

# IT Offshore Outsourcing

## An Institutional Approach on Vendor Practices in Sri Lanka

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### ABSTRACT

The Information Technology Offshore Outsourcing (ITOO) practice has developed well over the last two decades. Thus far, it is a phenomenon which has bridged the developed and developing world through a global supply of information technology services and related business processes. At its core lies a dispersed work model due to which geographical, temporal and cultural differences comes to bear on both client and vendor organizations. Within this thesis, ITOO is viewed as a focal point of organization for offshore IT vendors operating in Sri Lanka. A comparative case study is utilized to draw out possible institutionalized vendor practices in this national context. The aim is to shed some light on its implications for the local industry, the adopted theoretical perspective and future research.

### IT Offshore Outsourcing: As we know it today

The practice of offshoring organizational business/IT processes to cost efficient locations outside national borders, has resulted in a US \$60 billion industry to date and is expected to grow by 20% in the coming five years. However, this research is entirely focused on Information Technology Offshore Outsourcing (ITOO) which can be best defined as:

“The relocation of information technology related organizational activities to a wholly owned subsidiary or an independent service provider in another country” (Based on Oshri, Kotlarsky and Willcocks 2009 definition of offshoring)

In the early years when competitive pressure increased amongst Western firms, ITOO aimed at reducing operational and management costs of short term technical projects and improving response times. As such software development, quality assurance and product support were amongst the most favoured tasks to be offshored initially. (Eg: Chandrasekaran 2004; Carmel and Agarwal 2002). However, IT offshoring is no longer viewed as a trend but a given (Hirschheim 2009) and MNC's with mature offshore models are increasingly distributing more complex, strategic IT tasks amongst global teams (Eg: Carmel and Agarwal 2001/2002; Kotlarsky and Oshri 2008; Levina and Vaast 2008) Currently, it is estimated that ITOO activities amount to more than 50% of global offshoring initiatives. North American companies, who have been offshoring back-office

technical work (application development, maintenance) to India since early 1990's still accounts for 70% of offshore spending.

Meanwhile, supplier destinations are also revealing impressive figures, with India exporting approximately US \$40 billion worth of IT/BPO services in 2008 (Statistics from Oshri et al. 2009) In this respect, India, China and Malaysia have been ranked the top 3 offshore destinations in AT Kearney's 2009 Global Services Location Index. In principle, ITOO thrives on a market based economy requiring a steady supply of necessary skill and services that meet the growing demands of client destination. (Dutta and Roy 2005 ; Geffan and Carmel 2008; Aspray et al. 2006) This was not problematic as a highly skilled, English speaking labour force was readily available in these developing countries (Aspray et al. 2006; Kotlarsky and Oshri 2008) for a fraction of the labour costs in developed economies.

However, the potential benefits sought from this valuable commercial partnership between the East and the West has been thoroughly challenged in the recent past. To begin with, IT/BPO industries in the developing world undoubtedly felt the pinch of the recent economic downturn as significant cut backs were made on IT projects in general, affecting contractual value of offshored work. A.T. Kearney's 2009 Report indicates that the number of offshoring deals signed worldwide between October 2008 and January 2009 dropped 38% compared to the same time period in the previous year. Additionally, public concerns that offshoring is rapidly influencing the decline of white collar work in domestic labour markets (Dutta and Roy 2005; Hirschheim 2009;

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Aspray et al. 2006), have got developed economies re-thinking their national/regional trade policies on this practice.

It has also been counter argued that the returns on Global Labour Arbitrage are diminishing as the rapid diffusion of offshoring towards certain hotspots has resulted in an upward pressure on labour prices (Lewin and Peetres 2006). For example, it is shown that wages rise on average by 10-15% annually in Bangalore, India prompting projects to be shifted to cheaper areas such as Hyderabad and Chennai (Dutta and Roy 2005). Furthermore, client concerns regarding project management and regulatory issues have grown as a plethora of offshore projects failed to capitalize on proposed economies of scale but incurred many indirect/soft costs. For example, high levels of employee attrition require extra efforts to build new relationships and retain/manage knowledge held by key personnel. (Nicholson and Sahay 2004) Data security and intellectual property issues have been seen as inhibiting factors (Eg: Rottman and Lacity 2006), especially due to some much publicized scandals that involved data theft by third party employees and it is believed that both USA and Europe would be looking to bring some of their offshore operations back onshore. Alternatively, nearshoring has may become more lucrative providing these locations remain cost-competitive.

Thus, the most conclusive arguments that profess success for the offshoring model suggest greater flexibility and strategic intent when working in specific offshore destinations with selected partners. It is claimed that mature suppliers are utilizing their wealth of experience in the industry on attempts to move up the client's value chain (Lewin and Peeters 2006), whilst client are showing greater commitment to specific destinations which aligns itself with their broader business goals (Rottman and Lacity 2006).

In this context, Sri Lanka becomes a very interesting case as an emerging offshore destination attempting to make its mark against its closest and strongest rival in the offshore industry; India. Sri Lanka is currently ranked 16th in AT Kearney's Index, up 13 places from its position in 2007. The national IT/BPO industry currently generates US \$250 million in revenue (national GDP estimated at US \$42 billion for 2009) and is expected to reach US \$1 Billion by 2012. It is considered one of the fastest growing service sectors in the country (23% last annum), with the potential to create approximately 70,000 direct jobs in 5-7 years (for a population of 20 Million).

Thus, wider institutional forces are striving to support industry growth. The government declared year 2009/2010 "The year of English and IT" placing heightened importance in developing requisite

skills followed by nationwide e-government educational programmes.

Furthermore, tertiary educational institutes such as SLIIT and industry bodies such as SLASSCOM have been established in recent years, mirroring practices in India. However, India's world renowned vendors (Eg: TCS, Wipro, Infosys) often prompts its smaller neighbour's infantile industry to operate in the shadows. For instance, India's 300 universities and 15,000 colleges produce almost 75,000 graduates in computing/electronics in a given year (Aspray, Mayadas and Vardi 2006). In comparison Sri Lanka has 15 state run universities and by 2008 had only 12,500 software professionals. Despite these competitive pressures the island hosts a number of top ranked service providers catering to a global clientele. Large technical centers and R&D Units as well as smaller software development firms are operating in Sri Lanka, with the likes of Microsoft and Oracle also establishing offices in the country.

Having established the current position of the IT Offshore Outsourcing Practice and Sri Lanka's relative position as an emerging offshore destination it is important to highlight the main objective of this research. In essence, it aims for an interpretive micro level analysis of "What organizational arrangements reflect institutionalized ITOO vendor practices in Sri Lanka?" Undoubtedly, whilst the practice of ITOO has significant implications at the macro levels as discussed previously, the model's sustainability both as viable business strategy and global service delivery mechanism relies heavily on the individual organisations, teams and professionals engaging in its activities.

More importantly, previous research reveal unique features such as dispersed work and multi-party collaboration that define the very core of an ITOO arrangement between client and vendor organisations. Therefore, the following section reveals the institutional nature of ITOO and the extent to which it has been explored thus far in IS Research.

### **Institutional Arrangements in IT Offshore Outsourcing : The Contemporary Stance**

Institutional theory has traditionally been used in the fields of Organisation Science, Politics and Sociology. Yet, in recent times its principles have also been well utilized in Information Systems Research (Eg: Swanson and Ramillier 1997; Kshetri 2007). In effect, institutional theories analyze how social choices and actions are shaped, mediated and channeled in certain directions by institutional arrangements (Powell and DiMaggio 1991 in Currie 2004). Zucker (1977; 1987) explains the determinant of such an arrangement.

They are

- a) A rule like, social fact quality of an organized pattern of action
- b) An embedding in formal structure

However, as the primary focus of this thesis is on offshore IT suppliers operating in a chosen destination the arguments in this section will discuss institutional feature in relation to vendor perspectives / practices at large.

At its core, the ITOO practice is reliant on distributed work structures. This involves collaboration between multiple parties who are geographically, temporally and relationally distant in accomplishing interrelated activities. (Levina and Vaast 2008; Vlaar et al. 2008) For instance, the creation of 'Offshore Development Centres (ODC's)' across multiple regions, by third party vendors has been seen as a positive move. It is claimed that such units enable business continuity across geographies, makes good use of local culture/language in serving global clientele and frees the client from production/delivery/HR responsibilities in application development offshore (Chandrasekaran 2004; Rottman and Lacity 2006). For example, TCS's Centers of Excellence (CoEs) are seen as extensions of the ODC. They specialize in given technology areas/applications and share this expertise with their global counterparts. (Oshri, Kotlarsky and Willcocks 2007; Kotlarsky and Oshri 2008).

Some of the challenges pertinent to the offshoring model include disparities in coordination and control (Dibbern et al. 2008, Carmel and Agarwal 2001), knowledge transfer and creation of shared understanding between geographically and temporally distant teams (Nicholson and Sahay 2004; Cha, Pingry and Thatcher 2008). In this regard, effective multi party collaboration is seen as a critical success factor in offshore projects (Levina and Vaast, 2008; Rai, Maruping and Venkatesh 2009; Nicholson and Sahay 2004). Differences in professional status quo and resource availability between teams; and blurred 'organisational boundaries' could easily create a culture of isolation emerging over time.

It has also been pointed out that the key to successful, innovative collaboration amongst these distributed teams lie in sharing and utilizing tacit and specialized knowledge dispersed in various locales. (Eg: Levina and Vaast 2008) For the vendor, this is imperative as it ensures business continuity and project deliverables are achieved in a timely fashion. However, numerous challenges exist in this respect too. Assumptions regarding ownership of knowledge and product/process often creates barrier in developing shared understandings. For example, tradi-

tionally it was believed that the client holds the business expertise whilst the vendor holds the technical expertise (Rai et al. 2008). However, in some cases it is claimed that the client from a high technology nation may have more relevant technical expertise than the vendor, relating to their given industry despite offshoring the work for cost considerations. (Dibbern et al. 2008).

Furthermore, knowledge asymmetries seemingly heighten where onshore teams often comprise of experienced and competent staff that constantly interact with the client, whilst the offshore teams provide training grounds for novices (Vlaar et al. 2008). In order to overcome the challenges mentioned above standardization of management processes, documentation, technical platforms and other related physical artifacts has been encouraged as a starting point. However, national/cultural differences between employees that create variety in work ethics, communication patterns, social norms/values are seen as an additional challenge for managing relationships between these distributed teams. (Eg: Levina and Vaast 2008; Vlaar et al 2008; Rai et al. 2009; Kshetri 2007; Dibbern et al. 2008). Both client and vendor teams are required to invest in building long term partnerships that support maturing knowledge requirements during growth phases as the number and complexity of tasks offshored increase.

Also, improved synchronous communication and lateral, informal interactions are considered the most suitable mechanisms to leverage diversity for innovation and create shared identity (Vlaar et al. 2008; Hinds and Mortensen 2005).

Past scholarly work on IT Offshore Outsourcing has explored the institutional features discussed above in varying degrees. Generally there has been considerable focus both on the macro (national, industry) and micro (vendor/client organization, project team) levels. For example, Dutta and Roy (2005) discusses client and offshore destinations (countries) whilst Oshri et al. (2007)'s work is based on a single vendor firm. Studies have also been conducted on, enablers of offshore project success (Eg: Carmel and Agarwal 2002), economic and organisational forces leading to offshore arrangements (Eg: Lewin and Peeters 2006) and assessment of vendor capabilities (Eg: Feeny, Lacity and Willcocks 2005).

Incidentally, there has been some concrete work carried out on the institutional forces that affect the offshore industry at a macro-level. The basic assumption being that industry practices are supported/inhibited by various social institutions such as clients, service providers, government, academic and research partners, legal bodies to name but a

few. Kshetri (2007) and Dutta and Roy (2005)'s studies are two such examples. On studies carried out at the firm level basic principles/assumptions of institutional theory are frequently incorporated. For example, Levina and Vaast (2008) research utilizes Practice Theory which simply reveals how socio-structural properties are molded and institutionalized by social agents. Their work discusses how dispersed organisational groups actively shape mutual practices in creating multi party collaboration, but does not for instance consider how they are reinforced.

Yet relatively little importance has been placed on initial institutionalization processes which occur at intra-firm level, with regards to the ITOO practice. This may be due to the fact that past research often considered institutionalization as a process which occurred in the latter stages of an innovation, when it had dispersed well beyond firms and their traditional boundaries (Ramillier and Swanson 1997). Given the relative absence of research which utilizes a strong institutional perspective in defining primary adoptive processes and rationalization of the IT Offshore practice at inter and intra-organizational level; this paper aims to create some inroads using a multi-case approach in the context of Sri Lankan ITOO Vendor Organizations.

In order to achieve this, it is also necessary to introduce the notion of an "Organizing Vision" (Ramillier and Swanson 1997; 2003) rooted in Institutional theorizing.

### **An Organizing Vision : Offshore IT Service Provision**

The notion of an organizing vision was initially introduced by Ramillier and Swanson (1997:460) who defined it as "a focal community idea for the application of information technology in organizations".

Undoubtedly on a casual glance the author's reference to client-server computing, computer supported collaborative work (CSCW), utility computing as well as e-commerce and data warehousing (Ramillier and Swanson 2003) as organizing visions shows conformance with the stoic definition. However, there has also been some mention of related managerial practice such as BPR and outsourcing, which may not indicate the necessity for information technology so explicitly as in the previous examples.

Thus, it is important to expand on the initial definition, to include assumptions of an organizing vision to identify what may and may not constitute one. Ramillier and Swanson (2003) point out that an organizing vision whilst promoting the adoption and diffusion of an IS innovations are inherently

complex, dynamic and shows 'discursive construction' (temporal development). Hence, they claim it is not merely technical in nature but rhetorical and demands 'critical reception' from those actors who shape it.

Currie (2004) has explicitly described Application Service Provision (ASP) as an organizing vision in her study and proposed the vision serves a process oriented analysis of an IS innovation from early adoption to latter diffusion. Indeed it provides solid affirmation that certain modes of outsourcing hold contemporary 'innovative' value as an organizing vision. ASP (sometimes linked to utility computing) has often been extended to reflect more recent models of 'Netsourcing' (Willcocks et al. 2006)

Given that the organizing vision emphasised on IS innovation it is deemed appropriate to discuss it briefly, and how it might be incorporated in to this research. In IS Research there has been much debate surrounding IS innovations. These include arguments which support planned innovation (For example, through BPR processes) and those that favour innovation via improvisation and 'bricolage' (Cibbora 1991).

Socio-technical approaches might consider IS innovations as interventions in the organisation. Yet, it seems the common feature amongst these arguments is an emphasis on IS related organisational change/restructuring that emphasise invention, adoption and diffusion. With regards to the IT Offshore Outsourcing model, one might argue that its 'innovative' nature has long been replaced by procedural maturity given that the practice has spanned over nearly two decades in countries such as USA. Interestingly, the same might not be said for certain vendor/supplier in offshore destinations adopting this service delivery model only recently.

For example, from the first step of moving to serve global clientele, to the creation of unique technical platforms, development of vendor specific process methodologies and nurturing technical/business managers to play boundary-spanning roles reflect IS innovation at a fundamental level. Thus, for the purpose of this research; 'Offshore IT service provision' was deemed a suitable organizing vision for vendor organisations operating in Sri Lanka who appropriate new technical and managerial competencies with the primary focus of offering overseas clients a range of technology related products and services.

Both Ramillier and Swanson (1997; 2003) and Currie (2004) reflect on three key arrangements that aid an organizing vision build a career over time. These helps establish the vision in the IS field in a manner that reinforces why and how organisations decide

to utilise IT innovations in their structures and processes.

### **Interpretation**

Scott (1995) argues that people notice, categorise and interpret stimuli from the environment in different ways due to varied cognitive frames they utilise in the process of interpretation. Thus, in terms of an emerging organizing vision it is imperative that vagueness and doubt is addressed through constructive interpretations which help make sense of the phenomena. In essence it seeks to build shared understanding and ground to initiate a worthy project (Ramillier and Swanson 1997).

### **Legitimation**

This concept is given much prominence in institutional arguments in organisational studies as it provides cultural justification for the existence of a given organisation. It insulates against external pressures and provides explanatory and theoretical grounds to dispute alternative modes of organizing (Deephouse and Schuman 2008). Institutional Theorists identify a number of pressures that further the legitimation process, with slight variations in terminology and purpose. Meyer and Rowan (1977) and Scott (2001) refer to Normative, Cognitive/Pragmatic and Regulatory pressures in their work whilst Teo et al. (2001) refer to Mimetic and Coercive pressures too.

The assumption being that organisations embedded in institutional networks and performing transactions in a market based economy must attain a legitimate status to secure resources (Teo et al. 2001) and implement policies and practices that enable achievement of organisational goals (Meyer and Rowan 1977). The legitimate status of an organisation or organizing vision is further evaluated by reputation of the authorities/social actors that engage in promulgating it. Professional endorsement has been considered a unique form of legitimation by Deephouse and Schuman (2008). However, its importance is implied in Meyer (2007) argument that rules are created by powerful and interested actors who seek to control actions. Thus, legitimate organizing visions are intended to support IS managers make more informed decisions (Ramillier and Swanson 2003; Abrahamson and Fairchild 1999) issues of power and politics are most likely to affect final outcomes.

### **Organisation and Mobilization**

This notion refers to actions taken by organisational actors to structure their own operational and managerial processes for 'material realization' of the organizing vision. These are also extended to reshape

entrepreneurial and market dynamics in further diffusing the IS innovation (Ramillier and Swanson 1997), which supports the basic proposition of modern institutional theory that organisations are actively managing the field; responding strategically and innovatively to environmental pressures (Scott 1995).

Thus, for the purpose of this research the processes of interpretation, legitimisation, organisation and mobilization will be used as analytical tools. It is intended to help the author establish how vendors operating offshore in Sri Lanka attempt to accept and further the organizing vision of Offshore IT Service Provision, through their own cognitive processes, team and organizational practices.

### **Methodology**

This thesis represents a qualitative study, drawing on some prominent assumptions of the interpretive studies. As described in Scott (2000) the basic premise of interpretivism considers the construction of social reality as a subjective process. Furthermore, it is interesting to note how closely the notions of interpretivism conform with those of institutional theory.

For instance, Orlikowski and Barley (2001) highlight the importance placed by institutional theorists on cognitive and cultural explanations of organizational behavior.

Indeed, previous work on this research topic has focused on case studies of vendor/client organizations as it offers an in-depth understanding of the context of the phenomenon (Eg: Oshri et al. 2007). In some instances, a multiple case study methodology has been adopted by IS researchers such as Dibbern et al. (2008). This enabled them to build analytic generalizations by using each case study as a template to compare/contrast empirical findings against a previously developed theoretical framework. Given these theoretical and methodological notion, three vendor firms operating in Sri Lanka, organizing Offshore IT Service Provision were chosen as suitable institutions to be studied. However, the nation has a relatively infantile industry and most organizations show diversity in the scale and scope of projects undertaken. Therefore, it was deemed appropriate to select those that had established reputations with foreign clients over a period of ten years at minimum and were involved in software development and related business consultancy.

The primary field data was gathered via open ended (overt) questionnaires, with follow up interviews by phone where necessary. To acquire insightful data which highlighted managerial execution of offshore

operations, the author explicitly requested for respondents who were senior managers handling projects/client accounts.

### Implications for the 'Offshore IT Service Provision' Vision

Upon analyzing the data acquired, organizations seemingly adopt IT Offshore Service Provision and institutionalize it on their own terms, rather than following a pre-assumed path. For example, in Company A the most significant of all insights was the client-centric nature of the its organizing vision, In effect, it seems to in still certain mimetic and coercive pressures for legitimacy as stated in Teo et al. (2003), Orlikowski and Barley (2001), and played a crucial role in shaping cultural/cognitive trends within the organization.

It also highlighted the importance of not acquiring an "us versus them" mind frame when maintaining healthy relationships with clients over long periods. As Gefan et al. (2008) proposed it further allowed the organization to become 'preferred suppliers' for given clients during crisis situations (provided fall back options). However, it was interesting to note that the responding managers did not merely conform to client orientations. They considered client-vendor relations in the light of a synergistic partnership as suggested by Rai et al. (2009) and took proactive steps to ensure on-time delivery of high quality products/services.

On the other hand, Company B's Organizing Vision emerged as one based on specialization. Respondents replies suggested vast pool of (share-able) knowledge located in separate work groups. This reflects well on Nicholson and Sahay (2004)'s argument that the migration of knowledge in offshore (distributed) work should be accommodated by a negotiation process, enabling the mobilization of knowledge at different locations. Furthermore, as Zucker (1987) pointed out the implications of the degree of embeddedness for institutionalization processes was reflected in the company provision of specialized 'consultancy' training sessions (drawing on inherent expertise) for local staff sent overseas.

Lastly, Company C was seemingly striving for a cost efficiency in adopting the ITOO vision. As a relatively small firm operating in a niche market (mobile, HR application development, HR outsourcing) it had chosen a SaaS (Software as a Service) model and attempted to cut operational costs by streamlining co-ordination and control mechanisms.

Overall, in establishing analytic generalizations whilst organizational learning seems to have acquired institutional legitimacy, socio-political forces

and support from the wider IS community emerged as significant institutional influences on the whole.

One source of legitimization and subsequent mobilization of resources seemingly emerges via experiential learning. Teo et al.(2003) argues that at any given point organizations possess a combination of knowledge/skills that reflect their current operations and managerial processes. Indeed this was reflected in multiple responses across all three cases.

For example,

"The exposure I have had to a wide range of technologies and the complete SDLC means that I understand the realities faced by the project teams. The project management and client negotiation skills continue to be a part of the skills set I need....." (Respondent MA1 - 6.5 years as Head of Technical Pre-sales on a Application Development Team)

"Dealing with demanding customers (during pre-sales customer demos, was)..... required to be creative in providing solutions ....need to be out of the box" (Respondent MB2)

It also confirms, Zucker (1987)'s claims that organizations operating in institutional environments seek personnel conforming to sector specifications. In fact, Rottman and Lacity (2006) state that CMMi certification is no substitute for experience, as clients often incur extra costs facilitating lengthy learning curves.

Thus, despite difficulties in applying this across the board (national pool of labour) it is indeed fair to claim that Senior Project Managers operating in organizations as those depicted in this research, place heightened importance on experiential and organizational learning. A small reflection of this was also seen with regards to the questionnaire sent; when one responding manager stated on his email that it was good for retrospection. Thus the rapid emergence of organisational core capabilities in leadership skills, programme management and customer development shows much promise, for their importance is realized and institutionalised at execution points.

Once again, many references to Sri Lanka's potential as an offshore destination was made based on improved socio-political conditions. For example,

"Post-war stability attracting more foreign investment and retaining skills within the country." (Respondent MA2)

"It (industry) would have double digit annual growth thanks to improved security conditions in

the country. More and more companies would find that IT resources in Sri Lanka are more dependable in terms of quality and turnover rate". (Respondent MB1)

As Davis et al. (2006) pointed out, political instability often prompts clients to locate offices in multiple locations (to ensure business continuity) which invariably reduces the revenue generated in a single location. Thus, we see a clear example of the implications of wider institutional forces on this industry at a national level as discussed at the beginning, Irrespective of the size or capabilities of the company, all 3 cases also sighted many instances of support received from both local and foreign partners in the wider IS community. For example, it was revealed that institutions such as Gartner and Forrester had shared business/technology trends whilst Oracle, Microsoft, Pega and CISCO had engaged in infrastructure development, joint venturing and technical collaboration with some of these companies. As Ramillier and Swanson (1997) point out the wider IS community is indeed capable of bringing in a distinct body of knowledge and standards which define the organizing vision's ultimate practical value.

Thus, increasing community discourse on Sri Lanka's ITOO capabilities at national and international levels becomes imperative, given global competitive pressures and the national industry's infantile status.

## Conclusion

Theoretical implications of this research focus on institutionalisation processes that begin at an organizational level. More specifically it utilizes an institutional perspective which can be extended to in-depth studies on specific offshore sourcing models in emerging destinations. Whilst many can argue against the extent of institutionalisation within such a limited social network, there is no denying its presence. Thus, when reviewing mechanisms of ITOO legitimization researchers could look beyond obvious processes such as standards/certification. For instance, more focus could be given to strategic intent of various ITOO stakeholders and their ability to influence conformity in certain areas. Lastly, some thought must also be given to defining IS innovations (and organizing visions) outside traditional frames, which emphasis specific technologists. As the research clearly shows, in the IT service sector a combination of varied IT artefacts could facilitate competitive advantages. This study also holds potential in several angles for future IS research that aims to study IS innovations/practices in the developing world. In particular, it provides a reference point for further academic research on the Sri Lankan IT/BPO industry in future, which is literally non-existent to date.

On a practical note, this study provides two valuable messages to IS practitioners – particularly senior managers engaged in ITOO operations in Sri Lanka. First and foremost, it reveals the necessity to prepare organizations for continuous learning. As Ben (2007) revealed, previous project experience serves as an organizational memory and becomes an important point of reference for future plans. Thus, as depicted in Oshri et al. (2007) study of TCS, India repositories of knowledge, that can be easily accessed by employees should be meticulously developed within the firm

Secondly, whilst client-vendor relations are of significant importance, attention must also be given towards development of productive intra-firm relationships. For instance, in Vlaar et al., (2008)'s study the quality of the interaction was deemed the most critical success factor for offshore/onshore collaboration.

Particularly, third party vendors looking to gain more business in the post-war period, need to have solid mechanism that ensure co-ordination and control between their employees situated in multiple locations and yet service common clients. As Dibbern et al., (2008) suggested team building initiatives that focus on creating shared identity and cooperative practices should be further developed.

However, there are also a number of methodological and theoretical limitations in this research. TO begin with, it is a relatively small purposeful sample. The author had to limit the scope due to time/resource constraints as well as a reluctance by most vendor organizations to disclose information on client-related offshore project practices. Levina and Ross (2003) in Vlaar et al., (2008) acknowledges this, stating that non disclosure agreements signed with clients may be one major reason reflecting the lack of vendor-related studies. Thus, generalizations could only be made on 'replicating logic' as and when they emerged during the interpretive analysis. On that note, despite attempts to be as objective as possible; the qualitative nature of the study invariably reflects subjective interpretations of the researcher as well.

Lastly, a more comprehensive use of the 'organizing vision' which included institutional influences described in Diagram1, would have proved more constructive for analytical purposes. However, such an approach would have invariably required a variety of institutional data sources such as trade associations, government, educational and media. Thus, it would have been best approached via a longitudinal research methodology which could have established temporal dimensions too.

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