Corporate Social Responsibility in Global IT Outsourcing: A Case Study of Inter-firm Collaboration

Ron Babin and Brian Nicholson

Abstract This paper examines the intersection of corporate social responsibility (CSR) and global information technology outsourcing (GITO). The growing business participation in global CSR standards such as the Global Reporting Initiative, ISO 26000 and the UN Global Compact, demonstrates that CSR issues are important to buyers and providers of outsourcing services. The case study examines the outsourcing relationship between Co-operative Financial Services (CFS) and outsource provider Steria. Specifically we report on how aligned CSR priorities of the buyer and provider may identify opportunities for CSR collaboration. The case uses an analytical lens based on trust theory. The paper contributes practical knowledge of how trust developed in CSR collaboration may provide benefits in the areas of: (1) workforce efficiencies, (2) increased communication, and a (3) higher level of commitment to work through challenges in the outsourcing relationship. We found that by working together, in collaborating on CSR projects that both CFS and Steria built a more robust outsourcing relationship with a higher level of trust which leads to more successful outsourcing outcomes. The paper contributes to improved theoretical understanding of trust in market based inter firm outsourcing relationships and to the "doing well by doing good" discourse in CSR.

Keywords Outsourcing · Social responsibility · Trust · Collaborative CSR

R. Babin (✉)
Ted Rogers School of Management, Ryerson University, Toronto, ON M5B 2K3, Canada
e-mail: rbabin@ryerson.ca

B. Nicholson
Manchester Business School, The University of Manchester, Manchester M15 6PB, UK
e-mail: brian.nicholson@mbs.ac.uk

R. Hirschheim et al. (eds.), *Information Systems Outsourcing*, Progress in IS,
DOI 10.1007/978-3-662-43820-6_17

1 Introduction

This paper is focussed on how trust is developed between outsource buyers and providers who collaborate on Corporate Social Responsibility (CSR) projects. Collaboration is a co-operative arrangement in which two or more parties work jointly in common enterprise toward a shared goal. This implies close partnering, developed over and for the long term distinguished by reciprocal risk sharing, investment of resources and time (Kern and Willcocks 2000). Although social researchers recognize that trust is a difficult and complex concept to define, there is some agreement that trust involves three elements of vulnerability, uncertainty and risk (Atkinson and Butcher 2003). In this paper we define trust as a characteristic of the outsourcing relationship between two organisations, i.e. between an outsource buyer and an outsource provider, that helps to maintain strong and effective collaboration between the two parties (Barrett et al. 2008; Lewicki and Bunker 1996; Sabherwal 1999).

Elements of vulnerability, uncertainty and risk exist in a complex global outsourcing relationship. For example, the buyer is vulnerable to the ability of the provider in terms of project or operational performance, for example providing an available system or completing a project on time to provide new business functionality. The buyer has limited control over the provider and is vulnerable to the ability of the provider to perform. Because the buyer must rely on the provider, taking a risk that the provider performance will meet the terms of the contract, there is an element of uncertainty. In the outsourcing relationship, the buyer must trust the provider. As the provider demonstrates reliable, predictable performance over time, trust between the two organizations grows. Conversely, uncertain performance increases the risk and reduces trust between the two organizations.

Prior research has argued that collaborative partnership arrangements between outsourcing buyer and provider are important particularly when involving innovation or when mission critical applications have been outsourced (Willcocks et al. 2011, p. 128). There is significant literature that explains the mechanisms and practices of how trust is fostered in a partnership outsourcing arrangement (Kelly and Noonan 2008; Sabherwal 1999). However, to date there has been no examination of the specific role of CSR in the trust building process. This paper aims to fill the gap in the literature and improve our understanding of how buyer and provider collaboration on CSR projects may contribute to trust.

The role of CSR is steadily rising in business although surprisingly relatively little research has been conducted on CSR in outsourcing arrangements. “There can be little doubt that CSR is an increasingly prominent theme in business. Even the sceptics acknowledge this” (Moon 2007, p. 299). The Economist reports that the priority that executives give to CSR issues approximately doubled in 3 years from 2005 to 2008 (Franklin 2008). The Global Reporting Initiative (GRI) has tabulated the number of corporate CSR reports filed annually since 1999, growing from nine in 1999 to approximately 1900 in 2010. According to GRI, from 2006 to 2011, the yearly increase in uptake ranged from 22 to 58 % (2011).

A limited literature focuses on CSR to build trust. Sagar and Singla (2003) describe the importance of trust and respect for businesses, which is exemplified by CSR, in the Indian economy. Accenture, an outsource provider, has described trust as built "around the pillars of environmental stewardship, social impact and responsible corporate governance". (Lacy et al. 2010, p. 8). Bhattacharya et al. have identified CSR as a "key stakeholder relationship-building activity" (2009, p. 263). CSR leads stakeholders to form strong bonds with the company and to develop trust towards the relationship, when the company signals to the stakeholder that it understands their needs and is therefore "like them". This paper contributes to this discourse of CSR building trust, in relation to outsourcing arrangements which is hitherto unexplored.

The research question this paper seeks to answer is this: How does collaboration on CSR projects affect trust in an outsourcing relationship?

Our motivation for this research is to better understand how CSR can enhance the buyer-supplier outsourcing relationship, which has been suggested as key to success "in achieving their expected outsourcing objectives" (Kern and Willcocks 2002, p. 3). One research study suggests that the quality of the outsourcing relationship may contribute "at least 30 % of the annual contract value" (Ertel et al. 2010, p. 51). Our research focuses on the trust component in the outsourcing relationship and how trust can be enhanced through collaborative CSR activities.

The empirical basis for the paper is a case study that reveals how collaboration on a CSR project between outsource buyer and provider builds trust in the relationship. This case study is considered revelatory because the researchers had access to detailed, relevant and complete data and opportunity to analyze the phenomenon of collaboration in CSR across buyer and provider firms which was previously inaccessible (Yin 2009).

This paper is structured as follows. First, we review literature on collaboration in outsourcing and introduce the conceptual frameworks that are used to analyse the case study. Second, the methodology is described for the Co-operative-Steria case study. Third, the case is described and analysed with a focus on how CFS and Steria collaborate on a CSR project and build trust in the outsourcing relationship. The CSR project is supporting schools in India. Finally, the paper concludes with the contribution to theory and practice.

2 Literature Review and Conceptual Framework

2.1 Corporate Social Responsibility

What is corporate social responsibility? Matten and Moon (2008, p. 405) define CSR as a "clearly articulated and communicated set of policies and practices of corporations that reflect business responsibility for some of the wider societal good … CSR is differentiated from business fulfilment of core profit making responsibility and from the social responsibilities of government". Others state that CSR is a concept that overlaps with business ethics, corporate philosophy, corporate citizenship, sustainability and environmental responsibility (Crane et al. 2008). McWilliams et al. (2006, p. 1) define CSR as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.

Buyers and providers of outsourcing services have increasingly embraced CSR issues. Since early reports on this topic (Babin 2008; Babin and Nicholson 2009) the volume and intensity of CSR discussion in outsourcing has grown considerably. For example, the International Association of Outsourcing Professionals (IAOP) established a CSR Committee in 2009 with the goal of defining a CSR guide for the outsourcing industry; the Global Sourcing Council (GSC) recognises leaders in CSR with an annual Sustainable and Socially responsible Sourcing (3S) award; in 2010 the International Association of Outsourcing Professionals (IAOP) began to evaluate the CSR profile of applicants to the Global Outsourcing Top 100. India’s NASSCOM has established the NASSCOM Foundation “with the aim to use information and communication technologies for development (ICT for D) and to catalyse the corporate social responsibility arena within the Indian IT industry” (NASSCOM 2011). A 2010 IAOP survey on social responsibility in outsourcing found that “CSR is an important and growing issue for outsourcing customers and providers—71 % say that CSR will become more important or much more important in future outsourcing contracts” (Babin and Hefley 2010). These examples demonstrate the growing interest and importance of CSR to the outsourcing industry.

There is a large literature that examines the motivations for organizations to embrace CSR. Firstly, organisations may embrace CSR out of benevolent philanthropy. Secondly, organisations may use CSR to protect the corporate brand and reputation (Lai et al. 2010; Lewis 2003; Werther and Chandler 2005). Thirdly, a recent discourse concerns the rationale to embrace CSR “to do well by doing good” (Berthon et al. 2010; Falck and Heblich 2007) which also includes integrating social and financial returns (Emerson 2003). This discourse largely focuses on how CSR is embraced to gain overall competitive business advantage (Berns et al. 2009; Porter and Kramer 2006, 2011). Porter and Kramer have built linkages between theories of firm competitiveness (Porter 1987, 2008) and CSR (Porter and Kramer 1999, 2002, 2006, 2011). The authors describe the concept of creating value through focused philanthropy to create a new set of strategic tools that strengthen an organisation’s competitiveness. In their recent papers (2006, 2011) they have focused on CSR as a “source of opportunity, innovation and competitive advantage”. They argue that prevailing justifications for CSR, such as moral obligation and reputation, have created “muddled” corporate-responsibility thinking. Instead, the authors advocate evaluating CSR opportunities “to create shared value—that is a meaningful benefit for society that is also valuable to the business”.

The latter “doing well by doing good” perspective on CSR is of relevance to this inquiry as will become apparent.

2.2 Trust and Outsourcing

Trust has been established in the academic literature as playing a key role in outsourcing relationships, In a review of the IT outsourcing (ITO) empirical literature, Lacity et al. (2010) found that trust is a significant positive relationship characteristic for outsourcing: "Of the 10 times Trust was empirically examined, it was always associated with better ITO outcomes or found to matter" (p. 409). Numerous researchers have examined the role of trust in outsourcing using case studies. For example, Rottman (2008, p. 31) described the importance of social capital, which includes trust, for "successfully outsourcing software development". In a case study of a US Manufacturing outsource to an Indian software outsource provider, Rottman found that "value is created through social relationships", with include "higher levels of trust", and that "trust allowed the internal teams to fully engage the offshore teams" to foster knowledge transfer required for the software outsourcing to be successful. Kelly and Noonan (2008) examined the role of trust as a mechanism to reduce anxiety and improve psychological security. The authors demonstrate the importance of trust and show how it is manifested differently during particular phases (Courtship, Cohabitation) of the outsourcing relationship. Sabherwal agrees, stating that although trust is difficult to develop in outsourced IT development projects, there is a strong "need for trust in these projects, which frequently require the cooperation of strangers in tough, high-stress situations" (Sabherwal 1999, p. 81). In examining how modern global organizations "collaborate each effectively across national boundaries" Child (2001, p. 274) posits that informal understanding, based on trust, is a powerful factor in inter firm collaboration. Personal bonding and a sense of mutual identity between alliance and team partners can reinforce their determination to solve problems. Heiskanan et al. distinguish between trust, control and power, and define a specific type of trust, called behaviour trust, as the "understanding, goodwill and intention to voluntarily take corrective actions, and openness when failures occur" (Heiskanen et al. 2008, p. 271).

The main theoretical lens for this inquiry is shown in Fig. 1 that provides a schematic of model of trust developed by Lewicki and Bunker (1996). This aligns with a common spectrum of outsourcing relationships, from a contract oriented relationship (calculus-based) to a partnership relationship (identification-based). Contractual governance is based on calculus-based trust, ensuring consistency of behaviour by imposing penalties for non-conformance. An example would be contractual clauses related to financial consequences imposed on a provider for not meeting a KPI. Relationship governance is concerned with knowledge-based trust and is based on track record of success. Knowledge-based trust occurs when a buyer (or provider) has enough information over time, (e.g. SLA's met, problems solved etc.) to accurately anticipate likely behaviour. Identification-based trust is based on empathy with the other party's desires and intentions. At this third level, trust exists because each party mutually understands, agrees with and empathizes with the values of the other.

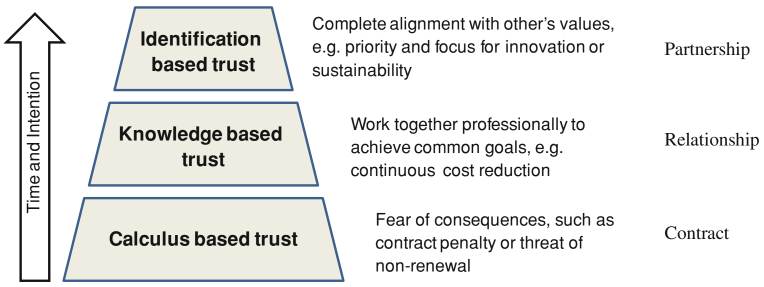

Fig. 1 Hierarchy of trust (adapted from Lewicki and Bunker 1996)

Child (2001, p. 283) elucidates on the evolution of trust from calculation "being prepared to work with you" to understanding "getting to know you" to the final trust stage of bonding "coming to identify with you as a person".

Calculus-based trust involves a rational process whereby one party calculates the costs and/or rewards of another party cheating or cooperating in a relationship. Identification trust by contrast is influenced by the ongoing experience and meaning of the relationship and develops when partners identify with shared values and norms. Identification-based trust is "based on a complete empathy with the other party's desires and intentions" (Lewicki and Bunker 1996, p. 119). At this stage, the two parties commit to commonly shared values and commit to the same set of objectives.

3 Research Methodology

A qualitative case study research strategy was employed to explore the collaboration within the outsourcing context (Yin 2009). Co-operative Financial Services (CFS) and Steria (both organizations are real companies, not pseudonyms) were selected after a request was sent via an industry association newsletter for firms interested in participating in research on CSR in outsourcing. CFS head office is in Manchester where the interviews were conducted CFS made contact and following a set of discussions on the scope of the project introduced the authors to Steria, their outsourcing provider. We chose to pursue this case because both organisations have a very strong social commitment. For the reasons given earlier, this case represents a revelatory case (Yin 2009, p. 47) which supports the rationale for a single case.

3.1 Data Collection

The main data collection method was via semi structured interviews using a predefined set of questions to structure the interview process but allowing the interviewee to bring additional perspectives to the discussion that may not be covered by the set of questions.

The case study was conducted over a 1 year period, starting in December 2009 and completing in January 2011. The case study consisted of four stages.

The first stage involved initial contact between the authors and CFS. During this stage the terms of reference for the study and the discussion outline for the interviews was agreed. The second stage was an intensive 2 week period of interviews conducted onsite at CFS headquarters in Manchester, in June and July 2010. Prior to beginning the interviews an ethical review was completed at the sponsoring University, to ensure that appropriate protocols were in place. In this period, 23 interviews were completed with CFS and Steria staff. A total of 15 h of interviews were recorded, with the average interview lasting about 40 min. The third stage involved secondary field work, reviewing the findings and collecting further data. Additional documents identified in the interviews were collected and reviewed. Five follow-up interviews were conducted to gather additional information that may have been missed in the first round. This stage was completed in January 2011. The fourth and final stage of the case study consisted of the sharing of information with key stakeholders. A management report was presented to the CFS and Steria executives, the CIO and the head of the IT outsourcing unit.

3.2 Data Analysis

The data was analysed by examining the individual transcripts. Codes were created by identifying common themes derived from frequently used words in the interviews. Theorisation of the data was undertaken during ongoing engagement with the research participants, collection of data, reading of the outsourcing literature and discussion between the researchers. Previous drafts of this paper were presented at internal seminars at our respective Universities and submitted to workshops and conferences all of which received critical feedback essential for our analysis and theorisation of the case.

4 Case Description

Cooperative Financial Services (CFS) is part of The Co-operative Group, the UK's largest consumer co-operative. CFS is the group of businesses that includes The Co-operative Insurance and The Co-operative Bank, incorporating internet bank

Smile and Britannia Building Society. CFS revenues for 2010 were £550 million. CFS employs 12,000 staff in more than 300 branches and 20 corporate banking centres. Ethical, environmental and community matters take a high priority at CFS and there are a range of ethical policies setting out the way the society conducts business, most of which have been developed in consultation with customers many of whom are members. The Co-operative's social responsibility focus has deep foundations which date back to 1844 when it began as the Rochdale Society of Equitable Pioneers whose goal was the "improvement of the social and domestic condition of its members" (Fairbairn 1994). The local social objectives of the Rochdale Pioneers have evolved to become the Co-operative Group's focus on global CSR and today the Co-operative balances profitable operations with a "purpose beyond profit" and with a goal to "show the way forward for corporate sustainable development in the UK". The Co-op Values and Principles Committees are responsible for establishing social and environmental priorities and for managing the Ethical Operating Plan. The Ethical Operating Plan establishes social and environmental goals in the areas of ethical finance, tackling global poverty, protecting the environment, inspiring young people and keeping communities thriving. Progress is reported annually in the Co-operative Group Sustainability Report. The Co-operative has been recognised for its sustainable leadership with an Environmental Leadership Award in 2009 from Business in the Community and a Platinum Plus ranking in 2010 for Corporate Responsibility (The Co-operative Group 2010, p. 121)

CFS perceives CSR as distinguishing it from competitors but that this advantage is challenged by others in the marketplace and should therefore continue to reinforce its advantage in this area. As one CFS executive explained: *People see us as leading but other organisations are catching up quickly…everybody is on the bandwagon. We need to up our game and up the stakes. We've got to keep pushing the boundaries to maintain our reputation*. Maintaining CFS's position as a leader in CSR is a significant motivating factor for collaborating with their GITO providers.

4.1 Outsourcing to Steria

The outsourcing relationship between CFS and Steria (previously Xansa) began in the 1990s. Steria's work is primarily focused on the maintenance and support of legacy software applications at CFS. In 2009, CFS total spend with Steria was the second largest (after IBM) and represents 22 % of the total overall outsourcing spend.

Compared to global IT service companies such as IBM, Accenture and others, Steria is a mid-tier, regional firm and ranks itself as Europe's ninth largest IT service provider with 1.2 % of the market share in Western Europe. Steria employs over 18,600 employees across 16 countries and has offices in Europe, India, North Africa and South East Asia. Headquartered in Paris, revenues in 2010 were €1.7 billion. Steria's main business is consulting and systems integration (51 % of revenue) and

IT infrastructure management (31 % of revenue), with additional revenues from business process outsourcing and third-party applications maintenance. Steria speaks proudly of its social responsibility reputation. For example, according to the Steria Corporate Registration Document, the governance model has included employee shareholders since its foundation in 1969 and currently 20 % of the capital of Steria is held by employees. Steria is a member of the UN Global Compact. In 2008 and 2009 Steria was recognised for its CSR activities in India, receiving the Best Practice Award sponsored by the NASSCOM Foundation and the Bombay Stock Exchange. Steria's focus on Corporate Responsibility has a dual focus on the environment, "proactively participating in the support of a sustainable world for all," and on social responsibility, "bringing greater independence to disadvantaged people". In its corporate strategy Steria identifies the need to "reconcile development and social responsibility". Steria is "dedicated to the fight against digital divide and exclusion [with] its support for the most disadvantaged in India, enabling notably the [Steria] Group associating its customers in its actions for responsible development of its business" (Steria 2011b). Regarding disadvantaged people, Steria has focused on education in India for underprivileged children and those in rural communities with an emphasis on young women. This aligns with two Co-op social responsibility priorities: "International Development" and "Inspiring Young People" which is an example of the cultural fit between Steria and CFS.

4.2 The OSOCOS Partnership Project

The "One Steria One Country One School Programme" in India (OSOCOS) programme is offered to selected buyers as a route to partnering by injecting resource into schools located in the Indian cities of Chennai, Pune or Noida, where Steria centres are located. Participation in the programme is voluntary and is not part of a formal outsourcing agreement. The programme is structured as a 3 year commitment for the buyers and fifteen schools were supported by Steria and their buyers as of May 2010. The arrangement enables the buyer to involve staff, family and friends in the India project and to publicise the project when visiting India and list involvement in marketing material. The buyer is presented with a "menu" of engagement options and a price list. Steria encourages partnering buyers to communicate with the children in the school through "mentorship" that may involve email, video conferencing and scheduled visits. When visiting Steria centres, buyer staff (usually high-ranking executives) are encouraged to visit the school they have sponsored. Steria refers to this arrangement as a "community collaboration procedure". Steria employees provide volunteer training and support for the schools.

As an example, at the Medavakkam High School in Chennai, the Steria volunteers provided the following support:

- a training programme, delivered at the Steria offices, to teach computer basics to the teachers, covering Microsoft Word, Excel, PowerPoint and internet usage
- computer helpdesk support at the school with weekly visits to answer queries

- a mentorship programme to grade nine students, with 1 h visits each week to help the children to improve their English language skills
- a motivational workshop on career awareness skills and the importance of goal setting

On an ongoing basis, Steria keeps track of the number of schools, projects and children who benefit from OSOCOS (see www.steriafoundation.com). Steria measures progress on the projects by the number of awards or recognition given by external organizations, as well as the number of client partnerships. For example, in the Steria (2011a) Corporate Responsibility Report, four awards were noted from the Bombay Exchange and the Nasscom foundation, as well as eight client partnerships in the OSOCOS programme.

The "fit" between Co-operative and Steria is shown in the "three clear priorities for community investment" in Cooperative 2009 Sustainability Report which are:

- Inspiring young people, where the Co-op commits to nurturing and supporting young people,
- Tackling global poverty, where the Co-op will help support people in the developing world, and
- Combating climate change.

OSOCOS links to the first two Co-operative priorities. Education for needy children in India is also important for Steria because of the growing need for skilled and dedicated workers in the Indian outsourcing centres. Interestingly, Steria is beginning to invest in solar-powered computer centres at the schools, which is a project that will align with the CFS climate change CSR priority.

Of the 15 schools supported by Steria, two have been sponsored by CFS; the first of these is Medavakkam high school, which has been sponsored since 2007. CFS has supported a computer centre with 10 new computers and a library. The Steria involvement there is ongoing, for instance in July 2007 Steria volunteers provided 12 days of computer training.

The second school sponsored by CFS is the Shri Ghanshyam Sharma Memorial High School in Dujana, Noida. It was established in 1999 and has 1,035 pupils aged 5–15 years old. Children are from low income group families, farmers, labourers etc. CFS sponsorship commenced in May 2010 with budget of £15,714. The CFS contribution covers the initial equipment purchase and Steria volunteers provide ongoing support such as software upgrades and technical support.

CFS is not obliged to provide continuing support beyond the initial contribution, although they are encouraged to continue the relationship and to consider new OSOCOS projects.

The involvement of CFS is more than simply philanthropic writing of cheques to a good charitable cause. Senior executives from both CFS and Steria participate together in annual visits to the sponsored schools. Students and school staff welcome the CFS executives and provide updates to CFS executives on their success and progress. For example, Steria provides CFS with Board exam results for the classes at sponsored schools.

CFS's commitment to the OSOCOS programme is actively supported by the highest executive level. Tim Franklin, Chief Operating Officer for CFS is the overall project sponsor and is quoted in the Steria Corporate Responsibility Summary: "Steria's school programme is leaving an indelible legacy in the communities in which they serve—and CFS is hugely proud to be involved". The CIO for CFS, Jim Slack, commented how pleased he was with the warm appreciation from students when he visited the Medavakkan High School and his desire to continue supporting the schools in India.

We learned from Steria that the OSOCOS programme is used as a mechanism to collaborate with many outsource buyers. Steria cites several clients such as the BBC, the Royal Mail, and British Telecom as "client partnerships" in the OSOCOS programme (Steria 2011a, p. 42). Collaboration in this CSR programme builds trust in the outsourcing relationship which benefits Steria and its the outsourcing buyers.

5 Case Analysis

OSOCOS provides a foundation for trust building between the outsource buyer and provider. The sections to follow show how OSOCOS aiding underprivileged school children is a priority for both buyer and provider organisations. Both parties benefit from joint visits and monitoring of the students' progress. The two key themes that emerged from the case study are divided into trust *building between buyer and provider* and secondly *trust building within the respective buyer and provider organizations*

5.1 Trust Between Buyer and Provider Organizations

Calculus-based trust is reflected in the outsourcing contract where rewards and penalties are defined and calculated. However, identification-based trust where "each party effectively understands, agrees with, empathises with and takes each other's values" (Lewicki and Bunker 1996, p. 119) aptly describes the outcome of OSOCOS collaboration. A CFS executive told us about the desired relationship with outsource providers: *We want a common set of values—to build more trust,* [*with*] *like-minded organisations,* [*where*] *we share something in common*.

The first contention is that collaboration on OSOCOS helps individuals in the provider firm to better understand the buyer contributing to knowledge based trust.

One Steria executive commenting on OSOCOS' benefits said:

> It's about working with my main contacts; working with India enables me to understand what makes CFS tick, what makes the company tick.

Secondly OSOCOS collaboration enables individual inter firm relationships to develop beyond the calculative trust expressed in the commercial contract.

Collaboration on OSOCOS creates novel contexts in which identification trust can be built between the outsource provider and buyer staff. The contexts of interaction take the relationship between the two parties beyond the calculative trust expressed in service level agreements in the contract. As one Steria executive said:

> These trips out to India are where you really get to know your customers, because you're with them 24 h a day. And when you share different experiences with them, as you know, it puts your relationship on a very different plain. I think the closer that you work together, the more effective you are. And then from my point of view, the more effective you are, you keep the business.

The shared values expressed by contributing to the OSOCOS create a bonding effect between individuals (Child 2001). The context provided by OSOCOS is not associated by contractual matters but may facilitate discussion of issues during that time. Collaboration provides an opportunity for much greater interaction and cross-linkage between the individuals in the two firms beyond that of the formal communication routes detailed in the outsourcing contract. This greater breadth of communication in OSOCOS context increases the opportunity to communicate beyond the contractual outsourcing stipulation between individuals at multiple levels within each organisation. The formal hierarchy of seniority or contractual protocol; may be subsequently overridden for problem solving or when things go wrong. Another Steria executive noted,

> I would just say it massively helps with our relationship and how we work together,.. You also bring in teamwork and there are so many other things that come into it, other skills such as communication. You really get to know the people who you're working with, and when you see them out of a techie environment, it makes a huge difference.

This last quote shows the importance of team building and the importance of "getting to know each other" outside of the formal work environment; to understand the person outside of the outsourcing relationship. This comment typifies the CFS-Steria relationship, where the interpersonal relationship is considered to be equally as important as the contractual relationship.

A Steria manager said

> CSR initiatives have helped to diminish the formal communication hierarchy—allows more junior staff to speak directly with seniors on a CSR related activity.

Furthermore, there is evidence that individuals that had met in OSOCOS context tended to be less "guarded" in dealing with Steria subsequently: [Steria staff and executives] *are closer to the action. They're closer to the internal discussion. It's not a standoff where 'I'm protecting my IP mindset'. So the defences go down and as a result of that, other things open. They participate in the charity event. They participate in the general spirit and culture of things that are happening* CFS manager.

The buyer and provider "harmonize" as people begin to develop a collective identity (their defences go down) and to empathise strongly with each other.

Identification trust develops through regular communications and watching each other perform in social situations, experiencing a variety of emotional states and learning how others view this behaviour (Lewicki and Bunker 1996, p. 121).

A Steria executive observes:

> So when you've been to these places and shared the experience with people, it does help form a very close relationship… Let's face it, in outsourcing things don't go perfectly well over time because they don't and that's the reality of it. You're in a world where you're delivering projects and services. It's a fast moving world and not all projects go perfectly well. Good relationships get you through on those situations…. You keep the buyers that you have, and that's about strong relationships.

This comment strongly echoes other research besides our own on the importance of trust in outsourcing projects "which frequently require the cooperation of strangers in tough, high-stress situations" (Sabherwal 1999, p. 81). Trust develops through a "frame-change", in this case the collaboration in India, in which the CFS and Steria staffs have moved to a personal identification with each other. Besides OSOCOS, CFS invites outsourcing providers to their community day activities, as described by one CFS executive *Because it's a team-building exercise as well … we are trying to involve each other in those types of activity because it helps to embed the relationship in a way that just meeting around the table in the office doesn't do. It helps to embed the relationship and just make people feel like they are one community.*

5.2 Trust Within the Buyer and Provider Organization

Collaboration in OSOCOS had the effect of productivity improvement for both the buyer and provider. There are two main points of contention: first, trust developed in the OSOCOS collaboration reduced employee turnover. Second, the OSOCOS collaboration built engagement and team work.

Let us first explain why trust developed by OSOCOS collaboration has contributed to lower staff turnover. CFS recognises and values the low turnover of the Steria outsource employees and managing staff turnover is a perennial problem in outsourcing (Nicholson and Aman 2012).

A Steria manager told us:

> Turnover is the biggest thing for me. So we're not constantly losing staff in their area and bringing new staff in and letting it just start off with new skills, which means projects have more of a success of delivery in the time schedule set.

While the Steria average attrition rate for 2010 was 16.5 % attrition on the CFS project was only 12 % and in some cases Steria turnover could be as high as 25 %. Others have reported that Indian outsource providers "can expect to lose 15 to 20 % of their work forces each year" (Scheiber 2004). Turnover is costly for the provider, who must hire and train new replacement employees, and can be problematic for buyers because of the disruption to service when a provider staff member leaves. Reducing attrition is a benefit to both the outsource provider and buyer because the buyer gains continuous service from a knowledgeable outsource employee and the provider keeps training and recruiting costs low. Steria reports that its average annual training cost is €691 per person, and the number of annual average days of training is 2.7 days per person for 2010. We learned that several hundreds of Steria employees work on the CFS account. The ability to reduce attrition by 4.5 % from the organisation average should translate into significant savings for Steria.

Steria executives commented that the Indian outsourcing market has a high level of employee turnover. We heard from one Steria executive about the challenges of keeping turnover low:

> India are going through huge attrition throughout each outsourcer – it doesn't matter whether it's BPO, ITO. There is massive attrition because the labour pool is becoming far more switched-on and they are moving to that extra three rupees or the promise of a different kind of education…India is booming again this year. And attrition is a massive issue for the industry…

The same interviewee commented on the CFS account:

> Attrition on the CFS account is really, really…nothing compared to others, and I mean it stands out. … What it is certainly linked to is the strength of the relationship between the two organisations which is really visible to the guys in India…

Another Steria executive also described the lower staff attrition on the CFS account, but cautioned that it was not entirely attributable to OSOCOS:

> We do have a lower attrition rate on the CFS account, I don't think it's purely down to OSOCOS but I think it contributes. The ethical and social element does help. I wouldn't say it was THE reason why the attrition rate is lower but it definitely contributes.

Although CSR cannot be pinpointed as the only factor, anything that lowers staff turnover is a benefit to buyer and provider, in an outsourcing relationship, where the service is delivered by well-trained and experienced staff, the benefit of lower attrition, which reduces costs and improves service, is a major benefit. The reduced staff attrition between CFS and Steria, which is partially attributed to collaborative CSR, would be difficult for another provider to quickly reproduce, given the time and energy required to create the initial collaboration between the two firms.

The second main contention is that OSOCOS collaboration contributed to motivation, of employees at both Steria and at CFS. This may be explained by employees expressing the view that they are working towards an inspiring vision that is about more than financial profit. The Co-operative Annual Report states the aim "to build a better society… to be an ethical leader; to be an exemplary employer" (The Co-operative Group 2011). In a period when global financial challenges have disrupted many national economies this vision, which is demonstrated through OSOCOS and other CSR projects, motivates employees. A senior manager at CFS told us the value of engagement derived from CSR projects:

> … Engagement is the issue for me. If I've got engaged staff, they're going to stand up and step forward rather than sit back and be passive. I mean it's not just in the textbook, it's a fact you see. It exudes from the pores of the individuals working on a programme… engagement is the thing, everywhere you get more out to people and they get more out of you if you're engaged.

Researchers have commented that employee engagement "is a desirable condition, has an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort, and energy" (Macey and Schneider 2008, p. 5). Productivity is a key benefit from engaged employees. Employees at CFS and at Steria who are inspired by a working environment with a vision that embraces more than maximising profits tended to work longer and with more dedication. Employees display an identification-based trust where they identify with the shared values of providing improved education through their companies' contributions to OSOCOS.

Interviewees spoke of the energy and attentiveness of the motivated employees who are engaged in OSOCOS .

One Steria account manager told us that

> People stay longer, sometimes they're investing a lot of their time and it's not paid, I won't necessarily see it on my bottom line, but you will see it on the productiveness of that project, of hitting targets, etc.

A CFS executive told us about the motivation of Steria employees who value the strength of the relationship with CFS:

> When you are under pressure of getting the tests done against a tight deadline, do you know what the guys say? Well, time to go home now, or do they stay for midnight? These guys stay until midnight and beyond and all night if necessary….the school [CSR] thing is just a little part of that – it just builds that.

This demonstrates the benefits of identification based trust derived from shared values where the Steria employees have developed a collective identity with CFS. The two firms have committed to commonly shared values such as helping schools with needy children in India rewarded by working late to complete an important software project. Other researchers have described similar phenomenon of employee engagement though social responsibility. Bowman describes the "intensifying search for meaning and purpose in work … and that employees are looking to business to answer questions about the meaning of life" and "employees are looking for a sense of connectedness or community at work, and for their work to be an opportunity to contribute towards society" (Bowman 2004). Researchers at MIT have identified how CSR can be used to attract and retain young workers, who expect meaningful work at responsible organizations (Bhattacharya et al. 2008). Others have described how social responsibility in the workplace boosts employee engagement, suggesting that "a sense of pride [from social responsibility] is a major driver of both morale and results… Other research has shown that companies that enhance their reputations through CSR perform better, and generate greater employee loyalty from workers" (Amble 2007). There is nothing necessarily new about motivated employees being more productive.

What is new in this research is that outsource provider and buyer employees working together, on CSR projects that they all support, contributes to improving the identification based trust between the two groups and enables them to collectively become more motivated and productive in their outsourcing work.

6 Conclusion

This paper set out to examine the research question: How does collaboration on CSR projects affect trust in an outsourcing relationship? Steria is able to align with and support the Co-operative CSR priorities and in doing so builds strong identification-based trust (Lewicki and Bunker 1996). As a basic requirement, Steria must be able to provide IT outsourcing services to contract at a competitive price, similar to other providers at CFS. By adding a social dimension to its value proposition with the OSOCOS programme, Steria are able to distinguish services from the competition. The social impact of providing educational support to underprivileged children in India becomes integral to the overall strategy of Steria, and to continuation of its outsourcing relationship with CFS.

We posit that collaborative CSR activity has workforce benefits. It reduces attrition, improves staff retention, builds team morale and engagement; inspires commitment to work longer, harder, and attracts, engages and retains workers, especially young workers.

Let us now consider the implications of this paper for research theory and practice. The novelty of this paper lies in the exposition of the theoretical concepts of CSR and how transacting organisations may “do well by doing well by doing good” through trust building. A contribution to Porter and Kramer (2011) lies in the application of the principles to market based outsourcing relationships which are hitherto unexplored. For example, the Porter concept of shared value is demonstrated in both the buyer and provider gaining better outsourcing performance through collaboration on CSR projects, which create better trust. It may be argued that a limitation of the findings is in the basis of single case and that CFS as a cooperative is not representative of many commercial organizations.

Dealing first with the single case basis, we argue that the case is revelatory and offers deep insight and analytical generalisation (Yin 2009) linked to an established model of trust building (Lewicki and Bunker 1996). The findings improve our understanding of trust building mechanisms and deep insight enriches established models of outsourcing relationship building (Kern and Willcocks 2000) The model has been enriched by providing an revelatory case study of how trust can be built, through collaborative CSR, thus strengthening the foundational behaviours between the buyer and provider. Steria has described how this model of collaborative CSR, through the OSOCOS program, is used with other clients such as Royal Mail, Boots, the BBC and British Telecom. In the US, we have examined a similar collaborative CSR model between Northern Trust and Tata Consultancy Services. Although this paper presents a single revelatory case, these additional examples of collaborative CSR suggest that this concept is not unique to CFS and Steria.

With regard to implications for practice, we suggest four actions for outsource buyers to encourage collaborative CSR with outsource providers. First, carefully choose and recognise those outsource providers who are willing to collaborate in CSR projects. Second, focus on CSR initiatives that are common, or are considered by both organisations to be priorities, such as commitment to education, or to reducing poverty in developing areas, or creating a cleaner environment. Third, start with small collaborative CSR initiatives to learn how to work together and to build momentum and trust. Fourth, measure and revise the collaborative efforts and reconfirm that on-going CSR projects continue to meet objectives for the individual organisations and for the outsourcing relationship.

Steria described other outsourcing clients where a similar approach was used and we have since observed similar CSR projects in other buyer-provider relationships. Although the use of CSR in the outsourcing relationship, to build trust may not be widespread and may not be appropriate for all outsourcing deals, it is reasonable to suggest that others may benefit from exploring the opportunity to collaborate on CSR projects in the context of outsourcing. With the intention of building trust, and fortifying the outsourcing relationship, both buyer and provider will benefit.

Future work may establish how balanced scorecard may be used to measure goals for trust and collaborative CSR with their providers. Secondly, longitudinal study would be valuable to track increasing value over time.

References

Amble, B. (2007). *Social responsibility boosts employee engagement*. Retrieved August 29, 2011, from http://www.management-issues.com/2007/5/9/research/social-responsibility-boosts-employee-engagement.asp.

Atkinson, S., & Butcher, D. (2003). Trust in managerial relationships. *Journal of Managerial Psychology, 18*(4), 282–304.

Babin, R. (2008). Assessing the role of CSR in outsourcing decisions. *Journal of Information Systems Applied Research, 1*(2).

Babin, R., & Hefley, B. (2010). *Corporate Social Responsibility in Outsourcing: Summary of findings from the IAOP 2009 CSR survey*: IAOP.

Babin, R., & Nicholson, B. (2009). Corporate social and environmental responsibility in global IT outsourcing. *MIS Quarterly Executive, 8*(4), 123–132.

Barrett, M., Hinings, C. R., & Oborn, E. (2008). *Legitimacy management and trust in offshoring information technology services.* Paper presented at the IFIP: Information technology in the service economy: Challenges and possibilities for the 21st century, Toronto, Canada.

Berns, M., Townend, A., Khayat, Z., Balagopal, B., Reeves, M., Hopkins, M., et al. (2009). Sustainability and competitive advantage. *MIT Sloan Management Review, 51*(1), 19–26.

Berthon, B., Abood, D., & Lacy, P. (2010). *Can Business Do Well By Doing Good?*: Accenture.

Bhattacharya, C. B., Korschun, D., & Sen, S. (2009). Strengthening stakeholder-company relationships through mutually beneficial corporate social responsibility initiatives. *Journal of Business Ethics, 85*, 257–272.

Bhattacharya, C. B., Sen, S., & Korschun, D. (2008). Using corporate social responsibility to win the war for talent. *MIT Sloan Management Review, 49*(2), 37–44.

Bowman, T. J. (2004). *Spirituality at work: An exploratory sociological investigation of the ford motor company*. London: The London School of Economics and Political Science.

Child, J. (2001). Trust-the fundamental bond in global collaboration. *Organizational Dynamics, 29*(4), 274–288.

Crane, A., Matten, D., & Spence, L. (2008). *Corporate social responsibility readings and cases in global context*. London: Routledge.

Ertel, D., Enlow, S., & Siddall, B. (2010). Managing Outsourcing Relationships to Maximize Value. *Evolving Relationship Management Practices*. Vantage Partners.

Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review, 45*(4), 35–51.

Fairbairn, B. (1994). *The meaning of rochdale*. Regina, Canada: Centre for the Study of Co-operatives, University of Saskatchewan.

Falck, O., & Heblich, S. (2007). Corporate social responsibility: Doing well by doing good. *Business Horizons, 50*, 247–254.

Franklin, D. (2008). Just good for business. *The Economist* 1–24.

Global_Reporting_Initiative (2011). *GRI Sustainability Reporting Statistics—Publicaiton Year 2010*: Global Reporting Initiative.

Heiskanen, A., Newman, M., & Eklin, M. (2008). Control, trust, power, and the dynamics of information systems outsourcing relationships: A process study of contractual software development. *Journal of Strategic Information Systems, 17*, 268–286.

Kelly, S., & Noonan, C. (2008). Anxiety and psychological security in offshoring relationships: The role and development of trust as emotional commitment. *Journal of Information Technology, 23*(4), 232–248.

Kern, T., & Willcocks, L. (2000). Exploring information technology outsourcing relationships: theory and practice. *Journal of Strategic Information Systems, 9*, 321–350.

Kern, T., & Willcocks, L. P. (2002). Exploring Relationships in Information Technology: The Interaction Approach. *European Journal of Information Systems*, *11*, 3–19.

Lacity, M., Khan, S., Yan, A., & Willcocks, L. (2010). A review of the IT outsourcing empirical literature and future research directions. *Journal of Information Technology, 25*, 395–433.

Lacy, P., Teo, L. L., Piotroski, S., & Cowling, J. (2010). *Trust: Managing the scarcest commodity of all*: Accenture.

Lai, C.-S., Chiu, C.-J., Yang, C.-F., & Pai, D.-C. (2010). The effects of corporate social responsibility on brand performance: The mediating effect of industrial brand equity and corporate reputation. *Journal of Business Ethics, 95*, 457–469.

Lewicki, R. J., & Bunker, B. B. (1996). Developing and maintaining trust in work relationships (chapter 7). In R. M. Kramer & T. R. Tyler (Eds.), *Trust in organizations, frontiers of theory and research* (pp. 114–139). Thousand Oaks: Sage.

Lewis, S. (2003). Reputation and responsibility. *Journal of Communications Management, 7*(4), 356–364.

Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology, 1*, 3–30.

Matten, D., & Moon, J. (2008). "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review, 33*(2), 404–424.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies, 43*(1), 2–18.

Moon, J. (2007). The contribution of corporate social responsibility to sustainable development. *Sustainable Development, 15*, 296–306.

NASSCOM (2011). Green IT initiative: Catalysing sustainable environment. Retrieved August 29, 2011, from http://www.nasscom.in/nasscom/templates/LandingNS.aspx?id=55759.

Nicholson, B., & Aman, A. (2012). Managing attrition in offshore finance and accounting outsourcing: Exploring the interplay of competing institutional logics. *Strategic Outsourcing: An International Journal*, *5*(3), 232–247.

Porter, M. E. (Writer) (1987). From competitive advantage to corporate strategy [Article]. *Harvard Business Review*: Harvard Business School Publication Corp.

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review, 86*(1), 78–93.

Porter, M. E., & Kramer, M. R. (1999). Philanthropy's new agenda: Creating value. *Harvard Business Review, 77*(6), 121–130.

Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review, 80*(12), 57–68.

Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review, 84*(12), 78–92.

Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review, 89*(1/2), 63–77.

Rottman, J. W. (Writer) (2008). Successful knowledge transfer within offshore supplier networks: a case study exploring social capital in strategic alliances. *Journal of Information Technology*. London, United Kingdom: Palgrave Macmillan.

Sabherwal, R. (1999). The role of trust in outsourced IS development projects. *Communications of the ACM, 42*(2), 80–86.

Sagar, P., & Singla, A. (2003). Trust and corporate social responsibility: Lessons from India. *Journal of Communications Management, 8*(3), 282–290.

Scheiber, N. (2004). As a center for outsourcing, India could be losing its edge. New York: New York Times.

Steria (2011a). *Corporate responsibility report—managing our business responsibly*. Paris: Steria.

Steria (2011b). *Registration document 2010, group steria SCA*. Paris: Steria.

The Co-operative Group (2010). *Sustainability Report 2009*. Manchester UK.

The Co-operative Group (2011). *Building a Better Society: Annual Report and Accounts 2010*. Manchester UK.

Werther, W. B., & Chandler, D. (2005). Strategic corporate social responsibility as global brand insurance. *Business Horizons, 48*, 317–324.

Willcocks, L., Cullen, S., & Craig, A. (2011). *The outsourcing enterprise. From cost management to collaborative innovation*. Basingstoke, Hampshire, UK: Palgrave Macmillan.

Yin, R. K. (2009). *Case study research design and methods* (4th ed., Vol. 5). Thousand Oaks: Sage.