Trust in Global Software Alliances: Understanding the Role of Power and Control Within and Between Organizations

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Abstract

Global alliances have been promoted as interorganizational relationships that will permit organizations to deal with the increasingly turbulent global markets. Whatever the specific nature of the alliance, trust is seen as an essential constituent of successful relationships. However, most studies neglect the role of power and control in the 'manufacture' of real or apparent trust in such arrangements. The few that do address such issues treat organizations as single entities, and neglect the interplay among power and control within organizations, and also do not include the influence of values and interests in the study of power and control. In this paper, we examine the global software outsourcing arrangements between a large North American telecommunication organization and its four relatively smaller Indian software vendors to present a more complex relationship among trust, power and control, and values and interests.

Introduction

Among the many alternatives suggested to organizations to build or maintain competitive advantage in today's globalized turbulent environment, one of the foremost is the option of forming alliances with other organizations with complementary resource capabilities (Bower and Keogh, 1997; Lam, 1997; Mohr and Spekman, 1994) or even with competitors (Brown, Boyett and Robinson, 1994; Ohmae, 1989). While not everyone (e.g., Garnsey and Wilkinson, 1994; Reich and Mankin, 1986) agrees that alliances improve the competitive advantage of all partners associated with it, there has been a tremendous growth in the number of alliances, particularly interorganizational arrangements among organizations in different countries (Bleeke and Ernst, 1991).

There has also been an abundance of conceptual (e.g., Das and Teng, 1996; Geringer and Hebert, 1989; Gill and Butler, 1996; Gulati, Khanna and Nohria, 1994; Inkpen and Beamish, 1997; Lane and Bachmann, 1996; Mohr and Spekman, 1994) and empirical studies (e.g., Garnsey and Wilkinson, 1994; Gulati, 1995; Yan and Gray, 1994) that have examined diverse aspects of interorganizational alliances. Parkhe (1991) defined an alliance as a

> 'relatively enduring inter-firm cooperative arrangement, involving flows and linkages that utilize resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm.'(1991:581)

Inter-organizational alliances include a variety of arrangements including direct investment, joint ventures, supplier relationships, technology licensing, technology exchange, research and development agreements (Das and Teng, 1996; Gulati, 1995).

A significantly large number of studies (e.g., Barney and Hansen, 1994; Gulati, 1995; Lane and Bachmann, 1996; Nooteboom, 1996; Parkhe, 1993; Powell, 1996; Ring and Van de Ven, 1994) have examined the role of trust in alliances. Trust has been variously defined as

"one party's willingness to be vulnerable to another party" (Mishra, 1996:265), as "the mutual confidence that no party to an exchange will exploit another's vulnerabilities" (Barney and Hansen, 1994), and as a moral resource that can be accumulated as a social capital, which unlike physical capital is depleted if not used (Powell, 1996). A fundamental aspect of an alliance is a mutual dependence on each other, "a condition in which one party is vulnerable to another whose behavior is not under the control of the first" (Parkhe, 1993: 796). Trust is a significant constituent of the relationship that allows partners to overcome the uncertainties in an alliance that is created by the mutual dependence.

According to Ring and Van de Ven (1994), organizations in an alliance are vulnerable to two types of uncertainties: uncertainty regarding future states of nature, and uncertainty due to problems of adverse selection and moral hazard. While contractual methods are used to address the former, and to some extent the latter, trust, which emphasizes faith in the moral integrity or goodwill of others, is key to addressing the latter. Since strategic alliances are inherently unstable, organizations initially rely on contractual agreement, with prearranged progress reports and milestone dates, to curb potential opportunism but with each success firms substitute trust for contractual safeguards (Gulati, 1995; Parkhe, 1993; Powell, 1996), with the particular form of the arrangement dependent on the nature of the cooperative relationship (Park, 1996).

Zucker (1986) discussed three modes of 'trust production' as process based, characteristic based, and institutional-based. In the process-based mode, trust is produced through a process of reciprocity through recurring exchanges. Each successful transaction leads to an improvement in the level of trust, which leads to an incremental increase in the level of risk the partners take in the next transaction. Lewicki and Bunker (1996) describe three stages of process-based trust – deterrence or calculus based, knowledge based, and

identification based. Deterrence or calculus-based trust is the most primitive form in which parties behave as expected because they are aware of the punishment that will follow any violation. Knowledge based trust is the next stage of trust when partners have enough information about each other to be able to predict the behavior of the other. Finally, identification based trust is most advanced form in which the mutual understanding is developed to the point that each partner can effectively act for the other. However, the progress from one stage to another is not necessarily linear and violations of trust have different implications at each stage. Acknowledging that trust is not built spontaneously, some have argued for unilateral alliance specific commitments to indicate good faith (Gulati, Khanna, and Nohria, 1994).

Characteristic-based trust is based on norms of obligation and cooperation based on social similarity. The level of trust is linked to the "expectation that a person can or cannot be trusted because of family background, age, social or financial position, ethnicity and so forth"(Creed and Miles, 1996:18). While this perspective has not informed the study of alliances, we believe this perspective is key to understanding trust in alliances, particularly in international alliances in which there are real and perceived differences in characteristics of members of different partners.

Institution-based trust is linked to formal societal structures that facilitate or hinder the development of trust in a relationship. Lane and Bachmann (1996) have highlighted the need to develop stable legal, political and social institutions to create an environment within which partners in an alliance can be build a trusting relationship.

As the brief review suggests, "most of the research on interorganizational relationships has been done within the functionalist paradigm"(Hazen, 1994:395), and the bulk of literature on trust in interorganizational relationships highlight the virtues of trust (Hardy, Phillips and

Lawrence, 1998). Ring and Van de Ven (1994), Powell (1996) views building trust as a means of developing consensus, Creed and Miles (1996) argues to move trust from the category of ethical "oughts' to the category of "economic musts" so that it gets the attention it deserves. Willcocks and Choi (1995) and Barrett et al. (1997) have provided an upbeat story of the development of trust in an inter-organizational relationship.

As Knights, Murray, Willmott (1993) indicate, barring a few exceptions (e.g., Benson, 1975; Garnsey and Wilkinson, 1994; Hardy et al., 1998), despite requests

> "that researchers develop a fuller understanding of the dynamics of interorganizational systems by studying 'the forces of conflict and coercion and the use of power and exploitation', networks continue to be portrayed as interdependent relationships based upon reciprocity and mutual trust, where self-interest is sacrificed for the communal good"(1993: 979)

Even when issues of power and control are examined, the discussions remain within the functionalist paradigm. According to Geringer and Hebert (1989)

> "Control refers to the process by which one entity influences, to varying degrees, the behavior and output of another entity through the use of power, authority and a wide range of bureaucratic, cultural and informal mechanisms" (1989: 236-7)

Control is viewed as a 'good' thing that has to be exercised to ensure that partners in an alliance perform as expected. Alter (1990) argues that conflict and control are required features of the process of development of inter-organizational relationships. Even when control is criticized, it is from within the functionalist paradigm.

> "A real alliance compromises the fundamental independence of economic actors, and managers don't like that. After all, for them, management has come to mean total control. Alliances mean sharing control. The one precludes the other"(Ohmae, 1989: 144)

Here, control is viewed as negatively affecting the performance of the interorganizational alliance, hence arguments for its reduction.

Hardy, Phillips, and Lawrence (1998) have argued that

"definitions (of trust) focusing on preaictability are unable to distinguish between relationships based on trust and those based on power; definitions that emphasize goodwill make assumptions of common goals that are not always realistic" (1998:65)

As a consequence, issues of power in an interorganizational relationship are confused with issues of trust. Further, a relationship that is based on cooperation at one stage may be changed to a relationship based on power or vice versa with a change in circumstances (Powell, 1996). There is a need to study the process through which trust is generated, and study the differences between trust-based relations, and relationships where power is used to create a facade of trust (Hardy et al., 1998).

As suggested by Ring and Van de Ven (1994) there is a need to

"undertake longitudinal research that tracks a set of cooperative IORs[1] in their natural field settings from beginning to end. The actions and interactions of all parties would be recorded as they repeatedly negotiate, make commitments, and execute these commitments in both formal and informal ways over time" (1994: 114)

In this paper, we have followed the development of global software outsourcing arrangements between a North American telecommunication company and its four smaller Indian software partners over a period of two years to examine the role of power in the 'manufacture' of trust in the relationships. The paper will build on arguments of Hardy et al., (1998) by introducing the role of values of interests as suggested by Walsh, Hinings, Greenwood, and Ranson (1981).

Power and Control Within and Between Organizations

The concept of power has been difficult to define with different researchers using varied definitions, and has been confused with terms such as authority and influence (Hardy,

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[1] Inter-organizational relationships

1985), and values and interest (Walsh et al., 1981). On the other hand, Salancik and Pfeffer (1977) have asserted that

> "power, while it eludes definition, is easy to recognize by its consequences--the ability of those who possess power to bring about outcomes they desire" (1977: 3)

More recently, however, Hardy and Clegg (1996) have provided a more comprehensive definition of power as

> "the ability to get others to do what you want them to, if necessary against their will...or to get them to do something they otherwise would not" (Hardy and Clegg, 1996: 623)

It may include behavior such as coercion, manipulation, authority, persuasion and influence (Hardy, 1985) as they are capable of 'forcing' people to act against their 'true' wishes.

In the organizational literature, there has been a traditional acceptance of hierarchical power - its use as authority is seen as legitimate - and social scientists rarely felt the need to explain why power should be hierarchical (Hardy and Clegg, 1996). Conflict and the exercise of 'illegitimate' power were seen as aberrations from the proper functioning of organizations, rather than their normal characteristics (Walsh et al., 1981).

One view of power that focuses on 'illegitimate' power is that of the pluralists, which has been described as the one-dimensional approach to power. Within this approach power, there is an inherent assumption that power is exercised only in situations of conflict, that is, one party uses its power to resolve the differences in its favor. This type of power has been described as obtrusive power (Hardy, 1985) and is used in case of open conflicts (Walsh et al., 1981). Studies in organization studies that examined intraorganizational power using this approach included, Hickson et al., (1971) and Salancik & Pfeffer (1977).

A second view that emerged from the writings of Bacharach and Baratz (1962), referred to as the two-dimensional approach to power expanded the focus of attention from

actual conflicts to actions taken to prevent conflicts from occurring. In addition to exercising power to decide conflicts in their favor, the powerful use mechanisms such as rules and procedures to prevent potentially contentious issues being brought to the decision arena. This type of power is unobtrusive (Hardy, 1985) and is exercised in case of covert conflicts (Walsh et al., 1981). Although this approach, by expanding the focus, did provide a better picture of power than the one-dimensional approach, it also suffered from the inherent assumption that absence of conflict (one dimension) and absence of grievance (second dimension) suggested a consensus. It does not address situations where people are not even aware that they are disadvantaged.

The third view of power suggested by Lukes (1974), and known as the three-dimensional approach, goes beyond actual conflict and systems to suppress conflict to the exercise of power to shape perception and cognition to justify asymmetrical power. In such a situation the powerless are manipulated into accepting an unfair situation as natural or even beneficial (Hardy, 1985; Walsh et al., 1981). The third dimension of power is the most dangerous

> "power is most effective and insidious in its consequences when issues do not
> arise at all, when actors remain unaware of their sectional claims, that is, power
> is most effective when it is unnecessary"(Ranson et al., 1980:8)

This dimension of power has been described as unobtrusive power (Hardy, 1985), and domination (Clegg, 1975) and is used in situations of latent conflict (Walsh et al., 1981).

Hardy, Phillips, and Lawrence (1998) have adopted the three dimensional approach to differentiate between real trust and a facade of trust in inter-organizational relations. They argue that most studies have assumed that an absence of conflict suggested an interorganizational relationship based on trust. However, they neglect the fact that this trust may be spurious trust. Since ultimately trust is based on shared meanings, they believe that

there is a need to distinguish between partners who are trustworthy and those that are manipulating the trust of others (Hardy et al., 1998).

Unfortunately, their approach is too strongly predicated on the notion of false consciousness. If in a situation, disparity is apparent to an observer but there is an absence of conflict and grievance, a conclusion that the 'powerless' has been manipulated into accepting that situation may be wrong. This is why there is a need to include the role of values and interest to prevent power from being used to explain situations where it may not be appropriate (Walsh et al., 1981).

> "Power is the determination of outcome by an individual or group in accordance with his/her or its values and/or interests in the face of opposition from other individuals or groups with opposing values and/or interests"(Walsh et al., 1981:134)

Values, which may include ideas, norms, attitudes and beliefs, refer to yardsticks or criteria that individuals or groups may use to calibrate their commitment to a set of preferences. Since people do vary in the preferences they value, there may be situations in which there may be no real conflict, despite conditions for it. In other words, even if there are clear observable differences in outcomes between two parties to a relationship, there may not be any conflict, overt, covert, or latent, if both parties receive outcomes that are consistent with their values.

Interests, which may include material or subjective desires, represent the motivation of individuals or groups to pursue something that they value. In any complex relationship, there are several outcomes, simultaneously and spread over time, and individuals/groups may not have the desire to pursue all that they value. Hence, the 'failure' to pursue something an individual or group values may also not be an indicator of powerlessness, rather a lack of

desire to pursue something they value because they are pursuing other more desirable outcomes.

Another deficiency with the Hardy et al. (1998) approach is the treatment of organizations in a relationship as single entities. There may be situations in which there is complete consensus among the members of each concerned organization, in which case it may not be a problem if intra-organizational dynamics are neglected in an analysis of inter-organizational phenomena. However, there is rarely a consensus within organizations, nor are the interests of different individuals or groups the same. There are bound to be philosophical differences within organizations on the purpose or type of inter-organizational arrangemen., and there are definitely variations in the interests of different members in an organization with respect to the arrangement. Within organizations, from the perspective of a person low in the hierarchy there is a suspicion of exploitation and being treated unfairly, while for persons in higher positions, there is a suspicion that subordinates are shirking their duties or doing things that might hurt the organization (Kramer, 1996). These need to be also understood in trying to get a better appreciation of the role of power and control in the inter-organizational arrangement.

Research Methods

This paper is based on case methodology (Yin, 1984). The data acquired as part of a larger longitudinal study of the ongoing global software outsourcing relationship between a large North American telecommunications company, Global Telecommunications, and its four Indian partners, Total Management Services (TMS), Western Information Technologies (WIT), Indus Software Services (ISS), and Sigma Telecommunication Services (STS)[2].

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[2] All the names have been changed to maintain anonymity.

Data on these four relationships have been acquired over a two-year period. The first phase of interviews were conducted during the end of 1996-early 1997. The second phase of interviews was conduct in the middle of 1998. The transcribed interviews provided the primary source of data. Informal conversation among the researchers and people from the concerned organizations and other people in the industry provided further insights.

The interviews were analyzed to reveal nature of cooperation present in the four arrangements over the period of their existence. Since we have suggested that any inter-organizational alliance consists of a multifaceted arrangement, with many contact points, several strands of activity occur simultaneously, often having differential impacts on the long-term viability of the relationship. To understand the complex relationships, we identified different 'events' to analyze the role of power, values and interests in the 'manufacture' of trust.

Trust in Global Software Alliances

Based on our analysis of multiple 'events' in the four relationships, we have identified a typology of the nature of trust in inter-organizational relationships. The typology is illustrated in Figure 1. We argue, that here are essentially seven types of trust--one based on manipulation, and remaining six based on a combination of the nature of consensus on values among partners, and the level of motivation (interest) in the partners to pursue something they consider desirable

Figure 1: Nature of Trust

Interests		Values			
		Genuine Consensus	**Dissensus**	**'Official' Consensus**	**Spurious Consensus**
Interests	**Motivation to pursue**	Stable Trust	Lack of Trust	Suspicion	Domination/ Manipulation
	No motivation to pursue	Unstable Trust	Low level Trust	Doubt	

Increase in use of Power>>>>>>>> ⟶

Stable Trust (Genuine consensus on values, and motivation to pursue interest)

There were several events in all four relationships that suggested that there was a strong foundation for a stable cooperation relationship. In the interviews conducted in 1996-97, several key persons from Global Telecommunications, and the four software companies expressed tremendous trust in each other. They spoke of the desire to make this a seamless relationship, and in acknowledgement of this promised future, the vendors were referred to as partners. Although, the tasks at that time was quite 'low' level in terms of skills required, impact on the business of Global, and remuneration for the vendors, there was expressions of long term learning, movement up the value chain for the partners, and greater remuneration for vendors. These all indicated a strong consensus of values between Global and the four partners.

There were also strong suggestions from all parties concerned that they were very motivated to pursue the relationship. It was in the interest of Global to outsource software development and maintenance of its legacy products to the Indian partners. It was also in the interest of the Indian partners to pursue this relationship, because it promised each of them an opportunity to meet their mission requirements. For Sigma it was an opportunity to obtain almost 40% of its revenues, and more importantly it provided it the entry into a highly

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lucrative market where it intended to vigorously pursue with its own patented/branded products. For Indus it was an opportunity to enter another domain– it was in alignment with its long term objectives of becoming a primary source of software services in certain domains – telecommunications being one of them. For Western, like Indus, it was an opportunity to develop skills in a domain that would equip it for a larger role in the global software market. For Total, which at this stage had a long established relationship, it was an opportunity to seek returns on its initial investments.

In the 1998 interviews, there were clear indications that, despite several problems (discussed later), many of the intended purposes have been achieved. There were several references to increased maturity in the relationship. Since there were a sufficient number of 'events' that contributed to the building of true trust, the overall relationship has progressed. The large number of events suggest that the relationship are mainly based on stable trust, which explains why they have lasted as long as they have.

Unstable Trust (Genuine consensus on values and no motivation to pursue interest)

There seemed to be a genuine consensus among the management in Global, and in Western and Indus to provide long term career paths to persons working on their projects. Global saw this as an opportunity to improve the competence and experience base of the group of persons working in the project. Western and Indus were keenly interested in providing long term career paths to retain an experience base so that they could increase the knowledge base in the area of telecommunications for their long-term plans in the area. However, the various proposals discussed did not meet the interests of all the partners so there has been sporadic implementation of schemes that only partially address the issue. Western

had proposed a scheme in which its employees working on Global projects for three years will be able to spend a sabbatical with a Global laboratory. This had been accepted by Global.

However, the partners have rejected another scheme with the same purpose because it does not meet the long-term interests. Global has a proposal to identify key resources and pay them an amount directly over and above their compensation based on the number of years on Global projects. Western and Indus have resisted any progress on this move. Although they are in favor of compensating experienced persons to retain them, but the suggested scheme did not suit them and were not interested in pursuing it. As a result, this had become an outstanding issue that has not been resolved. However, this had not hurt the overall relationship.

Since, the parties in an alliance share the views on having more experienced people working on the projects, and only differ in the implementation, neither side had tried to escalate the issue into a big conflict. It remained a problem that managers on both sides wanted to resolve, but were not prepared to jeopardize the relationship over such an issue. However, existence of such examples of unstable suggests, that the relationship has not yet developed into one in which either party can make decisions on behalf of the other, which is the ultimate indicator of a seamless relationship.

Lack of Trust (Dissensus in values and motivation to pursue interest)

Despite indications of maturity in the nature of cooperation based on trust, there were also strong suggestions that there were unresolved issues that did contribute to friction among the partners. Also, Global had tried to resolve these issues through an obtrusive use of power. The strongest evidence of open conflict emerged in the Total relationship. Global had implemented certain evaluation procedures for personnel working on their projects. The

procedures are underpinned by technological rationality which Alvesson (1985) described as a "model of social practice where any problems are defined in technical terms and are assumed to be soluble with the aid of scientific knowledge and advanced technology" (1985: 122). To varying degrees the other three partners had complied with Global's requirements, but Total refused to implement these procedures. They cited conflict with their own company practices that they regarded quite highly (although Global did not). Since they believed it would hurt their ability to deal with their personnel in the way they wanted, they were willing to 'suffer' the consequences.

Attrition was an issue that was of strong concern to Global. However, like the other Indian partners, Total had a view that was different from Global. It wanted Global to be concerned only with deliverables rather than inputs to project. On the other hand, rather than accept suggestions from Global managers that would lower attrition rates, it had its own suggestions. It wanted more of its employees to work at or close to client sites (consistent with its practices in other non- Global projects) which was against Global's notion of outsourcing services from a low cost vendor. The poor state of the relationship was quite apparent in the 1998 interviews. A Total middle manager refused to discuss the issue, claiming that if Global learnt about his views the already turbulent relationship would get worse. On the other hand a Global manager, who had just been posted at the at the Total software lab, was equally clear that one of the purposes during her stay was to implement the changes that her predecessor had been unable to convince Total to make. She even suggested, that if this did not happen she would recommend dissolution of the arrangement, taking some job back to the parent laboratories within Global and distributing the remaining among the other three partners. The fact that Global has to use power to get what it wants is an illustration of the fact that there is lack of trust in some aspects of the relationship.

It is worth noting that for open conflict to occur, the asymmetry of power has to be small. Since Total has been one of the largest software producers and exporters of software products and services from India, it has a market recognition and strength to stand up to Global. Global's projects contribute to less than 4% of its revenues. The asymmetry in power is not as much as the direct comparison of Global and Total might suggest. Total is fully aware that it is a big lab whose services cannot easily be displaced. If projects stop coming, they will have enough time to adjust. It has no shortage of business opportunities and is growing at a rate of about 60% a year for the past few years.

Open conflict only occurs when the 'weaker' partner is reasonably powerful and has options, resulting in a motivation to pursue the interest. Sigma is heavily dependent on Global, and Western and Indus, through not as dependent at Sigma, are in a weaker position to get into open confrontation. Hence despite difference in values, they have not had open conflicts as in Total.

Low level Trust (Dissensus in values and no motivation to pursue interest)

There were several instances of low level of conflict in the relationships. One of the most interesting events was the offer of a job to the Human Resource Manager of Western by Global. In a manner that displayed a lack of trust in the minds of Western (and the authors agree with that perspective), Global offered one of Western's most capable managers a job to handle the training needs of all its partners in India. What began a 'voluntary' effort on the part of the HR manager, with full support of her management, to coordinate the training efforts of Global partner as a symbol of long term trust in the relationship ended on a sour note. An indication of lack of goodwill was displayed when Global justified its act by indicating that the formal contract between the organizations only restricted Global from

hiring Western's 'technical' people working on the project. Since, despite its strong reservation, Western did not want to make a big issue of this event, it finally seconded the HR manager on a two-year job with Global. On the one hand, this may be interpreted as a sign of weakness but we interpret this as an issue not worth pursuing despite being very clear to communicate the disagreement to the other partner.

There was low level conflict on the issue of attrition at Western and Indus. Global was worried about attrition rates in all its partners. However, all partners were in disagreement with Global's view on this – they did not see attrition as being as significant as Global. At Sigma the attrition rate was negligible, so Global tended to neglect it. Since the rates were very high at Total, and there were instances of problems with its deliverables, the conflict over the issue was open and prominent (discussed earlier). However, at Western and Indus, the conflict was more low key. Part of it can be explained by the fact that these companies had taken certain steps to reduce attrition, and there had been a drop in attrition rates. However, Global managers did not want to make this into too big an issue because they had other priorities. They had to outsource services from certain firms, and it made sense to nurture this relationship, despite its weaknesses, in their larger interests.

Global had introduced several reporting systems within the projects. There were daily, weekly and monthly reports. There were weekly and monthly tele-conferencing and video-conferencing meetings. There were visits by Global managers for review meetings. These issues had led to open conflict at Total, and little resistance at Sigma At Western and Indus there has been low level opposition to these practices. There was reference to abandon the current practices and move to turnkey projects to avoid 'micro-management' by Global managers. Western and Indus have not made this into a big issue since they have other priorities in the relationship.

These low-level conflicts suggest that the relationships are not based completely on trust, and both parities in a relationship continue to test each other's commitment to the process.

Suspicion ('Official' Consensus on values and motivation to pursue interest)

This condition describes a situation in which there are disagreements among partners, but they do not become open conflicts (although there is a potential for that to happen) because they are held up in procedural issues. Parties try to achieve what is in their interest within the existing framework. In such situations, each sides suspects the motives of the other but are not sure enough to escalate the suspicion into an open conflict.

The Indian partners have often accepted to not bill for extra costs incurred or accept a scheduled date of delivery despite significant changes to the specification. When such issues are raised with Global managers, they have often relied on arguments that their internal budget procedures or scheduling procedures are so cumbersome and time-consuming, it is in the interests of partners to absorb the extra costs or schedule delays. This has cost the Indian partners some substantive amounts of money, but they have avoided making it a big issue. They make attempts to get bills approved when things are going better. Global managers also resort to such practices because they suspect that they are being billed to items or manpower that is not relevant to their projects. As a result of suspicion, the relationship does not progress as it should and stagnates at lower levels of maturity.

There is an assumption that only powerful partners can manipulate structures and procedures in their favor. However, at Total there were attempts to use the procedures/processes to pursue something of their interest. Total interest is to maximize revenues from the projects they receive. Global makes payments based on the number of

'man-hours' on a project. Total has tried to include under-qualified people or trainees into projects as 'chargeable' manpower. The resolution of contentious candidates gets bogged down in procedural definitions of whose work is chargeable or not. Total also argues (as do other partners) that some extra personnel are required to compensate for attrition.

In summary, 'suspicion' describes a situation where conflict is not apparent, but both sides· don't have full faith in the motives of the other, thus slowing down progress in the relationship.

Doubt ('Official' Consensus on values and no motivation to pursue interest)

The proposal to have a Global Software Center (GSC) in India has been formally communicated to the Indian partners. A senior manager from Overseas Development Department visited the four Indian partners and gave a presentation of the intent. All the partners have expressed acceptance of this arrangement. However, all of them believe that it not in their interest to have a Global Software Center in India. At best it will hurt their efforts to move up the value chain, and at worst it could even drive aware revenues from some of their current activities. However, they have not opposed the proposal because it ıs still a hypothetical situation and they do not feel the need to open a conflict when it may be avoided.

Their stance has also been helped by informal personal communication with people in Global who have indicated that there is a very low possibility for the center to actually be established. There are internal power issues involved with this. Overseas Development Department which was instrumental in initiating these relationships is increasingly being marginalized in the outsourcing decisions. Also they receive their revenues based on a percentage of the business Global labs with the international partners. There is pressure from the labs to stop paying these moneys because ODD is not providing any tangible service today.

The GSC proposal by ODD to get a firmer basis of revenues for its activities,. The Indian partners are relying on this internal tension to avoid having to deal with it themselves.

Doubt represents a situation in which there is no real consensus on values, however there is no real need to articulate the differences and there is not immediate motivation to pursue the issue. In due course, the concerned issues make turn into high levels of distrust and conflict.

Spurious consensus

As we have indicated earlier, it is difficult to convincingly diagnose a situation of spurious consensus. The party that is manipulating a partner will rarely express to an outsider that they are using such methods. On the other hand, the powerless is not in a position to understand the play of power or worse still is actually enthusiastic about the whole process.

We have interpreted the educational and training programs conducted by Global as an attempt to 'steal' the most useful resources from their partners. Total has not been enthusiastic about this and has not participation in most of the programs. Their location away from the other three helps them keep away. Sigma has countered these efforts by having programs of its own based on an Indian ethos. However, Indus and to a lesser extent Western have accepted these programs very enthusiastically. As suggested by a Global HR manager, these programs are intended to transform management in the partners into 'Global Managers' by certifying them. In addition to training, there are awards that promote a particular concept of a 'good' manager. They are also provided news updates, information on Global activities, and general pep talks by senior Global managers that re-enforce these views.

Several mangers indicated they had to sometime, question their identification with Global – remind themselves that they were there to represent the interest of their employer and

not of Global. Most programmer level staff identified more with Global than their employers. Global was able to get the partners to do all the 'dirty' work of dealing with attrition, and manpower fluctuation, and also keep them excited about it. Ironically, Barrett et al. (1997) have described the same phenomena from a functionalist perspective, and suggested it as a positive development because it provides the larger partner greater control over the vendors.

We believe that the educational and training programs are designed to manipulate the partner organizations, and individuals within them to behave as if they were employees of Global. While this is happening, the concerned persons are also happy to change their ways and become more like the 'global' managers that Global wants. This helps Global rely on partner employees as their own, without any corresponding responsibility that comes with having global employees[3].

Conclusions

We have seen that trust between two organizations is not based on a single process; it is the end result of a several events along the path of several simultaneous processes, some favorable and some not so favorable to the process. We also argued, that every unfavorable situation does not mean a relationship based on power, it may be based on a conscious choice to optimize the use of resources and energies rather than dissipate them on every contentious issue. In some cases the differences are articulated but not pursued, and in others differences are not even articulated. In the situation of greatest power disparity, the weaker groups are not even aware that power is being exercised.

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[3] This is similar to how the British Army treats its Gurkha soldiers during war. They are pushed into the wars which minimizes British casualties (and discontent in Britain) and also allows it to pay less compensation to the families of Gurkhas than they would have to make to the families of regulars in the British Army. The training and socialization of these soldiers glamorizes their acts of bravery, and they have died in large numbers in every war that Britain has been involved in this century. It is only in recent times, people being questioning these practices.

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