factor** (Jin Kim 2013)
- Research **already identified critical success factors** for the ITO CVR, but mostly from a client's perspective (Gonzales 2005, Langer et al 2014, Rai 2009)
- The important vendor perspective and **success factors from the vendor's side** are still unknown (Soderberg 2013)



**What are relevant factors for developing and maintaining a successful client-vendor relationship in ITO projects from the vendor's point of view?**

# Background & Related Work

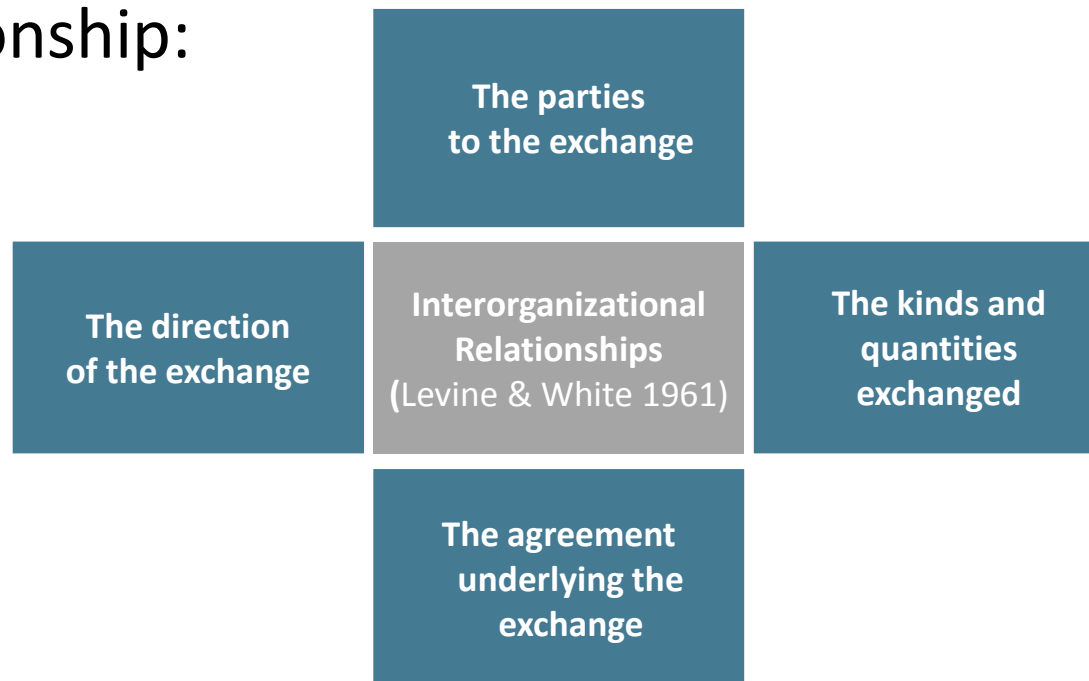
- Framework on Interorganizational Relationships

(Levine & White 1961)

- Widely used in ITO-related research

(Willcocks, Kern 1998; Gulati 1998)

- Four dimensions explaining an interorganizational relationship:



# 2. Research Design



## Literature Review

(Schmidt, Müller et al. 2015)

- **SNA-based literature review**
- Identification of **71 factors** influencing the ITO CVR
- **Categorization** based on Levine & White framework
- **Published at ECIS 2015**

## Data Collection

- **Repertory Grid-based** empirical study
- **10 ITO experts** from four ITO vendor organizations
- **Identification of 131 factors** influencing the ITO CVR from a vendor's point of view

## Data Analysis

- Consolidation of factors → **final list of 65 factors (33 new factors)**
- **Categorization** based on the Levine & White framework
- **Comparison** between factors from literature and empirically identified factors

# 3. Results - Example

<p>1</p> <p>Identification</p>	<ul style="list-style-type: none"> <li>• Appropriate <b>Time Allocation</b> (I2)</li> <li>• Sufficient <b>time quota for client team</b> (I4)</li> <li>• Appropriate <b>timely support</b> of client specialists (I5)</li> <li>• <b>Free time of client</b> personnel for project-related inquiries (I6)</li> <li>• <b>Client access at all times</b> (I8)</li> <li>• Client <b>know-how available on a short-term basis</b> (I9)</li> </ul>	<p><i>"[As the vendor] I am not part of the client organization and I cannot put all the client employees' knowledge into the system specification documents beforehand. Therefore I need to talk to the people who will use the system in the end, if the ITO object is for example a system implementation. And I need to speak to them, to get them involved in the project. We will leave the project at some point in time, afterwards the client needs to live with the solution. [...] <b>The earlier I involve the client employees, the higher is the later acceptance rate.</b>"</i>  <i>(Participant D, Interview 4, translated from German)</i></p>
<p>2</p> <p>Consolidation</p>	<p>"Appropriate Time Allocation of Client Team Members for the Project"</p>	
<p>3</p> <p>Categorization</p>	<p>The Parties to the Exchange</p>	

# Summary of Results

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## Exchange Parties

- Client Employees accept vendor instructions
- High reliability of client and vendor team members
- ...

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## Exchange Direction

- Jointly agreed-upon project approach
- Tight relationship and working behavior between client and vendor
- ...

**Factors for developing and maintaining a successful client-vendor relationship in ITO projects from a vendor's perspective**

2

## Exchanged Kinds & Quantities

- Active dialog between client and vendor throughout the project
- Intensive exchange of information and knowledge

13

## Underlying Agreement

- Reliable project requirements (from client)
- Adherence to warranties (from client)
- ...

18

## Further Factors

- Vendor performs expectation management
- Nonpolitical project collaboration
- Quality assurance from client side
- ...

# Contributions and Limitations ...

- **Enhancing ITO CVR knowledge from the vendor's point of view**
  - 65 factors in total
  - 33 new factors
- **Need for enhancing CVR models for ITO related research**
  - Matching of factors to the Levine & White framework's dimensions revealed areas for further research

- **Number of interviews**  
(10 interviews with vendors)  
→ Saturation questionable
- **No comparison** between client and vendor factors executed  
(no client interviews)



... are leading to further work !

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(no client interviews)

- ✓ Increase saturation (5 further interviews with vendor executives)
- ✓ Enable Client-Vendor Comparison by adding the vendor view (12 interviews)
- Comparative study on ITO CVR to be finished (coding, analysis)

Thank you ... Questions?



# Backup

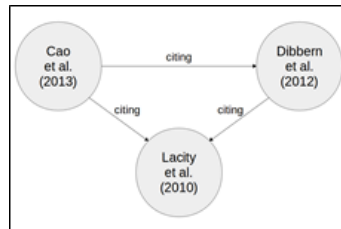
# Literature Review – Overview

(Schmidt, Rosenkranz, Müller (2015))

## Research Question 1

How did the **research on ITO CVR** developed recently?

- **Social Network Analysis** (Citation Network)



- **Initial Network of 40 ITO CVR articles** based on introductory literature review
- **Coding of article citations** based on self-developed crawler software (> 2,000 nodes & 3,000 edges)
- Analysis of the social network on ITO CVR based on the **main-path analysis**

## Research Question 2

What are the **main research concepts** and **knowledge gaps** related to the ITO CVR?

- **Step 1 - Social Network Analysis** (Citation Network)
  - **k-core graph analysis** for identification of most central articles in the network.
  - Identification of **63 central ITO CVR articles** based on a 7-core graph network

- **Step 2 - Social Network Analysis** (Concept Centric)
  - **Coding of relationships** between the concepts listed in the 63 central articles
  - Analysis of resulting **71 concepts** and respective relationships by SNA-measures (Weighted Centrality)
  - **Analysis of research gaps** based on prior research

# Repertory Grid Study Design

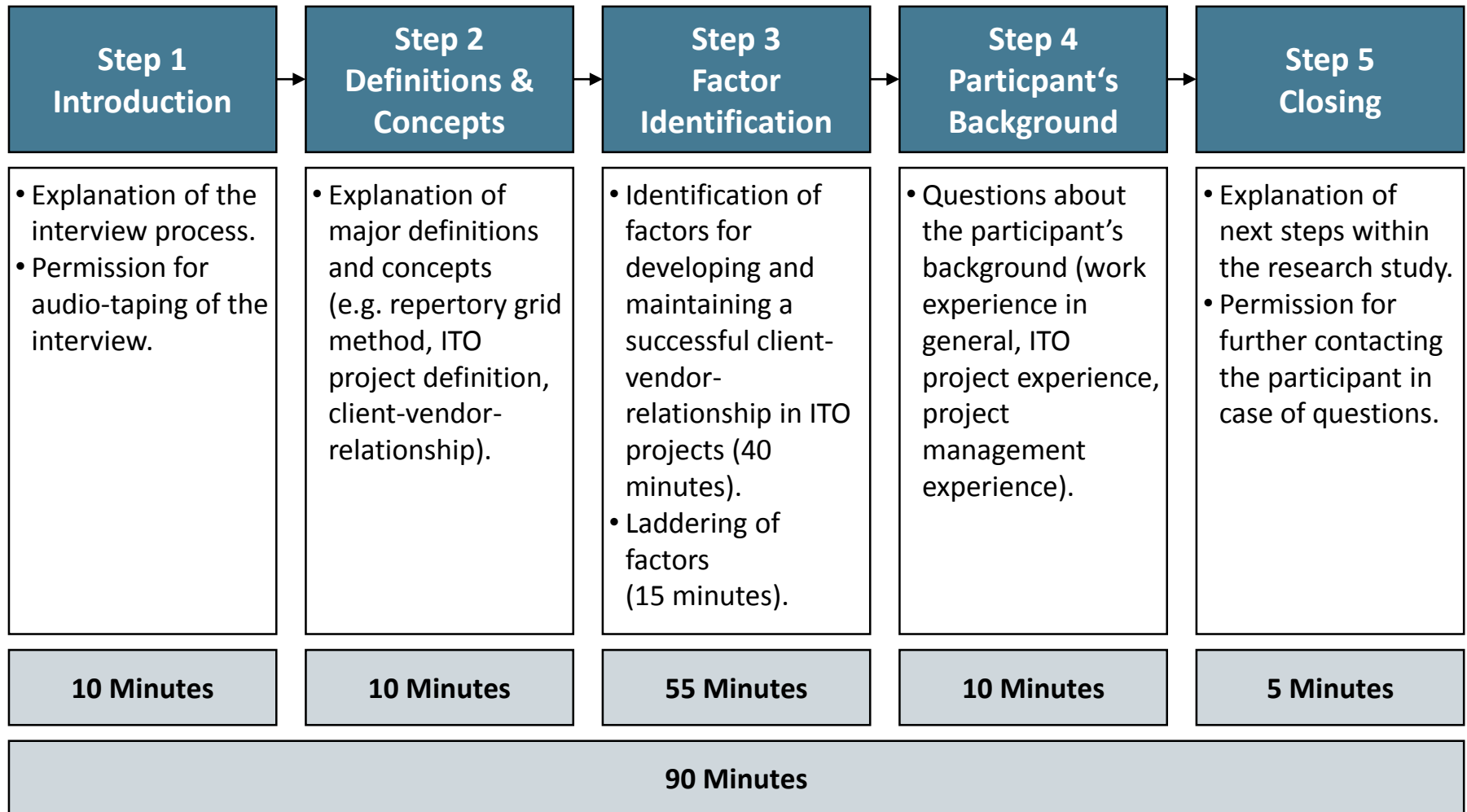
<b>Research Objective</b>	“Identification of factors for developing and maintaining a successful client-vendor relationship in ITO projects” (organizational objects)
<b>Research Perspective</b>	Qualitative
<b>Nature of the Repertory Grid</b>	Idiographic
<b>Element Selection</b>	“Identification of elements by the participant” (elicited elements)
<b>Construct Identification</b>	“Construct elicitation from triads” (minimum context form)
<b>Linking Elements to Constructs</b>	“Mapping of an element to one pole of the bipolar construct scale” (Dichotomizing)
<b>Result Analysis</b>	“Analysis of the construct’s content” (content analysis)
<b>Sample Size</b>	10 Interviews

# Interview Partners

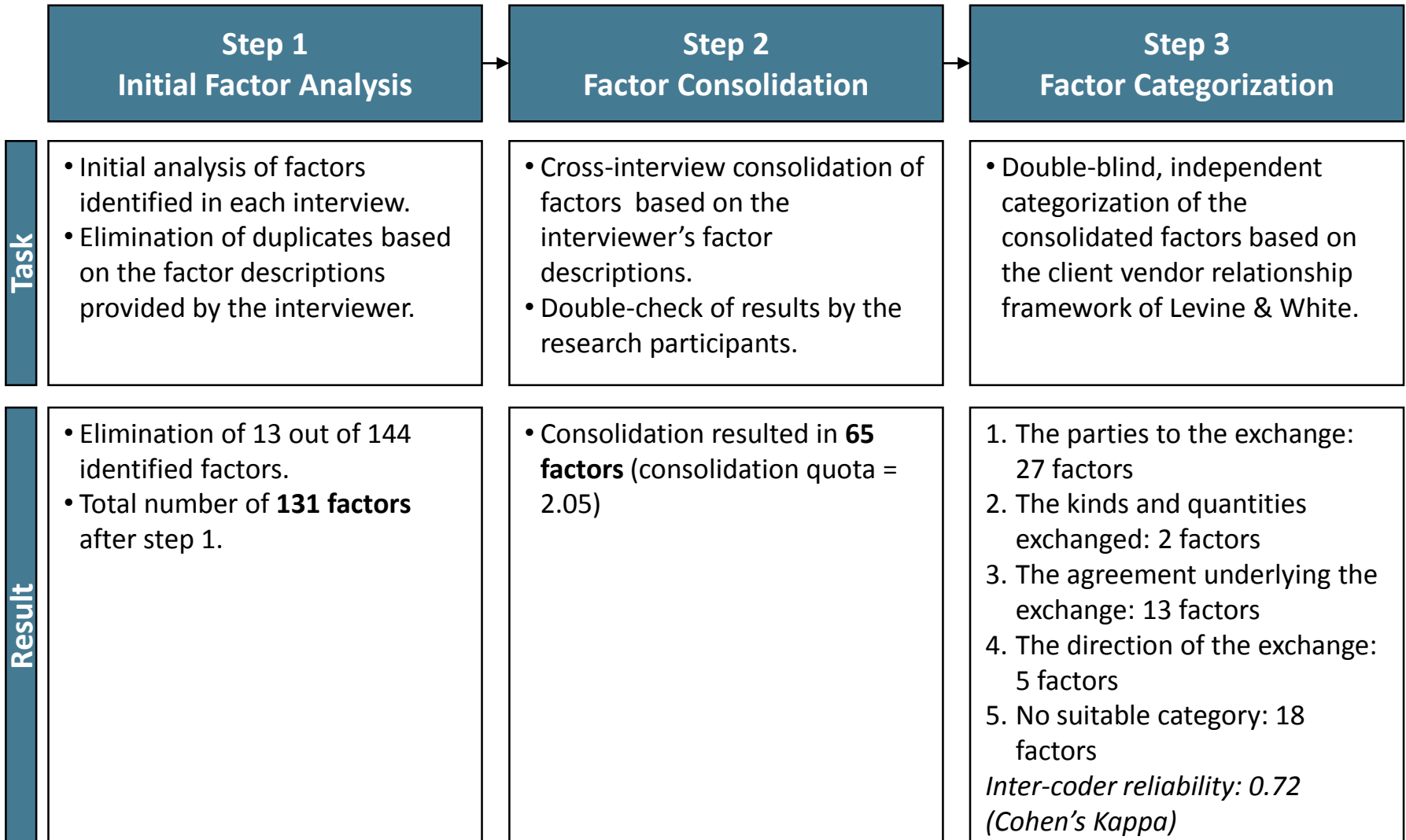
ID	Position	Working Experience	ITO projects	Project Lead	Project Figures		
					TM	DUR	VEN
A	Consultant (m) "Technology Integration"	3	7	2	1-30	5-12	1-4
B	Engineer (m) SAP Security	7	10	4	2-100	2-18	1-2
C	Partner (m) "Financial Services"	15	50	35	1-30	3-36	1-7
D	Senior Manager (f) "CRM"	14	20	15	3-30	1-24	1-3
E	Senior Consultant (m) "Financial Services"	8	8	4	1-20	6-30	1-5
F	Senior Consultant (m) "Financial Services"	7	4	2	2-30	3-12	1-7
G	Senior Consultant (m) "Enterprise Applications"	8	9	3	6-40	3-18	1-3
H	Manager (m) "Financial Services"	9	35	30	1-150	1-24	1-8
I	Manager (m) "Financial Services"	12	7	3	2-1000	3-36	1-3
J	Manager (m) "Infrastructure Consulting"	10	10	8	2-1000	3-24	1-11

**Legend:** Position: Description of the research participant's level, gender (f = female; m = male) and role; Working Experience: Research participant's working experience in years; ITO projects: Number of ITO projects, the research participant was assigned to (overall); Project Lead: Number of ITO projects, the research participant was assigned to (as project lead); Project Figures: TM = no. of team members / DUR = Duration (in month) / VEN = number of involved vendors (all project figures listed as min to max (e.g. TM = 1-20 > min. 1 team member / max. 20 team members))

# Interview Process



# Data Analysis Approach





# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
<b>Dimension 1. The parties to the exchange</b>				
1.1	Client employees accept vendor instructions.	1	5.00	▪ n/a
1.2	High reliability of client and vendor project team members.	1	5.00	▪ n/a
1.3	Technical experience of client and vendor project team members.	1	5.00	▪ Client Capabilities ▪ Vendor Capabilities
1.4	Consistent and open organizational culture on the client's side.	1	5.00	▪ Culture
1.5	Same market of client and vendor.	1	5.00	▪ n/a
1.6	Functional and technical knowledge is symmetrically available.	1	5.00	▪ Knowledge Asymmetries

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
1.7	Employee turnovers from vendor to client.	1	5.00	▪ n/a
1.8	Similar personality of client and vendor team members.	1	5.00	▪ Culture
1.9	Timely and sustained decisions from client.	1	5.00	▪ n/a
1.10	Appropriate time allocation of client team members for the project.	6	4.67	▪ n/a
1.11	Top management support (client & vendor)	5	4.20	▪ Top Management Support
1.12	High commitment of client in regards to the project.	2	4.00	▪ Commitment
1.13	Top quality customer client team members for the project.	3	3.67	▪ n/a

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
1.14	Similar (organizational) cultures of client and vendor.	3	3.00	▪ Culture
1.15	Same mother tongue of client and vendor.	3	3,67	▪ n/a
1.16	Good (IT) equipment at client site.	2	3.00	▪ n/a
1.17	Homogeneous business background from both client and vendor team members.	1	3.00	▪ Client Capabilities ▪ Vendor Capabilities
1.18	Pure project organization on client side.	1	3.00	▪ n/a
1.19	Good network of client team members within client organization.	1	3.00	▪ n/a
1.20	Expert knowledge available on both sides (client and vendor team member).	1	3.00	▪ Client Capabilities ▪ Vendor Capabilities

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
1.21	Variable organization structure on client side.	1	3.00	▪ n/a
1.22	Small age difference between client and vendor team members.	1	3.00	▪ n/a
1.23	Financially unimportant clients (from the vendor's turnover perspective)	1	1.00	▪ n/a
1.24	Small degree of work sharing within the client's organization.	1	1.00	▪ n/a
1.25	Experience with similar projects on both sides.	1	1.00	▪ Client Capabilities ▪ Vendor Capabilities
1.26	Client organization is publicly listed as a stock corporation.	1	1.00	▪ n/a
1.27	Client organization is a "start-up".	1	1.00	▪ n/a

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
<b>Dimension 2. The kinds and quantities exchanged</b>				
2.1	Active dialog between client and vendor throughout the project.	6	5.00	<ul style="list-style-type: none"> <li>▪ Cooperation</li> </ul>
2.2	Intensive exchange of information and knowledge between client and vendor.	6	3.80	<ul style="list-style-type: none"> <li>▪ Knowledge Transfer / Sharing</li> </ul>

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
<b>Dimension 3. The agreement underlying the exchange</b>				
3.1	Reliable project requirements (from client).	5	5.00	▪ Creditability
3.2	Adherence to warranties (from client).	3	5.00	▪ Creditability
3.3	Variable contract structure.	1	5.00	▪ Formal Contracts
3.4	Formal arrangements with the client concerning system maintenance (after the project).	1	5.00	▪ n/a
3.5	Securing of quality requirements from the vendor side.	1	5.00	▪ Requirements instability
3.6	Timely delivery of expected deliverables (from the vendor side).	1	5.00	▪ Commitment

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
3.7	Clear definition of project targets, tasks and responsibilities.	6	4.33	▪ Project Management (1053)
3.8	Written contracts and agreements.	3	3.67	▪ Formal Contracts
3.9	High degree of independence regarding project management and execution.	1	3.00	▪ Project Management
3.10	Suitable project timeline (based on contract).	1	3.00	▪ Project Management
3.11	Limitation of daily working hours for client and vendor team members.	1	3.00	▪ n/a
3.12	The client abides to the contracted project volume (content-wise).	1	3.00	▪ Creditability
3.13	Fix term contract.	2	2.00	▪ Formal Contracts

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
<b>Dimension 4. The direction of the exchange</b>				
4.1	Jointly agreed-upon project approach.	1	5.00	▪ Mutual Understanding
4.2	Tight relationship and working behavior between client and vendor.	1	5.00	▪ Partnership and Relationship Quality
4.3	Personal relationship between client and vendor team members.	4	4.00	▪ Partnership and Relationship Quality
4.4	Client involvement in the project.	3	3.67	▪ n/a
4.5	Mutual and fair cooperation between client and vendor.	9	3.44	▪ Cooperation



# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
<b>Dimension 5. Further factors (no category based on Levine &amp; White Framework)</b>				
5.1	Vendor performs expectation management.	3	5.00	▪ Project Management
5.2	Nonpolitical project collaboration.	1	5.00	▪ Collaboration
5.3	Positive team atmosphere.	1	5.00	▪ n/a
5.4	Avoidance of external disturbances.	1	5.00	▪ n/a
5.5	Comprehensive project management methods.	2	4.00	▪ Project Management
5.6	Identification and integration of relevant stakeholders from client side.	3	3.67	▪ n/a

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
5.7	Small number of stakeholders.	4	3.00	▪ n/a
5.8	Quality assurance from client side.	2	3.00	▪ n/a
5.9	Low rate of escalations (client and vendor).	1	3.00	▪ n/a
5.10	Strong centralization of project organization.	1	3.00	▪ n/a
5.11	Vendor working directly at the client's site.	1	3.00	▪ n/a
5.12	Strong Collaboration on client and vendor executive level.	1	3.00	▪ Collaboration
5.13	Implementation of joint team events.	1	3.00	▪ n/a

# Overview of identified factors

ID	Factor Description	Interview Listings	Importance Ranking	Corresponding Factor
5.14	High vendor appreciation from client.	1	3.00	▪ n/a
5.15	Centralized project teams.	3	2.33	▪ n/a
5.16	Long-term relationship between client and vendor.	5	2.20	▪ Age of Relationship
5.17	Consistent contact persons from the client.	1	1.00	▪ n/a
5.18	Fair accommodation of project team at project premises.	1	1.00	▪ n/a

**Legend:** *ID:* X.Y with X = Dimension and Y = Factor ID (sorted by importance ranking); *Interview Listings:* number of interviews (sum: x out of 10), where the factor was named by the respective interviewee; *Factor Description:* factor description based on the participant's view (pole only, anti-pole description available on request); *Importance Ranking:* average factor importance ranking, measured on Three-Point Likert Scale (1 = low / 3 = medium / 5 = high); *Corresponding factor:* corresponding factor identified within literature review ("n/a" in case no corresponding factor identified). A full list of factors including corresponding references is available from the authors on request.

# Matching Quota

- Matching of factors to Levine & White Framework was conducted independently by two researchers
- Inter-coder reliability measurement of 0.72 (based on Cohen’s Kappa measure)
- Inter-coder reliability score suitable for exploratory study (Landis and Koch 1977)

Dimension (based on Levine & White)	Matching Quota
Dimension 1: Parties to the exchange	11/27 (41%)
Dimension 2: The kinds and quantities exchanged	2/2 (100%)
Dimension 3: The agreement underlying the exchange	11/13 (85%)
Dimension 4: The direction of the exchange	4/5 (80%)
Dimension 5: Further factors	5/18 (28%)

**Legend:** Matching Quota: Provides the quota of matched factors (empirical-induced and literature-induced) with the total number of empirically-induced factors per dimension (e.g., 27 empirically identified factors in category 1; 11 of these factors could be matched to a literature-induced and therefore already known factor).