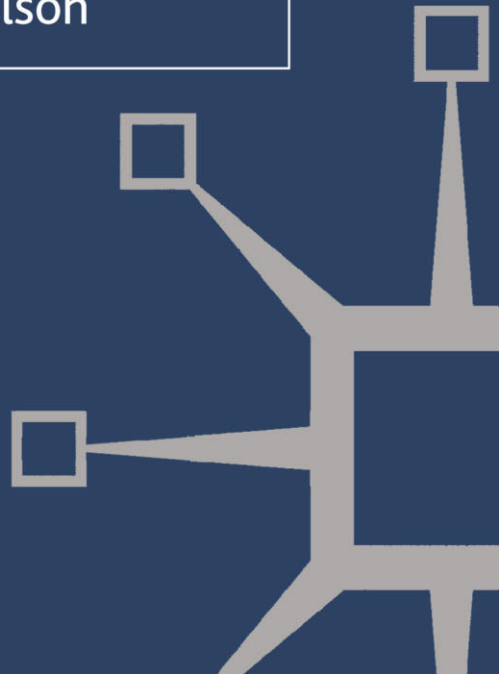# Sustainable Global Outsourcing

Achieving Social and Environmental Responsibility in Global IT and Business Process Outsourcing

Ron Babin

and

Brian Nicholson

Sustainable Global Outsourcing

Technology, Work and Globalization

The *Technology, Work and Globalization* series was developed to provide policy makers, workers, managers, academics and students with a deeper understanding of the complex interlinks and influences between technological developments, including information and communication technologies, work organizations and patterns of globalization. The mission of the series is to disseminate rich knowledge based on deep research about relevant issues surrounding the globalization of work that is spawned by technology.

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Sustainable Global Outsourcing

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Series Editors' Preface

We launched this series in 2006 to provide policy makers, workers, managers, academics and students with a deeper understanding of the complex interlinks and influences among technological developments, including in information and communication technologies (ICT), work, organizations and globalization. We have always felt that technology is all too often positioned as the welcome driver of globalization. The popular press neatly packages technology's influence on globalization with snappy sound bites, such as: "Any work that can be digitized will be globally sourced." Most glossy cover stories assume that all globalization is progressive, seamless and intractable, and that it leads to unmitigated good. But what we are experiencing in the twenty-first century in terms of the interrelationships between technology, work and globalization is both profound and highly complex.

The mission of this series is to disseminate rich knowledge based on deep research about relevant issues surrounding the globalization of work that is spawned by technology. To us, substantial research on globalization considers multiple perspectives and levels of analyses. We seek to publish research based on in-depth study of developments in technology, work and globalization and their impacts on and relationships with individuals, organizations, industries and countries. We welcome perspectives from business, economics, sociology, public policy, cultural studies, law and other disciplines that contemplate both larger trends and micro-developments from Asian, African, Australian and Latin American, as well as from North American and European, viewpoints.

As of this writing, we have 16 books published or under contract. These books are introduced below.

1) *Global Sourcing of Business and IT Services*, by Leslie P. Willcocks and Mary C. Lacity, is the first book in the series. The book is based on over 1,000 interviews with clients, providers and advisers, and 15 years of study. The specific focus is on developments in outsourcing, offshoring and mixed sourcing practices from client and provider perspectives in a globalizing world. The authors found many organizations struggling. They also found some organizations adeptly creating global sourcing networks that are agile, effective and cost-efficient. But they did so

only after a tremendous amount of trial and error and close attention to details. All our participant organizations acted in a context of fast-moving technology, rapid development of supply-side offerings and ever-changing economic conditions.

2) *Knowledge Processes in Globally Distributed Contexts*, by Julia Kotlarsky, Ilan Oshri and Paul van Fenema, examines the management of knowledge processes of global knowledge workers. Based on substantial case studies and interviews, the authors – along with their network of co-authors – provide frameworks, practices and tools that consider how to develop, coordinate and manage knowledge processes in order to create synergetic value in globally distributed contexts. Chapters address knowledge-sharing, social ties, transactive memory, imperative learning, work division and many other social and organizational practices to ensure successful collaboration in globally distributed teams.

3) *Offshore Outsourcing of IT Work*, by Mary C. Lacity and Joseph W. Rottman, explores the practices for successfully outsourcing IT work from Western clients to offshore providers. Based on over 200 interviews with 26 Western clients and their offshore providers in India, China and Canada, the book details client-side roles of chief information officers, program management officers and project managers and identifies project characteristics that differentiate successful from unsuccessful projects. The authors examine ten engagement models for moving IT work offshore and describe proven practices to ensure that offshore outsourcing is successful for both client and provider organizations.

4) *Exploring Virtuality within and beyond Organizations*, by Niki Panteli and Mike Chiasson, argues that there has been a limited conceptualization of virtuality and its implications for the management of organizations. Based on illustrative cases, empirical studies and theorizing on virtuality, this book goes beyond the simple comparison between the virtual and the traditional to explore the different types, dimensions and perspectives of virtuality. Almost all organizations are virtual, but they differ theoretically and substantively in their virtuality. By exploring and understanding these differences, researchers and practitioners gain a deeper understanding of the past, present and future possibilities of virtuality. The collection is designed to be indicative of current thinking and approaches, and it provides a rich basis for further research and reflection in this important area of management and information systems research and practice.

5) *ICT and Innovation in the Public Sector*, by Francesco Contini and Giovan Francesco Lanzara, examines the theoretical and practical issues related to implementing innovative ICT solutions in the public sector. The book is based on a major research project sponsored and funded by the Italian government (Ministry of University and Research) and coordinated by Italy's National Research Council and the University of Bologna during the years 2002–2006. The authors, along with a number of co-authors, explore the complex interplay between technology and institutions, drawing on multiple theoretical traditions such as institutional analysis, actor network theory, social systems theory, organization theory and transaction costs economics. Detailed case studies offer realistic and rich lessons. These case studies include e-justice in Italy and Finland, e-bureaucracy in Austria and Money Claim On-Line in England and Wales.

6) *Outsourcing Global Services: Knowledge, Innovation, and Social Capital*, edited by Ilan Oshri, Julia Kotlarsky and Leslie P. Willcocks, assembles the best work from the active participants in the *Information Systems Workshop on Global Sourcing* which began in 2007 in Val d'Isere, France. Because the quality of the contributions was exceptional, we invited the program chairs to edit a book based on the best papers at the conference. The collection provides in-depth insights into the practices that lead to success in outsourcing global services. Written by internationally acclaimed academics, it covers best practices in IT outsourcing, business process outsourcing and netsourcing.

7) *Global Challenges for Identity Policies*, by Edgar Whitley and Ian Hosein, provides a perfect fit for the series in that the authors examine identity policies for modern societies in terms of the political, technical and managerial issues needed to prevent identity fraud and theft. The scale of the problem exceeds political boundaries, and the authors cover national identity policies in Europe and the rest of the world. Much of the book provides in-depth discussion and analysis of the United Kingdom's National Identity Scheme. The authors provide recommendations for identity and technical policies.

8) *E-Governance for Development*, by Shirin Madon, examines the rapid proliferation of e-governance projects aimed at introducing ICT to improve systems of governance and thereby to promote development. In this book, the author unpacks the theoretical concepts of development and governance in order to propose an alternative conceptual framework, which encourages a deeper understanding of macro- and micro-level political, social and administrative processes within which

e-governance projects are implemented. The book draws on more than 15 years of research in India during which time many changes have occurred in terms of the country's development ideology, governance reform strategy and ICT deployment.

9) *Bricolage, Care and Information*, edited by Chrisanthi Avgerou, Giovan Francesco Lanzara and Leslie P. Willcocks, celebrates Claudio Ciborra's *Legacy in Information Systems Research*. Claudio Ciborra was one of the most innovative thinkers in the field of information systems. He was one of the first scholars who introduced institutional economics in the study of Information Systems; he elaborated new concepts, such as "the platform organization" and "formative contexts"; and he contributed to the development of a new perspective altogether through Heideggerian phenomenology. This book contains the most seminal work of Claudio Ciborra and the work of other authors who were inspired by his work and built upon it.

10) *China's Emerging Outsourcing Capabilities*, edited by Mary C. Lacity, Leslie P. Willcocks and Yingqin Zheng, marks the tenth book in the series. The Chinese government has assigned a high priority to science and technology as its future growth sectors. China has a national plan to expand the information technology outsourcing (ITO) and business process outsourcing (BPO) sectors. Beyond the hopes of its leaders, is China ready to compete in the global ITO and BPO markets? Western companies are becoming more interested in extending their global network of ITO and BPO services beyond India, and they wish to learn more about China's ITO and BPO capabilities. In this book, we accumulate the findings of the best research on China's ITO and BPO sector by the top scholars in the field of information systems.

11) *The Outsourcing Enterprise: From Cost Management to Collaborative Innovation* is by Leslie Willcocks, Sara Cullen and Andrew Craig. The central question answered in this book is: "How does an organization leverage the ever growing external services market to gain operational, business and strategic advantage?" The book covers the foundations of mature outsourcing enterprises that have moved outsourcing to the strategic agenda by building the relationship advantage, selecting and levering suppliers, keeping control through core retained capabilities and collaborating to innovate. The book provides proven practices used by mature outsourcing enterprises to govern, design and measure outsourcing. The final chapter presents practices on how mature outsourcing enterprises can prepare for the next generation of outsourcing.

12) *Governing through Technology: Information Nets and Social Practice*, by Jannis Kallinikos, is thoughtful scholarship that examines the relationships among information, technology and social practices. The author discusses the regulative regime of technology and issues of human agency control and complexity in a connected world. He provides a valuable counter-perspective to show that social practices are, in part, unmistakably products of technologies; that technologies are, through historical processes, embedded in the social fabric; and that, even if the idea of technological determinism is naive, the notion of the regulative regime of technology remains alive and well into the internet age.

13) *Enterprise Mobility: Tiny Technology with Global Impact on Information Work*, by Carsten Sørensen, explores how mobile technologies are radically changing the way work is done in organizations. The author defines enterprise mobility as the deployment of mobile information technology for organizational purposes. The author contrasts how large technology projects in organizations, such as enterprise resource planning (ERP) implementations, will increasingly be managed differently because of mobile technology. The introduction of mobile technology supporting organizational information work will often be driven by individuals, small teams or as part of departmental facilitation of general communication services.

14) *Collaboration in Outsourcing: A Journey to Quality*, edited by Sjaak Brinkkemper and Slinger Jansen, is based on an integrated program of outsourcing research at Utrecht University in the Netherlands. The book is written for practitioners and is based on interviews and case studies in many global outsourcing firms, including Cisco, IBM, Deloitte, Infosys, Logica and Patni – to name a few. The 16 chapters are short, tight and written to communicate best practices quickly. The chapters cover the topics of governance, knowledge management relationship management and new trends in software development outsourcing.

15) *Advanced Outsourcing Practice: Rethinking ITO, BPO, and Cloud Services*, by Mary Lacity and Leslie Willcocks, is written for seasoned outsourcing practitioners who are ready to master the advanced practices. In particular, the authors show how practitioners can optimize the strategic value inherent in offshore outsourcing shared services, bundled services, impact outsourcing, advanced BPO, rural outsourcing and cloud computing. This book will be a vital resource for all practitioners looking to reinvigorate, leverage and render strategic their outsourcing enterprise.

16) *Sustainable Global Outsourcing: Achieving Social and Environmental Responsibility*, by Ron Babin and Brian Nicholson, examines how clients and providers achieve social and environmental sustainability in outsourcing relationships. The book covers the reasons to consider sustainability and the ways in which sustainability can be measured and integrated to deliver shared benefits. The book includes case studies, survey results and frameworks that effectively illustrate lessons and arm practitioners with actionable insights.

In addition to the books already published and under contract, we have several other manuscripts under review but always need more. We encourage other researchers to submit proposals to the series, as we envision a protracted need for scholars to deeply and richly analyze and conceptualize the complex relationships among technology, work and globalization. Please follow the submissions guidelines on the Palgrave Macmillan website (www.palgrave-usa.com/Info/Submissions. aspx). Stephen Rutt (email: s.rutt@palgrave.com) is the publishing director of the series.

Leslie P. Willcocks
Mary C. Lacity
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The Manchester Business School at the University of Manchester, UK, and the Centre for Development Informatics there were supportive and helpful in the development of this manuscript. The Ted Rogers School of Management at Ryerson University in Toronto, Canada, encouraged Ron as a doctoral student while he developed his thesis and this manuscript over the last four years.

Our colleagues in outsourcing research meet annually at the Global Sourcing Workshop (GSW). Our research benefited tremendously from the encouragement and insight of fellow researchers and practitioners at the GSW sessions in Blackstone, Colorado, USA; Zermatt, Switzerland; and Courchevel, France, where we presented key concepts of this research. We say thank you in particular to Ilan Oshri, Julia Kotlarsky, Mary Lacity and Leslie Willcocks. They helped shed light to grow our ideas in the early stages. Mary and Leslie were especially supportive as we wrote this book.

Three outsourcing professional organizations were immensely helpful in this research. First the Centre for Outsourcing Research and Education (CORE), Toronto, Canada, allowed Ron to collect data, develop concepts and present the results in seminars and professional education sessions. Second the CSR sub-committee of the International Association of Outsourcing Professionals (IAOP) provided a group of like-minded individuals, including Scott Phillips, Bill Hefley and Pam O'Dell; collectively we believe that CSR and sustainability in outsourcing will make the world

a better place. Third the National Outsourcing Association (NOA) helped to publicize our concepts with a workshop in Manchester, UK, for which we thank our friend Adrian Quayle.

Finally our family and friends curiously asked us what we were working on late at night and early in the morning, on weekends and when others were usually resting. Hopefully this book will explain some of our passion for writing and talking about CSR and sustainability. We each owe a debt of gratitude to our spouses and children. To Susanne, Emily and India, to Wendy, David and Kaitlyn, thank you for your patience and understanding.

This book is the beginning of an important trend that affects all who participate in outsourcing. We expect further developments and research as awareness of the need for sustainable outsourcing grows. We invite you to stay in touch with us and to continue the discussion at sustainableoutsourcing.com. We hope you will enjoy our first book on sustainable global outsourcing.

Ron Babin
Brian Nicholson

Foreword

It is impossible today not to be highly conscious of a growing political, business and social focus on so-called compassionate capitalism. The multitude of threads which contribute to this agenda can be seen in US Presidential elections, the continuing debates about bankers' bonuses and in the ever-growing list of organizations that now have ethical policies, programs, products and services. It seems that change is in the air, but does this have anything to do with outsourcing and end-user and supplier partnerships? The instinctive reaction is yes, it does, but it is difficult sometimes to be specific and produce hard evidence to support this feeling.

Babin and Nicholson have undertaken a unique program of field-based research to try and do just that. By applying rigorous academic techniques in a real-world business context, they studied in depth an organization with a long history of ethical business-based practices – the financial services arm of the Co-operative Group, which was founded in 1844 and is widely regarded as the first successful co-operative movement. It is right to say that compassionate capitalism is not a new concept to the co-op, even if the term is. Being an ethical organization does not mean that there is any inbuilt bias against outsourcing or offshoring, far from it in fact. Part of being sustainable is being financially and operationally sustainable too, and outsourcing can actively support these requirements, but it must be done in a way which is complementary to the ethical agenda. Of course if you are outsourcing then you have by definition a relationship with a third party, and Babin and Nicholson studied in the same way one of the key long-term partners used by the co-op, Steria.

By looking in depth at both parties beyond the contract and at commercial constructs of the relationship, Babin and Nicholson looked for evidence of a broader benefits construct that would apply to both parties, but with an ethical focus, and tried to determine whether benefits could be observed and determined in a way which would ultimately enable organizations to strategically plan such engagements, as opposed to retrospective observation, thus moving into proactive strategic differentiation and leverage. As the sponsor for this work within the Co-operative I am pleased to say that I think that the authors have been able to do just that. They have applied sound modeling techniques to a real-world business situation and determined that it is indeed possible to work ethically and

strategically within the globalized outsourcing model in such a way that both organizations can benefit beyond the traditional supplier–buyer axis. In today's world of compassionate capitalism this is indeed a significant step forward. Therefore this book is for you if you want an evidence-based approach to strategically planning mutual benefits from collaborative ethical initiatives in the globalized outsourcing arena.

It was personally a great pleasure to work with both the authors and I am pleased that we have between us moved an important agenda forward. I hope that you too feel the same after reading this book.

Steve Briggs
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