

**EXAMINATION OF OUTSOURCING IN AN  
ACCOUNTING FIRM, A SHIFT IN THE UNIT OF  
ANALYSIS**

**"ETHNOGRAPHIC STUDY OF BLOCKS TO  
KNOWLEDGE-SHARING"**

**A DOCTORAL THESIS SUBMITTED IN PARTIAL  
FULFILMENT OF THE AWARD OF DOCTOR OF  
PHILOSOPHY OF THE UNIVERSITY OF LONDON**

**By**

Krishna Anadachee

iCOM

Centre for Research in Information Computing and Communication

Royal Holloway

University of London

May 2012

# ETHICAL AWARENESS FORM



Royal Holloway  
iCOM Centre

## Postgraduate Ethics Awareness Form

The supervisor is required to discuss with the student any potential ethical issues relating to the proposed research project during the first or second term of enrolment on the MPhil or PhD programme. The date of this meeting must be recorded on this form along with other relevant details. The form must appear at the start of the completed thesis (immediately after the abstract).

Student's surname: **Anadachee**

First name: **Krishna**

Degree for which registered: **MPhil/PhD**

Date of initial registration: **27.9.2004**

Thesis title: **The Barriers to Knowledge Sharing in Accounting Outsourcing**

Date(s) at which ethical issues related to the proposed research have been formally discussed:  
**28/11/2006**

Have these discussions highlighted any ethical concerns with the proposed research plans?

If yes, briefly describe these concerns and confirm that the School of Management's Research Committee/College Ethical Committee has been notified and has granted approval for the study (please specify relevant dates) or, for issues where the School of Management's Research Committee has considered that it was not within its remit to grant approval, that the College Ethical Committee has been notified and has granted approval for the study

Name and signature of supervisor: **Prof Duska Rosenberg**

A handwritten signature in black ink that reads "Duska Rosenberg".

Name and signature of student: **Krishna Anadachee**

A handwritten signature in black ink that reads "Krishna Anadachee".

## **ABSTRACT**

In the last few years accountancy firms have started to use outsourcing due to market pressure to be competitive. The industry is highly regulated, and outsourcing poses constraints including confidentiality of information, regulatory restriction and ethical implications. The legal and ethical responsibility of any work outsourced remains with the accounting firm that has purchased the outsourcing service, and not with the outsourcer. Since the aim of outsourcing is to make the accounting firm more efficient, it needs to be sure that the benefits of outsourcing will exceed the costs and risks of the process. As a knowledge-based industry, this gives the sharing of knowledge a central role in outsourcing.

Outsourcing in accounting creates a relationship not only between two organisations, but more importantly among those organisations' workers. The main asset of an accounting firm is its staff and their specialist knowledge. Most outsourcing studies focus on the relationship between organisations, with little emphasis on the relationship between workers. A particular quality of accounting is that workers are the owners of their own knowledge, and firms employ these workers without having a definitive right to the sharing of their knowledge. An efficient working environment stems from the workers' ability to share their knowledge (their assets) within the organisation and in an outsourcing process.

The objective of this research is to understand the blocks to knowledge-sharing in a medium-sized accounting firm from an individual unit of analysis with focus on its outsourcing operations. This study examines the following research questions: What

is the influence of trust and power on knowledge-sharing from the individual perspective? How does accounting outsourcing create a shift in the unit of analysis, and how does it differ from other types of outsourcing? From the perspective of the individuals involved, what are the blocks to knowledge-sharing within the firm and within its outsourcing operations? To be able to study worker relationships and behaviour in detail, data for analysis was gathered using the participant observation method.

The study finds that trust and power are important elements that can influence the sharing of knowledge among individuals. The main types of trust that influence knowledge-sharing, particularly in head office, are found to be benevolence and competence trust, while one of the main factors to influence trust within the outsourcing context is communication. Lack of communication creates fear among in-house staff and thus makes outsourcing contractors less trustworthy. Power is mainly driven by specificity of knowledge and individualism; these two factors promote the use of knowledge as a power tool. Trust and power are blocks to knowledge-sharing in the organisation's in-house activities, but are less influential in blocking knowledge in outsourcing, where the two main blockages are: (i) Physical distance and lack of suitable technological platform to share knowledge, and (ii) Gap in knowledge awareness between the accounting firm and the outsourcing provider.

Accounting outsourcing is shown to be different from other types because it is the outsourcing of a core competence (known as third generation outsourcing), and also of knowledge-based work. The accounting firm uses outsourcing within its legal and ethical limits, reducing costs indirectly, because it has to negotiate the profession's

constraints. In this context there are two types of outsourcing, namely internal and external outsourcing. This research applies participant observation to an original context and shows the importance of using such a method in future management studies.

## **ACKNOWLEDGEMENTS**

I wish to thank God and all the sadhgurus for helping me and guiding me through this long, lonely and difficult PhD Journey.

There is a quote from Paulo Coelho in *The Alchemist* which I always treasure: "And, when you want something, all the universe conspires in helping you to achieve it." During my PhD, Professor Duska Rosenberg has been this conspiring force behind the universe to help me achieve this PhD. I am not saying this just for the sake of acknowledgement, but I came in this PhD lagging behind many students in terms of academic experience and she guided me with motherly care. She always tried to make me at ease and tried to get the best out of me by making me feel positive all the time. Without her I wouldn't be where I am with the PhD and it's as simple as that. She does the little things that make a big difference in people life and make people feel valued. When someone feels valued creativity and motivation come more easily.

I would also like to thank my family for their support, love and courage during this Journey. I dedicate this PhD especially to my Dad (the late Som Anadachee) who sadly passed away in June 2011 and I hope this PhD will make him proud.

I would like to thank Dr Bode Akinwande who encouraged me to pursue a PhD after my Masters study. Without his support and encouragement I would never have started the PhD.

The PhD is a culmination of many years of study even before entering the program as a PhD student. There is one whom I would like to thank and who has helped me to be confident in myself and believe that the sky is the limit: my uncle and teacher Sastree

Anadachee who has always encouraged me to pursue my studies and go as far as I can.

I would like to pay tribute to the late Max Boisot who has inspired me so much with his book *Knowledge Assets*. I didn't have the chance to meet him, but his writing shows what a great thinker and futurist he was.

The final version took form only through the useful and constructive comments of Professor Micheal Lissack. I wish to thank him, I enjoyed doing the correction and it allowed me to put my work in perspective.

Lastly but not least all the people who have helped me along the way, Dr Catherine Liston-Heyes, Professor Brendon Mcsweeney, Dave Snowden, my friend Omar Alquibasi and others I might have inadvertently missed.

## **TABLE OF CONTENTS**

ETHICAL AWARENESS FORM.....	i
ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	v
TABLE OF CONTENTS.....	vii
LIST OF TABLES.....	x
LIST OF FIGURES.....	xi
CHAPTER 1.....	1
RESEARCH BACKGROUND, AIMS AND OBJECTIVES.....	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND OF STUDY.....	3
1.2.1 MOTIVATION BEHIND THE RESEARCH.....	3
1.2.2 LEGALITY AND ETHICALITY OF ACCOUNTING OUTSOURCING.....	5
1.2.3 THE KNOWLEDGE ECONOMY.....	9
1.2.4 MANAGEMENT OF MANUAL WORKER TO KNOWLEDGE WORKER.....	15
1.3 THE PROBLEM.....	20
1.3.1 STATEMENT OF THE PROBLEM.....	20
1.3.2 AIMS AND OBJECTIVES OF STUDY.....	28
1.3.3 ASSUMPTIONS.....	30
1.3.4 IMPORTANCE OF STUDY.....	31
1.3.5 SUMMARY OF FORTHCOMING CHAPTERS.....	32
1.4 CONCLUSION.....	33
CHAPTER 2.....	36
OUTSOURCING AND KNOWLEDGE MANAGEMENT.....	36
2.1 INTRODUCTION.....	36
2.2 OUTSOURCING.....	37
2.2.1 DEFINITION AND TAXONOMIES.....	37
2.2.2 ACCOUNTING OUTSOURCING.....	46
2.2.3 OUTSOURCING RELATIONSHIP.....	49
2.3 KNOWLEDGE.....	55
2.3.1 KNOWLEDGE PHILOSOPHIES.....	55
2.3.2 KNOWLEDGE IN THE ORGANISATION.....	61
2.3.3 KNOWLEDGE MANAGEMENT GENERAL PERSPECTIVE.....	65
2.3.4 KNOWLEDGE-SHARING.....	69
2.3.5 KNOWLEDGE-SHARING IN OUTSOURCING.....	73
2.4 CONCLUSION.....	76
CHAPTER 3.....	80
TRUST AND POWER.....	80
3.1 INTRODUCTION.....	80
3.2 TRUST.....	81
3.2.1 DEFINITION AND SOURCES OF TRUST.....	81
3.2.2 FORMS AND TYPES OF INTER-ORGANISATIONAL TRUST.....	86
3.2.3 TRUST AND KNOWLEDGE-SHARING.....	93
3.2.4 TRUST IN OUTSOURCING LITERATURE.....	102
3.3 POWER.....	105
3.3.1 PHILOSOPHIES OF POWER.....	106
3.3.2 THEORITICAL PERSPECTIVES OF POWER.....	108



3.3.3	POWER IN ORGANISATION .....	113
3.3.4	POWER IN KNOWLEDGE MANAGEMENT.....	117
3.3.5	POWER IN OUTSOURCING LITERATURE.....	121
3.4	CONCLUSION.....	124
CHAPTER 4.....		128
RESEARCH METHOD.....		128
4.1	INTRODUCTION .....	128
4.2	METHODS .....	129
4.2.1	QUALITATIVE V/S QUANTITATIVE RESEARCH METHOD.....	129
4.2.2	ETHNOGRAPHY.....	133
4.2.3	PARTICIPANT OBSERVATION .....	135
4.2.4	NARRATIVE ANALYSIS.....	139
4.2.5	CASE STUDY .....	144
4.3	RESEARCH ETHICS.....	148
4.4	RESEARCH DESIGN.....	150
4.4.1	DATA COLLECTION AND ANALYSIS.....	152
4.5	CONCLUSION.....	157
CHAPTER 5.....		160
FIELDWORK & NARRATIVES .....		160
5.1	INTRODUCTION .....	160
5.2	NARRATIVES ON POWER .....	162
5.2.1 (A)	FIRST ABSTRACT .....	162
5.2.1 (B)	SECOND ABSTRACT .....	165
5.2.1 (C)	THIRD ABSTRACT .....	169
5.2.2	POWER FIRST ASSUMPTION .....	172
5.2.3	POWER SECOND ASSUMPTION.....	175
5.2.4	POWER THIRD ASSUMPTION.....	181
5.2.5	POWER FOURTH ASSUMPTION.....	184
5.2.6	POWER NARRATIVES SUMMARY.....	186
5.3	NARRATIVES ON TRUST RELATIONSHIP .....	188
5.3.1 (A)	FOURTH ABSTRACT .....	188
5.3.1 (B)	FIFTH ABSTRACT .....	191
5.3.1 (C)	SIXTH ABSTRACT.....	195
5.3.1 (D)	SEVENTH ABSTRACT SCENARIO ONE.....	197
5.3.1 (E)	SEVENTH ABSTRACT SCENARIO TWO .....	202
5.3.1 (F)	SEVENTH ABSTRACT SCENARIO THREE.....	207
5.3.2	TRUST FIRST ASSUMPTION .....	210
5.3.3	TRUST SECOND ASSUMPTION .....	213
5.3.4	TRUST THIRD ASSUMPTION .....	217
5.3.5	TRUST NARRATIVES SUMMARY .....	223
5.4	CONCLUSION.....	224
CHAPTER 6.....		226
DISCUSSION OF FIELDWORK AND LITERATURE REVIEW .....		226
6.1	INTRODUCTION .....	226
6.2	DISCUSSION OF METHOD.....	227
6.2.1	CONTEXT AND COMPLEXITY .....	227
6.2.2	ETHNOGRAPHY AND ORGANISATIONAL STUDIES.....	228
6.2.3	PARTICIPANT OBSERVATION AND LABOV METHOD.....	230
6.3	OUTSOURCING DISCUSSION .....	233
6.3.1	DRIVERS AND MOTIVATIONS.....	234

6.3.2	OUTSOURCING: A NEW MODEL.....	237
6.4	TRUST DISCUSSION .....	240
6.4.1	TRUST INTERACTION IN THE CONTEXT OF THE RESEARCH 240	
6.4.2	TRUST IN THE OUTSOURCING CONTEXT.....	242
6.4.3	TRUST AND KNOWLEDGE-SHARING.....	245
6.5	POWER DISCUSSION .....	250
6.5.1	POWER IN THE CONTEXT OF THE RESEARCH.....	250
6.5.2	POWER IN OUTSOURCING CONTEXT.....	255
6.5.3	POWER RELATIONSHIP AND KNOWLEDGE-SHARING.....	257
6.6	RELATIONSHIP BETWEEN TRUST AND POWER .....	260
6.7	CONCLUSION.....	263
	CHAPTER 7 .....	268
	FINDINGS AND ORIGINAL CONTRIBUTIONS.....	268
7.1	INTRODUCTION .....	268
7.2	FINDINGS AND ORIGINAL CONTRIBUTIONS.....	270
7.2.1	ACCOUNTING OUTSOURCING .....	271
7.2.2	EXAMINING THE INFLUENCE OF TRUST AND POWER ON KNOWLEDGE-SHARING.....	274
7.2.3	TRUST IN KNOWLEDGE-SHARING.....	278
7.2.4	POWER IN KNOWLEDGE-SHARING.....	283
7.2.5	THE BLOCKS TO KNOWLEDGE-SHARING? .....	286
7.2.6	LESSON TO LEARN FROM THIS STUDY .....	288
7.2.7	ETHNOGRAPHIC STUDY .....	289
7.3	LIMITATIONS OF THE RESEARCH.....	294
7.4	AREAS OF FURTHER RESEARCH .....	298
7.5	CONCLUSION.....	299
	APPENDIX A: RESEARCH PARADIGMS & PHILOSOPHY .....	304
	APPENDIX B: VALIDITY & RELIABILITY.....	313
	APPENDIX C: PARTICIPANT OBSERVATION.....	319
	APPENDIX D: SKETCH OF THE CONTEXT.....	321
	APPENDIX E: ABC LIMITED JOB STATUS .....	323
	APPENDIX F: FIELD NOTES & NARRATIVES SELECTION.....	325
	APPENDIX G: SAMPLE OF A RAW FIELD NOTE AND ITS RELATED NARRATIVE .....	326
	APPENDIX H: SAMPLE OF NARRATIVES BY CATEGORY .....	328
	BIBLIOGRAPHY.....	336

## **LIST OF TABLES**

<b>Table I:</b> Knowledge Classification: (Nonaka and Takeuchi, 1995).....	62
<b>Table II:</b> Summary of Types of Trust.....	91
<b>Table III:</b> Phases of alliance and a dynamic perspective on knowledge-sharing and trust development:.....	100
<b>Table IV:</b> Morgan (1997) Sources of Power .....	109
<b>Table V:</b> Main Types of Qualitative Research.....	131
<b>Table VI:</b> Accounting Outsourcing Model .....	239

## **LIST OF FIGURES**

<b>Figure I:</b> (characteristics of the knowledge economy) .....	11
<b>Figure II :</b> Preliminary Model .....	28
<b>Figure III</b> Classification of Outsourcing Muller & Wood (2008) .....	42
<b>Figure IV:</b> International Outsourcing Services Model Kedia & Lahiri (2007) .....	43
<b>Figure V:</b> Outsourcing Drivers Kedia & Lahiri (2007) .....	45
<b>Figure VI:</b> Extended Outsourcing Relationship Model: Fleming and Low (2007)....	53
<b>Figure VII:</b> Information Structure (Choo, 2006).....	59
<b>Figure VIII:</b> Information Transition (Probst et al,1999) .....	60
<b>Figure IX:</b> Influence of Trust on organising (McEvily et al, 2003) .....	96
<b>Figure X:</b> Trust development / knowledge-sharing (TD/KS) model of strategic alliance: Marshall et al (2005) .....	99
<b>Figure XI:</b> Structure of Firm ABC .....	153
<b>Figure XII:</b> Position of the Researcher with the firm.....	154
<b>Figure XIII:</b> Narrative analysis Structure.....	156
<b>Figure XIV:</b> Knowledge Cycle.....	255
<b>Figure XV:</b> Organisational Knowledge Value.....	259
<b>Figure XVI:</b> Employee Knowledge Value .....	259
<b>Figure XVII:</b> Trust Network and power relationship.....	261

*“The art of management has been defined as knowing exactly what you want men to do and then seeing that they do it in the best and cheapest way”*  
(Frederik Winslow Taylor)

## **CHAPTER 1**

### **RESEARCH BACKGROUND, AIMS AND OBJECTIVES**

#### **1.1 INTRODUCTION**

Outsourcing has been a growing phenomenon in the last decades and this thesis will examine the problems faced by an accounting firm in using outsourcing. An accounting firm relies on the knowledge of individual accountants for their work. In an outsourcing situation the accounting firm has to rely on individual accountants in the outsourcing firm for the completion of their work. For the relationship between the accounting firm and the outsourcing firm to be effective, it needs to be based on a trusting relationship between accountants in the partnered firms. In this PhD project, the relationship of individuals in outsourcing is examined being motivated both from real life and from theory. The first section of this chapter will explain the motivation of the research. The financial services industry is facing more and more regulation by various authorities. Accountancy is a highly regulated profession, but also one of the rare professions that have an impact on public interest, i.e. the work of accountants is used by various stakeholders. The second part of this chapter will look at the ethical and legal implications to the accounting industry in using outsourcing. Outsourcing as a strategy has been very prominent in the information technology industry, but in the financial services industry it is still at an early stage. One of the possible reasons for this is that the work in financial services is knowledge-based and is highly regulated.

The world economy has changed radically in the last few decades and as the world becomes more and more technology-oriented the knowledge economy has taken a greater role in world economy. The knowledge economy has made knowledge resources a vital element in the production of goods and services. The next section will look into the knowledge economy and the impact it has had on society. Accounting outsourcing, being the outsourcing of a core service which is knowledge-based, requires a new way of management. The next part will look at management theory and how it has evolved in the knowledge economy.

After defining the background to the study, the research problem shall be defined later. Research is the analysis of a systemised research problem by defining why the problem exists. Outsourcing literature has focussed on the firm rather than the individuals, as explained above outsourcing in accounting present a different research issue, which is the role of the individual. This new focus requires a different unit of analysis, which is the individual. This has triggered the search for a new unit of analysis and therefore a novel conceptual framework, method and approach to field work. This chapter will explain the aim and objectives of the research problem and try to answer it. Finally the chapter will give a summary of the forthcoming chapters and the contents that will be discussed and the conclusion. The aim of this PhD thesis is primarily to bring an original contribution to academic fields and answer the research question that has been asked in the introductory chapter. Thus this chapter is very important as it will set the foundations for the research. All other chapters will also be written with a view to reply to the question that has been asked in this chapter.

## **1.2 BACKGROUND OF STUDY**

### **1.2.1 MOTIVATION BEHIND THE RESEARCH**

The motivation for this research goes back to my masters dissertation, "Operational Risk in the Banking Sector". In 2004 operational risk was very fashionable following the high-profile collapse of major institutions like Enron, Barings, BCCI etc. The essence of operational risk is that unlike other types of banking risks it is a type of risk that is low in frequency but high in impact, i.e., it doesn't happen often, but its impact can be disastrous for an organisation. The risk domain has been turned into a mathematical specialisation, with everything calculated through highly sophisticated mathematical models. When the concept of operational risk was being pushed forward in the early 2000s by the Basel Committee on Banking Supervision and the regulatory authorities in Europe, banks started to realise that operational risk is man-made and cannot be predicted through mathematical modelling but rather through effective man management. Over the years each bank has developed in high secrecy its own integrated model of operational risk. It is not possible to describe the operational risk model developed by each bank, but it is likely that that these models will include a high element of regulation and also knowledge management, where knowledge is shared effectively to prevent any small errors from growing into a calamitous problem.

In 2004, before I started this PhD, I met with the risk director of one of biggest investment banks, and we started talking about the issue of operational risk and how the banks are moving forward with it. During the conversation he said that he has got another big problem in terms of risk. He explained that many banks were outsourcing their back office and they were having problems monitoring what outsourcing was

doing; they had even lost track of the back office business. Amongst the outsourced transactions were transfers, invoicing, etc.; in the investment banking world a mistake of a single zero can cost a bank millions (e.g. instead of doing a transfer of £50 million, outsourcing might have done £500 million). Banks set up control and monitoring measures for their in-house operations, but at that time it seems that they were finding it difficult to monitor outsourcing. And during that time the Financial Services Authority (FSA) was looking seriously into the problem of outsourcing risks.

After my discussion, I started thinking of outsourcing in my own profession, accountancy. I started to look into the issue of outsourcing risks and what would be the impact on my profession. I talked to the accountancy bodies in the UK to find out whether there had been any discussion paper on outsourcing among their peers but the answer was negative, although they recognised that outsourcing could have an important impact on the profession. As regards the aspect of legality and ethicality of outsourcing in the accounting profession, the problem of regulation will be dealt by the respective accounting bodies and the regulatory bodies who can introduce regulation when they deem it to be necessary. What is important for accounting firms is to assess the risk they are taking in outsourcing their activities, mainly in terms of the financial loss they suffer if the process of outsourcing is not efficient. In the worst-case scenario they can suffer legal and regulatory probes if outsourcing jobs are not properly done and not enough control is exercised by the accounting firm. But in the most probable scenario, if the outsourcing process is not efficient it will cost money and time to the accountancy firms. To make a parallel to the example of the banking industry above, accounting firms will not have the same risk as banks in terms of losing money, but could find the quality and efficiency of their work seriously



damaged. But it is very important to understand the regulatory constraints that accountancy firms face in outsourcing.

## **1.2.2 LEGALITY AND ETHICALITY OF ACCOUNTING OUTSOURCING**

Outsourcing brings along two major dilemmas to the accounting profession, firstly there is its legality and secondly there is the ethicality of the profession. There is a saying that says “what is legal is not necessarily ethical”. In the history of humanity there are many activities that were deemed legal but not ethical (for example slavery, child employment and women’s lack of a vote). Outsourcing as an industry which is highly regulated and has an influence on public interest will have to meet legal requirements. As mentioned above, the accounting bodies in the UK have not yet looked into the issue of outsourcing. Judging from informal talk with the accounting institutes, they have not yet engaged any discussion paper in this regard. However the American Institute of Certified Public Accountants (AICPA) has published an article in its Journal of Accountancy titled “Legal and Ethical Considerations Regarding Outsourcing” (Miller & Anderson, 2004).

The accounting profession is founded on two main pillars: (a) to act as a guardian of the information which the client has confided in them, and (b) to provide the right information in the presentation of financial statement, and carry out their work with due care that will not compromise the public interest. The first pillar is protected by law: the client shares highly sensitive information with the accounting firm, and this has to be treated with care and confidentiality. Miller & Anderson (2004) argue that members of the AICPA using outsourcing services must ensure that specific controls

are in place, and that these controls are adequate to protect client information. They go further and state that in an age of e-sharing, members of the AICPA should ensure that specific measures are in place such as:

- (i) Encryption techniques;
- (ii) The use of private leased lines or virtual private networking with authorised users;
- (iii) The processing of integrity of information;
- (iv) Whether the third-party provider had the engagement performed (internal or external) on the security of their systems;
- (v) Whether the third part provider has obtained an independent security attestation regarding their systems.

The legislation relating to the protection of data is very clear that the financial institution handling the data is the custodian of that data. The US has implemented a number of significant laws in relation to the regulation of financial institutions, including accounting firms, after the high profile collapse of various companies, particularly Enron. In the US a very important law that regulates information handled by financial institutions is the Gramm-Leach-Bliley Act (GLBA) 1999. Section 6801 of the GLBA act of 1999 stipulates that:

“(a) Privacy obligation policy

It is the policy of the Congress that each financial institution has an affirmative and continuing obligation to respect the privacy of its customers and to protect the security and confidentiality of those customers' non-public personal information.

(b) Financial institutions safeguards

In furtherance of the policy in subsection (a) of this section, each agency or authority described in section 6805(a) of this title shall establish appropriate standards for the financial institutions subject to their jurisdiction relating to administrative, technical, and physical safeguards -

- (1) To ensure the security and confidentiality of customer records and information;
- (2) To protect against any anticipated threats or hazards to the security or integrity of such records; and
- (3) to protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.”

In the UK the security of information is protected by the UK Data Protection Act 1998; in addition, the UK Financial Services Authority has the power to intervene whenever it is clear that client information has been corrupted.

What has been discussed until now is the legality of outsourcing and this is an area where most accounting firms will comply, otherwise they will face sanction from the regulatory authorities. Miller & Anderson (2004) argue that a confidentiality breach by the outsourcer, even if all of the above steps were taken, will still be the responsibility of the accounting firm. This is a strong interpretation of the law and will make accounting firms think and prepare very well before engaging in outsourcing. There hasn't yet been such a breach of customer confidentiality by an accounting firm, but the law and regulations in place are very clear about who will be held responsible if such a breach ever occurs. The ethical issue of the accounting firm is its accountability to the public interest and public good through the reporting of financial statements. In accounting, the concept of a “true and fair view” is very

important, as it emphasises that accounts and financial statements should give a true and fair reflection of the financial affairs of a company.

In a monograph published by Flint (1982) for the Institute of Chartered Accountants of Scotland it is stated that “The fundamental principle of reporting in company accounts is that the primary responsibility rests on the directors to make full disclosure to enable the company to be judged as to whether what they have done is acceptable to shareholders, to other relevant interest groups and to society, and to enable these groups to take such decisions about the future as are competent to them. Reporting is a legal duty although it may be a social obligation.” The concept of a true and fair view was introduced in the Companies Act 1948, while the previous requirement was called a “true and correct view”. The directors sign the financial statements and according to the Companies Act in the UK they have to bear the liability for wrongdoing in the company. But the directors of a company rarely prepare the accounts, and most of them do not have the expertise to understand and interpret the figures and disclosures presented to them by their accountants. Accountants are trusted advisors who can in the majority of the cases bear, with directors, the liability for presenting wrong information to the public. They have to prepare and present information that gives a true and fair view of the state of affairs of the company and this information will then be approved by the directors of the company. In an outsourcing scenario, the accounting firm gives a job to an outsourcer, but the accounting firm is the sole one responsible toward its client, and if anything goes wrong it will be subject, together with the directors of the companies, to prosecution.

The concept of a true and fair view is subject to interpretation. What a true and fair view means for the accountant might not be the same for the debtors or the creditors of the company. But as trusted advisors and custodians of public interest, accountants have an ethical duty of care, even if legally they cannot be prosecuted. How does the accounting profession reconcile this problem with outsourcing? When they are outsourcing, accountants cannot monitor the quality and presentation of work; even if they can save in terms of costs, they risk endangering their reputation in terms of the quality of work; and worse, they can even risk regulatory and legal probes if they present the wrong information to the public. Accountancy is a knowledge-based profession which is constantly updated by changes in laws and regulations. Outsourcing such work requires a tight monitoring of the quality of work being produced by the outsourcer. The problem with the monitoring of outsourcing work in accounting is that the work is intangible and knowledge-based. The next section of this study reviews the impact of the new knowledge economy which will explore why the world has become so reliant on knowledge as a factor of production.

### **1.2.3 THE KNOWLEDGE ECONOMY**

There has been a lot of argument amongst scholars on the knowledge economy and its influence on the modern society. There is no unified definition of the knowledge economy, and it has been argued that one of the main problems in the understanding of the knowledge economy is in its definition. “The weakness, or even complete absence, of definition, is actually pervasive in the literature... this is one of the many imprecisions that make the notion of “knowledge economy” so rhetorical rather than analytically useful” (Smith, 2002). There are various but limited definitions of the knowledge economy: Leadbeater (1999) describes it as a source of competitive advantage; the ESRC (2005) describes it as adding intangibles; Kok (2004) talks of

the knowledge society; and the OECD (1996) states that the term “knowledge-based economy” results from a fuller recognition of the role of knowledge and technology in economic growth.

Instead of focussing on the definition of the knowledge economy, Powell and Snellman (2004) give the three different areas of literature which have developed on the subject:

- (a) Rise of new-science based industry and its influence on society;
- (b) Growth and productivity in this sector;
- (c) Managerial orientation and role of learning.

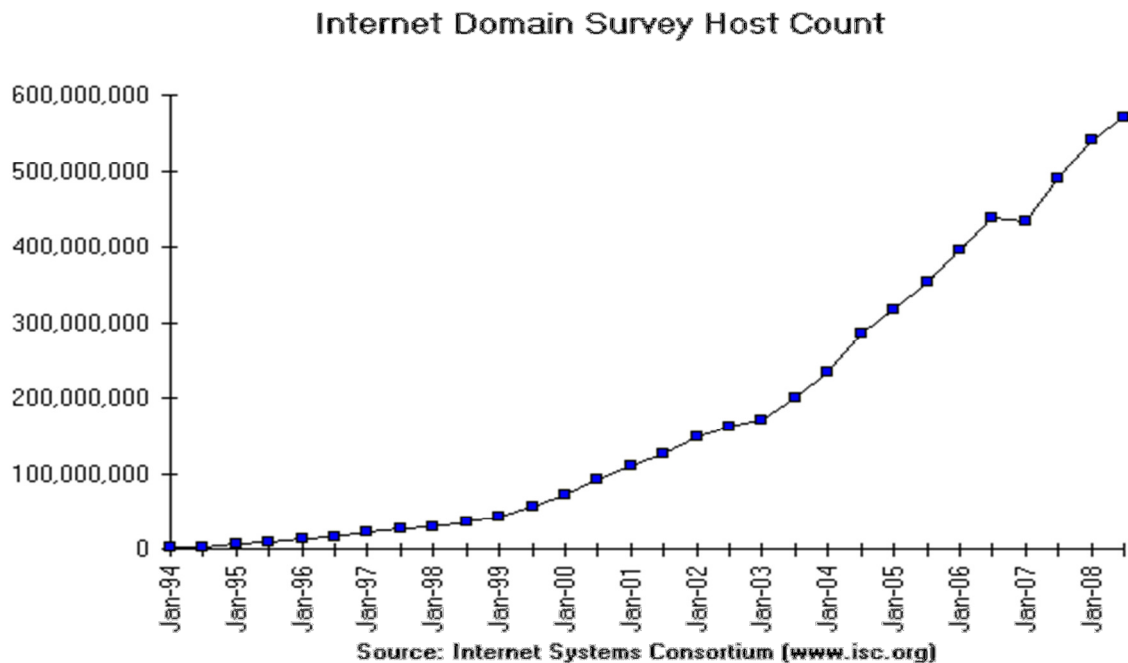
In the definition of the OECD (1996), the word “knowledge” is very important, and even if as defined above by Powel and Snellman (2004), various lines of literature have been developed around the subject. I would argue that the knowledge economy first of all can be defined as the use of knowledge as the main factor of production and the reliance on the intellectual capacity to be productive.

Kling and Ekbia (2003) argue that the second part of the twentieth century is often characterised as a time of great social political uncertainty, rapid economic change, globalisation, and hypercompetitive business environments. Under such circumstances, it is suggested, knowledge turns into the most important means of production (“knowledge society” and “knowledge economy”). In the nineteenth century, labour was considered an important resource in the agricultural economy. According to Boisot (1998), in the agrarian economy of David Ricardo’s day, the critical factor was taken to be land and labour. As we moved from agricultural economy to the industrial economy, capital was considered an equally important

resource as labour. The more we have pushed ourselves to rely on capital and machinery during the industrial revolution, the more we have stopped relying on people's physical effort, but instead on people's knowledge effort which was locked up in capital.

With the development of information technology, we have developed artificial intelligence which will replace human effort in the production cycle. Together with the advance of information technology, globalisation has contributed to knowledge delivering at a faster rate through the world economies. There is no economy in the world today which is not based on knowledge, whatever field it is based on.

By 1989 there were around 159,000 internet hosts worldwide. This had increased to 600 million by 2008. This shows the rapid increase in the usage and globalisation of information technology.



**Figure I:** Characteristics of the knowledge economy

*(A primer on the Knowledge Economy, Houghton and Sheehan, 2000)*

The emergence of the knowledge economy can be characterised in terms of the increasing role of knowledge as a factor of production and its impact on skills, learning, organisation and innovation.

Foss (2001) argues that the notion of a knowledge economy and knowledge-based economy stems from the fact that the central authority of controlling factors of production is no longer in the hands of management. According to him, the coasian firm, following the thinking of the economist Ronald Coase, is characterised by well-defined boundaries and authority. This is challenged by the work of Hayek (1945, 1973), who sees knowledge as crossing a firm's boundaries. Hayek's work is based on two claims:

- a) Because of the increased need for firms to be source diverse, specialised knowledge, knowledge as seen from the point of view of a manager, is becoming increasingly dispersed.
- b) Because of the increased importance of sourcing specialist knowledge, knowledge assets controlled by individual agents ("knowledge workers") are becoming increasingly important in production in the sense of accounting for a greater part of the value added to goods.

In Hayekian settings,

- The employer does not possess full knowledge of the employee's action set (that is the actions that he can take when uncertainty is involved).
- Employee is better informed than the employer with respect to how certain tasks should (optimally) be carried out.



- If employees control knowledge assets that are “within their heads” this may give them substantial bargaining power.

This scenario explains the importance of knowledge assets, which are increasingly being controlled by knowledge workers themselves, while boundaries of authority and control of the firm become insignificant. This is due to the control of knowledge assets by knowledge workers and also due to the specialist nature of the knowledge work. In this setting of the knowledge economy, it is very important to recognise that there is a knowledge market surrounding the organisation. In the outsourcing context, understanding the concept of a knowledge economy is equally important as the boundaries of the firm in outsourcing become less significant.

Knowledge is a remarkable substance: unlike other resources, most forms of knowledge grow rather than diminish with use, and knowledge therefore tends over time to play an increasingly central role in economic development (Alder, 1999). According to Boisot (1998) pre-classical and classical economies do not attribute a value to knowledge. He further argues that in Karl Marx’s work, the value of labour incorporating different levels of knowledge and skills is derived from the quantity of labour necessary to acquire such knowledge and skills; the denominator is always knowledge.

Knowledge, like any commodity, has buyers and sellers, the market forces work similarly to the market forces of traditional goods. In any market there are buyers and sellers, and brokers that bring buyers and sellers together. A market is created when buyers and sellers think that buying and selling a particular commodity brings them certain benefits. “Understanding that there are knowledge markets and that they operate similarly to other markets is essential to managing knowledge successfully in

organisations” (Davenport and Prusak, 1998). Cowen and Parker (1997) argue that only those firms that emulate markets to the largest possible extent in their internal organisation will survive and prosper in the knowledge economy.

Matson et al. (2003) claim that there are two common misconceptions about managing knowledge. Firstly, firms don't have a systematic approach to knowledge and even they don't know what knowledge the company has or doesn't have. Secondly, although many companies sometimes see knowledge as a central tool in their planning they have done little to enhance the natural flow of knowledge within the organisation. The solution to these two problems is to understand that knowledge-sharing happens within a market. Some elements of the knowledge market are similar to the goods market, however as Foss (2001) would argue, in this type of market, human capital cannot be traded: “Why exactly is it that the employee agrees to be directed when human capital cannot be traded?” Even if knowledge cannot be treated as a normal commodity, many scholars still view knowledge as a hard commodity like oranges and apples. Desouza and Awazu (2003) claim that the different components of the knowledge market are the players (buyers and sellers), the rules (governance of interactions), and the space (area where buyers and sellers meet).

Although there are buyers and sellers in the knowledge market, it cannot be viewed as a mechanical type of market. In an office the managers will be seen as knowledge sellers, while normal staff will be seen as knowledge buyers. Davenport and Prusak (1998) argues that although everyone can be a knowledge buyer and seller at one time or another, not everyone is necessary a seller. Some people are skilled but unable to articulate their tacit knowledge. Some others have knowledge which is too specialised, personal or limited to be much of value to the market. This section summarises two

important points, firstly more and more of the economy is relying on knowledge as a prime factor of production, and secondly with knowledge as a factor of production the control of the knowledge is with the knowledge worker rather than management. This has the potential to challenge traditional management theories and the unit of analysis in management theories.

#### **1.2.4 MANAGEMENT OF MANUAL WORKER TO KNOWLEDGE WORKER**

The early twentieth century has seen the rise of management theories and consultants proposing various methods on how to make workers more efficient, skilful and productive. One of the first management theorists to look at the way we work was Frederik Winslow Taylor. In his book *The Principles of Scientific Management*, Taylor studied the productivity of manual workers by scientifically analysing the task they were performing, the time and motion of the job. Taylor's approach was to look at manual workers, but his vision of studying the way people work has been extended by other management theorists. Henry Ford in 1913 drew on Taylor's scientific principle to revolutionise the production of cars. Edwards Deming put forward the concept of "Total Quality Management" (TQM) as an extension of the Taylor model. TQM principles require the analysis and organisation of work as Taylor proposed, but one component which was added in was quality control.

Taylor's model was criticised by Henry Mintzberg who claimed that the scientific management principles of Taylor led to the focus being placed on the quantitative

aspect of the task while leaving aside the less quantifiable benefits. As discussed in the previous section, the world is changing rapidly, and although manual jobs still exist (and more so in less developed countries), in developed countries there has been a shift towards more knowledge work. Taylor's principle is based on the premise that there are workers, and a task that is clearly and physically separated from the workers. Thus his contribution was to analyse the way this task is organised and performed. Other management theory schools developed in the twentieth century. The bureaucratic management school of thinking, to which Max Weber belongs, argues more for the distribution and organisation of authority within an organisation. The administrative school of management, to which Henri Fayol belongs, proposes more integrated forms of authority: whereas the bureaucratic school looks at authority from a top down to bottom approach, the administrative school calls for an integrative form of bureaucracy where there is co-operation between employer and employees. As management research progressed, the behavioural movement (Herbet Simon) and the human relations movement (Abraham Maslow) came to the fore. Both of them look at the needs, behaviour and motivation of workers. Towards the end of the twentieth century, and with the rapid rise in technology, the concept of knowledge as a resource came into light. All these previous management schools focussed on the organisation, the worker independent from the task or the task process independent from the worker. But at the end of the century more and more management theorists started to realise that knowledge is important, and cannot be analysed or theorised as manual work used to be.

The term "knowledge worker" was first put forward by Peter Drucker: he claimed that "Work on the productivity of the knowledge worker has barely begun. In terms of

actual work on knowledge-worker productivity, we will be in the year 2000 roughly where we were in the year 1900 in terms of the productivity of the manual worker” (Drucker, 1999).

Drucker’s claim suggests that there are some significant differences between manual worker and knowledge workers. In Taylor’s analysis, as in many manual worker based theories, the objective was to analyse the task so as to make the worker more productive. Taylor as well as Henry Ford looked at work as a series of processes, thus the skill involved was the ability to manage, organise and use in the most efficient way the manual component of the work. For example, someone handling a shovel will have to learn the best way of holding and moving that shovel. Skill is the ability to apply knowledge in practice. In manual work it is often characterised by the ability to apply knowledge to repetitive task or near repetitive task. In knowledge work the knowledge worker is asked to apply knowledge to situations which are not repetitive but often can be complex. Drucker (1999) argues that there are six major elements that determine knowledge worker productivity:

- Knowledge worker productivity demands that we ask the question: "What is the task?".
  
- It demands that we impose the responsibility for their productivity on the individual knowledge workers themselves. Knowledge workers have to manage themselves. They have to have autonomy.

- Continuing innovation has to be part of the work, the task and the responsibility of knowledge workers.
- Knowledge work requires continuous learning on the part of the knowledge worker, but equally continuous teaching on the part of the knowledge worker.
- Productivity of the knowledge worker is not – at least not primarily – a matter of the quantity of output. Quality is at least as important.
- Knowledge worker productivity requires that the knowledge worker is both seen and treated as an “asset” rather than a “cost.” It requires that knowledge workers want to work for the organization in preference to all other opportunities.

There is a wide spectrum of knowledge workers; some use manual work together with their knowledge, e.g. engineers, and some rely more on knowledge alone, like accountants and lawyers. This thesis is concerned with the accountancy profession and one of its main assumptions is that the knowledge of the job is owned by the accountant, not by the organisation. Taylor and other early management theorists tried to increase productivity by looking at how workers perform a manual task, and how they can make that task more effective. To these theorists, knowledge in manual work is more static, i.e. with a certain amount of knowledge the manual worker is able to develop some skills and do his job efficiently. The worker will from time to time get new knowledge on how to improve his job, but the main focus is to use his current knowledge and apply it correctly.

In knowledge work like accounting, knowledge is dynamic and changes quickly. Skill is still important in doing knowledge work, but more and more knowledge is needed before this can be transferred to utilisable skills. If, in manual work, it is possible to look at the way people work, and improve the motion and time taken to perform tasks, in knowledge work this is very difficult to do, as knowledge and skill is embedded in people's minds and behaviour, and is very difficult to analyse. In the definition above, Drucker (1999) argues that one of the characteristics of the knowledge worker is to be able to continuously learn and teach. Where does the worker learn? From whom does he learn? Who does the worker teach? To be efficient and productive, the knowledge worker must be able to acquire the right knowledge and develop it into skill at the right time. The worker may acquire some knowledge from books, but mainly from fellow employees; and he also teaches his fellow employees. While many early management theorists placed emphasis on studying the task in manual work, and later theorists looked at the organisation, this thesis focuses on the worker, because they are the ones with the knowledge and it is they who transfer this knowledge into skills which are not visible to the naked eye. This perspective of seeing knowledge and the knowledge worker compels us to ask whether there needs to be a shift in the unit of analysis from the organisation or the task to the worker as the main productive factor within an organisation. The domain of outsourcing brings more complexity in applying traditional management theories. The next section will explore the problem in detail.

## **1.3 THE PROBLEM**

Any research has to start with a problem or a gap in the literature where the researcher thinks that some questions have been left unanswered. Problems in social science can be complex and not as straightforward as positivist science such as chemistry, physics etc. All study in social sciences tries to study human behaviour in relation to its environment. In the study of economics, the central problem is often defined as “man having unlimited wants but limited resources.” This basic problem has been fragmented into the whole field of study known as economics (micro- and macroeconomics, econometrics, etc.) But the core of the problem in all these fields of study comes down to the central economic problem mentioned above. This section will define the central problem that this thesis investigates and also formulate the research objectives and questions.

### **1.3.1 STATEMENT OF THE PROBLEM**

The problem that this thesis will look at is multi-disciplinary in nature and cuts across various fields of study. The section above (1.2, “Background of Study”) looks at the various fields of study, and in this section I will try to put all these fields together to establish the links and define the central problem of this thesis. The first issue to draw the attention of this research is the issue of accounting outsourcing. Accounting is a highly specialised profession which is knowledge-based. The characteristics of the profession can be described as follows:

#### **(a) Knowledge-based**



Accountants, after years of study, offer their services to clients for the preparation of accounts, tax returns, consulting, etc. In this industry there is very little manufacturing process, but mainly a knowledge process where accountants take an advisory role.

**(b) Serve Public Interest**

The accounting industry deals with the preparation and presentation of information that is used by a variety of stakeholders who are not only directly related to information presented, but might also be those who are related indirectly. The Enron scandal in 2001 shows the importance of proper reporting in accounting. The company's collapse affected various stakeholders in society, in addition to the shareholders who lost their money.

**(c) (Highly regulated)**

Due to the fact that the industry can have an impact on public interest, it is regulated and monitored very closely. There are six professional accountancy bodies that constitute the UK accountancy profession: the Institute of Chartered Accountants in England and Wales (ICAEW); the Institute of Chartered Accountants in Ireland (ICAI); the Institute of Chartered Accountants in Scotland (ICAS); the Chartered Institute of Management Accountants (CIMA), the Association of Chartered Certified Accountants (ACCA) and the Chartered Institute of Public Finance Accountants (CIPFA). These six bodies constitute the Consultative Committee of Accountancy Bodies (CCAB) and their members are deemed to hold equivalent-level qualifications. Only the ACCA, ICAEW, ICAI and ICAS are able to authorise members to conduct audit, insolvency and investment business work.

All practicing accountants need to be a member of at least one of these accountancy bodies. In the UK it is not a precondition to have a university degree before joining

these accountancy bodies (obviously subject to passing the professional exams and gaining sufficient acceptable experience). But in some countries it is a precondition before anyone takes professional exams. The accountants are subject to the ethical work code set by their accountancy body. But on top of that there are a number of regulations that affect the work of an accountant, such as the Companies Act, the HRM, revenue, customs and various other regulations; in addition, the Financial Services Authority (FSA) sets out the UK accounting standards.

The above explanation shows the difficult conditions in which accounting firms operate, which can give rise to numerous obstacles. The two major issues are firstly the regulatory aspect, and secondly how they can monitor the quality of work. The regulatory aspects have been explained above in section 1.2.2. Although this is a very important issue regarding accounting outsourcing, it will not be looked into in this research. The importance of regulation is more of a jurisprudence area than a business area. Regulators can intervene at any time to impose the right dosage of regulation when they see fit. At the moment regulators are surely following the issues: the Basel Committee on Banking supervision has produced a set of guidelines, and the Financial Services Authority in London has set guidelines for banks in its Interim Prudential Sourcebook and included clauses in the FSA Handbook.

What is more of importance in this thesis is the quality of work that outsourcing organisations can produce. One important aspect to consider is why accounting firms use the practice of outsourcing, given the high constraints they face, and also given that their jobs are knowledge-based. There is no straightforward answer (this will be reviewed in the literature), but a simple answer would be so as to reduce costs and become more profitable. Does outsourcing automatically mean reduction of costs?

Outsourcing of services can help to reduce the cost that an organisation is currently incurring in providing the same service. But this is certainly not an automatic assumption, there have been many high-profile cases where outsourcing has failed to deliver the quality of job required. Lewis (2007) lists the ten most notable outsourcing failures: among them are the write-off of £1.5 billion by HM Customs and Revenue due to failures in outsourcing, and the recall by Lloyds TSB of its call centre which is estimated to have cost £30 million. This shows that outsourcing can definitely go wrong and thus the concern that was stated at the start of this chapter regarding outsourcing risk stands relevant.

Adam Smith developed the theory of “economies of scale” to show that the more we produce, the more we can reduce costs. The concept of outsourcing can be linked to that of economies of scale. The reason that most firms outsource is to reduce costs, i.e. it is not profitable to carry such activities in-house and it is better to give the work to someone who can do the activities at cheaper costs because they are doing it on larger scale. This works particularly for industries that have a high component of manufacturing. But in the banking and financial services outsourcing can be defined more as “economies of core services”. In this industry time is money, and very high levels of concentration are required to be successful. Thus banks often choose to concentrate on their core services and to outsource non-core services.

However outsourcing of accountancy services differs fundamentally from other types of financial services outsourcing, as it is the outsourcing of core competence. As discussed above, accountancy is not only a knowledge-based profession but is highly regulated and has an impact on public interest which makes it a sensitive industry. But one of the most important aspects of accounting outsourcing is that the outsourcing of

accounting work to a different provider creates a relationship between the staff of the accounting firm and the outsourcing firm. This micro-level relationship can be explained by the fact that individual accountant is owner of the knowledge assets rather than the firm (this point is discussed in chapter 1 section 1.2.3). Thus a transfer of work from an accounting firm to an outsourcing firm will mean a transfer of work from an individual accountant in the accounting firm to another accountant in the outsourcing firm. The rationale of outsourcing is that the firms want to be more efficient and save costs. In the scenario of accounting outsourcing, the problem is how does one manage the outsourcing of such a service so that it costs less than in house?

The next section will present some possible scenarios in outsourcing accountancy services, and a preliminary model.

### **1.3.2 PRELIMINARY MODEL**

The accounting service product as described above is not considered the same as any other product, in the sense that it can affect the public interest directly. If a computer firm outsources some computer spare parts and receives faulty goods, it can either ask the manufacturer to correct, or change suppliers. In the accounting industry if the outsourcer does a job wrongly there can be a few scenarios:

- (i) The accounting firm can return the job and ask them to do it again, but for them to know what is wrong the accounting firm will have to take time and explain. Depending on the error(s), the amount of time might vary. In some cases if it is a technical issue, the accounting firm will have to basically train the outsourcing firm. This will cost time for the accounting firm, and the accounting industry works on a time basis, i.e.

accountants will charge their client, based on the amount of time they spend on the file.

- (ii) The accounting firm can correct the mistake themselves, but this will also cost them time and money. One may argue what is the point of outsourcing if the accounting firm has to spend more time to correct the work again.
- (iii) The last option is for the accounting firm not to verify the job done by the outsourcer, and let it go to the client. This option leaves in serious mistakes and can have major impact on the credibility of an accountancy firm.

These three options show that outsourcing can have major impact for an accounting firm, either in terms of cost, or regulatory sanctions from the accounting bodies or the financial services authority. The third scenario is a very risky and irresponsible approach from the accountancy firm that could cause its removal from the practicing register in the worst case scenario. The first two scenarios would make the accountancy firm lose time and money and make outsourcing not worthwhile. There is a fourth scenario where the work is done perfectly by the outsourcer, this is probably what all firms that embark on an outsourcing strategy would wish, but unfortunately in real life is rarely the case.

As discussed earlier, the accounting profession is a highly knowledge-based industry and when they outsource a relationship is being built between the accounting firm and the outsourcing contractor. The relationship with outsourcing in the accounting industry is different compared to other industries, because it will be a relationship

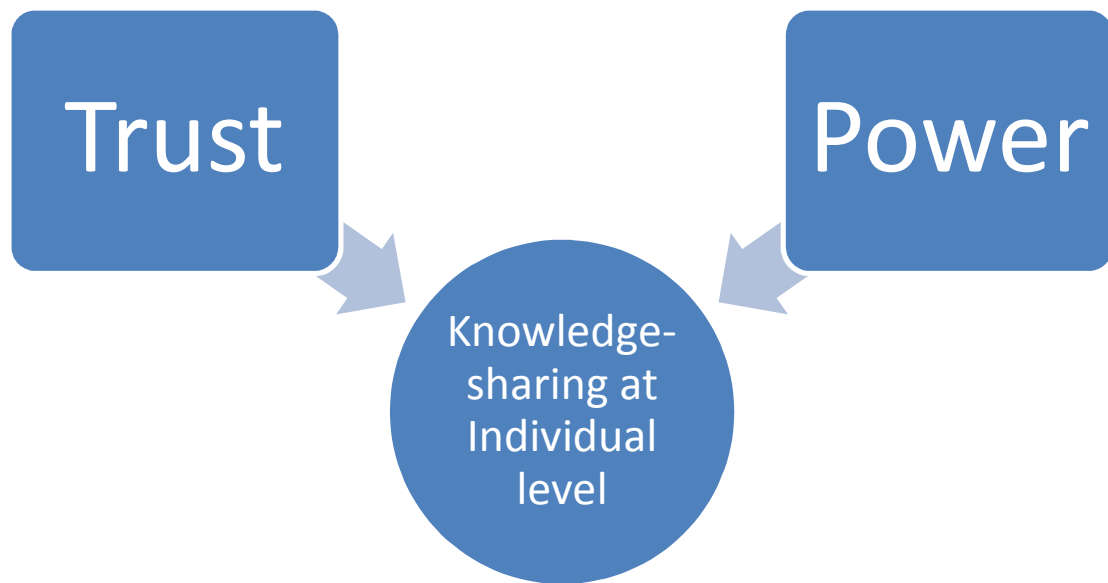
between workers in the accounting firm and those in the outsourcing firm, rather than an organisational relationship. The building blocks of this relationship are the knowledge which they have to share with each other in order to carry out their work in an efficient way. The success of the outsourcing project will also rest on the assumption that sharing of knowledge happens freely and allows an efficient working system. While in other industries the unit of analysis is at the organisational level, in the accounting industry the unit of analysis will be at the individual level.

If knowledge is not shared properly and efficiently, it can make outsourcing in the accounting industry risky and a waste of time. This can be seen as a work design problem. But given that an accounting firm is made up of accountants who are the individual proprietors of their knowledge, a work design might simply be a flawed procedure without any real substance. The problem of knowledge-sharing is first and foremost a human problem in this case. That is why the main objective of this research is to understand the blocks to knowledge-sharing within an outsourcing operation, using the method of participant observation.

Understanding knowledge-sharing in such an environment is not possible without understanding the way the actors behave and what motivates them to share or not to share. The method of participant observation can provide some very rich analysis on the behaviour of people in relation to knowledge-sharing. The domains of knowledge-sharing and knowledge management have been engulfed with technological systems to facilitate the sharing of knowledge. It is a fact that these systems (such as intranet, communities of practices, etc.) can be of great help. But the actual environment that this thesis is looking for is more complex, as it assumes that knowledge is not freely available for channelling, but remains the property of individual accountants. Thus

before moving to the step of work design, this thesis wants to look at the micro-elements that can be major bottlenecks in knowledge-sharing systems. At the individual level there can be many factors that can influence people to share or not to share. But one of the most important behavioural aspects of any relationship between two individuals is the element of trust. Trust is one of the basic psychological elements on which relationships are based, and thus it can be a very important factor that determines the sharing of knowledge between two individuals. When a trust relationship is built, human nature within this relationship will try to find a point of control. Even if trust exists, both parties will look for an element of control to feel secure. Once this yearning for control takes place within the relationship, each party will try to gain authority over the other. Take the relationship between two individuals who are trying to share knowledge: once a party gains sufficient authority in the sharing of particular knowledge, this knowledge becomes a source of power. Thus the exercise of power within a relationship can also create a bottleneck within a knowledge-sharing relationship. The preliminary model that is going to be suggested here is that trust and power can influence knowledge-sharing at the individual unit of analysis. The diagram below shows the initial premise of this thesis.

**Figure II :** Preliminary Model



### **1.3.2 AIMS AND OBJECTIVES OF STUDY**

Having explained the core of the problem, this section defines the aims and objectives of the research. The problem defined above is the examination of knowledge-sharing in accounting outsourcing with emphasis on the individual as the unit of analysis. Two factors chosen in the preliminary model are trust and power that are likely to affect and block the sharing of knowledge from an individual perspective.

To understand what causes the blocks to knowledge-sharing within an outsourcing operation, it is also important to understand the dynamics of knowledge blocks within the organisation's natural environment. These blocks might be similar in outsourcing or different or more predominant in one scenario or the other. The research questions that this thesis tries to answer are the following:



- (a) To examine the influence of trust and power on knowledge-sharing from the individual perspective.**

This thesis tries to understand knowledge-sharing in an accounting firm. As discussed above, knowledge is owned by accountants in accounting firms. The researcher assumes that there is a higher amount of tacit knowledge involved than explicit knowledge in knowledge-sharing. Such a context can be studied only by understanding the relationship between the knowledge sharer and the knowledge owner. There are many factors that can affect such a relationship, but this thesis has chosen two important factors which are likely to have an influence on the knowledge-sharing relationship, namely trust and power. The type of trust and power that this thesis intends to look at is individual trust and power, compared to the organisational trust and power that previous literature has investigated.

- (b) How accounting outsourcing creates a shift in the unit of analysis and how it differs from other types of outsourcing.**

Outsourcing in financial services and in particular in accounting is still at an early stage of development. The background to the study has explained the ethical and legal implications of accounting outsourcing and the possible problems that an accountancy firm can face. Accounting outsourcing seems a different type of outsourcing compared to traditional outsourcing activities such as information systems. This question aims to understand the difference between accounting outsourcing and other types of outsourcing and also explores why the individual unit of analysis is important in accounting outsourcing.

**(c) From the perspective of the individuals involved, what are the blocks to knowledge-sharing within the firm and within its outsourcing operations.**

After understanding the dynamic of knowledge-sharing within the context of the organisation and the outsourcing operation, this question aims at understanding the blocks and bottlenecks in the sharing of knowledge from the point of view of the individual in the organisation and its outsourcing operation.

This research will use the ethnographic method, a research method not commonly used in the study of financial services organisations. There are many reasons for the lack of ethnographic studies in such a context which will be discussed further in the thesis. But this research aims at answering why ethnographic studies are important and how this approach helps to answer the research questions.

This has led to the choice of the method of participant observation, which will be discussed in the research methods chapter. Participant observation has not been used often in this environment and while the objective is to understand the blocks to knowledge-sharing, this thesis has set itself also the objective of understanding the sharing of knowledge from an individual unit of analysis which requires understanding the behaviour of people and the nature of their relationships.

### **1.3.3 ASSUMPTIONS**

Any research work has to take into consideration some basic assumptions so that it can answer specific question and doesn't ask open-ended questions. The first assumption in this research is about an organisation which deals in accounts preparation work. There are a range of activities that are performed in the accounting industry, such as invoicing, book-keeping, corporate tax returns, value-added tax

returns, accounts preparation, auditing, assurance, etc. Within this range of activities, some are easier to outsource and others are more difficult. Also within this range, some require a higher level of tacit knowledge, while others require a higher level of explicit knowledge. For example the process of sorting invoices and preparing accounting files doesn't have a high level of technical knowledge, so this knowledge can be described as more explicit than tacit. The context that this thesis aims to examine is an accounts preparation context, where it is possible to outsource and which involves a high level of tacit knowledge.

Secondly this thesis aims at looking at the micro-level, at the individual unit of analysis of knowledge-sharing, which is the motivation for using ethnographic methods. Many studies have looked at the macro aspects of knowledge-sharing, whereas the aim of this study is to look at the relationships between knowledge owners in an organisation. Finally, this thesis has chosen trust and power as the two factors likely to have most influence in a knowledge-sharing relationship. On the basis of the observations, these assumptions will be accepted or rejected, and this will be stated in the concluding part of this research.

#### **1.3.4 IMPORTANCE OF STUDY**

The importance of this study is to understand the process of knowledge-sharing in an accounting firm and its outsourcing operations from the perspective of the individual workers that are sharing the knowledge. However, although the main aim is to understand knowledge-sharing, this work will bring a contribution to outsourcing strategy development, work design and anthropology. In the area of knowledge management, the findings in relation to the blocks to knowledge-sharing should bring a positive contribution to the area of knowledge management. The area of strategic

outsourcing has taken on some importance in the last few years. One of the elements of strategic outsourcing is to look into how to outsource and why to outsource, so that the firm can benefit from the efficiency of outsourcing.

Thus the findings of the study should help to understand the processes better and also allow decision-makers to improve outsourcing and post-outsourcing processes. The study will not only help decision-making in outsourcing, but also help to design the work process and identify where there are any bottlenecks in the efficient running of the working process, especially in the context of an accounting firm where there is a lot of knowledge work, and less manual and physical work. To be able to improve the work design, it is important to understand the sharing of knowledge among workers, which is the pillar of work efficiency. Since this thesis also uses the ethnographic method of participant observation to understand the blocks to knowledge-sharing and the behaviour of the knowledge owner, and this method hasn't been used before in the finance field, this study can also provide contributions to anthropology-based business studies.

### **1.3.5 SUMMARY OF FORTHCOMING CHAPTERS**

The next chapter (chapter two) will review the literature on outsourcing and knowledge-sharing to understand the previous work in the areas of outsourcing, accounting outsourcing, knowledge definition, knowledge management and knowledge-sharing. This chapter reviews the previous work on the broad issue of knowledge-sharing, while chapter three reviews the two specific issues raised in the research question, namely power and trust. It is important to understand previous scholarly works related to trust and power and their influence on knowledge-sharing. After reviewing the previous literature on the relevant topics, chapter four presents the

research method that will be used. This chapter will explain the research context, methods, and design, and explore the validity and reliability of the research methods. Following the explanation of the research methods, chapter four presents the fieldwork particulars, with the collection and analysis of narratives using the structured Labov model. Chapter six presents a discussion that relates previous work analysed in the literature review with the actual fieldwork analysis. The final chapter, chapter seven, gives the results of the findings of this thesis and the original contribution of this study to academic study. This chapter also look at the limitations and constraints that are incurred in the research in report writing, and suggests areas for further research.

## **1.4 CONCLUSION**

This chapter has presented a background to the study to explain where the problem originated from. Accounting outsourcing poses some legal and ethical issues, but more importantly it can result in failure and financial losses if knowledge is not shared efficiently. Accounting is a knowledge-based industry which serves the public interest and is highly regulated. This chapter has explained the shift in the world economy from manufacturing to service provision, where knowledge is an important asset compared to physical labour. Work in the accounting industry is knowledge-based, having an impact on the public interest as there are various stakeholders which rely on accounting reports to make decisions. Furthermore the industry is regulated by the accounting bodies, the financial services authority, and various other laws. This brings us to the conclusion that mistakes in accounting outsourcing can have a disastrous impact on the accounting firm but also can affect the public interest.

Given that there is a shift in the factor of production from labour to knowledge, the way to manage operations like accounting also has to change. This chapter has explained the evolution of management theories from Taylor to Drucker and that workers are increasingly the masters of productivity, as they own the knowledge which allows them to perform the work.

The research problem examined the various elements mentioned above in detail. Accounting is a very sensitive industry and any mistake can have a fatal impact on public interest. When accounting firms outsource, they have to take into consideration what the driving force is that instigates them to do so. The driver of efficiency in the accounting industry is defined as knowledge, which is a vital component in smooth and efficient work processes. Having defined the vital component of efficiency in this sector, this chapter argues that the focus of the problem is to understand how this component adapts itself in an outsourcing situation. But before understanding how knowledge-sharing works in the outsourcing context, it is very important to understand how it works in the head office context first.

A good part of the knowledge in an accounting firm is possessed by the accountants themselves. Obviously there might be some organisational knowledge pool, but the accountants are the owners of the knowledge which they have acquired through studies and work experiences. In trying to understand the functioning of the knowledge-sharing market, this thesis wants to look at the individual perspective of sharing knowledge, that is, how the knowledge owner (i.e. the accountant) shares his knowledge with other accountants to enable an efficient working process. Following this line of argument, the researcher has chosen two factors that are likely to influence

knowledge-sharing more at a micro level, namely trust and power. Thus the research question that this thesis examines is firstly, the influence of trust and power on knowledge-sharing from an individual perspective, secondly, understanding accounting outsourcing and the shift in the unit of analysis that it creates, and thirdly to understand the blocks to knowledge-sharing from the perspective of the individual involved.

This thesis, like any other research work, has taken into account some assumptions.

They are the following:

1. The context of account preparation is a major field in the accounting industry
2. This thesis will look at the micro-level of knowledge-sharing
3. The thesis assumes that power and trust are two of the most important elements that are capable of influencing knowledge-sharing.

The areas where this study makes positive and original contributions are knowledge management, knowledge-sharing, outsourcing strategy, work design and finally anthropology. The next chapter will review the literature on outsourcing and knowledge-sharing.

## **CHAPTER 2**

### **OUTSOURCING AND KNOWLEDGE MANAGEMENT**

#### **2.1 INTRODUCTION**

As discussed in chapter one, the main objective of this thesis is to understand the dynamic of knowledge-sharing in an accounting outsourcing operation from an individual unit perspective. Two very important elements in this objective are outsourcing and knowledge. This chapter will review the body of literature around these two areas, giving an idea of previous work and its relevance to the current thesis. In the area of outsourcing this chapter will firstly review outsourcing practice, looking at the definition and the taxonomies of outsourcing. Secondly, this chapter will review literature around accounting outsourcing. As this thesis is about accounting outsourcing, it is very important to understand the current work that has been done in this particular area, especially since (as explained in chapter one) accounting outsourcing is a new type of outsourcing with specific particularities. From the point of view of the thesis the main preoccupation is the relationship between the accounting practice and the agent. Thus, thirdly this chapter will review literature in outsourcing relationships. Chapter one has explained the importance of relationships in outsourcing practices, and this thesis focuses in particular on the individual unit of analysis, thus it is important to understand the previous body of work in this field.



Accounting outsourcing (as described in chapter one) is the subcontracting of mainly knowledge-based work. Knowledge is a very open-ended notion, and in the academic field there are various concepts of the term. As this thesis examines knowledge in accounting outsourcing, it is very important to understand the different philosophies and taxonomies of knowledge in the literature. The understanding of the philosophies of knowledge and the different types of knowledge will help define the philosophy that underpins the study of this thesis. The first two sections in the review of knowledge will look at the philosophy of knowledge and knowledge in the organisation. Management of knowledge has been developed into a field of its own which is knowledge management (KM). KM is a vast field, including various sub-fields, and this chapter will look at these different areas and the challenges which this domain faces. The domain of knowledge-sharing is one part of knowledge management, and this chapter will review the literature and theoretical framework which surround knowledge-sharing. Finally, as this thesis is about outsourcing, this chapter will look at literatures in knowledge-sharing in outsourcing to understand the current work that has been done in this field.

## **2.2 OUTSOURCING**

### **2.2.1 DEFINITION AND TAXONOMIES**

Outsourcing is not a new concept, it has been known over history under different terms like subcontracting or sourcing. It started as early as 1476, when monks in San Iacopo di Ripoli "employed the services of several printers in their press and nuns were employed in the composition and illumination" (Eddison et al., 1997). In essence outsourcing means transferring work to an external provider. It can be defined as "the strategic use of outside resources to perform activities traditionally handled by

internal staff and resources” (Handfield, 2006), or as “a contractual delegation to an outside supplier (vendor) of a service or an activity that is normally, but not always, performed in-house” (Nicholson et al., 2006). Outsourcing refers to the “split in the value chain whereby firms can concentrate on their core competencies by moving some of their tasks to subcontractors” (Thakur, 2008). Vita and Wang (2006) argue that “Although outsourcing today is bigger than ever before, and is receiving attention in management literature, it would be erroneous to think of it as a new phenomenon since sub-contracting practices have been part of the corporate landscape since the industrial revolution”.

The members of President Bush’s Council of Economic Advisers stated: “Outsourcing of professional services is a prominent example of a new type of trade” (Mankiw et al., 2004, quoted in Bhagawati et al., 2004). The chair of the CEA, Gregory Mankiw, made a similar point in a press interview (Andrews, 2004): "I think outsourcing is a growing phenomenon, but it's something that we should realize is probably a plus for the economy in the long run. We're very used to goods being produced abroad and being shipped here on ships or planes. What we are not used to is services being produced abroad and being sent here over the Internet or telephone wires. But does it matter from an economic standpoint whether values of items produced abroad come on planes and ships or over fiber-optic cables? Well, no, the economics is basically the same."

The outsourcing of services includes that of financial services. Financial service businesses throughout the world are increasingly using third parties to carry out activities that the businesses themselves would normally have undertaken. Industry research and surveys by regulators show that financial firms are outsourcing

significant parts of both their regulated and unregulated activities. These outsourcing arrangements are also becoming increasingly complex (BCBS, 2005). The Basel Committee on Banking Supervision (BCBS) (2004) defines outsourcing “as a regulated entity’s use of a third party (either as an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis that would normally be undertaken by the regulated entity, now or in the future.” This highlighting of the regulated entity is important, because core accounting activities are often regulated by the respective accounting bodies. Winter (2002) argues that financial services are well-suited for outsourcing, as financial services are based on information rather than physical goods, and its tasks tend to be repetitive. What Winter is referring to is the subsidiary activities of financial services, which are not the core business activity of the financial services sector. According to the BCBS (2004), industries and regulators acknowledge that this increased reliance on the outsourcing of activities may impact on the ability of regulated entities to manage their risks and monitor their compliance with regulatory requirements. Bartell (1998) states that outsourcing has become a practice that “brings strategic value to an organisation”.

Vita and Wang (2006) argue that outsourcing is a contractual agreement that entails the procurement of goods and/or services from an external provider and that it contains three basic features:

- Prior to being sourced from a local (domestic outsourcing) or foreign (offshoring) enterprise, the activity was being carried out in-house;
- Once outsourced, control over the activity resides with the external provider;

- The outsourcing relationship is bound to be characterised by asymmetry of size and power (unequal partnership between a large organisation contracting out an activity to a smaller, specialised provider)

This definition of the contractual agreement of outsourcing is debatable, as many activities that were not performed in-house now are being outsourced; originally the term outsourcing always implied the procurement of a service which had previously been performed within the outsourcing organization, but current usage dispenses with this assumption. Regarding control, it is not correct to say that control remains with the external party. The accounting profession is one example where control remains with the firm. Outsourcing has developed different variants, as proposed by Beaumont and Khan (2005):

- Out-Tasking – The vendor provides resources and does the work precisely defined by the client;
- Insourcing – Formalisation of the supply relationship between two departments of the same organisation;
- Backsourcing or repatriation – Taking work that had been outsourced back in-house;
- Co-Sourcing – Outsourcing arrangement based on cooperation between parties;
- Strategic Outsourcing – Outsourcing considered in strategic context;
- Offshoring – Having work done in a foreign country;
- Business Process Outsourcing – Delegating business processes to an external provider.

Outsourcing has grown in different waves; however there are few literatures that analyse the taxonomy of outsourcing. Vita and Wang (2006) in “Development of Outsourcing Theory and Practice: A Taxonomy of Outsourcing Generations” describe three generations of outsourcing. The first generation is the outsourcing of non-core services which focuses on cost savings; the second generation of outsourcing is the outsourcing of near-core services which focuses on efficiency, and the third generation of outsourcing considers the outsourcing of core services which is motivated by efficiency, innovation and flexibility.

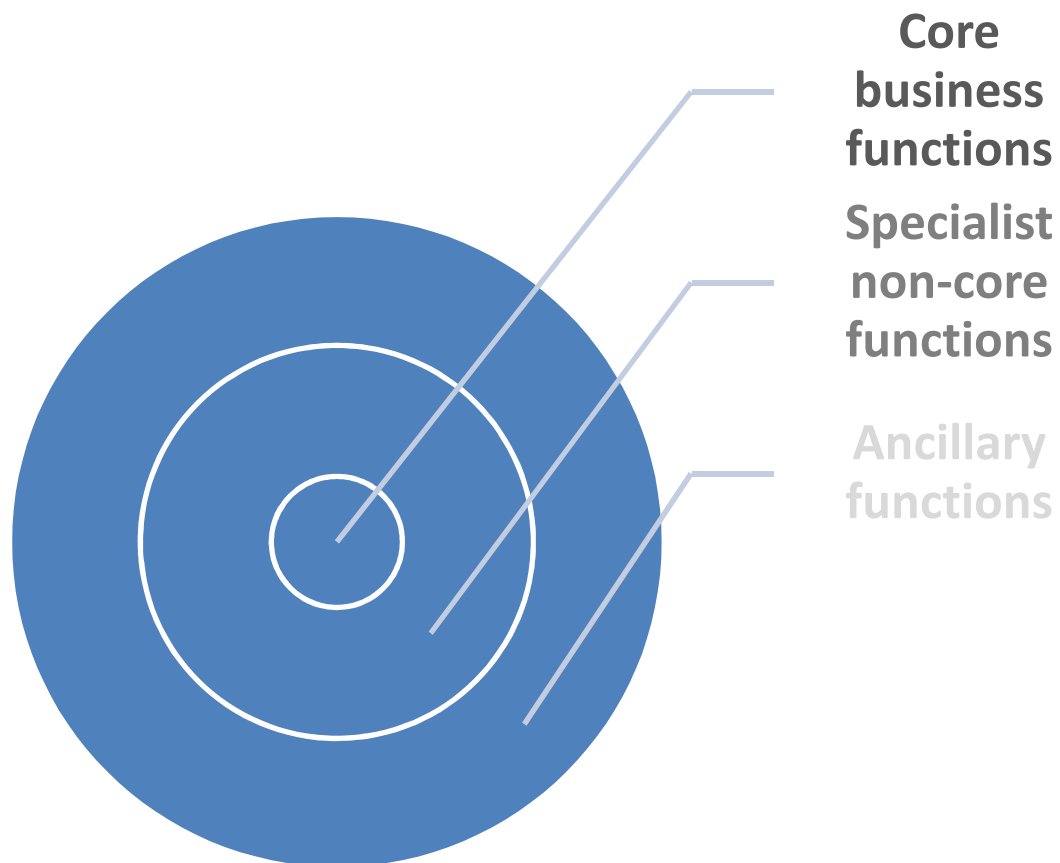
It has to be said that outsourcing in the third generation has gone beyond outsourcing of manufacturing and IT services. Outsourcing has started to affect the professional services sector like legal and accounting services. These professional service sectors have two particular specificities, namely:

- Core competence of knowledge they have accumulated;
- A large part of the core competence is tacit in nature.

Muller and Wood (2008) argue that outsourcing can be divided into three main types, namely:

1. Core business functions
2. Specialist non-core functions
3. Ancillary functions

**Figure III** Classification of Outsourcing (Muller and Wood, 2008)



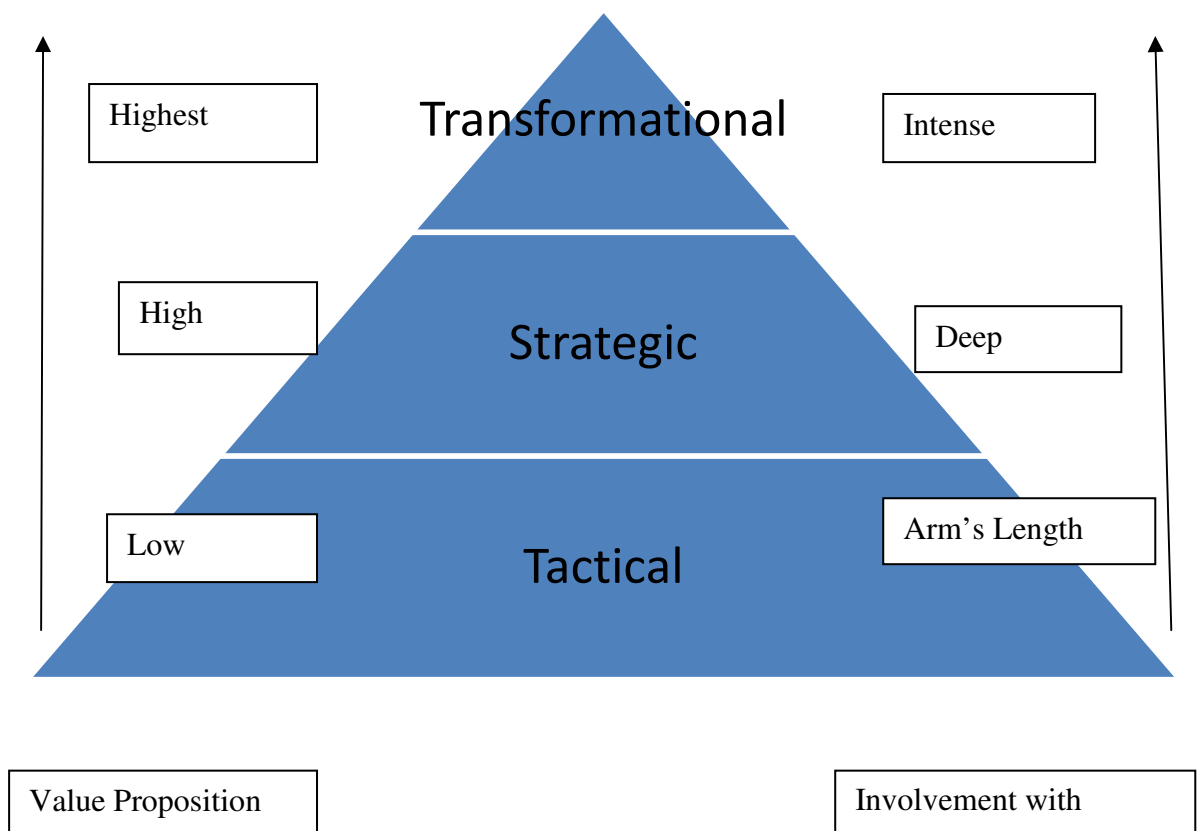
Ancillary functions can be described as non-core activities which are subsidiary to the main activity of the company. The decision to outsource these activities is mainly based on cost factors. This can be compared to the first generation of outsourcing.

Specialist non-core activities are mainly specialised services that cannot be found in-house, but which do not form the core activity of the company. Examples of such activities are IT and Human Resources.

Core business functions are the core activity of the business which is applicable to firms where there is a high amount of intellectual capital. This is typical of professional services, like accountancy and legal firms.

Kedia and Lahiri (2007) present a model on international outsourcing services as follows:

**Figure IV:** International Outsourcing Services Model (Kedia and Lahiri, 2007)



Tactical Partnership

In tactical partnership clients aim to cut costs, avoiding future investments and reducing staff recruitment especially when jobs are seasonal.

“Tactical partnerships do not foster any kind of relationship with the providers as they are generally short-term in nature and essentially task based. In short, this type of partnership is used as a tactical tool by clients i.e. to get the job done at lower cost.”

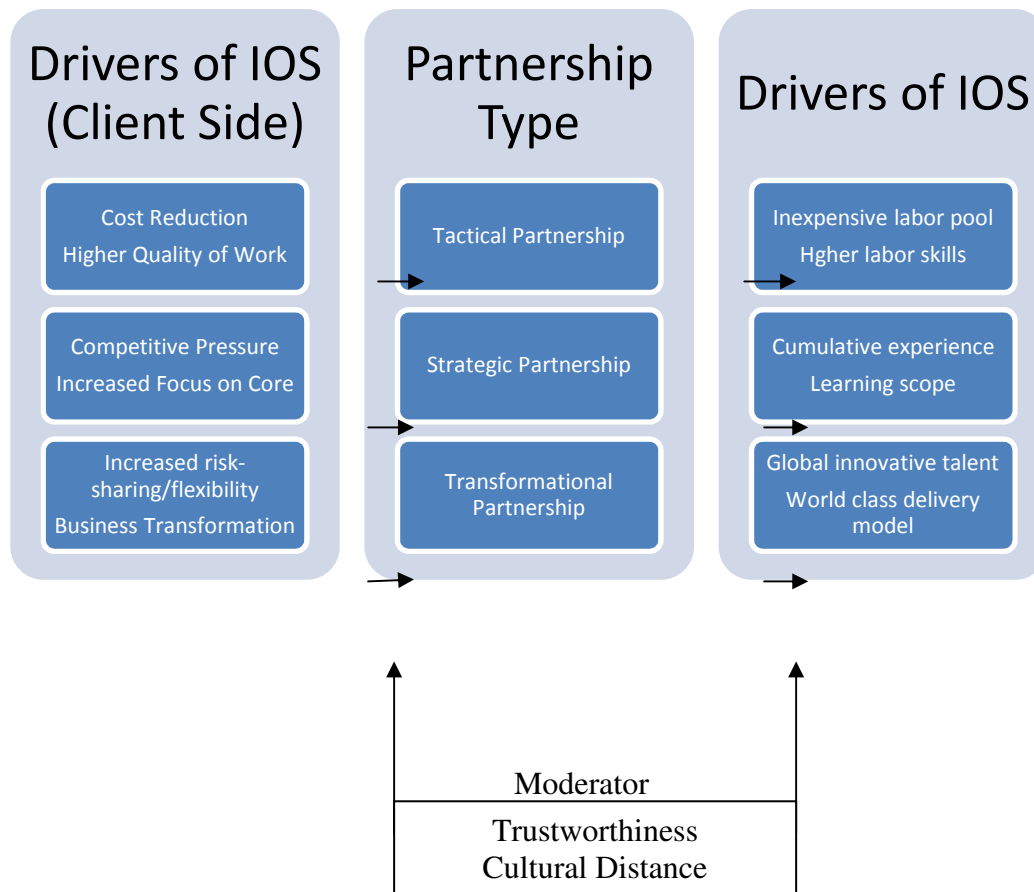
#### Strategic partnership

Strategic partnership is primarily driven by increasing tension, experienced by the client, to remain locally responsive as well as be globally integrative, and the growing need to concentrate more on core areas of business to develop sources of current and future competencies. Owing to globalisation, firms are confronted with increased competitive pressures that have to be overcome in order to survive and prosper in an environment where business models are conceived at an ever-quickenning pace.

#### Transformational partnership

This is a partnership which in fact changes the business model and is very close to a vertical and horizontal integration. This type of outsourcing is made to get competitive advantage of the market. Risk-sharing, flexibility and business transformation are the major drivers behind this type of outsourcing.





**Figure V:** Outsourcing Drivers (Kedia and Lahiri 2007)

The classification of Muller and Wood (2008) supports the different generations of outsourcing in the Vita and Wang model (2006), i.e. first, (non-core services), second, (near core services) and third (core-services) generations of outsourcing. They explain what type of activities an organisation outsources. Obviously each type of activity that is outsourced will bring its own benefit, but these classifications are a very good starting point in understanding the phenomena of outsourcing. The classification of Kedia and Lahiri (2007) does not look at what type of activity is being outsourced but rather why we outsource. No doubt cost reductions remain one of the main drivers of outsourcing, but Kedia and Lahiri (2007) examine other factors that could motivate

outsourcing. The list of drivers presented in their research is of course not exhaustive, but it gives the most important drivers behind outsourcing.

### **2.2.2 ACCOUNTING OUTSOURCING**

Accounting outsourcing, like other types of outsourcing, has been increasing at a phenomenal rate in the last decade, with trade liberalisation and development in communication technology. Accounting outsourcing is group under a wider umbrella of outsourcing known as Finance Accounting Outsourcing (FAO). Some of the accounting works being outsourced are the preparation of business and personal taxation returns, bookkeeping services, including payroll and balance sheet preparation, audit services (where allowed by applicable legislation), financial planning and advisory services. The principal benefits that firms expect from outsourcing are reduction in costs, but while cost represents a key lever in the outsourcing decision, it is not the whole story (Dodsworth, 2004). Paul Windsor, in an article in Accountingweb (2008), argues that outsourcing jeopardizes the “trusted advisor” status accountants strive to achieve. Of course, while outsourcing is chiefly argued on costs terms, often these savings remain to be seen. Windsor highlights that prices for IT infrastructure, set-up and error correction could all erode margins. “There was the loss of control and opportunity costs to be factored in as well”. In another article that appeared in Accountingweb, it is claimed that “uncompetitive costs and negative customer services are blamed for creating ‘a new mood of mistrust’” (Accountingweb, 2007).

Despite the increasing importance of accounting outsourcing and given the fact that it is a job which has a lot of legal and ethical constraint (as discussed in chapter one), only a handful of academic work has looked at this subject. In a survey of outsourcing

literature between 1986 and 2003, “A Taxonomy of refereed outsourcing literature” by Beaumont and Khan (2005), which looked at 286 refereed papers, only one paper has application to accountancy (namely Antonucci and Lordi, 1998) and five papers applied to finance and insurance, while 69 papers applied to the information technology sector. This shows the great gap between literature in accounting outsourcing and IT outsourcing. It may be explained by the fact that IT outsourcing sector is more advanced than the accounting outsourcing sector.

After 2003 a number of papers have been published in the accountancy outsourcing field. The accounting outsourcing literature can be broadly classified into 3 categories:

1. Legal and regulation (Prawitt et al., 2009; Desai and McGee 2010)
2. Transaction cost economics and resource-based view (Hamzah et al., 2010; Kamyabi and Devi 2011; Ray 2009; Jayabalan et al., 2009; Nicholson et al., 2006; Everaert et al., 2010)
3. Organisational change (Lamminmaki 2008; Smith 2005)

The legal and regulatory literatures have looked at the impact of the regulation of outsourcing, mainly the Sarbanes & Oxley Act (SOX), which was introduced in 2002, following the Enron crisis on outsourcing of accounting activities. One of the main features of the SOX act is section 404, which demands a report on internal control. Thus outsourcing accounting activities might create problems for management in ascertaining their internal control over the affairs of the company. Chapter one examined the legal and ethical consideration of accounting outsourcing, but it has to be noted that in the UK very little has been done by the regulators in this field except from some general rules from the FSA.

The transaction cost economics perspective relates to the cost that will occur within a transaction and exchange. Within the outsourcing process there are separate stages from signing a contract to controlling the job process and completing the job. Nicholson et al. (2006) look at the costs incurred in tying up an outsourcing contract, and the various types of outsourcing contract and their complexities. They go further by looking at the different facets of control, described as boundary control, machine and exploratory control and arm's-length control. Everaert et al. (2010) look at the decision-making of outsourcing accounting services from a transaction cost economics perspective: their findings suggest that the lower the frequency of the accounting tasks, the more intensely they are outsourced, while the more non-routine and specific the accounting activity, the more difficult it will be to outsource. Within the transaction cost economics stream of accounting outsourcing literature there has been some interest in outsourcing in small and medium enterprises (SMEs). The work of Kamyabi and Devi (2011) supports the findings of Everaert et al. (2010), but claims that two additional factors can affect outsourcing in SMEs, namely trust in the external accountant, and corporate strategy. In a study of Malaysian SMEs, Jayabalan et al. (2009) found that 70% of SMEs interviewed appeared to establish some sort of accounting outsourcing function.

Smith (2005) argues that there is some correlation between organisational change and outsourcing, and that the more a company outsources its accounting function, the more it has to bring change to its internal management and control system. Accounting function with a qualified accountant is argued to be important in bringing organisational change and driving outsourcing decisions in the accounting industry (Lamminmaki, 2008).

The works on accounting outsourcing described above do not clearly indicate the type of accounting services referred to. Some of them are probably vaguely presenting management accounting, thus the use of the transaction cost economics perspective, but none of them describe the outsourcing of statutory accounting. This type of accounting presents lots of legal and ethical constraints and also is highly affected by the SOX regulation. Most of the research done on accounting outsourcing is interested in the organisational point of view of accounting outsourcing and the costs that the organisation might incur at each stage. But this research does not look into the process of accounting outsourcing, there is a blind assumption that accounting outsourcing is similar to IT or manufacturing outsourcing. The work of Nicholson et al. (2006) talks of control, but remains far away from the subject of knowledge control. Rather most of the literature examines the macro-organisational aspect of accounting outsourcing.

### **2.2.3 OUTSOURCING RELATIONSHIP**

Despite the growth of outsourcing in various industries, many outsourcing arrangements have failed to live up to their expectations. One of the problems that can explain this failure and which has been reviewed in the outsourcing literature is the outsourcing relationship. This is particularly true for accounting outsourcing. Mosher and Mainquist (2011) argue that each organisation is responsible for ensuring the adequacy of its own operations, security, and privacy, whether those services are provided through internal or outsourced functions and that regulatory and standards bodies do not relieve organisations of their responsibility to ensure outsourced services meet stated requirements. The idea of relationships in business studies has been researched in inter-organisational relationship literature (Kehler, 2004) and partnership literature (Jakki and Spekman, 1994). The outsourcing relationship

literature has looked mainly at the domain of information systems outsourcing and there is practically no work that looks at the relationship in accounting outsourcing. The literatures in outsourcing relationships have focussed mainly on defining the types of outsourcing from a strategic, economic and social perspective.

Nam et al. (1996) look at a two level investigation of IS outsourcing and came up with a matrix of four types of outsourcing relationship which is motivated by “Extent of substitution by vendors” and “Strategic impact of IS applications”. The four types of relationship are support, reliance, alliance and alignment. A support relationship has a low level of substitution and a low level of strategic impact, reliance has a high level of substitution and a low level of strategic impact, alliance has a high level of substitution and a high level of strategic impact, and lastly alignment has a low level of substitution and a high level of strategic impact. Kern et al. (2002) define four types of outsourcing relationship along a two-dimensional framework which consists of “Strategic intent” and “Technical Capability”. The four types of outsourcing are resource pool, technical supplies, business alliance and technology partnering. Resource pool can be defined as a relationship set on gaining technical resources from a resource pool, technical supplies is a relationship aiming at reducing costs, business alliance focuses on competitive edge and sharing risk and reward, while technology partnering relates to innovation and world class capability. Kern and Willcocks (2000) provide a framework for defining and differentiating outsourcing relationships: Strategic Intent, which summarises the objectives and expectation of the client toward the vendors; Relationship Architecture, which defines the conditions of the outsourcing engagement; Governance and monitoring mechanisms, which set the formal and informal governance mechanisms; Interaction and behavioural

mechanisms, and interactions among the parties. Jahner and Kremer (2007) use Kern and Willcocks (2000) in exploring different types of IS arrangements. Moon et al. (2010), in a study of outsourcing in the public sector, found that it is more difficult there to move from one type of outsourcing alliance to the other, due to the complex nature of the public sector arrangement.

Klepper and Jones (1998) suggest a more managerial approach in defining outsourcing relationships. They propose that outsourcing relationships are defined using the following terms:

- (a) Market Type relationship is an agreement that requires little change within the customer organization and is targeted at short-term contracts with no asset investment (asset specificity) by the customer, with all specific requirements and contingencies included in the contract. Should the agreement fall apart, the work can be brought back in-house with little interruption or re-issued to another firm. Repeated contracting is of no concern in this type of relationship.
  
- (b) Intermediate Type relationship is a longer term relationship in which the entire details of the project are difficult to identify in the contract and are subject to change in the middle of the project as well. Some asset specificity is required by the customer and discontinuation of the relationship in the middle of the project will result in considerable losses by the vendor and customer. Upon completion of the work, there is no significant advantage to maintaining a relationship with the vendor.

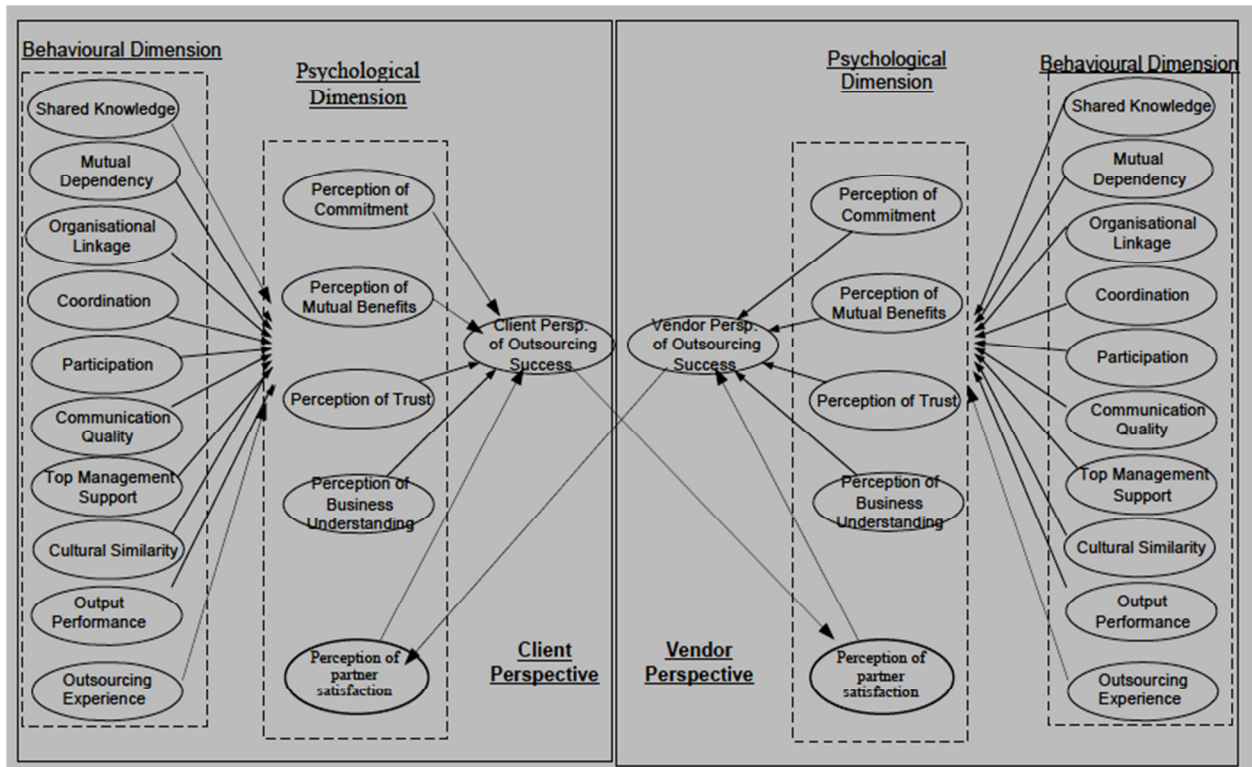
- (c) Partnership Type agreement is a relationship that requires joint investment (high asset specificity) and flexibility within the relationship that allows for changes in the project requirements during the contract period. This relationship is a durable one and expected to result in repeated business or additional contracts.

While Klepper and Jones (1998) define the types of outsourcing based on the duration factor, Goo et al. (2006) define seven factors that affect the duration of an outsourcing relationship. The factors are knowledge acquisition, strategic importance of IT activity, relationship-specific investment, requirement uncertainty, extent of substitution, opportunistic behaviour and satisfaction with output quality. Manning et al (2011) argue that if the outsourcing providers make investments into client-specific assets, while also allowing the client to get involved in operations, this may promote longer-term client relationships.

Dibern et al 2004 argue that when looking at the level of analysis (micro vs. macro) it becomes obvious that IS outsourcing has primarily been analysed at the macro level (industry and firm). Some studies have tried to give a more integrated perspective of outsourcing relationships. Extending the model of Lee and Kim (1999) and Henderson (1990), Fleming and Low (2007) present an integrated perspective of the outsourcing relationship from both the vendor and client perspective.



**Figure VI:** Extended Outsourcing Relationship Model: Fleming and Low (2007)



The above model looks at both the behavioural and psychological perspective of outsourcing relationship. However it is not clear from the above model whether it is applied from an organisational perspective or an individual perspective. Perception of trust can be both from the organisational level as well as the individual level. This point is raised by Sargeant (2006) who in an examination of outsourcing relationships argues that the literature clearly identifies the importance of the customer—vendor relationship as an indicator for successful outcomes, but it should be clear that the outsourcing contract, although a precursor to the outsourcing relationship, is not the sole determinant of the outsourcing relationship. The contract and the relationship are separate activities and should be developed and managed to be in line with the strategic objectives of the organizations involved in the outsourcing agreement. Although the attributes of an outsourcing relationship can be outlined in a contract it is developed and nurtured by the people performing the outsourcing activities. No

research focussing specifically on the relationship attributes and processes associated with offshore outsourcing from the client and vendor perspective has been conducted to date.

Koh et al. (2006) argue that the psychological contract is an individual-level construct, and one may dispute whether it is even applicable to an organizational-level phenomenon, as Rousseau fervently argues, “individuals have psychological contracts, organizations do not” (Rousseau 1989). The results of their study suggest that:

- (a) From the customer’s perspective, outsourcing success is significantly related to supplier obligation for clear authority structures and taking charge.
- (b) Outsourcing success is also significantly related to supplier obligation for effective human capital management and effective knowledge transfer.
- (c) Outsourcing success is also significantly related to supplier obligation for building effective interorganisational teams.

The social exchange theory, as advanced by Blau, 1964, Homans, 1958 and Emerson, 1962 to understand the social behaviour of people in the economic context, has evolved to incorporate different facets of social behaviour. Within the outsourcing context, Goles and Chin (2005) suggest that the exchange between parties is governed by a set of rules and norms. They also give the construct of these norms: for example, the construct of the norm role integrity is trust, because to believe in the other party’s integrity there needs to be the expectation that a party will act predictably, fulfil its obligations, and behave fairly even when the possibility of opportunism is present.

The literature on outsourcing relationship gives a lot of focus to the macro side of the relationship (Dibern et al., 2004). While there has been call for a deeper study of the individual analysis (Koh et al., 2006; Sargeant, 2006), this type of study has been found very scarce. There have no doubt attempts been to look at the factors that can influence the relationship at the individual level (Fleming and Low, 1997; Goles and Chin, 2005; Sargent, 2006; Ågerfalk and Fitzgerald, 2008), but the issue of individual relationship analysis has been viewed from the firm's perspective. Maybe IT outsourcing is different from accounting outsourcing in the sense that in accounting outsourcing, the accountants are the proprietors of the knowledge, thus they are the ones to create the outsourcing relationship. It is intriguing that there have been many calls from scholars on the importance of the individual analysis, but few works have even attempted to consider this level of analysis.

## **2.3 KNOWLEDGE**

### **2.3.1 KNOWLEDGE PHILOSOPHIES**

Knowledge has been one of the notions of most interest to philosophers since philosophy has existed. Plato, one of the greatest philosophers of all time, viewed knowledge and perception as the same thing, and knowledge as true belief. Aristotle, one of Plato's students, argued that sensory perception leads to the inquisitiveness of knowledge. In modern philosophy René Descartes brought the sense of reasoning to the notion of knowledge. His famous quote "I think therefore I am" created the notion of a mind. John Locke, in his work "An Essay Concerning Human Understanding", asserts that truth is based on reason rather than religious, moral and natural law; secondly he asserts that the mind creates ideas through reflection and sensation, and thirdly he draws the importance of language to the knowledge of the world. David

Hume wanted to know where we get knowledge from, he argued that first we create an impression of what we see, hear or touch through sensory perception, then we create ideas which may be either simple or complex ideas. The organisation of these simple and complex ideas is what Hume called knowledge or thought. Immanuel Kant argues that our knowledge is limited to things that can be created by the mind through sensory perception.

The use of the mind to create knowledge has led to the distinction between data, information and knowledge. Davenport and Prusak (1998) state that as knowledge management is becoming more and more important in society, one question that has haunted philosophers since the dawn of time is “What is knowledge?” This debate for may continue for years to come, but most researchers will agree to the fact that data, information and knowledge are not interchangeable concepts. Data, information and knowledge can be described as follows:

**Data**: Data can be considered as crude raw material. Data exist in codified forms like numbers, figures and pictures. However data do not have any importance without a specific structure or use. For example, two sheets with lots of figures are mere figures with no meaning. But if the data are described as statistical figures about population, comprehension and information is deduced. In any organisational context, data are most usefully described as a structured record of transaction (Davenport and Prusak, 1998). For example, the number of items purchased at the supermarket from the different sections and the amount paid are all recorded as data. Most modern organisations record data in some sort of technology that often records more than is required.

**Information:** Information can be defined as data with significance (Davenport and Prusak, 1998). Information is usually a message from the sender to the receiver. The word information includes the verb to inform, which originally meant “to give shape to”. When the information leaves the sender and arrives at the receiver, it is the receiver who interprets the message in his own way. According to Boisot (1998), “Information is data that modifies the expectations or the conditional readiness of an observer”. What is information to one person might be data to another. Davenport and Prusak (1998) list the following different methods by which data can be transformed into information:

Contextualised: We know for what purpose the data was gathered

Categorised: We know the units of analysis or key components of the data

Calculated: The data may be analysed mathematically or statistically

Corrected: Errors have been removed from the data

Condensed: The data may have been summarised in a more concise form.

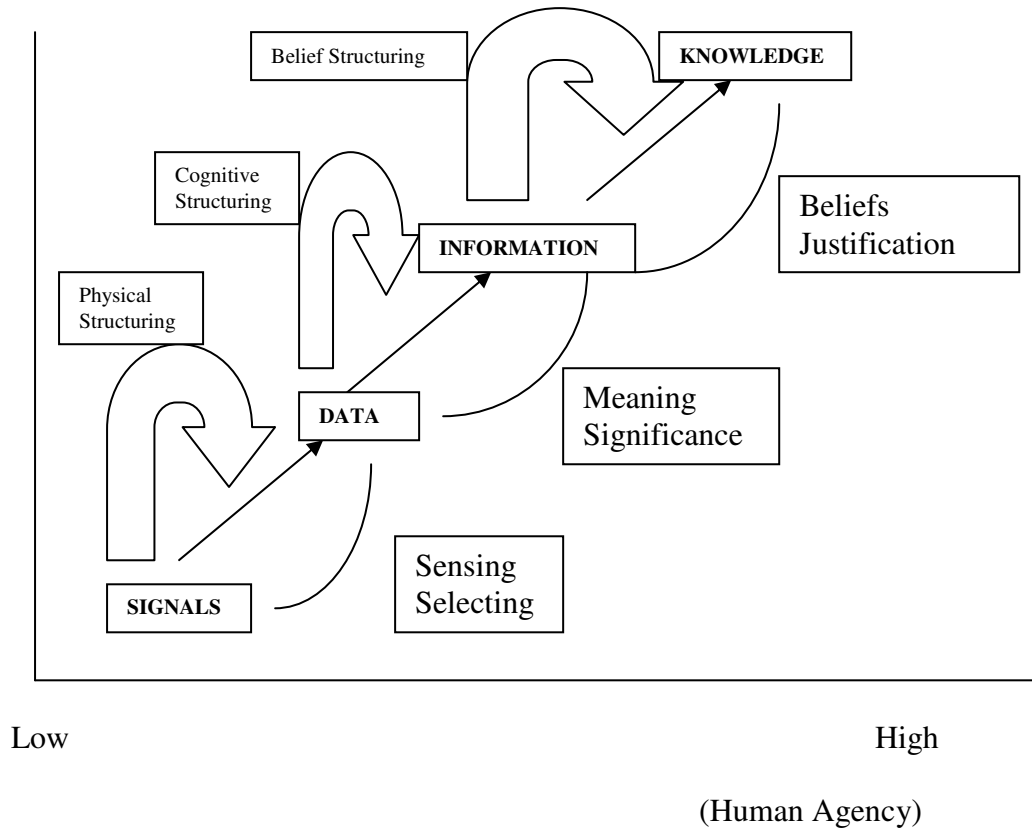
**Knowledge:** The distinction between data and information is quite clear-cut, but the distinction between knowledge and information is divided by a very fine line. Many researchers define knowledge as a set of beliefs. Nonaka and Takeuchi (1995) define knowledge as a “justified true belief”. Knowledge has also been defined as information into action. Sveiby (2001) defines knowledge as “the capacity to act”, while Boisot (1998) defines knowledge as “a disposition to act in a particular way that has to be inferred from behaviour rather than observed directly.” Davenport and Prusak (1998) state that knowledge is a fluid mix of framed experience, values,

contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the mind of the knower. In organisations, it often becomes embedded not only in documents or repositories but also in organisational routines, processes, practices, and norms.

The distinction between data and information is clear, but there is a very fine line between information and knowledge. To understand this better it is important to understand how data become information and information becomes knowledge. According to Hislop (2005), data is raw input like numbers and figures, while information is data arranged in a coherent and meaningful way. Subsequently knowledge can be understood from the application, analysis and the productive use of data. It is information that has been organised and analysed to make it understandable and applicable to problem-solving or decision-making (Turban, 1992). However Choo (2006) argues that the transformation of information into knowledge is the result of two complementary dynamics: the 'structuring' of data and information that imposes or reveals order and pattern; and the human 'acting' on data and information that adds sense and salience:

(Order/ Structure)

High

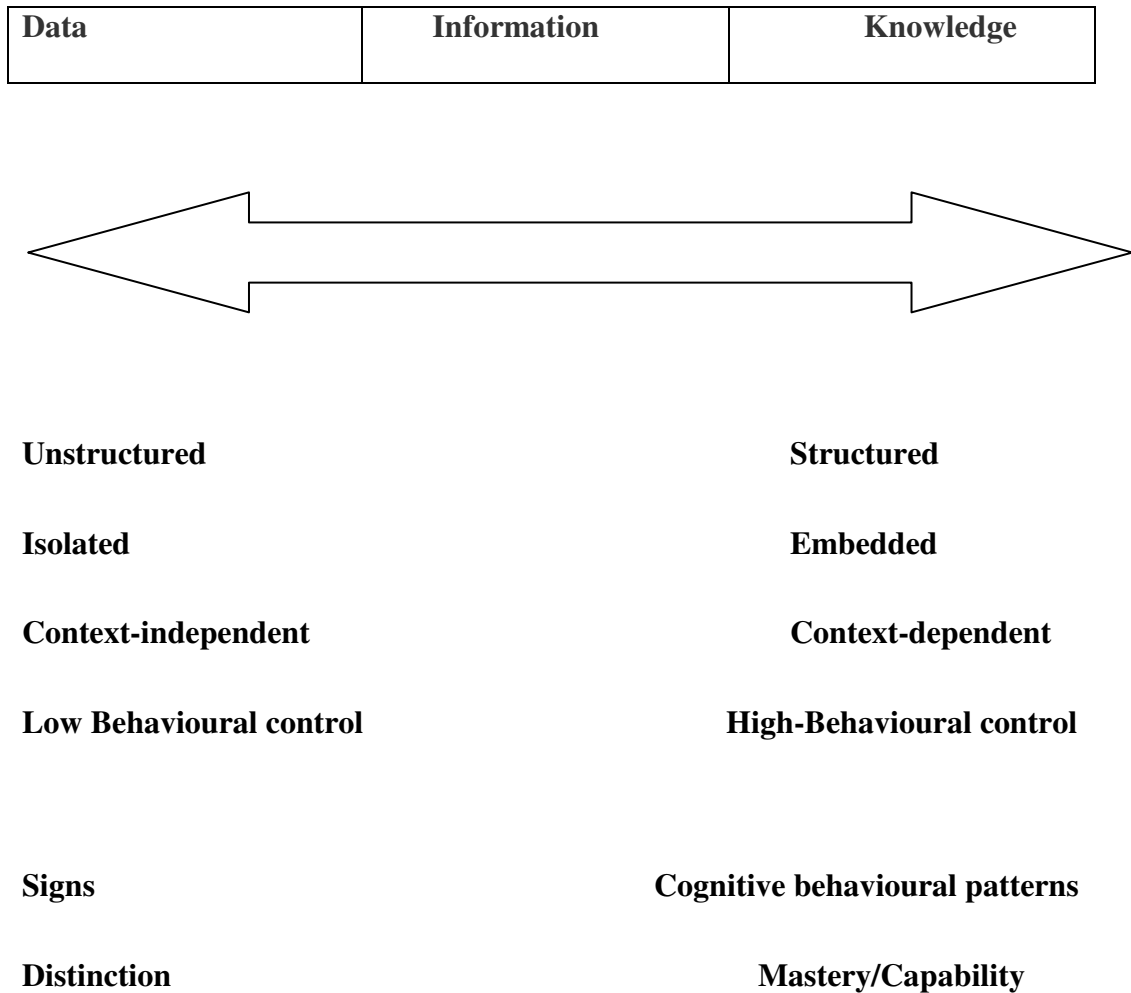


**Figure VII:** Information Structure (Choo, 2006)

The signal is structured by physical conditions in the material environment (such as lighting and noise): the observer senses and selects the signal. Once the signal is identified, the observer makes sense of noticed data through a process of “cognitive structuring” which assigns meaning and significance to the perceived facts and messages. Data becomes information when it has a meaning and relevance. Information becomes knowledge when a human actor forms true beliefs about the world.

Probst et al. (1999) describe the transition from data to knowledge through information as a continuum.

**Figure VIII:** Information Transition (Probst et al,1999)



Davenport and Prusak (1998) argue that information is transformed into knowledge in the following ways:

Comparison:       How does information about this situation compare to other situations we have known?

Consequences:      What implications does the information have for decision and action?



Connections:           How does this bit of knowledge relate to others?

Conversation:           What do other people think about information?

What has been discussed above is the understanding of knowledge from a personal point of view, or what can be called self-knowledge. The Greek philosophers argue that knowledge is related to our very own nature and being, while the work of Descartes, Locke and Hume tries to bring logic and reasoning to understanding the cognitive nature of the mind. Later, many scholars examine the cognitive process of turning data into knowledge. All these have been done from an individual processing point of view. If knowledge was part of a wider context, i.e., organisational knowledge, how would it be defined? The next section will look at organisational knowledge.

### **2.3.2           KNOWLEDGE IN THE ORGANISATION**

The discussion about the philosophy and definition of knowledge can go on fruitlessly unless the context of knowledge is clear. This thesis is looking at knowledge inside an organisation, and in the twentieth century there has been lots of work in defining organisational knowledge. Michael Polanyi, a scientist turned philosopher, argues that knowledge consists not only of things that can be written in words, mathematical formulae or codes. Knowledge can be personal and can be things that are not written or cannot be expressed in coded forms. Thus the notion of tacit knowledge was born. Tacit knowledge represents knowledge that people possess but which is inexpressible, while on the other hand explicit knowledge is knowledge which can be expressed in forms, figures, writing, drawings, etc. One of the most important theories that explain the concept of tacit and explicit knowledge is that of Nonaka and Takeuchi (1995):

<b>Tacit Knowledge (Subjective)</b>	<b>Explicit Knowledge ( Objective)</b>
<b>Knowledge of experience (body)</b>	<b>Knowledge of rationality (mind)</b>
<b>Simultaneous knowledge (here and now)</b>	<b>Sequential Knowledge (there and then)</b>
<b>Analogue Knowledge ( Practice)</b>	<b>Digital Knowledge ( theory)</b>

**Table I:** Knowledge Classification: (Nonaka and Takeuchi, 1995)

The notion of tacit knowledge has been criticised by the fact that every action has an element of tacit knowledge and also an element of explicit knowledge, so much so that there is a very fine line of distinction between explicit knowledge and tacit knowledge. This is argued by Alavi et al. (2001), who claim that tacit and explicit knowledge are not dichotomous states of knowledge, but mutually dependent and reinforcing qualities of knowledge. Chini (2004) argues that tacit knowledge does not come from the fact that it cannot be articulated, but that it has not been articulated yet.

Boisot (1995) expands the conceptual understanding of knowledge from a two-dimensional perspective (like that of Nonaka and Takeuchi (1995) where knowledge is seen as either tacit or explicit) to a three-dimensional perspective where knowledge is seen as follows:



The act of assigning phenomena to categories once these have been created is known as coding. Coding constitutes a selection of competing perceptual and conceptual

alternatives, so as to make information easier and economize on data processing. Abstraction and codification may seem similar and might often be confused. Boisot (1998) explains that while codification saves on data processing by grouping the data of experience into categories, abstraction refines further saving on data processing by minimizing the number of categories that are needed to draw on for a given task. To simplify the two concepts, codification is said to reduce the complexity of forms, whereas abstraction reduces complexity of content. Diffusability establishes the availability of data and information for those who want to use it. Information transfer is more the product of coordinated patterns rather than that of a random encounter.

Boisot (1998) also asserts that there are different types of knowledge:

- Personal knowledge (tacit knowledge that might be of a biographical nature or occupational nature).
- Proprietary knowledge (personal knowledge that is structured becomes shareable, e.g. in the case of patents or copyright).
- Textbook knowledge (proprietary knowledge that is diffusible over time).
- Common Sense (textbook knowledge applied in a variety of circumstances to become common sense).

There have been a number of classifications and categories of knowledge (Polanyi, 1966; Nonaka and Takeuchi, 1995; Boisot, 1998; Child and Faulkner, 1998; Beckman, 1998; Tsang, 2000). But to apply knowledge in a specific context like the organisational context requires competent use of the categories and the distinctions constituting that domain (Wenger, 1998). Spender (2008) argues that “if the organisation’s knowledge is to be dynamic as the organisation itself, we must theorise the supporting processes of learning and forgetting. Mere wordplay, substituting

‘knowing’ for ‘knowledge’ gets us nowhere.” Many theories have viewed knowledge as something separate from the context and the workers, thus creating a distinction between knowledge creation and learning. This thesis is looking at knowledge which is embedded in a specific context, and also embedded within the worker. This type of knowledge is not static, it can be tacit to a certain extent but it adapts and changes according to the organisational context. The work of Lave and Wenger (1991) argues that knowledge is embedded within a context and its culture and that learning can happen in an unintentional rather than a deliberate way. This is called “legitimate peripheral participation.” Suchman (1988) applied the concept of situated learning to the context of artificial intelligence. Le-Nguyen et al. (2009) state three characteristics of situated knowledge:

- Knowledge users are often unaware of the assumptions and rules surrounding the context, this differentiates knowledge work practices from other work practices (Schultze, 2000). Knowledge is often said to be sticky (Szulanski, 1996) and contextualized;
- Knowledge, be it object, cognition or capability, must be enacted from people’s practices and reside in a particular work context (Orlikowski 2002). As mentioned above, traditional knowledge theories tend to separate knowledge from its context by simply defining and categorizing. It is very difficult to analyse knowledge without analyzing its context;
- Third, different expert groups may employ different types of knowledge under different work contexts (Bogenrieder and Nooteboom, 2004).

The type of knowledge that underpins this research is situated knowledge, that is, knowledge that has been acquired by the accountant through the process of studying

for professional exams, but which is specifically applied to an industry and to a particular work context. The notion of situated knowledge relates more to the work context rather than subdivisions within an industry. For example, in the accounting industry there are many sub-sectors, such as aviation, real estate, etc. But this doesn't mean that the knowledge situated in two aviation firms will be the same. They might have their own policies and ways of working. The next section will look at the knowledge management literature and perspective.

### **2.3.3 KNOWLEDGE MANAGEMENT GENERAL PERSPECTIVE**

Knowledge Management (KM) is an emerging discipline both in academia and in practice. Some people would argue that KM stems from practical problems while others will argue that it comes from academic theories. But the main factors leading to the emergence of KM are globalisation, ubiquitous computing, and knowledge-centric view of the organisation (Prusak, 2001). Wigg (1999) argues that KM is not driven only by commercial factors, but by the globalisation of business, sophisticated customers, competitors, and suppliers, and the efficiency of the enterprise. Globalisation of the business world has increased the amount of data a company can receive, thus creating the need to sort the data into useful and redundant data. With the amount of information available to people through the internet and other means of communication, actors in the business world have become more demanding. The large amount of information available has also increase the value of knowledge skills (ubiquitous computing). Efficiency of the enterprise has always been a priority of management; with the importance of knowledge as a factor of production, a lot of organisations have adopted a knowledge-centric view of the organisation. The field of

KM is rooted in the intellectual disciplines of economics, philosophy, psychology and sociology (Prusak, 2001; Wigg, 1999; Earl, 2001).

One might ask why we need knowledge management and what its purpose is. From a technical point of view, knowledge management helps to identify, capture, store, and retrieve critical data (Jennex, 2008). This view of knowledge management is inspired by information management theory, but from a practical point of view it is very important as most knowledge management consultants give a lot of focus to this aspect of KM. A lot of academic work has been done in the fields of knowledge capture, identification, storage and retrieval (Fails and Olsen, 2003; Huang et al., 2006; Hay Tow et al., 2011). The information management perspective of KM deals more with data than knowledge. IT focuses on data rather than on its meaning or practical implications (Spender and Scherer, 2007). This deficiency in the IT perspective led to the emergence of knowledge management, which arose after the failure of information management to recognise that organisations are more complex than they appear, and do not consist merely of a straightforward distribution of messages (Jashapara, 2005). Being rooted in various intellectual disciplines, the field of knowledge management has created enough space for different perspectives to be formed. Earl (2001) argues that there are different schools of knowledge management which can be classified into three categories: technocratic, economic and behavioural. The technocratic category includes the systems school which focuses on technology, the cartographic school which focuses on mapping of knowledge, and the engineering school which focuses on knowledge process. The economic category includes the commercial school which sees knowledge as an asset. The behavioural category includes the organisational, spatial and strategic schools which look at knowledge exchange, pooling and capabilities.

The academic community has built different views of the organisation with respect to knowledge, but put simply, in knowledge management the most important aspect is the knowledge. Underpinning my philosophy of KM is Polanyi's (1962) view that knowledge is something intangible, and Lave and Wenger's (1991) notion of situated learning and situated knowledge. The fact that knowledge is intangible makes it a commodity which people want to understand and manage. Spender and Scherer (2007), in a review of the philosophical foundation of knowledge management, argue that the three main anxieties in the area of KM are:

- (1) Connecting individual inventiveness to the firm's strategic dynamic;
- (2) Ownership of the means of production;
- (3) The organization as a dynamic socio-economic entity with a developing or evolving corpus of knowledge.

These three anxieties sum up most of the challenges and issues modern knowledge management faces. In the first anxiety one of the problems of the dynamic firm is the impact of culture on knowledge management. Even in the work of Nonaka and Takeuchi (1995), which studies Japanese firms, there can be argument of a clash between eastern and western cultures. The ownership of the means of production gives rise to the issue of knowledge assets, human capital and intellectual capital (Nahapiet and Ghoshal, 1998; Boisot, 1998; Inkpen and Tsang, 2005). The socio-economic dynamic of the firm with a developing or evolving corpus of knowledge relates to the problem of knowledge creation and organisational learning (Nonaka and Takeuchi, 1995; Bandura, 2000; Easterby-Smith and Lyle, 2003).

In this thesis I take the view that knowledge is an asset whose ownership rests with the accountant. This view of knowledge is rooted in the perspective of organisational

learning and knowledge creation. “Instead of an unchanging computer-like isolate acquiring knowledge from others, the actor must construct her/his own, which becomes situated in its own time and context, and, in the process, also re-constructs the knowing entity” (Lave and Wenger, 1992; Suchman, 1987; quoted from Spender, 2009). Knowledge in the context of this study cannot be viewed as data or assets which belong to the organisation: instead, knowledge is owned the accountant who is continuously learning, and the nature of this knowledge is dynamic. In addition, this thesis examines the sharing of knowledge from an individual perspective rather than the organisational perspective. The socio-economic dynamic context of a professional firm like the one being studied in this thesis makes the worker (accountant) a very important variable. Fahey and Prusak (1998) state that the eleven deadliest sins of knowledge management are:

- Not developing a working definition of knowledge;
- Emphasising knowledge stock to the detriment of knowledge flow;
- Viewing knowledge as existing predominantly outside the heads of individuals;
- Not understanding that a fundamental intermediate purpose of managing knowledge is to create shared context;
- Paying little heed to the role and importance of tacit knowledge;
- Disentangling knowledge from its uses;
- Downplaying thinking and reasoning;
- Focusing on the past and the present and not the future;
- Failing to recognize the importance of experimentation;
- Seeking to develop direct measures of knowledge.

The gist of these suggestions is that knowledge is a human act; this is why technology has failed to deliver in knowledge management (Mc Dermott, 1999). Having viewed



the different perspectives of knowledge management, and having determined that the theoretical underpinning KM perspective in this thesis will be tacit situated knowledge with a socio-economic perspective, the next section will review the literature on knowledge-sharing.

### **2.3.4 KNOWLEDGE-SHARING**

In the previous section, I clarified the types of knowledge and knowledge management philosophy which underpin this research. Most modern organisations recognise the intangible value of knowledge and its importance in growth. Organisations like Ernst & Young, Accenture, World Bank, Toyota and British Petroleum have all developed knowledge-sharing mechanisms which have been researched and documented. Knowledge being a critical factor of production in the modern organisation (Davenport and Prusak, 1998), the exploitation and transfer of this knowledge from those who have it to those who do not will contribute to the competitive advantage of the organisation (Spender and Grant, 1996; Brown and Duguid, 1991; Hinds et al., 2001). To achieve effectiveness in knowledge management, knowledge-sharing should be one of the most important considerations of any organisation (Shin, 2004; Kling et al., 2002).

The term knowledge-sharing has often been used interchangeably with the word knowledge transfer. But knowledge-sharing is different from transfer: transfer refers more to the technical aspects of moving knowledge from A to B (Shanon and Weaver, 1949), but knowledge-sharing refers to the movement of more intangible knowledge, without knowing whether the recipient has received the knowledge and processed it. Wang and Noe (2010) argue that knowledge transfer involves both the sharing of knowledge by the knowledge source, and the acquisition and application of

knowledge by the recipient. Knowledge transfer has typically been used to describe the movement of knowledge between different units, divisions, or organizations, rather than individuals. Knowledge transfer has been applied in the work of Dixon, 2000, Szulanski, 1996, and Dyer and Hatch, 2006. In this study I am interested in the sharing rather than the transfer of knowledge.

The knowledge-sharing literature examines two levels of analysis, the organisational and the individual. The organisational-level literature looks at factors such as:

- Culture (De Long and Fahey, 2000; McDermott and O'Dell, 2001; Ribiere, 2001; Cummings and Ten, 2003; Suliman, 2001)
- Technology (Syed-Ikhsan and Rowland, 2004; Malhotra and Majchrzak, 2004)
- Structure (Bock et al., 2005; Goh, 2002)
- Organisational commitment (Storey and Quintas, 2001; Guest and Patch, 2000; Byrne, 2001)
- Organisational hierarchy (Ciborra and Patriotta, 1998; Hayes and Walsham, 2000)

The organisational view of knowledge-sharing believes that organisations should have the capabilities to create, acquire, integrate and disseminate knowledge. Organisational capabilities can include either the technological or cultural structure of the firm. This view of knowledge-sharing has been influenced by the resource-base philosophy. The individual view of knowledge-sharing, on the other hand, argues that knowledge is tacit and intangible, and is normally shared between individuals. The

factors that influence individual knowledge-sharing are behavioural in nature, thus the literature looks at various behavioural factors like:

- Interpersonal trust (Andrews and Delahaye, 2001; Morris Empson, 1998; Roberts, 2000)
- Reward/Recognition (Beaumont and Hunter, 2002; Hansen et al., 1999; Hunter et al., 2002; Jarvenpaa and Staples, 2000)
- Motivation (Kalling and Styhre, 2003; Wasko and Faraj, 2000)

Individual behaviour of people is not easy to predict, especially in a knowledge-sharing context. Infosys, one of India's biggest technology companies, introduced the concept of a knowledge currency unit to encourage people to share. This system did motivate people to share, but for the wrong reason, because a reward was provided. This led to an overload of information and created an even bigger problem for the company. Individual predisposition to share knowledge is difficult to understand. Despite studies suggesting that individuals are predisposed to certain work attitudes and behaviours, only a few studies have empirically examined the role of individual personality or dispositions in knowledge-sharing (Wang and Noe, 2010). Foss et al. (2010) are even more critical of knowledge-sharing literature not giving much importance to the individual unit of analysis. In a study of 13 top-tier management journals between 1996 and 2006 which resulted in 100 journal articles, only 20 analyse the micro—micro level of interactions in knowledge-sharing. The lack of attention to micro-foundations has the potential to make it difficult to come forward with managerial advice (Foss et al., 2010). As Coleman (1990) argues, interventions designed to change a variable at a macro level are often naturally made at lower levels.

Communities of practice can be seen as halfway between the macro- and micro-level of analysis, as they take the organisational structure and people together. Kim et al. (2008) argue that a community of practice is a conceptual gathering of people who are informally bound together in a shared expertise or practice. Lave and Wenger (1991) describe it as an activity system that includes individuals who are united in action, and in the meaning that action has for them and for the larger collective. This type of activity has been associated with virtual networks, and networks of expert have often been given a sort of stereotype. As regards the professional community (doctors, lawyers, accountants etc.), Amin and Robert (2008) raise the issue and make four observations: “The first of these relates to the type of knowledge, including codified, tacit and embodied, which is acquired and disseminated through various forms of interaction. Secondly, social interaction is facilitated through specific uses of language, the use of artefacts, and the demonstration and imitation of embodied conduct involving (kin) aesthetic dimensions. But once individuals have mastered a body of professional practice-based knowledge, they can benefit from knowledge exchanges through virtual communications with geographically dispersed members of their profession. Thirdly, innovation and creativity appear to be stronger where professional communities intersect with related professions. Fourthly, the development of professional knowledge is constrained by the regulatory activities of professional associations.” To implement a community of practice will depend on the organization’s size and might be difficult. The participation of everybody is necessary (for example, if there are 20 people, not everybody will want to participate, and not everybody might be at the same level of knowledge in terms of qualifications, there might be junior and senior doctors). Ardichvili et al. (2003) argue that even when

people give the highest interest to the priority of the organization they tend to shy away, not because of narrow self-interest, but because of fear of letting the community down by providing wrong answers. Another problem of community of practice is the problem of free-riders who are people who will enjoy the benefits without contributing to the community.

This section has reviewed the definition of knowledge-sharing and the typologies of literature that it contains. The next section will look at how knowledge-sharing literature is applied to the problem of outsourcing.

### **2.3.5 KNOWLEDGE-SHARING IN OUTSOURCING**

Given the importance of knowledge for the modern organization and the importance of knowledge-sharing for the competitiveness of the organization, it is strange to find that only a handful of research has attempted to look at knowledge-sharing in an outsourcing context. The knowledge-sharing in outsourcing literature (Johansson, 2003; Blumenberg et al., 2009; Niederman, 2005; Spraggon and Bodolica, 2011; Ismail et al., 2005; Rottman and Lacity., 2009; Lee, 2001) focuses on knowledge transfer and on IT outsourcing. Lee (2001), in one of the only pieces of research to look at the impact of knowledge-sharing on outsourcing success, concludes that knowledge-sharing is significantly associated with the degree of attainment of outsourcing benefit: the ability of the service receiver to absorb the needed knowledge has a significant direct effect on the benefit attainment. The outsourcing relationship is seen as a critical factor in the sharing of knowledge (Johansson, 2003; Blumenberg et al., 2009). No doubt the characteristics of a relationship in outsourcing or other inter-organisational relationship will define the parameters for the sharing of knowledge. But a relationship-based study will not tell us how knowledge is shared

and what the constraints to sharing knowledge are. Blumberg et al. (2009) look at the knowledge transfer process in IT outsourcing and its impact on the sharing of knowledge, and reach two conclusions. Firstly, they find transfer processes for explicit knowledge in an outsourcing context to consist of two dimensions: the content dimension, which defines how content has to be interpreted, and the sender–receiver dimension of transfer, which defines interaction structures between parties. The combination of processes designed to transfer explicit and tacit knowledge has the most influence on the level of shared knowledge. Secondly, the level of shared knowledge is positively related with performance, because the integration of different knowledge domains provides insights for the exploitation and exploration of resources. Niederman (2005) discusses the study of outsourcing from both an international business and a management information system perspective, and calls for more collaboration between these two set of scholars.

The literature has been very reluctant to look at the process of knowledge-sharing in outsourcing, but this by no means reduces its importance. The work of Lee (2001) supports this claim, and to quote Rottman and Lacity (2009): “Based on 160 interviews with US clients and their Indian suppliers, we found that the main impediment to strategic sourcing is knowledge transfer”. They argue that for effective knowledge transfer practices, the organisation should develop:

**(a) Practices to transfer knowledge**

- Motivate in-house staff to share knowledge with suppliers;
- Train the supplier’s employees as if they were internal employees;
- Integrate the supplier employees fully into the development team.

**(b) Practices to protect the knowledge transfer investment**

- Require suppliers to have shadows for key onsite supplier roles to protect knowledge transfer investment
- Protect intellectual property by unitizing projects into small segments of work and dispersing work among multiple suppliers

Outsourcing involves the relationship between two organisations, seen in the literature as inter-organisational study. Easterby-Smith et al. (2008) state that “by definition, inter-organizational knowledge transfer involves at least two organizations, and we therefore need to understand the interactive dynamics between these organizations. We have identified four broad factors here: power relations, trust and risk, structures and mechanisms, and social ties.” Mason and Leek (2008) found that inter-firm knowledge plays an integral role in making the offshore business model dynamic. They suggest the need for both “hard” and “soft” inter-firm knowledge transfer mechanisms to drive improvements to dynamic business models. In their study, structure and routines acted as “hard” inter-firm knowledge mechanisms and changes in structures and routines were found to be the manifestation of “soft” inter-firm knowledge mechanisms. Sammarra and Biggiero (2008) argue for the importance of interactions in the context of multiple firms, and examine how the exchange of multiple types of knowledge provides mechanisms which assist firms to acquire knowledge structure, allowing them to develop new competencies and know-how. They suggest that the more mechanisms supporting both formal and informal interactions among individuals and groups of organizations are used, the more likely will be the transfer of different types of knowledge.

## 2.4 CONCLUSION

Outsourcing has been defined in the literature as the transferring of work to an external provider (Hanfield, 2006); a split in the value chain and concentration on core competence (Thakur, 2008); a contractual agreement that entails procurement of goods and services (Vita and Wang, 2006). The concept and definition of outsourcing is flexible and is constantly expanding its boundaries. Vita and Wang (2006) argue that one of the characteristics of outsourcing is that the services should have been carried out in-house prior to outsourcing. But this is not true in many cases, especially in start-up businesses. Von Jouanne-Diedrich (2004) argues that current usage of outsourcing dispense with this assumption. Outsourcing is a generic term and as it is adapted to new industries, it will expand its boundaries to include new definitions and understanding of outsourcing. For example accounting outsourcing will differ from traditional manufacturing outsourcing in terms of control. For accounting outsourcing, due to the ethical and legal implications, with the accounting firm holding all responsibilities, it is normal that even in an outsourcing case control should remain with the accounting firm. Vita and Wang (2006) provide a taxonomy of outsourcing in which they look at what is outsourced, i.e., what kind of activities. Muller and Wood (2008) provide a classification of outsourcing along the same lines as Vita and Wang (2006), while Kedia and Lahiri (2007) present a model of why we outsource, i.e. the motivation for outsourcing.

The literature on accounting outsourcing is very thin, as supported by the survey of Beaumont and Khan (2005). The literature can be broken into three streams: legal and regulatory, transaction cost economics, and organisational change. There has been a surge in accounting outsourcing literature that focuses on small and medium-sized



enterprise (Kamyabi and Devi, 2011; Jayabalan et al., 2009; Ray, 2009). But the literature on accounting outsourcing doesn't describe clearly what type of outsourcing activities they are studying. The accounting industry is very big, and the outsourcing of basic book-keeping jobs, compared with statutory accounts, for example, presents major differences in the skills needed and the ethical and legal implications. It is possible to guess that some studies examine types of accounting outsourcing that relate more to management accounting. However the gap I see in this literature is that no one has clearly described the accounting outsourcing task, and no one has looked into the outsourcing of statutory accounts, with its ethical and legal implications as discussed in chapter one. Also the studies that have been reviewed in this chapter look at accounting outsourcing from a macro perspective and have ignored the micro side. Nicholson et al. (2006) talk of control in their study but do not look at the micro aspect of control. This aspect of macro vs. micro is apparent also in the literature of outsourcing relationships. The outsourcing relationship literature tends to concentrate on information systems outsourcing, but even there, there are calls from scholars to address the lack of micro- and individual-level studies (Dibern et al., 2004; Koh et al., 2006; Sargeant, 2006). There have been attempts to look at the micro-level in outsourcing relationships (Fleming and Low, 1997; Goles and Chin, 2005; Sargent, 2006; Ågerfalk and Fitzgerald, 2008), but the temptation to shift to the macro or organisational level is too great, and this tends to drown the attempt to consider the micro and individual level of analysis.

Knowledge is one of the notions that have haunted philosophers for centuries, from Plato to Immanuel Kant. Philosophers have often viewed knowledge from an individual cognitive perspective. But what is of interest to management scholars is to

understand knowledge from an organisational perspective (Polanyi, 1966; Nonaka and Takeuchi, 1995; Spender, 2008; Wenger, 1998; Szulanski, 1996). Knowledge being such a wide and intangible concept, it is very important to understand the context and what types of knowledge underpin this study. In this study knowledge is understood as mainly tacit (Polanyi, 1966) and can be said to be situated in the individual context (Lave and Wenger, 1991; Suchman, 1988). In the organisational context, knowledge, being an important factor of production, has given rise to the discipline of knowledge management. Knowledge management started as a very technical discipline rooted in information management. This type of perspective views knowledge mainly as data, rather than the application of information, which is a human act. In the last decade there has been more and more focus on knowledge as a human process, hence the need to understand how humans create, process, and share knowledge. One of the most important fields in the socio-economic perspective of knowledge is knowledge-sharing. All major organisations in the world are working on how to better share knowledge among their employees, and there is the feeling that the staff should have the knowledge just in time (that is, when they need it). But, as argued in the accounting outsourcing literature, in the knowledge-sharing literature there is also a lack of focus on the micro/individual level (Wang and Noe, 2010; Foss et al., 2010). One possible explanation for this is that the domain of knowledge management has always been very close to the information systems perspective, so that scholars find it difficult to concentrate solely on the micro/individual level. Finally, this chapter has reviewed the literature on knowledge-sharing in outsourcing. Given the importance of knowledge-sharing, especially in a context like outsourcing, it is strange to find only a handful of literature. Even this handful of literature has concentrated on the inter-organisational aspect of outsourcing and has not looked at the individual and micro-

perspective. The studies of both outsourcing and inter-organisational relationships have recognised the importance of knowledge-sharing, but have failed to go deeper into the actual process. The literature has focussed largely on IT firms, neglecting other types of outsourcing and the implications of knowledge-sharing. Finally, as in outsourcing relationships, the individual level of analysis in knowledge-sharing has been shunned. Most of the studies are from a macro-perspective rather than a micro/individual perspective.

## **CHAPTER 3**

### **TRUST AND POWER**

#### **3.1 INTRODUCTION**

This thesis is about studying the blocks to knowledge-sharing in accounting outsourcing, with special focus on the individual unit of analysis. In my preliminary model in section 1.3.2, I assert that power and trust are most likely to influence knowledge-sharing from an individual unit of analysis. The relationship between trust/power and knowledge-sharing is important, because the accounting firm takes a job from its clients and passes it on to the outsourcing agent on the basis of a trust relationship. This trust relationship is crucial for the quality of work being delivered by the outsourcing agent. Otherwise it would not be cost-efficient for the accounting firm to do the corrections themselves to satisfy quality requirements. Trust and control are related in such a way that both agents are confident that they can trust each other and also remain in control. The construct of trust and control will convince both agents that they will reap advantages from the relationship. When trust and control are related, the issue of power cannot be ignored. In the middle of trust and control, each party will want to exercise their power. In an outsourcing relationship, power will affect trust and sharing of information not only from an organisational point of view but from also from an individual perspective. “At the heart of knowledge-sharing activities [...] is a climate of continuity and trust. This is the most difficult aspect of knowledge-sharing to achieve. If you can’t do it, you can’t succeed. We grew up learning to hoard knowledge to achieve power” (Kling & Ekbia, 2003).

In this chapter I am going to review the literature on trust and power. Firstly I will review the definition and sources of trust so as to understand the different meanings trust has in the literature. Secondly I will look at the different forms and shapes trust takes in an organisational environment. Thirdly I will review the influence of literature relating to trust on knowledge-sharing. And finally I will look at the literature of trust in the outsourcing environment. The second area I will review will be power. Power is very fuzzy concept, thus in this chapter I will aim at understanding the different schools of thought and taxonomy of power in the literature. Secondly I will look at theoretical perspectives of power as presented in the literature. Next I will look at how power has been defined in the organisational literature. Finally I will look at power in the knowledge management literature and I will look at power in outsourcing literature.

## **3.2 TRUST**

### **3.2.1 DEFINITION AND SOURCES OF TRUST**

Trust is an elusive concept and can be interpreted differently by different people. In discussing the notion of trust in philosophy, Bailey (2002) argues that the notion of trust exists only because there is the perception that there is a fear of detection and punishment that prevent a human being from doing something evil or acting in their own self-interest. A will trust B, only because A believes B cannot do something wrong as he will be punished by the law. This view of trust is presented in the work of Plato (*The Republic*), Thomas Hobbes (*Leviathan*) and Niccolò Machiavelli (*The Prince*). However this view creates the belief that no good nature exists in human beings. This did not become a consensus view among philosophers; for example David Hume in *A Treatise of Human Nature* argues that “that sympathy makes human

beings ‘mirrors’ of each other, and that this gives them ‘a remarkable desire of company, which associates them together, without any advantages they can ever propose to reap from their union” (quoted in Bailey, 2002). Since these philosophical groundings of trust, many straightforward definitions of trust have been provided in the literature. Currall and Inkpen (2002) argue that trust can be defined as the ability to rely on a partner with the expectation that the partner will act according to a common agreement. Cummings and Bromiley (1996) define trust as an individual’s belief or a common belief among a group of individuals that another individual or group “(a) makes good-faith efforts to behave in accordance with any commitments both explicit and implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive of another even when the opportunity is available.”

Adobor (2005) argues that trust can be created through a process of sense making: “Conceptualizing trust as a process of sense making may be a useful way of understanding how this incremental use of expectations in trust creation occurs”.

Expectation is important for three reasons:

- (1) The actor may be unable to determine the accuracy of what he is told by the other partner.
- (2) Secondly, uncertainty is present in all exchanges because the partners are unable to know whether the other partners are able to reciprocate their actions.
- (3) Finally actors, cannot often measure trust exactly and conduct their activities in uncertainty.

From an inter-organisational relationship perspective, Zaheer et al. (1998) provide two general definitions of trust: confidence or predictability in one's expectations about another's behaviour, and confidence in another's goodwill. This definition puts forward two interesting elements about trust, namely confidence, which can be seen as a cognitive belief, and predictability, which can be seen as rational thinking. Hardin (2006) argues that trust is a cognitive state, but O'Hara (2009) argues that it is not always based on a cognitive state, as A can convince B to trust. This persuasion to trust is based on the expectation of another's behaviour. Trust is an expectation rather than a conviction, which means that there is an element of risk. Roger et al (1995) argue that several theories have been put forward to describe mechanisms for minimizing the risk inherent in working relationships. Reinhard (1999) claims that, "as per Luhmann (1979), although trust is such a fundamental mechanism in all social reality, it also involves a problem: trust is a risky engagement. He further claims that trust absorbs uncertainty and diffuses complexity, but at the same time it produces risk as it is inevitable that a social actor who decides to trust another actor extrapolates on limited available information about the future behaviour of this actor." According to Das and Teng (2001), trust is about positive expectation regarding the other in risky situations. Rousseau et al (1998) argue that across disciplines people have different definitions of trust, but agree that certain conditions must exist for trust to be intact. Risk is one of those conditions considered essential in psychological, sociological and economic conceptualisation of trust (Williamson, 1993). The path-dependent connection between trust and risk taking arises from a reciprocal relationship: risk creates an opportunity for trust, which leads to risk taking (Rousseau et al., 1998). The level of risk taking will depend on the interdependence between the two parties. In a situation of trust, even though both parties are reliant on each other,

the degree of reliance and thus interdependence will affect the nature of trust and degree of risk. As Hardin (2006) puts it, “no sane person trusts everyone equally and respect to any or every level of risk” (quoted in O’Hara, 2009).

According to Zaheer et al. (1998),, Rousseau et al. (1998) and Schoorman et al. (2007), trust needs to be studied from a multi-level perspective as it is not an organisation that trusts another organisation, but the individual in one organisation who trusts the individual in the other organisation. Two types of trust have been identified: interpersonal trust, which is the trust that one individual in one organisation places in another individual in the partner organisation, and intra-organisational trust, that one organisation places in a partner organisation. Rousseau et al. (1998) affirm that analysis at the individual level tends to characterise conceptualisation of trust within firms, particularly the willingness of subordinates to trust their bosses. However scholars are interested in the multi-level approach to trust because of the following:

- a) The reputation and historical trustworthiness of parties in previous interactions with others and the social context of networks that make reputation effect possible (Burt and Knez, 1996).
- b) Social norms shape both the behaviours of parties engaged, and their beliefs regarding the intentions of others (Sitkin and Stickel, 1996).
- c) Institutions promote or constrain trust relations (Fukuyama, 1995).

Micro-level trust relations are constrained and enhanced by macro-processes, thus multi-level processes underlie trust, and scholars across a variety of disciplines have embraced this multi-level view.



Jones and George (1998) argue that despite an overall consensus that trust is a complex multidimensional construct, scholars have barely discussed how the moral, cognitive, and emotional elements of trust interact to determine subsequent expectations and behaviour. According to them, trust is a psychological construct based on values, attitudes, moods and emotions. Values are general standards in society such as loyalty, fairness, honesty, reliability and integrity, among others, that are considered as the norms of good behaviour. Values in an organisation or at the individual level will contribute to improve the general level of trust within the organisation. Barber (1983) suggests that trust serves to maintain and express the shared values that trust originates from and which promote relationships characterised by trust. As Jones and George (1998) suggest, attitudes can be viewed as:

- (1) The knowledge structures containing the specific thoughts and feelings people have about other people, groups or organisations;
- (2) The means through which they define and structure their interactions with others.

In addition to experiencing trust in a stable and general manner through values, individuals also experience trust in a more specific mode, i.e. as part of an attitude toward another entity.

Moods and emotions are affective states of mind, they are the general feelings that individuals experience daily and which might influence the state of trust. Jones and George (1998) establish that moods and emotions are fundamental aspects of trust for the following reasons:

1. People usually have an initial trust toward another individual depending on the feelings they have toward the other person. The

affectively charged nature of trust is also revealed in situations where people feel they have been taken advantage of or betrayed by others; in these situations, emotions become the means used to express feelings of distrust.

2. Trust is built on expectations that are partly emotional. When these expectations are broken, an individual often experiences strong emotions, which signal to the individual about the violation of trust and the need to attend to the relationship.

### **3.2.2 FORMS AND TYPES OF INTER-ORGANISATIONAL TRUST**

Trust can be created in person, in an impersonal system or collectively. Davenport and Prusak (1998) argue that trust must be established in the following ways for the knowledge market to be effective:

- i. Trust must be visible, workers in an organisation must see their colleague getting credit for sharing knowledge; there must be reciprocity in knowledge-sharing and trust must form part of the corporate mission statement.
- ii. Trust must be ubiquitous, if part of the company knowledge is untrustworthy; the market will become less efficient.
- iii. Trust must start at the top; the example must start from higher members of the organisations.

The role of trust in knowledge transactions within an organisation explains why knowledge initiatives based solely on infrastructure such as an intranet or groupware

rarely bring the expected benefit. As mentioned above in the previous section, trust is a complex phenomenon and process which acts at multiple levels and in multiple dimensions. This will give rise to various types of trust within inter-organisational relationships. According to Gandori and Soda (1995) trust is one of the most frequently mentioned concepts in connection with inter-firm cooperative relations. They argue that trust is an outcome, a character of the emerging relationship between the parties involved. Moreover they argue that the relationship that emerges depends on the mechanisms that are utilized to facilitate integration (Newell and Swan, 2000).

Pavlou (2002) looks at two types of trust, namely inter-organisational trust and institutional trust. He argues that on the basis of multiple research work, inter-organisational trust can be defined as “the subjective belief with which organisational members collectively assess that a population of organisations will perform potential transactions according to their confident expectations, irrespective of their ability to fully monitor them”. This gives rise to three attributes of this type of trust. Firstly, that trust is based on a subjective probability and not an objective one. Secondly, the definition depends on confident expectations without monitoring risk that might occur. Finally, the collectivity of organisational members suggests that trust is collectively held by well-informed individuals. Institutional trust, he insists, has its origins in the sociological literature, which argues that intentions and behaviours are generated by the situation followed by assurances that expectations will be fulfilled (Pavlou, 2002). According to McKnight and Chervany (2002), institutional trust can be defined as the “subjective belief with which organisational members collectively assess that favourable conditions are in place that are conducive to transaction success”. Zucker (1986) suggests that institutional trust is the most important mode by

which trust is created in an impersonal economic environment without familiarity and similarity.

Sako (1997) distinguishes between three types of trust, namely contractual trust, competence-based trust and goodwill trust. Contractual trust is basically the belief that the other party will adhere to the contract. This type of trust entails a mutual understanding by partners to adhere to a specified agreement. Competence-based trust is security that the other party can deliver what it says it will do, and stems from the belief that a given partner has managerial and technical capabilities to properly perform a given set of tasks. Goodwill trust arises when the other party makes an open-ended commitment to take initiatives for mutual benefits while refraining from taking unfair advantage (Sako, 1997). Goodwill trust exists when partners are willing to act in ways exceeding stipulated contractual agreements. An inter-organisational relationship may be characterised by one or more levels of trust, yet goodwill trust develops only within long-term relationships through repeated exchanges (Sako, 1992, quoted in Ireland and Webb, 2007). Contractual trust is based on the premise of honesty and promise, competence trust is based on mutual understanding and ethical and professional conduct, while goodwill trust rests on the principle of fairness and respect for the other party. A threefold typology is put forward by Newell and Swan (2000), arguing that the following forms of trust give an overview of the existing literature:

- (a) Companion Trust: this type of trust is based on judgements of friendship and goodwill in the other party. Each party expects the other to be open and honest. This type of trust is slow to develop and is the only development over time in the relationship.

- (b) Competence Trust: this type of trust, which has also been proposed by Sako (1997), is defined as being based on the perceptions of the other's competence to carry out tasks that need to be performed and will be important where the skills needed cannot be found within one person.
- (c) Commitment Trust: this type of trust is described in Sako (1997). In contractual trust each party is expected to gain mutual benefit out of the relationship, and so can be relied on to be committed according to the details of the contract.

Rousseau et al (1998) claim that there are different forms of trust in the literature. Deterrence-based trust is a form of trust that leads one party to believe that it can trust the other party because the penalty for breaching this trust will exceed any benefits and any opportunistic behaviour in doing so. Rousseau et al (1998) suggest that some authors, like Sitkin and Roth (1993), have contended that deterrence-based trust is not trust at all: "There is an apparent incompatibility between strict control and positive expectations about the intentions of another party. Some controls actually appear to signal the absence of trust, and, therefore, can hamper its emergence, perhaps by limiting the degree of interdependence that develops between the parties. Moreover, belief in the absence of "negative intentions" is not the same as beliefs in the presence of positive ones. Deterrence-based trust, therefore, may not be trust at all but may be closer to low level of distrust." The issue here is whether deterrence-based trust is a control mechanism or a substitute of control.

Calculus-based trust relies on the premise that one party believes that the other has the intention of performing an action that is beneficial. The perceived positive intentions in calculus-based trust derive not only from the existence of deterrence but also

because of credible information regarding the intentions or competence of another (Barber, 1983). In this type of trust, the information and risk are continuously monitored and the range of trust might be limited (e.g. somebody might trust you personally as a friend but will not trust you with finance).

Relational trust arises when two parties, after dealing with one another a number of times, tend to build a certain relationship and trust each other. Emotion enters into the relationship between the parties, because frequent, longer-term interaction leads to the formation of attachments based upon reciprocated interpersonal care and concern (McAllister, 1995). This type of trust is also referred to as “affective trust” or “identity-based” trust in a wider context.

In terms of maintenance, Ring and Van de Ven (1994) distinguish between fragile (easily developed but easily broken) and resilient (hard-won and less likely to break) trust. Similarly, Jones and George (1998) distinguish between conditional and unconditional trust. Conditional trust is established at the beginning of a social encounter as long as there are no obvious indications that the other has different values and so should not be trusted. This is because it is easier to assume trust than distrust (Luhmann, 1979). Over time, as confidence that the other person shares one’s values is established, this trust will be converted into unconditional trust. Unconditional trust, they argue, is more enduring and is the basis for the development of synergistic team relationships, which can lead to superior performance. In other words, Jones and George (1998) argue that unconditional trust leads to more effective cooperative behaviour than conditional trust.

Adobor (2005) notes that prior research has classified trust according to its origin. Deterrence-based trust arises when individuals trust each other. Otherwise they might

incur penalties for violating the trust. Knowledge-based trust is based on the knowledge a person has for the other, so that the behaviour of the actors can be predicted. Cognitive-based trust arises out of first impressions and expectations. Finally Abrams et al. (2003) explain that there are two dimensions of trust that promotes knowledge creation and sharing in informal networks. The two dimensions are benevolence and competence; benevolence means “You care about me and take an interest in my well-being and goals”, while competence means “You have relevant expertise and can be depended upon to know what you are talking about”. Benevolence-based trust is founded on the principle that you can query a colleague without the fear of damaging self-esteem or reputation. Competence-based trust allows the person to know whether the other person has sufficient knowledge that can be trusted.

The table below summarises the different types of trust:

**Table II:** Summary of Types of Trust

<b>Various types of trust</b>	<b>Descriptions</b>
Contractual-based trust (Sako, 1997)	Both parties trust that the other party will adhere to contract
Competence-based trust / Knowledge-based trust (Sako, 1997; Newell and Swan, 2000; Abrams et al., 2003)	The belief the other party has the right competence
Goodwill-based trust (Sako, 1997)	When the other party makes open-ended commitment to take initiatives for mutual benefits while refraining from taking unfair advantage

Companion trust (Newell and Swan, 2000)	This type of trust is based on judgments of friendship and goodwill in the other party
Commitment trust (Newell and Swan, 2000)	Both parties are committed to respect the contract
Deterrence-based trust (Rousseau et al., 1998)	One party believes the other party to be trustworthy, as the penalty of breaching this trust exceeds the benefits
Calculus-based trust (Barber, 1983)	This is based on the belief that the other party has the intention of doing an action that is beneficial
Relational trust (Affective trust / Identity trust) ( McAllister, 1995)	When the two parties have been dealing with each other for a period of time, they tend to build a relationship and trust each other
Conditional Trust (Jones and George, 1998)	The start of trust in a relationship: at this initial stage the two parties do not have any reason not to trust the other party
Unconditional trust (Jones and George, 1998)	Over time conditional trust becomes unconditional trust as the two parties start building more and more trust toward each other
Benevolence trust (Abrams et al., 2003)	Benevolence trust is when you feel that another person cares and takes an interest in your well-being.
Inter-organisational trust (Pavlou, 2002)	Organisational members collectively assess that members of another organisation will perform potential transactions according to their confident expectations, irrespective of their ability to monitor them.
Institutional trust (Pavlou, 2002)	The belief that organisational members assess that the conditions are favourable for transaction success.



### **3.2.3 TRUST AND KNOWLEDGE-SHARING**

Trust can influence knowledge-sharing from the perspective of the individual, i.e. interpersonal trust (Abram et al., 2003; Levin et al., 2002; Levin et al., 2006; Levin and Cross, 2004; McEvily et al., 2003; Mayer et al., 1995; Mooradian et al., 2006) or from the perspective of the organisation, described as inter-organisational trust (Anderson and Narus, 1990; Henderson, 1990; Child and Faulkner, 1998; Sahay, 2003; Tomkins, 2001, Marshall et al., 2005; Chen et al., 2008; Vosselman and Meer-Kooistra, 2009). Interpersonal trust has an influence on the way organisations work and most importantly on the way knowledge is shared. Abram et al. (2003) analyse the various contextual factors that affect interpersonal trust, including Trustworthy Behaviours, Organisational Factors, Relational Factors, and Individual Factors. Their framework assumes that trust can lead to better knowledge exchange and make knowledge less costly to exchange. While the organisational context in which knowledge-sharing occurs is important when analysing trust, it does not give an insight into the reason why individuals will trust one another if these environmental factors are not present. Some scholars have argued that the propensity to trust (the general willingness to trust others) is separate from the context-specific situation (Mayer et al., 1995; Mooradian et al., 2006). The general willingness to trust can be affected by two main forms of trust, i.e. cognition-based trust and affect-based trust (Lewis and Weigert, 1985; McAllister, 1996; Chowdhury, 2005; Holste and Fields, 2010).

Cognition-based trust refers to a judgment based on evidence of another's competence and reliability. It is an instrumental inference made from information about the other's behaviour under specific circumstances. By contrast, affect-based trust refers to trust

from the heart, a bond that arises from one's own emotions and sense of the other's feelings and motives. With affect-based trust, individuals express care and concern for the welfare of their partners (Chua et al., 2008). In work of Busco et al. (2006), a trusting relationship is defined as a cognitive phenomenon embedded in practices and grounded in individual (un)learning and social interaction. Levin et al. (2002), in a study of trust in knowledge-sharing, argue that the two specific types of trust that can influence knowledge-sharing are benevolence trust and competence-based trust. Benevolence trust is having faith that the other party will not intentionally harm if given the opportunity, while competence-based trust is faith that another colleague will have the competence to do the work. The study reveals that either type of trust can exist independently from the other, "e.g. an employee can trust that a co-worker knows the information that the employee needs (competence), but the co-worker may not trust that he will be forthcoming at the time when the information is needed (benevolence). Conversely, the employee can be confident that there may be other people who are willing to assist the employee (benevolence), but these people might not possess the knowledge or skills required (competence)."

There is a body of literature that focuses on the social, psychological nature of trust and knowledge-sharing (Mayer et al., 1995; Brown et al., 2004; Mooradian et al., 2006; Frye and Dornish., 2010). But a lot of these studies explore the conceptual nature of trust, and, as argued by Mooradian et al. (2006), only limited empirical tests (in both number and scope) of those conceptual propositions have been reported. Mayer et al. (1995) propose that the "higher the trustor's propensity to trust, the higher the trust for a trustee prior to availability of information about the trustee", arguing that "an understanding of trust necessitates consideration of the trust

propensity of the trustor”. Mooradian et al. (2006) argue that there hasn't been enough empirical study to support this claim. They propose a hierarchical model that links the personality domain “agreeableness” and the facet “propensity to trust” to interpersonal trust, leading on in a causal chain to reports of knowledge-sharing behaviours.

Tomkins (2001), in exploring the interaction between accounting information and trust in relationships with different degrees of complexity, suggests that at an earlier stage of the inter-firm transactional relationship control may add to trust; in other words, more control leads to more trust. He rejects the rather simple inverse relationship between control and trust. He claims that at an earlier stage of the relationship, the accounting information exchange that follows from the use of control may produce more positive expectations about future contributions to the relationship (Vosselman and Meer-Kooistra, 2009).

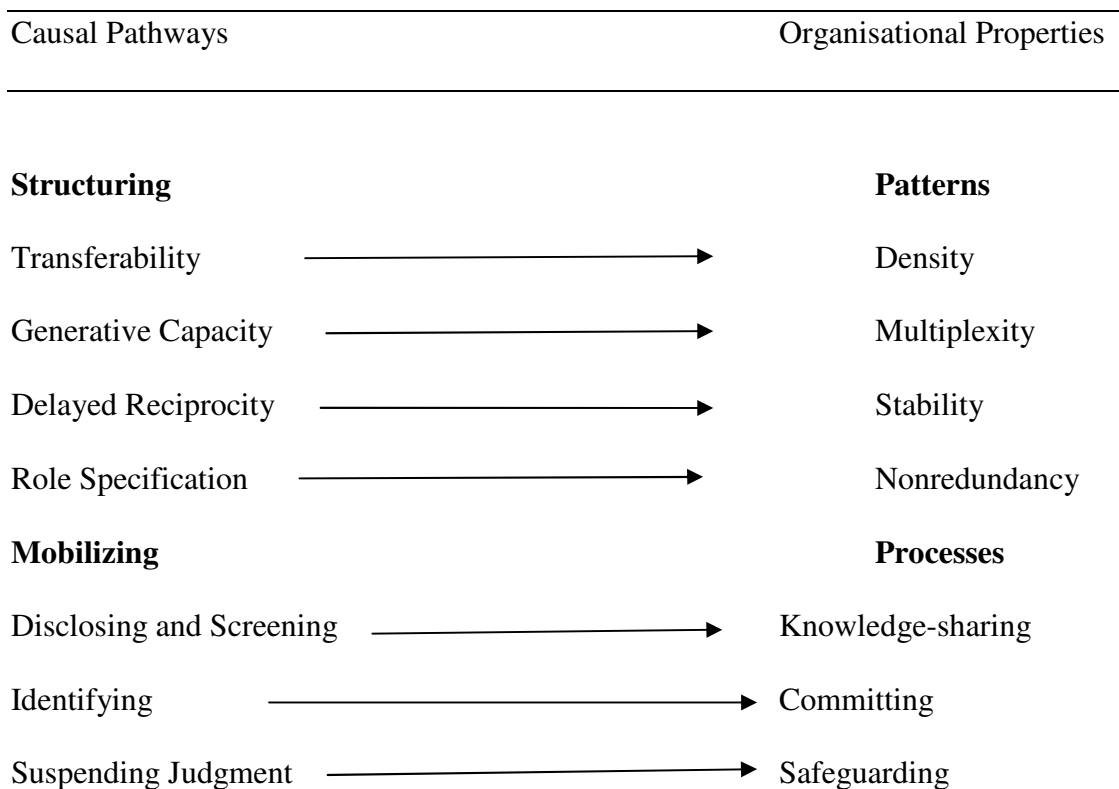
The constructivist approach argues that control and trust are viewed as active forces in a relationship or network, where they help to mediate, shape and construct that very relationship or network (Vosselman and Meer-Kooistra, 2009).

Busco et al (2006) argue that the role of trust has changed from the way contemporary organisations used to function. Busco et al. (2006), quoting Giddens (1990, 1991), claim that “late-modernity is characterised by the intensification of world-wide social relationships which link ‘distant localities’ in such a way that local happenings are shaped by distant events and, in turn, distant events are shaped by local happenings”. They note that the problem of late-modernity is one of time and space where there is a “disembedding of experiences and meanings from local context where they emerge

while standardised and abstract dimensions of space and time come to rationalize these decontextualised activities”. The complexity of late-modernity requires two forms of trust: a confidence in the reliability of: (i) specific individuals (personal trust) and (ii) abstract systems (system trust). These two forms of trust are interdependent. Whereby face-to-face contacts represent an important source of system trust, the strength of stable and anonymous standards of expertise, together with established rules and procedures, can also contribute to reinforcing personal trust.

McEvily et al. (2003) develop the notion of trust as an organising principle by articulating the causal pathways through which trust influences several important properties of organisations. By “causal pathways” they mean the conceptual logic that explains why trust affects certain elements of the organisation.

**Figure IX:** Influence of Trust on organising (McEvily et al., 2003)



The above theory suggests that trust as an organising system influences the social structure of an organisational system in the following ways:

### **Transferability & Density**

The greater the perceived similarities between two people, the easier the transfer of trust from one to another, thus changing the density and closure of the networks.

### **Generative Capacity and Multiplexity**

Generative capacity is the ability within a relationship to develop different layers and become multiplex (i.e. add different dimensions to the relationship). When two parties have been dealing with each other a number of times, they develop a certain degree of trust and this trust will lead them to develop other kinds of relationship.

### **Delayed Reciprocity and stability**

In an information or goods exchange relationship, each party expects to receive its share: that is a reciprocity in action. However in one single transaction this is not possible (e.g. my friend buys me a drink, but I have to rush home and do not have time to reciprocate by buying a round myself).

### **Role Specialization and Nonredundancy**

Another way that trust can structure an organisation is by creating specialised roles so that members of the organisation will trust the specific person to deliver timely and accurate information.

### **Disclosing, Screening and Knowledge-Sharing**

Trust allows knowledge-sharing and reduces the need or impulse to screen the knowledge we receive. For the knowledge owner, trust enables and encourages the individual to share the knowledge within the network or the community and thereby disclose vital or sensitive knowledge easily.

### **Identifying and Committing**

Trust within a group or organisation fosters a sense of identity within that community.

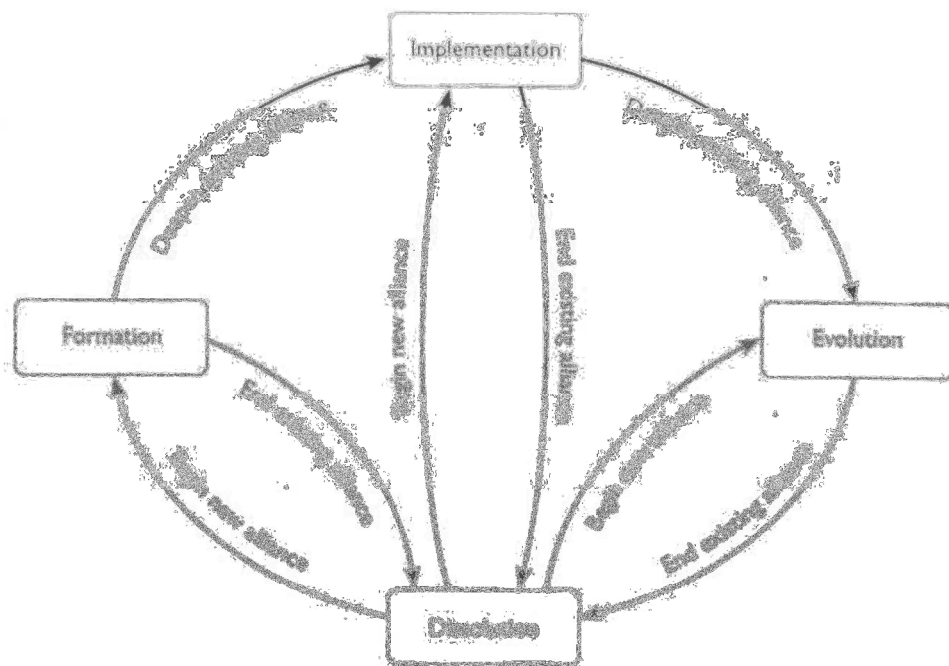
### **Suspending Judgment and Safeguarding**

Suspending judgment means not to judge the other party immediately even if there has been a breach of contract.

Marshall et al. (2005) develop a trust development / knowledge-sharing model of strategic alliance dynamics based on the concept that trust and knowledge are dynamic constructs. They note that some research suggests that trust and knowledge are uni-dimensional and static concepts, however in the literature trust and knowledge are recognised as multi-dimensional and dynamic constructs.

**Figure X:** Trust development / knowledge-sharing (TD/KS) model of strategic alliance: Marshall et al., (2005)

A dynamic model of trust development and knowledge-sharing in strategic alliances



(Marshall et al., 2005)

The diagram denotes three distinct stages (formation, implementation and evolution) at which alliances can be created. These stages are differentiated by the extent of trust developed and knowledge shared between the partners. But alliances can come to an end at any of these stages, i.e. they are dissolved.

Child and Faulkner (1998) propose a strategic alliance model:

**Table III:** Phases of alliance and a dynamic perspective on knowledge-sharing and trust development:

<b>Phase of Alliance</b>	<b>Knowledge-Sharing</b>	<b>Trust Development</b>
Formation Matching resources and strategic positions.	Technological Includes codified and explicit knowledge	Calculative Based on cost-benefit analysis.
Implementation Co-ordination across and between operations and systems	Systemic Socially embedded policies and practices	Knowledge Based on understanding partners' qualities and intention.
Evolution Strategic integration and operational autonomy.	Strategic Common mental maps Vision of strategic and operational actions.	Identification Based on mutual Understanding and endorsement of wants

At the formation stage what the two parties will be looking for is a match in the strategic resources and whether they complement each other. At this stage the partners will engage in the sharing of explicit knowledge in terms of routine and procedures. Child and Faulkner (1998) describe this type of knowledge-sharing as technical knowledge-sharing. This refers mainly to knowledge in relation to quality management, market research and market data. At this stage both parties will evaluate their options and will consider all possible information in relation to a decision to form the strategic alliance. Marshall et al. (2005) argue that to measure the costs and benefits in an alliance the concept of calculative-based trust is important. This calculation of trust will influence the decision of a partner to share or not to share



information/knowledge. The development of calculative trust is conceptually similar to the relational dimension of social capital as defined by Tsai and Ghosal (1998): “When two parties begin to trust each other, they become more willing to share their resources without worrying that they will be taken advantage of by the other party” (quoted in Marshall et al., 2005).

The implementation stage is the stage where the alliances start working and become productive. At this phase, political concerns emerge because the alliance can be viewed as a threat to the key group of managers and employees (Lorange and Doos, 1992, quoted in Marshall et al., 2005). Members from the management team may be confused about their responsibility and threat to their own power. Marshall et al. (2005) claim that employees may perceive that the alliance threatens their jobs or adds more cultural stress, because tensions may arise between the alliance managers who are appointed by different partners. The implementation stage requires higher levels of coordination and both parties ensure that they get their fair share of knowledge-sharing. Parties in the alliances move beyond the technical knowledge they were considering at formation stage; rather they look more at organisational systems, operations and marketing work. Dyer and Nobeoka (2000) find that as alliances mature, firms transfer both tacit and explicit knowledge. Thus, knowledge-sharing in the implementation phase will deal largely with socially embedded policies and practices (Granovetter, 1985), characterised by systemic knowledge. Systemic knowledge is the learning of new organisational systems and ways of working. Systemic knowledge may not be highly codified and might rely greatly on tacit knowledge. To share this type of knowledge is not easy and requires a more profound sense of trust between the partners. This leads to the concept of knowledge-based

trust, where the partners interact frequently and are more likely to know each other and share important and sensitive information.

At the evolution stage, the alliance is at an advanced stage, where senior managers would consider sharing information for strategic reasons and competitive success. Thus they need to rely on a level of trust that involves a broad array of resource exchange, including socio-emotional support to build a high degree of faith in the other party's intentions (Marshall et al., 2005). According to Lewicki and Bunker (1995) this type of trust is called identification-based trust, where trust exists when the parties "effectively understand, agree with, and endorse each other's wants: this mutual understanding is developed to the point that each can effectively act for the other".

### **3.2.4 TRUST IN OUTSOURCING LITERATURE**

Trust, a feature of relationship quality, has been conceptualised as the firm's belief that the other company will perform actions that will result in positive outcomes for the firm, and will not take unexpected actions that would result in negative outcomes for the firm (Gulati, 1995; Mayer et al., 1985). Trust as a component of the relationship between firms in outsourcing has been looked in a handful of studies from both the client and the vendor's perspective (Lee and Huynh, 2005; Randeree et al., 2006; Ali Babar et al., 2007; Mao et al., 2007; Heiskanen et al., 2008; Leeman and Reynolds, 2008; Hassan and Vosselman, 2010). Lee and Huynh (2005) argue that in an outsourcing context, knowledge-sharing is not just a simple shared reality between groups as in the case of IS performance. Because of the nature of a trust-based relationship, both the client organisation and the service provider are coupled in an intimate interaction. The literature of trust in outsourcing has given a lot of focus to

the element of control within a trusting relationship, but it has to be noted that all of the literatures that I have come across have looked at the relationship between the client and the vendor (service provider).

Vosselman and Meer-Kooistra (2009) argue that trust and control can be directly or indirectly related. The relationship between trust and control can be seen from two different schools of thought, namely the rationalist approach and the constructivist approach. In the rationalist approach, control and trust are both important in absorbing uncertainty and behavioural risks. They are seen as two distinctive concepts, either substitutive of or complementary to each other. The substitutive perspective suggests that trust and control are inversely related. This implies more control will mean less trust and vice-versa. The complementary perspective perceives control and trust as mutually reinforcing. In their study they found that trust is of significance in transactional relations characterised by relatively low or moderate levels of complexity and environmental uncertainty. Here, it does not replace control but it both adds to and interacts with control. Mao et al. (2007), in their study of control and trust in outsourcing, argue that the client's control over the vendor can have a significant impact on costs, preventing the vendor from overrunning on costs, but control does not have an impact on improved project quality. Heiskanen et al. (2007) show how control in an outsourcing relationship depends not on the willingness and ability of each party to impose control, but rather on the structure of the relationship. In their study of a software product Heiskanen et al (2007) gave the example of pricing structure as a mechanism of control. For example when the price of the product is fixed, the client would want the vendor (service provider) to add more features to the product, and the vendor would like to finish the product as quickly as possible, as the price is fixed. But if the price was charged per hour, the client would

like the vendor to finish as soon as possible but the vendor wouldn't mind adding additional features as it means more money for them.

Ali Babar et al. (2007) argue that the factors that most influence control and trust in software outsourcing are:

- (a) Communication: how effectiveness of communication with clients (maybe in clients' native language) helps to maintain trust;
- (b) Cultural understanding: how knowledge of the norms, beliefs, business ethos, and skill in the native language of potential clients helps vendors achieve trust;
- (c) Capabilities: how technology, people and management capabilities of vendors help to gain trust from clients;
- (d) Investment: how investments of vendors in people, technologies and infrastructure help to gain trust from clients;
- (e) Contract conformance: how observation of all clauses in business agreement and protection of intellectual property help to gain trust from clients;
- (f) Quality: how quality of delivered products helps to maintain trust with clients.

Communication has been found to be one of the most important factors that help to reduce misunderstanding but also improve the cultural understanding between both parties. Mao et al. (2008) agree that communication quality is very important in an outsourcing relationship and promotes trust and control.

Lee and Huynh (2005) propose an integrated model of trust in IT outsourcing, applying the model of Mayer et al. (1985) to the context of outsourcing. This study looks at the importance of mutual trust in knowledge-sharing, and the relationship between initial trust and mutual trust in an outsourcing context. The research finds mutual trust to be significantly affected by the initial trust. Hence, the initial conception that one believes in the other's ability and credibility is crucial in the emergence of mutual trust. In this study, Lee and Huynh introduce two relevant antecedents of trust, namely initial trust and initial distrust. They find that there are no negative effects of initial distrust on the perception of mutual trust, contrary to what was expected.

### **3.3 POWER**

In the section 1.3.2 in chapter 1 I have explained the preliminary model I intend to investigate which include the element of trust and power. At the individual unit of analysis the relationship between two people will create an environment for trusting relationship. In the literature there are several concepts like control, authority and power which influence interpersonal relationship. When two people trust each other, there could be an urge to develop a control over the other one. When this element of control is developed, the issue of power arise in the relationship. Power is a very important relational concept in interpersonal relationship and this section will look at the different facets of power in the literature. The aim is to understand how power is defined in the literature, the different theories of power in organisational literature and power in knowledge management and outsourcing literature. This review of the literature will allow me to understand the scholarly work which has been done from the individual unit of analysis and compare it with my finding in chapter 6.

### 3.3.1 PHILOSOPHIES OF POWER

The notion of power is not easily conceivable; this section will look at what the literature defines and comprehends as power. Thomas Reid (1778) in his essay on the conception of power argues that power can be produced by exertion or will. “We are conscious that we have power to produce certain events by our will and exertion. The conviction of this power is implied in the very voluntariness of exertion, for no man makes an exertion to do what he does not think to be in his power. In our voluntary actions, therefore, we have a conviction and consequently a conception of efficient or productive power in ourselves. And this conception we had so early that it must be the work of nature” (quoted in Haldane, 2001). In Reid’s definition power is seen from one side of the coin: A has the power by his exertion and will. But other scholars are of the opinion that power is a matter of cause and effect (Hume and Locke, for example). Locke argues that the idea of power is formed as follows: “The mind... concluding from what it has so constantly observed to have been, that the like changes will for the future be made in the same things, by like agents, and by the like ways, considers in the one thing the possibility of having any of its simple ideas changed, and in another the possibility of making that change; and so comes by that idea that we call power. Thus we say, fire has a power to melt gold... and gold has a power to be melted... In which, and the like cases, the power we consider is in reference to the change of perceivable ideas” (quoted in Ayers, 1975).

To expand on the concept of change, power is often argued as being a means to an end. Power as a means to an end can become the end itself, and as such, can become a covetable object, as signified by the honour in which a man of power is held (Hobbes, *Leviathan*, 1958, quoted in Daudi, 1986). Dahl (1963) argues that “If everyone were

perfectly agreed on ends and means, no one would ever need to change the way anyone else behaved. Hence no relations of influence of power would arise. Hence no political system would exist. Let one person frustrate another in the pursuit of his goals, and you already have the germ of a political system. For the one may then try to change the behaviour of the other. If he does so by creating the expectation of sizeable rewards or deprivations, then the relations of power come into existence” (quoted in Lusch, 1976). Power creates the change, but power is not a one-directional change.

The idea of power that I have looked at so far relates to the cognitive element of power, but the notion has been extensively reviewed in political sociology. The primary reason for this is probably that it is the key to the fact that some people realise their interests more than others do. It is one of the primary ways power in society has been measured (Domhoff, 1993). The concept of interest is very wide but logically power should influence the welfare of others. However for decades people have been having philosophical debates around what constitutes welfare, as it encompasses many aspects and interests. To avoid this complication, Whitmeyer (1997) states that “While there is some logic to considering power to be affecting welfare, I concentrate on affecting behaviour, in part for two practical reasons. First, it is easier for us to ascertain effects on behaviour. Second, we thereby avoid the knotty philosophical question of what welfare is, including the conundrum of objective v/s subjective interests”. This definition joins the philosophical debate outlined above that power is not one-sided, and that is why Whitmeyer argues that it is easier to understand changes in behaviour rather than the implication of power.

The notion of power as presented by Thomas Reid, Locke and Hume is quite passive in nature. Because power is highly influenced by the cognitive emotions of individual or of individuals in political power, it can be seen as a highly positive but also highly negative. “We must cease once and for all to describe the effects of power in negative terms: it ‘excludes,’ it ‘represses,’ it ‘censors,’ it ‘abstracts,’ it ‘masks,’ it ‘conceals.’ In fact, power produces; it produces reality; it produces domains of objects and rituals of truth” (Foucault, 1978). Power in Michel Foucault’s work is seen as an institutionalised form of power rather than an individual form of power. Mason (2010) states that for Foucault, power exists everywhere and comes from everywhere, and is a key concept because it acts as a type of relation between people, a complex form of strategy, with the ability to secretly shape another’s behaviour.

### **3.3.2 THEORITICAL PERSPECTIVES OF POWER**

In the previous section the various philosophies of power have been examined. But these philosophically termed definitions do not explain the different types of power in real life. Hence an appraisal of the different schools of thought on the forms and sources of power is imperative. Coleman and Voronov (2003) argue that the theoretical perspectives of power can be divided three ways, under the headings Power-as-Control, Power through cooperation and Critical perspectives on power.

Power as control has been examined in the literature of Morgan (1997), French and Raven, (1959), Podsakoff and Schriesheim (1985), Dahl (1968), and Fiske (1993). Morgan (1997) presents an analysis of the sources of power as listed in the following table:



**Table IV:** Morgan (1997) Sources of Power

<b>SOURCES OF POWER</b>	
Resource-based	Whoever controls scarce resources, be it money, oil, land etc., is said to possess the power to influence other people or organisations dependent on his resources.
Decision Control	In a decision-making system within organisations, power is given individually or to a group, who can influence the decision.
The Contingent Hero	In organisations there are specialist troubleshooters who are responsible for any unpredictable situations like a breakdown in machinery or failure in the server.
Technological Dependence	Becoming reliant on machinery and technology, man loses his manual skills. This reliance makes him heavily dependent on technology, for example the internet.
Countervailers	Countervailers are groups that have set up countervailing structures like trade unions, lobby groups or consumer associations.
Gender	In some jobs discrimination between men and women still exists. Men are offered job with more prestige and status.
Bureaucracy-based	Bureaucratic authority can be a source of power. This was expanded in the work of Max Weber.
Know-how	Information and know-how can be a power source. Knowledge can influence perceptions of situations.

One of the most important sources of power that this thesis will look at is know-how or knowledge power. The power of knowledge resides in the fact that it has become a major factor of production, as discussed in chapters one and two.

While the sources of power provide us with an indication of the elements that can create volition for the exertion of power, they do not tell us how the exertion and behaviour of power will be. French and Raven (1959) provide us with five bases of power, classified as:

- **Coercive Power** (Forcing people to do something against their will)
- **Reward Power** (Using the power of reward or punishment to influence others)
- **Legitimate Power** (Power that is legal like that of the Police or Court)
- **Referent Power** (Charisma power, often exercised by stars and celebrities)
- **Expert Power** (Power of knowledge)

These classifications relate to the social dimension of power and are widely used in the area of organisational behaviour and social psychology. Podsakoff and Schriesheim (1985) present a comparative analysis between French and Raven (1959), Bachman et al. (1966), Student (1968) and Thamhain and Gemmill (1974). In their study they look at the limitations of French and Raven's model when applied to the field, reviewing a number of studies that have applied the five power bases. One of their comments in the use of this theoretical framework is that there is a need to concentrate on the individual level rather than the group level. The coercive form of power is supported by Dahl (1968) who defined power as "an ability to get another person to do something that he or she would not otherwise have done". Fiske (1993) argues that stereotypes exert power control through prejudice and discrimination.

Mann (1986 & 1993) classifies power into four branches: military, economic, political and ideological. Military power is the social organisation of physical forces (e.g. lobby groups). Economic power derives from the satisfaction of subsistence needs through the social organisation of the extraction, transformation, distribution, and consumption of the objects of nature. (This relates to the controlling of production, distribution, exchange and consumption). Political powers are those of centralized, institutionalized, territorial regulation (State power). Ideological power generates from the human need to find ultimate meaning in life, to share norms, aesthetics and ritual practices. You have ideological power if you “monopolize a claim to a meaning” (Whitmeyer 1997).

Coleman and Voronov (2003) argue that power-as-control is important even in its extreme forms (e.g. coercive power), but it has limited applicability. They argue that the limitations are as follows:

- 1) There is a limited amount of power that exists in any relationship;
- 2) Therefore the more power A has the less power available for B;
- 3) People use what power they have to increase their power;
- 4) Power relations are unidirectional; power is located in A and moves from A to B;
- 5) Due to the scarcity of power as a resource, power relations are intrinsically competitive;
- 6) Control of another through coercion is the essence of power.

Follett (1973) gives a different perspective of power, in which it is not seen as “power over others” but as “power with others”. She argues that power should bring co-operation rather than conflict. Coleman and Voronov (2003) explore further the

underlying values and assumptions of cooperative power, contrasting them to those of power-as-control, in the following list: “(1) It is possible to create power and enhance everyone’s situation through mutually cooperative efforts. (2) Under certain conditions, people will share their power with others. (3) Power relations are bidirectional and mutually interdependent. (4) Often, promotively interdependent goals exist between A and B, as does the opportunity for mutually satisfying outcomes to be achieved. (5) People’s power can be positively affected by harmonious relations with others and through their openness to the influence of others.” Under ideal conditions the perspective of Follett (1973) would be optimistic and present a very positive view of power. But I fear that in normal, real-life circumstances, and given the competitive environment we live in, the chance of having power through co-operation is limited.

The Critical Management Studies perspective of power argues that power is not based on a relationship between two parties (as in power-as-control and power through co-operation), but that power is embedded in the social reality (Clegg 1989; Reynolds, 1998). This perspective of power looks at power from a more macro-perspective rather than the individual relational perspective. The work of Foucault (1978) looks at social power in a fictional prison which he named the Panopticon, a metaphor that allows Foucault to explore the relationship between systems of social control and people in a disciplinary situation, and also to explore the power/knowledge concept, since, in his view, power and knowledge come from observing others. It marked the transition to a disciplinary power, with every movement supervised and all events recorded. The result of this surveillance is acceptance of regulations and docility, a normalisation that stems from the threat of discipline. Suitable behaviour is achieved

not through total surveillance, but by panoptic discipline and inducing a population to internalise that surveillance.

According to Jarvis (2005), power organisations and management organisations are social constructions characterised by ownership, membership, control and language. Social power is manifested through the exertion and ability of members and other stakeholders as they generate and maintain their position and relationships. These matters are human, and illustrate:

1. Human Frailty
2. Skill, ability and learning capacity
3. Opportunism and willingness to engage
4. Control over passions and self-centeredness or altruism and virtue
5. Ingenuity and disingenuousness

### **3.3.3 POWER IN ORGANISATION**

Power can affect the design, structure and running of the organisation. It can be seen as a cognitive process of the mind (Reid, 1778) or as embedded in the social reality (Foucault, 1978). Thus power is an omnipresent force, but for the sake of this thesis I will look at organisational power from the perspectives of leadership, knowledge and relationship. Leadership theories have advocated the positive influence of power which is concentrated in an individual or individuals to lead the organisation (Bass, 1985; Hersey and Blanchard, 1977; McGregor, 1960; Weber, 1947). However, as seen in other contexts where power is applied (e.g. the political context), once the leaders get a taste of power they develop an insatiable taste to keep or increase that power (Tiedens et al., 2007; McClelland, 1975). This negative aspect of power in leadership often overrides the positive benefit that can be reaped through effective

leadership. When an organisation has a leader, members of the organisation must forgo some power and allow the leader to have some more power-as-control. This sharing of power should happen naturally, but when it becomes coercive power (French and Raven, 1959) there can be a conflict and tension between leadership and power. Maner and Mead (2010) argue that group members may be motivated to decrease the power gap between them and leaders, because doing so would also reduce leaders' capacity for exploitation. In contrast, leaders may be motivated to maintain or increase the power gap between themselves and followers, thereby protecting their privileged position within the group. Thus leaders and management in organisations need to reach the right equilibrium between leadership and power. The modern organisation is becoming more and more complex, that is, diverse and interdependent. Michelson (2006) argues that diversity can be characterised by the differences among organisation members with respect to goals, values, outcomes, assumptions, and perceptions. Interdependence relates to the situation in which multiple actors have power over each other because their jobs are mutually dependent. The challenge of leaders and management in organisations is to be able to manage this diversity and interdependence. The notion of interdependence can be related to knowledge power. In knowledge work, leaders can have power over the workers to some extent, but if the knowledge is tacit, the workers will have some power over the leaders.

Knowledge has been defined in the literature as both a source of power (Morgan, 1997) and a base of power (French and Raven, 1959). Knowledge and power are often argued to be inextricably linked because knowledge is both a source and a base of power. Engelmores and Feigenbaum (1993) state that "... but in knowledge resides the

power. Because of the importance of knowledge in expert systems and because the current knowledge acquisition method is slow and tedious, much of the future of expert systems depends on breaking the knowledge acquisition bottleneck and in codifying and representing a large knowledge infrastructure” (quoted in Hendley, 2006). This quote can be broken into two parts, firstly there is the importance of knowledge in expert systems which is the source of power, and, secondly there is the process of knowledge acquisition which leads to the interaction of power. The influence of power on the knowledge process has been reviewed in the organisational learning literature, even though it is argued that the notion of power has not been emphasised enough there (Mørk et al., 2010; Contu and Willmott, 2003; Antonacopoulou, 2006). The literature on organisational learning views power as embedded in social practices rather than a psychological construct. Lave and Wenger (1991) argue that “the situated learning perspective aspires to incorporate considerations of power in respect of ‘the social organisation of and control over resources’ including the resources that are a medium and outcome of participating in ‘communities of practice’” (quoted in Contu and Willmot, 2003). Their argument is that skill and knowledge assets are less important in complex situations, but what matters more is the ability to co-operate. This point of view joins the Coleman and Voronov (2003) view of power by co-operation. In an accounting outsourcing situation, knowledge is owned by the accountant, which can be argued to be power-as-control, but there is also the necessity to co-operate between two offices. Mørk et al. (2010) argue that the relationship between master and apprentices in a complex environment can be more complex, dynamic and contested than often depicted in the literature.

Power influence in an organisation can be felt in the relationship between members of the organisation. When people interact there is bound to be a dynamic and sometimes conflict. Levina and Wanda (2009) argue that within professional communities, power tends to be associated with expertise and experience, so that when members of multiple communities interact, multiple status claims co-exist. In explaining the dynamic of power relations in a multiparty context, Levina and Wanda (2009) draw on Bourdieu's practice theory (1977; 1996). "Bourdieu argues that all actions by individuals in social arrangements are interest-driven, regardless of the specificities of a given concrete context. As a result of this first premise, he maintains that while self-interest is the driving force of human behaviour, the final result is that social struggles are the main facet of social arrangements in any specific field, because individuals try to maximise their gains and accumulate resources under different forms of capital (economic, social, cultural, symbolic)" (Navarro, 2006). Clegg (1989) argues that power relations can be classified into three circuits of power, namely the episodic circuit, the dispositional circuit and facilitative circuit. The episodic circuit is based on micro level routine interactions and interpersonal relationships among individual agents. The dispositional circuit happens at the interaction between individuals and the social structure of the organisation. At this circuit rules are very important and authority is needed to implement these rules. The facilitative circuit happens at a more macro level, where there is a system of reward and punishment. For example changes in technology, job design or disciplinary procedures can reward some agents and punish others. Foucault's (1978) view of power is that power is everywhere and he recognises that power relations are mobile, without a fixed locus, and are not symmetrical. If this Foucauldian logic is followed, the question arises as to whether there can there be any power relation as argued by Bourdieu (1996) and Clegg (1999).



### **3.3.4 POWER IN KNOWLEDGE MANAGEMENT**

Knowledge and power are inextricably linked; when looking at power and knowledge management there can be a lot of focus on knowledge as a source of power (French and Raven, 1959; Morgan, 1997; Haugaard, 2003). Knowledge is undoubtedly a source of power, but power, being an invisible force, can affect the management of knowledge from other perspectives. Thus this section will look at the influence of power on knowledge management. Power is a notion that is not easily understood and is very dynamic, thus to study such a term which has not been clearly defined from a conceptual point of view is difficult. In a review of knowledge management literature between 1986 and 2004, Gordon and Grant (2004) found 138 knowledge management articles that mention power, but nearly half of them use the word power without looking at the relationship between knowledge management and power. Only four of these articles treated the interaction between power and knowledge management as problematic (Mclaughlin and Webster, 1998; McKinlay, 2002; Garrick and Clegg, 2001; Gray, 2000).

Power in knowledge management is often associated with control: who controls the knowledge, and how. Tompkins and Cheney (1985) differentiate between power and control in this way: “the noun power [is] an ability or capacity to achieve some goal even against the resistance of others... the verb control [is] the exercise or act of achieving a goal” (quoted in Gray, 2000). So, according to Gray (2000), a person’s power is determined by the extent to which they can control others’ contributions towards a goal. In an organisational context, power influence can come from an individual behaviour (Bock et al., 2005; Homburg and Meijer, 2001; Friesl et al., 2011), organisational social settings (Foucault, 1978; Jasperson et al., 2002; Attygalle

et al., 2010; Haugaard, 2003), or management hierarchy (Teh and Young, 2011; McKinlay 2002).

From the individual perspective, the ownership of knowledge is sometimes seen as resting with the employee. This knowledge is highly tacit, and is also developed further in the work context. Mc Laughlin and Webster (1998) argue that professional groups – such as doctors, accountants, lawyers, engineers, etc. – have long-established claims to cultural capital. These are typically reproduced and confirmed through specialised forms of training, credentialism, legal statute, and the wider institutional structures and processes associated with professional socialisation. In the modern job market, professionals develop a certain amount of tacit knowledge through training prior to conducting practical work, but when they join an organisation their knowledge becomes further specialised. This point is not appreciated by everyone. Savage et al. (1992) argue that the cultural assets of a profession are not tied to or dependent on any specific organisation: this gives professions considerable institutional mobility and allows them to determine the terms on which their skills are to be deployed within any specific work setting. But Hanlon (1998) argues that what counts as relevant knowledge is socially situated, and those who enjoy being “knowledgeable” or expert typically possess a form of cultural capital whose ownership confers status and power. There can be a debate about what counts as useful knowledge, thus knowledge which confers power. But the argument I am trying to put forward here is not the determination of knowledge assets, which is of course useful, but to show that individual ownership of knowledge confers on that individual a sense of power. The power of management over workers is contingent upon the specific characteristics of the organisational context, and the power of

management can be diminished or enhanced by shifts in societal power relations (Tsoukas, 2000). Kling and Ekbia (2003) argue that for knowledge workers, two important factors that are crucial in relation to power are:

- a) The importance of their knowledge to the organisation in which they work
- b) The scarcity of their skills in the labour market

Power must be analysed as something that moves, which is never localised in a single place. In other words, individuals are vehicles of power, not its points of application. Power relationships can systematically influence the statements about the societal world that function as true (Kling and Ekbia, 2003).

From the organisational social perspective, it is argued that reality is socially constructed with rules and norms. Those rules and norms are not always visible or meaningful to us, but they nevertheless have power on the social functioning of the organisation. Foucault (1966, 1969) argues that truth is not located in people's knowledge but rather in the settings and systems in which they exist and from which they create meanings. Thus the production of truth is not dependent on knowledge alone, but on the reality of the meanings in which we exist. Gordon and Grant's (2004) view of a Foucauldian perspective for knowledge management is that to actually manage knowledge, it is necessary to recognise, reflect on and encapsulate how meaning systems guide the production of the truth. They further argue that power enables, drives, and shapes the production of new truths, and constitutes new knowledge. This means that the production of new truth and knowledge are inseparable. The system of thoughts as presented by Foucault does not exist independently from the social structure of the organisation. To quote Haugaard (2003), "Structures create power through predictability. However, this predictability

also precludes certain forms of interaction; thus, certain forms of power are unexercisable within particular social and political systems. Some issues are organized into politics while others are organized out. In itself, this fact is not some form of conspiracy by dominant elites but is presupposed by social order itself’.

The final influence of power comes from the behaviour and role of hierarchical managers in an organisation, and their control over knowledge, information and workers. Managers can use their control over knowledge to influence and control workers’ behaviour (Gray, 2001; Zuboff, 1998; Walton, 1989). Zuboff (1998) claims that managers can use automation, and information generated from automation, to reduce the skill of workers (deskilling) or to empower them if need be. Thus managers have the power through new knowledge to control staff. Gray (2000) argues that the use of document-driven knowledge management systems in organisations can lead to a shifting of power away from employees and towards managers. The other aspect of the influence of hierarchical management is the silence of employees. The research on silence of employees (Morrison and Milliken, 2000, 2003; Noelle-Neumann, 1974) is quite new and can be related to the silence of employees with relation to unethical practices or behaviour within an organisation. Morrison and Milliken (2003) argue that “within organizations, people often have to make decisions about whether to speak up or remain silent – whether to share or withhold their ideas, opinions, and concerns. In many cases, they choose the safe response of silence, withholding input that could be valuable to others or thoughts that they wish they could express.” The research on silence in organisations has looked at what creates this climate of silence, and the issues that people will remain silent on (pay inequality, gender inequality, etc.) But none of the research has looked into the impact of silence

on knowledge management. Silence is of course created by some sort of power within an organisation and it can definitely reduce the expression of ideas and thoughts. Jayasingham et al. (2009) found “top leaders reward power to have no significant effect on any of the KM practices. This probably implies that KWs normally get involved in KM practices for their own interest and intrinsic satisfaction and not merely extrinsic rewards.”

The literature has examined power without going into great depth. Power is a social cognitive notion, and to understand its nature it is very important to understand the relationships between people. Of course power cannot be reduced to a single definition or single taxonomy, but what the literature has failed to look at is the different facets of power in knowledge management.

### **3.3.5 POWER IN OUTSOURCING LITERATURE**

The study of power is very elusive in the outsourcing literature, although there is increasing interest from the point of view of social theories (Lee et al., 2000). The social theories perspectives encourage the study of the relationship between firms in an outsourcing relationship, rather than just the economic perspective of self-interest (Nam et al., 1996; Klepper, 1994). One of the only papers that I have found in my literature review that looks at the relationship of power in outsourcing is Heiskanen et al. (2008). However this paper studies dynamics in the client and vendor relationship. In discussing outsourcing relationships in chapter two, I noted that most of the studies have looked at the relationship from a macro (client/vendor) perspective rather from a micro point of view. In the paper by Heiskanen et al (2008), even where the word power is mentioned, the focus is more on trust and control, and the power relationship between client and vendors is not discussed. This problem of power being mentioned

but not discussed is raised in Gordon and Grant's (2004) survey. While the literature on power relationships in outsourcing is very scarce, there is a stream of literature that looks at power in supply chain and inter-firm relationships (Brown et al., 1994; Cox, 2001; Maloni and Benton, 2000; Frazier and Antia, 1995; Kim, 2000; Caniels and Gelderman, 2007; Chassagnon, 2009). In a study of supplier and retailer relationships, Brown et al. (1994) argue that mediated power (coercion, reward) will encourage instrumental commitment, while non-mediated power (expert, referent, information) will encourage more positive and normative commitment. Instrumental commitment in a supplier and retailer relationship is based on extrinsic motivators that the supplier gives the retailer (e.g. reward or punishment) that will force the retailer to commit to the supplier. Normative commitment, on the other hand, is more geared towards co-operation rather than forced commitment. The importance of power in supply chain relationship is supported by the work of Maloni and Benton (2000), whose findings state that:

- a) Power plays a significant role in the supply chain, and the different sources of power have contrasting effects upon inter-firm relationships in the chain. Thus, both the power source and the power target must be able to recognize the presence of power, then reconcile supply chain strategy for power influences;
- b) A stronger buyer-supplier relationship will enhance performance throughout the chain. This offers validation for the pursuit of supply chain integration as a key driver of corporate strategy and promotes the need for a better understanding of the integration process;
- c) Exploitation of the supply chain by the power partner may lead to dissention and under performance, thus hurting the power holder. Likewise, a judicious use of power may serve to benefit the power holder; and

- d) Influences of power on the buyer-supplier relationship and subsequent effects of this relationship upon supply chain performance expose the potential of power as a tool to promote integration of the chain and empower higher levels of performance. This performance benefit incites the power holders to take a second look at their positioning of power within supply chain strategy and urges a more conscious, considerate use of power.

Cox (2001) claims that procurement and supply competence must involve the buyer seeking to eradicate those mechanisms that augment supplier power over the buyer. Chassagnon (2009) argues that while the construct of power as a socio-political entity exists both in the firm and in inter-firm relationship, the only difference is that in inter-firm relationships “there is no employment contract that regulates the subordination relation between order taker and order maker.” The literature is correct in arguing that non-mediated power will increase co-operation (Brown et al., 1994), thus eradicating the negative effect of power (Cox, 2001). But the assumption here is that the power holder is the organisational entity. For a supply chain relationship this may be fair, but for a professional firm that is outsourcing its services, this assumption might be flawed, as I have argued in the previous chapters that the assets are owned by the accountants and staff rather than the organisational entity as a whole. Thus the lack of relevant literature of power influence in outsourcing is matched by a lack of literature at the micro level of the firm. The relatively modest amount of literature on power influence on the supply chain relationship has tried to look at the behavioural facet of power, but still at a macro level. To be fair, this is correct, as in supply chain relationships you do not find the same kind of power holder that you would get in a professional firm. This view is supported by Chassagnon (2009), who argues that “the different legal entities (employees) dedicate their key resources to the hub-firm (employer) and thus participate to the knowledge-creating process of the network firm (firm *stricto sensu*). Network-firm-specific human investments are embodied in a

valuable collective learning process that exists only given access to critical resources (Rajan and Zingales, 1998).”

### **3.4 CONCLUSION**

The notion of trust has been argued to exist because of the perception of likely punishment (Plato, Thomas Hobbes, Niccolo Machiavelli), but David Hume argues that trust exists because human beings have sympathy and see others as mirrors of themselves. Trust has been defined as an expectation (Currall and Inkpen, 2002; O’Hara, 2009; Das and Teng, 2001), a common belief (Cummings and Bromiley, 1996), a cognitive state (Hardin, 2006), a risky engagement (Reinhard, 1999; Rousseau et al., 1998) and lastly an emotional construct (Jones and George, 1998). The literature shows that trust is a multi-level phenomenon that needs to be studied from both the micro and macro perspectives, and has provided a wide taxonomy of trust exploring the different forms it can take, which are summarised in table 1 (Summary of types of trust). Davenport and Prusak (1998) argue that trust must be visible, ubiquitous and must start at the top. Ring and Van de Ven (1994) distinguish between fragile trust (easily developed and easily broken) and resilient trust (hard won and less likely to break).

The literature of trust in knowledge-sharing can be viewed from two perspectives, namely the individual level and the organisational level. Abram et al. (2003) argue that the factors that affect interpersonal trust are trustworthy behaviours, organisational factors, relational factors, and individual factors. Mayer et al. (1995) and Mooradian et al. (2006) argue that the general willingness to trust is context-specific. This general willingness to trust can be affected by two main forms of trust



i.e. cognition-based trust and affect-based trust (Lewis and Weigert, 1985; Mc Allister, 1996; Chowdhury, 2005; Holste and Fields, 2010). Levin et al. (2002) argue that two types of trust will influence knowledge-sharing, namely benevolence trust and competence-based trust. Some scholars argue that control will add to trust in the early stage of the relationship (Tomkins, 2001; Vosselman and Meer-Kooistra, 2009). Child and Faulkner (1998) and Marshall et al. (2005) propose two models which look at trust development and knowledge-sharing in strategic alliances. Child and Faulkner's (1998) model suggests that at the formation stage the partner in the strategic alliance will share explicit knowledge in terms of routines and procedures, at the implementation stage they will share more tacit knowledge which require a greater sense of trust, while at the evolution stage they will share more strategic information which requires a greater level of trust. The literature of trust in outsourcing has looked mainly at the client and vendor's perspective (Lee and Huynh, 2005; Leeman and Reynonds, 2008; Hassan and Vosselman, 2010). Lots of studies in outsourcing literature on trust have looked at the element of control in client and vendor relationships (Mao et al., 2007; Heiskanen et al., 2007). Ali Babar et al. (2007) argue that the factors that affect control and trust in software outsourcing are communication, cultural understanding, capabilities, investment, contract conformance and quality of work. Lee and Huynh (2005) propose an integrated model of trust in IT outsourcing in which they argue that mutual trust is significantly affected by initial trust, while there is no negative effect of initial distrust on mutual trust. The outsourcing literature on trust hasn't looked at the individual level of trust between outsourcing organisations.

Power is not an easily conceivable term, Thomas Reid (1778) argues that power can be produced by exertion and will. In Ayers (1975) power is argued to create change, and change is not something that affects one side of the coin, but both sides. Whitemeyer (1997) supports the view that it is easier to understand change in behaviour rather than the implication of power. Power can be seen as a highly positive or negative concept, but Foucault (1978) argues that power produces a reality and a domain of truth. There are various theoretical domains of power which I classified in this chapter as power-as-control, power through cooperation, and critical perspectives on power. Power-as-control is probably the domain that has been most explored in the literature (French and Raven, 1959; Bachman et al., 1966; Student, 1968; and Thamhain and Gemmill, 1974). Morgan (1997) presents different sources of power while French and Raven (1959) provides five bases of power, namely coercive power, reward power, legitimate power, referent power and expert power. Follett (1973) argues that power should bring co-operation rather than conflict. The critical perspectives on power look at power from a macro-perspective rather than the individual relational perspective.

Power can have a very important influence on the running of an organisation. Leadership in organisations is very important and is driven by power sources (Bass, 1985; Hersey and Blanchard, 1977; McGregor, 1960; Weber 1947). However leaders can get an insatiable taste for power (Tiedens et al., 2007; McClelland, 1975) and use power in a coercive form (French and Raven, 1959). Thus leaders need to reach the right equilibrium between leadership and power. The challenge of the modern leader is to manage diversity and interdependence in the organisation. Levina and Wanda (2009) argue that within professional communities, power tends to be associated with

expertise and experience, but even then multiple claims co-exist. Bourdieu (1977; 1996) argues that all actions by individuals in social arrangements are interest-driven, regardless of the specificities of a given concrete context. As in organisation, power is a concept that has been studied in knowledge management. Knowledge is quite clearly a source of power, but power being an invisible force can also affect the management of knowledge. However in the knowledge management literature very few articles have looked at the problematic of power in the management of knowledge. Knowledge is often seen as an asset and a source of power, however Hanton (1998) argues that this is not just dependent on the individual, but is socially situated. From the organisational point of view, it is often argued that reality is socially constructed (Foucault 1966; 1969). Thus the knowledge power can be socially embedded within the social context of the organisation. Power can also influence the management of knowledge through the organisational structure of the organisation (Gray, 2001; Zuboff, 1998; Walton, 1989; Jayasingham et al., 2009). The literature of power in outsourcing is very scarce; Heiskanen et al (2008) examine the dynamic of the client and vendors relationship, but the concept of power is not extensively discussed. There is a stream of literature on power and supply chain management which has been explored in this chapter. But this stream of literature looks at power from a macro perspective rather the individual perspective.

## **CHAPTER 4**

### **RESEARCH METHOD**

#### **4.1 INTRODUCTION**

The previous chapters have presented the literature that foregrounds the present research. Academic research is a systemised approach to finding a solution to a specific problem. This chapter will define the methods that this thesis proposes to use in order to arrive at a reliable and valid answer to the research problem presented in chapter one. For outsourcing to assist in corporate goals it is important to study how information is transmitted and knowledge is transferred between two parties that have different cultures, technologies and methods. There are two types of knowledge: tacit knowledge and explicit knowledge. Tacit knowledge represents knowledge that people possess but which is inexpressible, while explicit knowledge is knowledge which can be expressed in forms, figures, writing, drawings, etc. It has been already explained in the literature that the potential blocks to knowledge-sharing are willingness to share, trust and power. Knowledge is in itself an intangible commodity and the factors that block sharing of knowledge are of a psychological and non-physical nature. The prime concern of this thesis is to identify the barriers which prevent knowledge- and information-sharing within an agile organisation and its outsourcing process. For this purpose tacit knowledge, which is locked in the human mind, has to be especially understood. Studying the barriers in an outsourcing process adds to the challenge of conducting this research, as it is not merely a study of just human behaviour within the organisation, but rather a study of human behaviour in an extension or a subset of the organisation (i.e. outsourcing) and how this interacts with

the current organisation. Studying human behaviour and tacit knowledge presents various methodological challenges. This chapter will explore and explain the method used in this thesis to achieve the aims and objectives presented in chapter one, looking at the methodology, ethics, research design, validity and reliability of the methods. Methodology looks into the best way of gaining the knowledge, while ethics deals with questions of one's personal morality in this world. Studying information flow and knowledge transfer poses an important challenge, as it is the study of human behaviour that is tacit and intangible in nature. Organisations are complex systems which can be difficult to understand and access. Swanson and Holton (2005) argue that organisations themselves are messy entities, and just studying people within organisations is challenging. Therefore studying information flow in organisations obviously adds to the challenge.

## **4.2 METHODS**

### **4.2.1 QUALITATIVE V/S QUANTITATIVE RESEARCH METHOD**

Research is an orderly investigative process for the purpose of creating new knowledge (Swanson & Holton, 2005). Research is made up of two main streams, qualitative and quantitative:

1. Quantitative research is interested in understanding the content of a subject through surveys and statistical interpretations. The results of quantitative analysis often entail describing relationships between different variables, but without explaining the reasons for these relationships and patterns. Quantitative researchers believe that social observations should be treated as entities in much the same way that

physical scientists treat physical phenomena. Further, they contend that the observer is separate from the entities that are subject to observation. Quantitative purists maintain that social science inquiry should be objective (Johnson and Onwuegbuzie, 2004).

2. Qualitative research on the other hand is a field of research that tries to gain an in-depth understanding of human behaviour. While quantitative research will focus on describing relationships between variables, qualitative research tries to understand the 'why' of these relationships. The word qualitative is made up of the adjective quality, thus qualitative research is synonymous with the quality of the study and trying to understand the meaning of a research context.

Denzin and Lincoln (2000) argue that qualitative research operates in a complex historical field that cuts across seven important phases as follows:

- 1.) Traditional (1900-1950)
- 2.) The Modernist or Golden age (1950-1970)
- 3.) Blurred genres ( 1970-1986)
- 4.) The crisis of representation (1986-1990)
- 5.) The post-modern phase, a period of experimental and new ethnographies (1990-1995)
- 6.) Post-experimental inquiry (1995-2000)
- 7.) The Future (now)

They argue that any definition of qualitative research must work within this complex historical field because qualitative research means different things in each of these times.

The main types of qualitative research are:

**Table V:** Main Types of Qualitative Research  
Neil (2006)

<a href="#"><u>Case study</u></a>	Attempts to shed light on a phenomenon by studying in-depth a single case example of the phenomena. The case can be an individual person, an event, a group, or an institution.
<a href="#"><u>Grounded theory</u></a>	Theory is developed inductively from a corpus of data acquired by a participant-observer.
<a href="#"><u>Phenomenology</u></a>	Describes the structures of experience as they present themselves to consciousness, without recourse to theory, deduction, or assumptions from other disciplines.
<a href="#"><u>Ethnography</u></a>	Focuses on the sociology of meaning through close field observation of sociocultural phenomena. Typically, the ethnographer focuses on a community.
<a href="#"><u>Historical</u></a>	Systematic collection and objective evaluation of data related to past occurrences in order to test hypotheses concerning causes, effects, or trends of these events that may help to explain present events and anticipate future events (Gay, 1996).

In more traditional qualitative approaches, context is treated as the socially constructed reality of a named group, or groups, of social agents, and the key task of observation and analysis is to unpack the webs of meaning transformed in the social process whereby reality is constructed. In quantitative techniques, cause and effects are the main objects being searched for, while, in qualitative techniques, meaning in context is the most important framework being sought (Harvey and Myers, 1995).

Qualitative research has deep roots in sociology and anthropology. Denzin and Lincoln (2000) argue that sociologists have taken as a mission the analysis and understanding of the patterned conduct and social process of society, and of the bases,

in values and attitudes, on which individual and collective participation in social life rests. They argue that for sociologists to achieve the tasks they must have the following:

- 1.) The ability to perceive and contextualise the world of his or her own experience as well as the capacity to project a meta-empirical conceptualisation onto those contexts of life and social institutions with which he or she has not had direct experience. The sociologist requires sensitivity to and a curiosity about the roles and values, both visible and non-visible, of others in order to empathize as well as deduce sufficient self-understanding. The ability to detach him or her from the particular values and special interests of organised groups in order that he or she may gain a level of understanding that does not rest on a priori commitments. For every individual and group, ideologies and faiths define the distinction between good and evil and lead to such non-sociological but conventional orientations as are involved in everyday judging and decision making. The sociologist's task in ethnography is not only to be a part of such thoughts and actions but also to understand them at a higher level of conceptualisation.
- 2.) A sufficient degree of social and personal distance from prevailing norms and values to be able to analyze them objectively. Usually, the ability to engage in self-objectification is sufficient to produce the quality of orientation necessary for an individual to be an ethnographic sociologist or anthropologist.



## 4.2.2 ETHNOGRAPHY

Ethnography, the tool chosen to conduct the present research, provides rich information about human behaviour of sharing knowledge which will be applied to the case studies to identify differences and similarities in the pattern of knowledge-sharing. Early ethnography grew out the interest of Westerners in the origin of culture and civilization, and in the assumption that contemporary “primitive” peoples, those thought by Westerners to be less civilized than them, were in effect living replicas of the “great chain of being” that linked the occident to its prehistoric beginnings (Hogden, 1964). The first anthropologist to adopt the ethnographic research method was Bronislaw Malinowski, who in 1922 published his now-famous book *Argonauts of the Western Pacific*. This book was based on Malinowski’s fieldwork among the Trobriand Islanders (Harvey and Myers, 1995).

Sanday (1979) divides ethnography into the holistic, semiotic and behaviouristic schools of thought. The holistic school argues that the researcher should go native and live like the local people. On the other hand, Clifford Geertz, the foremost exponent of the semiotic school, says that anthropologists do not need empathy with their subjects. Rather, the ethnographer has to search and analyse symbolic form-words, images and institutions, behaviours – with respect to one another and to the whole that they comprise (Harvey and Myers, 1995). The final type of ethnography is the critical hermeneutics perspective. Hermeneutics is the science of interpretation, which is mainly concerned with analysis of the meaning of a text or text-analogue. Taylor (1976) argues that interpretation, in the sense relevant to hermeneutics, is an attempt to make sense of an object of study which in some way is confused, incomplete, cloudy, seemingly contradictory in one way or another and unclear. Harvey and Myers (1995) argue that critical hermeneutics has emerged following the debates

between Habermas and Gadamer: “There is a potential tendency to view interpretation as a closed and exact form, but critical hermeneutics recognizes that the interpretive act is one which can never be closed as there is always a possible alternative interpretation (Taylor, 1976). In critical hermeneutics the interpreter constructs the context as another form of text, which can then, of itself be critically analysed so that the meaning of construction can be understood as an interpretative act.”

Doing ethnography within an organisation can be very complex; the main problems researchers will encounter are access and time. Smith (2001) argues that the preponderance of evidence suggests that organisational gatekeepers tend to deny and delay researchers because they are concerned, not unreasonably from their point of view, about the uses to which the research data will be put. They may worry, that the research reports will be used to expose company practices to the public, or to be used in lawsuits against the firm. Researchers may be preoccupied that they cannot get inside the whole organisation and thus could not develop a full picture of the organisation. Burawoy and Lukas (1992) note about their difficulty in getting into Hungarian firm: “As so often happens in field work, the genealogy of research-entry, normalisation, and exit reveals as much about the society as the research itself. Resistance to novel and potentially threatening research, such as that we undertook exposes deeply held values and interests of the actors – both the ties that bind and the conflicts that divide”.

By becoming paid workers, many have capitalised on an avenue into the research field in getting a job, learning by labouring not readily available to researchers in another field (Smith, 2001). Van Maanen (1988) argues that the worries of

ethnography are the “overrated” criteria of reliability, validity and generalisability. Countering this, Smith (2001) explores the advantages of ethnography by looking at how routine jobs are complex, and how complex jobs are routine, and how power, control and inequality are sustained.

In explaining the complexity of routine jobs, Smith (2001) claims that no single approach to the study of work has been more effective than ethnography in uncovering the tacit skills, the decision rules, the complexities, the discretion and the control in jobs that have been labelled routine, unskilled and deskilled, marginal and even trivial. He further maintains that researchers have used the ethnographic method to dissect how workers do their jobs: how they reconcile the contradictory demands between efficiency and quality, and the individual group-level processes by which workers maintain dignity and control over and against supervisors and customers. The advantage of ethnographic research, he argues, is that the direct experiences, the sustained observations, or the immersion allows a degree of penetration into the inner workings of an occupation or a work setting that is not easily attained by other approaches. Finally, Smith argues that by highlighting the complexities of routine jobs, the routinisation of complex jobs and examining power and inequalities, ethnographers have made a unique contribution to social science in understanding the nature and social dynamics of work-places.

### **4.2.3 PARTICIPANT OBSERVATION**

Participant observation is a method which encourages the researchers to concentrate on the day-to-day activities of the subject being researched. This method has its roots in traditional ethnographic research. Emerson et al. (2001) note that participant observation means establishing a place in some natural setting on a relatively long-

term basis in order to investigate, experience and represent the social life and social processes that occur in that setting. Participant observation may take several forms. In a classic article on 'Roles in Sociological Field Observation' (in the journal *Social Forces*, 1958) Raymond Gold distinguishes four roles that may be adopted within such research. They are ranged along a continuum of involvement, from complete participant through participant-as-observer and observer as participant, to complete observer. This range within the method shows the subjectivity versus objectivity dilemma: the first position approaches "going native" whereas the last may well be too distant and uninvolved to generate insights into the subjective aspects of behaviour. The research method in this thesis consists of observing people within their natural setting in a work-place. Every setting is "natural" for the people who frequent it. For a scientist a laboratory is a natural setting, whereas for others it might be a tribe in Africa. Clancey (2005) notes that "Observing people in a natural setting is commonly called fieldwork. Besides watching and recording and asking questions, include interviewing, studying documents, and meeting with the people being studied to analyze data together and present findings (Forsythe, 1999). Fieldwork is most often associated with the broader method of study called ethnography (Spradley, 1979, Fetterman, 1998 and Haper, 2000), literally, the written study of people or culture. Neither fieldwork nor ethnography is specific to any discipline."

While doing the fieldwork the participant observer will record field notes of what is being seen, said or heard within the natural setting. However field notes are not complete stories, as Emerson et al. (2001) argue,

- a) Field notes as representation are inevitably selective. The ethnographer writes about certain things that seem "significant", ignoring and hence "leaving out" other matters that do not seem significant. Field notes are

also selective in what they do include, since they inevitably present or frame the events and objects written in a particular way, hence “missing” other ways by which events might have been presented or framed.

- b) Field notes are intended to provide descriptive accounts of people, scenes and dialogues, as well as personal experiences and reactions that minimize explicit theorizing and interpretation. Rather descriptive writing embodies and reflects particular purposes and commitments, and it also involves active processes of interpretation and sense making.
- c) Field notes accumulate set-by-set over time into a large corpus. That is, field notes are produced incrementally on a day-by-day basis, without any logic or underlying principle and on the assumption that not every observation will ultimately be useful for a larger project.

Some scholars argue that the “field” we study is not a pre-existing natural setting, but a reality that we construct with our constant involvement in the field and through literary activities, (Emerson et al (2001) & Atkinson (1992). According to Atkinson (1992),

“The field is produced (not discovered) through the social transaction engaged in by the ethnographer. The boundaries of the field are not ‘given’. They are outcome of what the ethnographer may encompass in his or her gaze; and what the ethnographer omits and overlooks as much as what the ethnographer writes”

Participant observers vary their use of field notes, because of the different value they attached to the field note. Emerson et al (2001) argue that for researchers at one extreme of the research continuum, field notes are placed at the core of the research project, “They view the essence of field research as a process of accumulating a

corpus of detailed field notes which provides the foundation and inspiration for subsequent writings and analyses.” At the other end of the continuum the researchers regard field notes as a relatively marginal or preliminary activity. The pure “doing” of ethnography suggests that putting too much effort in taking field notes will interfere with the fieldwork. In a conversation with Jackson (1990), one anthropologist said of fieldwork “This is what I would call fieldwork. It is not taking notes in the field but it is the interaction between the researcher and the so-called research subject”. Van Maanen (1988) argues that:

“Fieldwork, at its core, is a long social process of coming to terms with a culture. It is a process that begins before one enters the field and continues long after one leaves it. The working out of understandings may be symbolized by field notes, but the intellectual activities that support understandings are unlikely to be found in the daily records. The great dependency commonly claimed that exists between field notes and fieldworkers is not very great at all”

The differences with regard to the value of field notes versus quality of the field notes reflect the current tensions and dilemmas in all ethnographic fields. To summarise the above conflict, Emerson et al. (2001) note that on the one hand, ethnographic fieldwork requires both close observation and immersion; both types of activities can be recorded and preserved. This record of observation and experiences can be examined for insights and connections, even after the fieldwork is completed. On the other hand, spending long periods of time participating in other ways of life can generate deep, intuitive insight and perception without day-to-day note-taking. Marcus (1994) claims that field notes are therefore unruly or “messy”, changing form and style without attention to consistency or coherence; they have the “loose”,

shifting quality of working, preliminary and transitory, rather than final, or fixed, texts.

There are different ways the participant observer may choose to write field notes. Emerson et al. (1995) suggests that normally ethnographers adopt a “participating-in-order-to-write” approach. Here the fieldworker aims to “get into place” to observe interesting, significant events in order to produce a detailed written record. The fieldworker will self-consciously look for events that should be written down for the research purpose, and might explicitly orient to events in terms of “what is important to remember so that I can write it down later.” This strategy differs from detailed story-telling of the field. During the writing of field note, the researcher will bring back his experiences in different ways. Emerson et al. (2000) note that there are different ways of writing the field notes, as follows:

1. Tracing noteworthy events in the chronological sequence in which one observed and experienced.
2. Detailing some “high point” or incident and then consider, in some topical fashion, other significant events, incidents or exchanges.
3. Focusing more systematically on incidents related to specific topics of interest.

#### **4.2.4 NARRATIVE ANALYSIS**

Narrative is one of the ways in which human beings organise the way they understand the world. Cortazzi (2001) claims that the term “narrative” covers a range of understandings and a range of types of talks and texts. He argues that narrative refers to structures of knowledge and storied ways of knowing: typically there are two main

genres of narrative, oral and written. Nature and the world do not tell stories, individuals do. Interpretation is inevitable because narratives are representations. There is no hard distinction in post-positivist research between fact and interpretation (Stivers, 1993). Human agency and imagination determine what gets included in narrativization, how events are plotted, and what they are supposed to mean. Individuals construct past events and actions in personal narratives to claim identities and construct lives.

How individuals recount their histories, what they emphasize and omit, their stance as protagonists or victims, the relationship the story establishes between the teller and the audience all shape what individuals can claim of their own lives. Personal stories are not merely a way of telling someone (or oneself) about one's life; they are the means by which identities may be fashioned (Rosenwald and Ochberg, 1992). Riessman (2008) argues that narratives serve different functions:

- 1.) Narrative helps to analyse, interpret and make sense of the past. In life writing, individuals turn to narrative to excavate and reassess memories that may have been fragmented, chaotic and unbearable.
- 2.) Narratives as stories are used as arguments as well illustrated in court cases where lawyers organise facts to argue in favour of the client.
- 3.) Narratives work to convince audiences of veracity, but the "truth claims", in turn, can be questioned.
- 4.) Narrative storytelling engages an audience in the experience of the narrator.

Cortazzi (2001) presents four main reasons for doing narrative analysis. Firstly, narratives share the meaning of experience. The teller normally tells, analyses and interprets stories in their own terms. If, as White (1981) claims, narratives translate



knowing into telling (so that to tell is to come to know), then to carry out research through narrative analysis is to look at the telling to get back to the ways of knowing and ways of experiencing. Researchers explore narrative “as a mode of communication more resonant with human experience than traditional social science rhetoric and thus, inherently more understandable” (Zeller, 1995). Secondly, narrative analysis is a representation of voice, that is, the sharing of the experience of particular groups, so that others may know life as they know it. The third reason for conducting narrative research is to give higher public profiles to human qualities, often to reveal crucial, but probably generally unappreciated, personal and professional qualities involved in many occupations and professions. The fourth reason is to see ethnographic research itself as a story. Ethnographers make stories; they construct meaning as co-authors in the relaying and interpreting of informants’ accounts.

A full narrative will, by definition, involve an event or series of events (what happened or what is presumed to have happened in the past), experiences (the images, reactions, feelings and meanings ascribed to recounted events) and the narrative (the linguistic – or perhaps visual or musical – form of the telling of the events). A narrative gives coherence to experiences by plotting them in time and place, and often interpreting them in terms of causality, teleology and rationalization (Cortazzi, 2001). Riessman (2004) classified narratives in three categories, namely Thematic, Structural and Interactional:

### **Thematic Analysis:**

Thematic Analysis focuses on the text rather than the context in which the conversation or story was made. The thematic approach is useful for theorising across

a number of cases – finding common thematic elements across research participants and events they report. The emphasis is on what was told rather than how it was told.

### **Structural Analysis:**

Unlike the thematic approach, the structural approach gives importance not only to the language content but the environment and way the text was said. The Labov (1992) model analysed below uses the structural analysis. Because structural approaches require examination of syntactic and prosodic features of talk, they are not suitable for large numbers, but they can be very useful for detailed case studies and comparison of several narrative accounts. Microanalysis of a few cases can build theories that relate language and meaning in ways that are missed when transparency is assumed, as in thematic analysis.

### **Interactional Analysis:**

As the name suggests this is a discussion between the teller and the listener to construct the story. This is very common in courts of law where both parties analyse the validity of a narrative through question and answers.

Riessman (2002) argues that narrative approaches are not appropriate for studies of large numbers of nameless and faceless subjects. Some modes of analysis are slow and painstaking, requiring attention to subtle nuances of speech, the organisation of a response, relation between researcher and subject, social and historical context-cultural narratives that make “personal” stories possible. In a recent reflexive turn, scholars in autoethnography and other traditions are producing their own narratives, relating their biographies to their research materials.

Meaning is ambiguous because it arises out of a process of interaction between people: self, teller, listener and recorder, analyst, and reader. Although the goal may be to tell the whole truth, our narratives about others' narratives are our worldly creations. There is no "view from nowhere" (Nagel, 1986), and what might have seemed nowhere in the past is likely to be somewhere in the present or future. Meaning is fluid and contextual, not fixed and universal. All that we have is talk and texts that represent reality partially, selectively, and imperfectly. The real issue is whether indeed there can be a true representation of anything, or whether any and all representations are embedded first in the language and then in the culture, institutions, and political ambience of the representor. In this thesis I presume the latter alternative as the correct one to be accepted, that a representation is implicated, intertwined, embedded, and interwoven with a great many other things besides the "truth", which is a representation.

The socio-linguistically oriented Labov (1972) model is one of the best-known models for narrative analysis. It claims that a full narrative is made up of six categories as follows:

<b>Narrative category</b>	<b>Narrative question</b>	<b>Narrative function</b>
<b>ABSTRACT</b>	What was this about?	Start of the Story
<b>ORIENTATION</b>	Who or what are involved in the story, and when and where did it take place?	Help to identify the context, time, place and who is involved.
<b>COMPLICATION</b>	Then what happened?	What is the Core of the Narrative, what are the most important elements?
<b>RESOLUTION</b>	What finally happened?	What is the lesson to be learned from the story?
<b>EVALUATION</b>	So what?	Take a step back from the story to analyse the elements independently
<b>CODA</b>	How does it all end?	The end of the story

This model provides a grounding for narrative analysis, but it can be extended to fit the parameters of the present study also by applying the inference from two case studies which are related to internal and external outsourcing.

#### **4.2.5 CASE STUDY**

A case study is one of several ways of doing research, and it is especially important in social studies, where the research result might vary in different cultures. Case studies have become one of the most common ways to perform qualitative inquiries, but they are neither new nor essentially qualitative. It is not a methodological choice but a choice of what is to be studied (Stake, 2000). Rather than using samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event, i.e. a case. A case study examines a phenomenon in its natural setting, employing different methods of data collection to gather information from one or a few entities (people, groups, or organisations). The boundaries of the phenomenon are not clearly evident at the outset of the research and no experimental control or manipulation is used (Benbasat et al., 1987). Eventually the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Hence case studies lend themselves to both generating and testing hypotheses.

Yin (2003) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context”. Swanson & Holton (2005) argue that assessing the boundary of a case is to consider how finite the data collection will be, whether there will be a limit to the number of interviews that can

be conducted or number of observations that can occur. If there is no actual or theoretical end to some of these possibilities, the phenomenon is not bounded enough to be deemed a case (Merriam, 1998). Swanson & Holton (2005) describe the following as the key characteristics of a case study:

- **Bounded:** A case study is a bounded study of an individual, a group of individuals, an organisation, or multiple organisations. The phenomenon of interest is bounded through the choice of research problem and questions, which dictates the appropriate setting and/or sample from which to develop a rich understanding of that phenomenon. Theory and/or the research problem generally define(s) the boundaries of the study.
- **Embedded:** Cases can be simple in terms of their bounded nature, but they are always embedded in larger systems; hence, the case is always a microcosm of a larger entity. As a result, a significant part of any case is a thorough description and bounding of the context. The context of a case may be a given organisation, its industry, locale, or even a population of organisations.
- **Multivariate:** Case studies typically examine the interplay of multiple variables in order to provide as complete an understanding of an event or situation as possible.
- **Multimethod:** Case studies may illustrate a phenomenon, explore it in preparation for further study, accumulate instances of a phenomenon, or present contrasting examples of a phenomenon.
- **Multidisciplinary:** Case studies often call on multiple perspectives to thoroughly understand the phenomenon of interest.

- Multisite: Case study research can be research on a single person or site, such as a division or an entire organisation, or it can be multiple people or sites from which we make cross-case comparisons.

Benbasat et al. (1987) argue that a very important aspect in the design of a case study research is the distinction between single and multiple cases. They note that Yin (2003) suggests that single case studies are appropriate if:

1. It is a relevant case, i.e. it is a situation previously inaccessible to scientific investigation.
2. It represents a critical case for testing a well-formulated theory.
3. It is an extreme or unique case.

On the other hand multiple case studies are desirable when the intent of the research is description, theory building, or theory testing.

There are different methods to collect data in a case study settings, Yin (2003) suggests that data can be collected by the following methods:

- Documentation: minutes, memoranda, journals, etc.
- Archival records: financial statements, organisation charts, etc.
- Interviews: these maybe structured or semi-structured
- Direct observation: absorbing and noting details, actions
- Physical artifacts, devices, outputs and tools

Case study research “comprises an all-encompassing method – covering the logic of design, data collection techniques, and specific approaches to data analysis” (Yin, 2003). Yin further acknowledges that a case study inquiry “copes with the technically distinctive situation in which there will be many more variables of interest than data

points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis”.

Case study research is particularly appropriate for certain types of problems: those in which research and theory are at their early, formative stages, and “sticky, practice-based problems where the experiences of the actors are important and the context of action is critical” (Benbasat et al., 1987). They argue that there are three reasons why case study research is a viable information system research strategy:

1. The researcher can study information in a natural setting, learn about the state of the art, and generate theories from practice.
2. The case study method allows the researcher to answer “How” and “Why”, i.e. to understand the nature and complexity of the processes taking place.
3. The case method is an appropriate method to research an area where few studies have been carried out.

Flyvbjerg (2006) argues that there are five common misunderstandings about case studies, as follows:

- a) Theoretical knowledge is more valuable than practical knowledge;
- b) One cannot generalize from a single case, therefore a single case cannot contribute to scientific development;
- c) The case study is most useful for generating hypotheses, whereas other methods are more suitable for hypothesis-testing and theory-building;
- d) The case study contains a bias toward verification;
- e) It is often difficult to summarize specific case studies.

### 4.3 RESEARCH ETHICS

The foundation of any professional and academic association in a free society is based on a code of ethics. For John Stuart Mill, “Neutrality is necessary in order to promote autonomy. A person cannot be forced to be good, and the state should not dictate the kind of life a citizen should lead; it would be better for citizens to choose badly than for them to be forced by the state to choose well” (quoted in Root, 1993). Root further argues that Weber distinguishes between value of freedom and value relevance. He recognises that in the discovery phase, “personal, cultural, moral, or political values cannot be eliminated; what social scientists choose to investigate, they choose on the basis of the values”.

Christians (2000) argues that codes of ethics should be based on four guidelines:

**Informed Consent:** Subjects must agree voluntarily to participate – that is, without physical or psychological coercion. In addition, their agreement must be based on full and open information. However Punch (1994) notes that “In much fieldwork there seems to be no way around the predicament that informed consent – divulging one’s identity and research purpose to all and sundry – will kill many a project stone dead”.

**Deception:** In emphasizing informed consent, social science codes of ethics uniformly oppose deception. On the other hand, given that the search for knowledge is obligatory and deception is codified as morally unacceptable, in some situations both criteria cannot be satisfied.

**Privacy and Confidentiality:** Codes of ethics insist on the safeguard of people’s identities and the research locations. Reiss (1979) argues that “The single most likely



source of harm in social science inquiry is the disclosure of private knowledge considered damaging by experimental subjects”.

Accuracy: Ensuring that data are accurate is a cardinal principle in social science codes. Fabrications, fraudulent materials, omissions, and contrivances are both non-scientific and unethical.

Murphy and Dingwall (2001) argue that there are two types of approaches that we can count as ethical practices. The consequentialist approach focuses on the outcome of the research as to whether the participants have been harmed in some way, or, if they have been harmed, has this been outweighed by the research’s benefits. The deontological approach focuses on the inherent rights of the research participants, such as right to privacy, the right to respect or the right to self-determination.

Beauchamp et al. (1982) (quoted in Murphy and Dingwall, 2001) give a list of guidelines which satisfy the above approaches:

Non-maleficence: The researcher should avoid harming participants.

Beneficence: The research on human subjects should produce some positive and identifiable benefit rather than simply be carried out for its own sake.

Autonomy or self-determination: The values and decisions of research participants should be respected.

Justice: People who are equal in relevant respects should be treated equally.

Murphy and Dingwall (2001) claim that the first two principles, non-maleficence and beneficence, contend that research is ethical if its benefits outweigh its potential for harm. Regarding autonomy or self-determination, the common practice is to try to get the consent of the subject being researched in a particular study. Murphy and

Dingwall (2001) argue that the rights of research subjects won't be respected simply because consent forms have been signed. Furthermore, Price (1996) notes that signed consent forms may actually jeopardize the confidentiality of participants by making them identifiable. Bolton (1995) suggests that informed consent is only relevant where there is a possibility of harm to those being studied. Wolf (1996) observes that the power differentials between researchers and those researched do not necessarily lead to exploitation. Exploitation only occurs when ethnographers use their superior power to achieve their objectives at real costs to those they are studying. Murphy and Dingwall (2001) argue that the principle of justice demands that the ethnographer should aspire to even-handed treatment of all participants or informants. This does not mean the suspension of all personal moral judgments. Indeed, acknowledging such responses may be vital to the ethnographers' reflexive engagement with data.

#### **4.4 RESEARCH DESIGN**

This section presents a background of the field to be studied and how the research is going to be conducted. As stated earlier the thesis is based on studying the human behaviour of sharing knowledge. Humans behave in both a conscious and an unconscious way, i.e. they may or may not be aware of what they are doing. The knowledge referred to here is principally tacit knowledge (i.e. knowledge that is locked in the mind and cannot be easily expressed). Explicit knowledge is knowledge which is recorded in words and figures and is readily available to any member of the organisation in the form of accounting standards, technical notes, updates, websites, newsletters, company rules and procedures, intranet, etc.

Firm ABC is a multinational accountancy firm in the city of London with offices in Switzerland, Dubai, Cyprus, Ireland and the Isle of Man. The firm has opened an

office in Switzerland where accounting work is sent to be done and then sent back to the head office in London for finalisation. This is the type of activity defined in this research as internal outsourcing. When the firm has a heavy load of accounting work and gives it to external contractors, this type of activity is defined as external outsourcing. The research objective is to study the blocks to the flow of information and knowledge within both internal and external outsourcing processes,

Though this research examines a natural phenomenon, it cannot proceed until the assumptions with which the phenomenon is being observed are stated: “What we observe is not nature itself, but nature exposed to our method of questioning” (Heisenberg, 1959). The following are the assumptions on the basis of which the research is to proceed:

- a) Outsourcing in accounting is actually outsourcing the core activity of the business, where a culture of knowledge-sharing is being created. In a professional sector like accounting, the core work is knowledge-based. As discussed in the literature review and the work of Vita and Wang (2006), the third generation of outsourcing deals with the outsourcing of core activities. Thus when studying the blocks to information and knowledge flow in an outsourcing process, an understanding of the blocks of the knowledge-based activities within the head office is very important.
- b) Studying human interaction in itself is complex, and studying the sharing of knowledge (which is an intangible commodity) adds more complexity to the task. Accounting knowledge is a specialised and does not lie in the public domain. In order to understand the behaviour of people juggling with such specialised knowledge, the researcher has to be part of the setting. If the researcher is not an accountant and a part of the community,

it will be very difficult to understand the accounting jargon and why people behave in a particular way. Thus the second assumption is that the researcher will form part of the system.

- c) There is an extensive amount of researching within organisations. Though outsourcing is an extension of the organisation, it is not the organisation itself. Given that outsourcing is an extension of the organisation, the method adopted will be specific to the context of the research.

As discussed in chapter 1, this research will focus on the individual unit of analysis, thus the analysis of the behaviour of individual in the organisation. This is why the research practice of ethnography has been chosen to conduct this research. Within the ethnographic practice, the method of narratives has been chosen, which will allow me to look at details of the individual unit of analysis. The main steps of the ethnographic informed method developed in this project will involve data collections and narrative analysis. The next section will present the method of data collection and how this research will study the behaviour of individual.

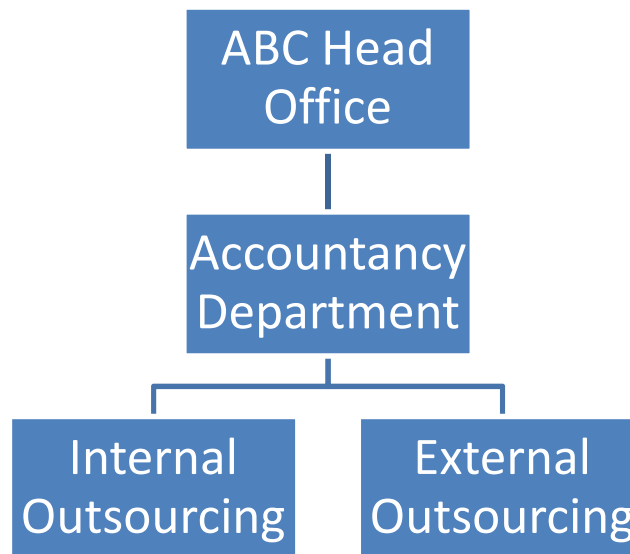
#### **4.4.1 DATA COLLECTION AND ANALYSIS**

The research assumptions clearly show that the best method to pursue the research is to be part of the organisation. The strategy proposed by the researcher here is to form part of the organisation as a participant observer, and as a member of the community. As a participant observer, the blocks to information and knowledge-sharing will be observed by studying the field notes of specific events or stories that demonstrate interaction between staff at the head office and outsourcing staff in terms of sharing information and knowledge. It has to be noted here that outsourcing interaction is not

something that happens constantly, like interaction between workers in an organisation.

The structure of the firm and the location of the researcher within the organisation are demonstrated as follows.

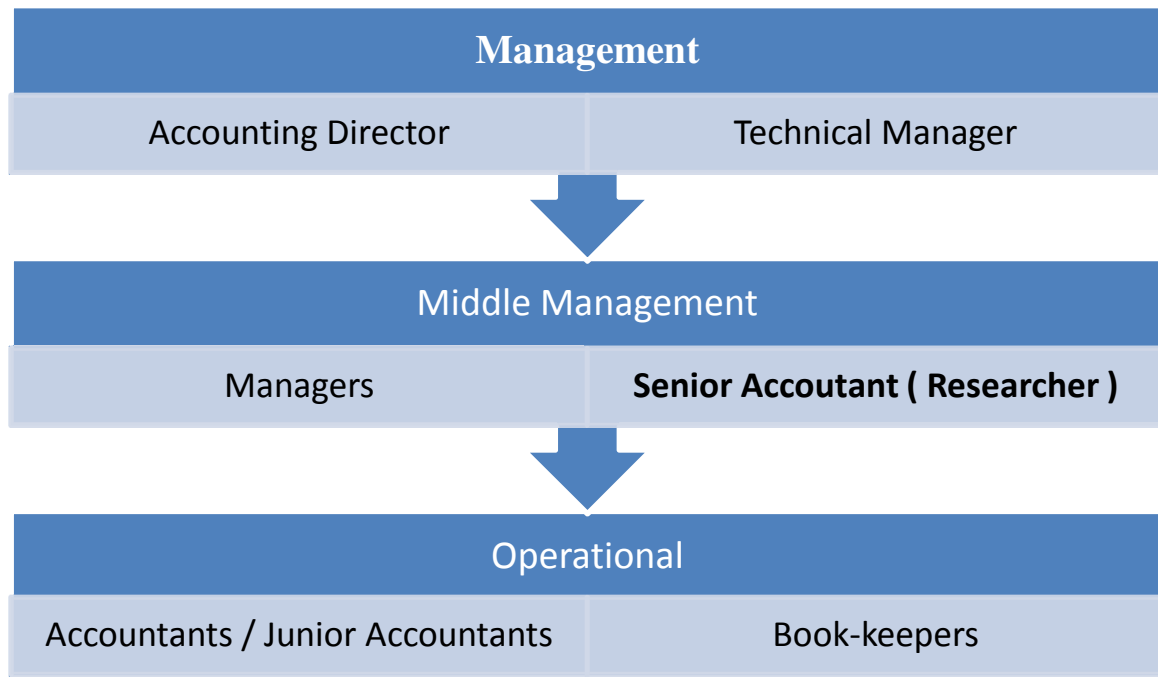
**Figure XI:** Structure of Firm ABC



ABC Ltd. is a medium-sized financial services firm in London; the firm has offices around the world. As the bulk of their clients come from Switzerland, the firm has to open a branch in Switzerland to act as a liaison between the head office and the clients in Switzerland. The branch in Switzerland is often given work which they have to prepare and return back to London for review (the type of activity defined as internal outsourcing). Though the branch is part of the organisational structure, it cannot fully work on its own. It is a sub-unit of the head office, to which work is delegated and then supervised and reviewed by the head office. In external outsourcing, on the other

hand, the firm is completely separate from the head office where the work is outsourced.

**Figure XII:** Position of the Researcher with the firm



The structure as shown in diagram **Figure XII:** Position of the Researcher with the firm explains the structure of the firm. Work is normally carried out by the operational staff, who then pass on the file for review to the managers; the senior accountant's job responsibilities include both operational work and review of the work done by others. The responsibility of the management (Accounting Director and Technical Manager) is to oversee the running of the department in terms of job performance, client services and marketing. The Technical Manager's responsibility is to supervise technically challenging jobs, advising managers and staff on technical issues and continuously updating the office in accordance with changes in accountancy and tax regulations. The outsourcing firm will regularly contact the head office for advice or correction of work; the main point of contact between the head

office and the outsourcer is the middle management, where reviews of work are normally carried out.

The researcher (participant observer) is situated in an important position in the firm to observe and identify, through collection of data, the factors that block the sharing of knowledge between the head office and outsourcing agents. The participant observer, being in an ideal position and as an integral member of the community, regularly makes field notes of activities between the head office and the outsourcing agents. The notes are recorded as narratives, and these have to be analysed by using a specific model. The field notes are stories of actors: not stories that the actors want to tell us, but stories of their acting which they themselves might not be aware of, as the behaviour might be unconscious or taken for granted. The participant observer in the position of senior accountant is ideally situated within the office structure to observe the flow of information between the head office and the outsourcing agents, as the flow of information is particularly concentrated between middle management and the outsourcing agents, as noted above. Once data has been collected the narratives will be analysed with the help of the Labov (1972) model, to understand the relevance of the collected data.

**Figure XIII:** Narrative analysis Structure



The abstract is a summary of the main points and the stories collected by the researcher in narrative form, which may be an action or a conversation between individuals or groups. Once the data has been collected and put in a narrative form, the situational context of the stories will be analysed, i.e the topic, information characteristics, setting, participants, channel of communication and style of communication. Stories can have different meanings, and if their background is not presented very well, different assumptions can be made of their meaning. The second process of working with the abstract and stories is to understand whether the proposal of the stories will stand if the communication variable is different. This is a very important process which will help remove any bias when I evaluate the stories.

Once this evaluation of the situational context of the stories is made, I will move to an evaluation of the deeper meaning behind the stories. The first step is to make an assumption about the crisis point, i.e. the story's important trigger point. Then I will



use the evaluation mechanism, which will analyse in depth the why and how of the crisis point, and define the soft terms in the context of the research. Once the evaluation is done, the resolution will summarise the evaluation, comparing it to the assumption I made to see whether it is correct, and noting the important points suggested by the evaluation. Thus one of the specific attributes of the research lies in the data collection process. In this thesis, all those events relating to specific interactions between the head office and outsourcing agencies form part of the research data.

## **4.5 CONCLUSION**

Ethnography, the basis of the methodology of this thesis, suggests that participant observation is a very effective method in studying workers in their natural settings. The participating-in-order-to-write method requires the field-worker to “get into place” in order to observe interesting and significant events to produce a detailed written record. In participant observation, field notes accumulate gradually over time to form a large corpus, and are then analyzed in narrative style. Narratives help to analyse, interpret and make sense of the past (i.e. the field notes that have been accumulated). Narrative analysis is based on the Labov model, as explained above.

Ethnography and narratives also help to understand better the individual unit of analysis as such a level requires a deeper understanding of the behaviour of individual(s) in a particular organisational context.

This research study is based on data collection and analysis of two case studies to discover similarities or differences between internal and external outsourcing.

The two main limitations of ethnography are access and time. Ethnographic studies are very time-consuming as the researcher has to be immersed in the field. The other limitation is access to the information needed. In the financial sector, access to organisations is difficult, and even if there is access inside the organisation, one cannot record all the accessible information, as there are some limits regarding the confidentiality of the data. The main objective of the research is to study the blocks to information-sharing in accounting outsourcing. Two elements are to be examined here, firstly knowledge-sharing within the organisation, and then knowledge-sharing in outsourcing. To study the blocks to knowledge-sharing, simple access to the organisation is not enough. The researcher needs to be part of the community for two reasons:

1. The staff in the office do not deal with outsourcing every minute of every day. The contact made between the staff from head office and outsourcing staff is periodic. It is not a continuous streamlined activity that happens within a normal organisation.
2. Interactions among staff will involve a certain level of technical jargon. Unless the researcher is a person with that sort of technical knowledge, he will not be able to capture the necessary data.

This immersion in the daily life of such organisation will help the researcher to capture critical events (i.e. blocks to knowledge-sharing) when they occur. This is not unusual for ethnographic field work: as discussed above, ethnographers are chiefly interested in data that has meaning; since they will frame the events in a particular way, and the truth is constructed from this perspective.

In terms of the ethicality of the research, permission has been obtained from the organisation, and the issue of non-maleficence has also been discussed above. This research is concerned with studying the patterns, attitudes and behaviour of individuals in an intra-organisational setting. The focus is not on what X or Y is doing as a specific person, but the pattern they are demonstrating as individuals. To quote the philosopher Jiddu Krishnamurti, all human beings in the world are the same in the way of certain similarities. They differ in forms but not in specific similarities.

This chapter has not examined the different paradigms in research. Positivist research is based on causal explanations and relationships, while non-positivists believe that reality is multi-layered and complex and that single phenomena can have multiple interpretations. The positivistic strand often claims that there is a universal truth, but the universal they speak of is based on probability rather than fact. In the case of human behaviour, a universal truth is difficult to conceive. The social constructionists claim that to understand knowledge is to construct it and construct the truth. Social scientists aim to understand process meanings and patterns. This has been described and discussed in detail in Appendix A.

## **CHAPTER 5**

### **FIELDWORK & NARRATIVES**

#### **5.1 INTRODUCTION**

This chapter presents the fieldwork and the analysis of the narratives. The introduction will explain briefly the structure of the head office, the structure of the firm in the outsourcing context, and the way the narratives have been collected and analysed. The head office is the accounts department of ABC Ltd. Its London accounts department consists of a director, a technical manager, managers, senior accountants, and other members with the roles of recently qualified accountants, book-keepers, and one accounts administrator. The accounts department mainly offers the services of book-keeping and accounts preparation to various companies that ABC looks after. The accounts department is a paperless one where only the current year's files are kept in hard copy. Once the work has been completed the file is scanned and a soft copy is put on the intranet. ABC Ltd. uses a sophisticated intranet called D3, which forms part of the Lotus Notes family. The work starts with the creation of an accounts page on D3 by the accounts administrator, who then creates an accounts file on receipt of the documents from the firms. The accounts page is an invaluable tool for the accounts department: apart from indicating when the accounts will become due for filing with the relevant authorities, it also tracks the progress and the location of the accounts file.

The relevant documents are requested from the clients by the accounts administrator, unless they are provided with “full book-keeping and administration” services, in

which case the documents will already be at the office in London. Once the accounting documents are received from a company and the accounts file has been set up, the file gets allocated to an accountant with an estimate of time/cost to completion. The job will be supervised and verified and any necessary amendments will be made before the file is passed to the tax department. Problem-solving and difficult cases are handled by the technical manager with the help of the manager.

The accounts department in London has just set up a subsidiary branch in Switzerland so that they can be based near the client, and there are some basic jobs like book-keeping that they can do. The branch in Switzerland will normally prepare a file and DHL it to London for review. This is called internal outsourcing. At times of strict deadline, the head office normally sends files to independent firms; this is called external outsourcing. Internal outsourcing is an extension of the firm, while external outsourcing is independent from the head office. To understand outsourcing in accounting setting this research has developed an approach to focus on the individual unit of analysis which is different from approaches in the literature which has focussed more on the organisational level. The particularity of accounting outsourcing makes it necessary to focus on the individual rather than the organisation.

The fieldwork, i.e. narratives in the form of conversations or stories collected from the field, is recorded. The narrative is then analysed in a systematical and mechanical form based on the Labov method described in Chapter 4. From the narratives, assumptions will be drawn regarding the meaning of the narrative and its context. In the next step these assumptions are analysed and evaluated. This leads to the explanation of soft terms or terms specific to the context of the firm. In the final step the researcher develops inferences from these evaluations. The narratives analysis

focuses on the individual unit of analysis to develop an understanding of the factors that affect knowledge sharing from the individual point of view rather than the organisational point of view.

The narratives are collected events/stories which will be specific events or critical incidents related to knowledge-sharing. The narratives are meant to present a uniform picture of the problems that stand out in knowledge-sharing. As knowledge-sharing blocks constitute the common denominator, the narratives have been broken into two key components that represent the main blocks to knowledge-sharing based on the fieldwork. The first chunk gathers narratives relating to the concept of power, with knowledge becoming an important component of the new economic environment, of the individual employees. Employees feel the need to preserve what they know, as this is their main asset in a knowledge-based job. The second chunk looks at narratives that relate to trust, as people decide to share or not depending on whether they trust the other parties, and provided sharing does not pose a threat to their competitive advantage.

## **5.2 NARRATIVES ON POWER**

### **5.2.1 (A) FIRST ABSTRACT**

Nadal, a senior accountant in ABC Ltd., went to Isaacs' (his direct line manager's) desk to ask him a question relating to a technical accounting standard. After Nadal had asked the question Isaacs replied:

“If you want to know something, go and read a book, do not use me as a book.”

On other occasions when Nadal would ask Isaacs about technical work issues, as he was his senior in line and the easiest person to ask the question verbally, the answer would be:

“What do you think?”

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Technical accounting standard Information Coefficient: Technical Accounting Information
<b>Job description</b>	Accounting Preparation (Investment Valuation)
<b>Setting</b>	Office (both staff in the office)
<b>Participant</b>	Nadal is a Senior staff member, while Isaacs is his hierarchical Manager
<b>Channel</b>	Conversation type: verbal / informal
<b>Style</b>	Informal

<p><b>What is the key element of the event?</b></p> <p>help</p> <p>refusal</p>	<p>Nadal – request for information or help</p> <p>Isaac – refusal</p> <p>talk – how refusal is articulated:</p> <p>"... don't use me as a book" – direct</p> <p>" What do you think?" etc. – a smirk</p>
--	--

**Can be interpreted as –**

- ironical question
- a trick question
- Show of power
- Reluctance to share

**If the method of communication was different, how would the event take place?**

If the method was different i.e. informal and in writing, as opposed to informal and conversational, it would be done through email. However it could still be done through email but be formal. But this is unlikely to happen between a staff member and his manager. It could happen between junior staff and someone at the top of the hierarchy like a Director.

If the conversation type is formal and email (i.e. variation in the channel) and the participants are different (i.e. junior staff and Director) would there be variation in topic? Certainly, junior staff would not ask a technical question to a director because it would be seen as jumping the queue, i.e. bypassing his manager, and secondly directors are less involved in the technical aspects of the work but more with the commercial aspect (i.e. relationship with clients, fees structure etc.)

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

If Nadal had sent Isaacs an email asking the same questions, Isaacs would reply but there might be less irony for two reasons:

- 1.) It's in writing and he doesn't want to be seen as a bully;
- 2.) It's a bit more difficult to express facial expression and instantaneous emotions through words.

How would the email look is difficult to say, but we can see examples of emails



further on in the chapter.

**What could be an alternative in such an event?**

The alternative could be that Isaac does not refuse Nadal and replies politely, in which case the reason for a polite reply could be that Isaacs is a friend of Nadal.

**Did you observe any such alternatives?**

It has been noted that in groups/clans formed in the office, people within the group or clan tend to be polite and helpful to each other. An example is given in section 5.2.5.

**5.2.1 (B) SECOND ABSTRACT**

Gerrard is a senior staff member in ABC Ltd., but sometimes he seems to lack knowledge on certain technical issues in which he would have been expected to be competent. Given his seniority in the firm, some staff found it incomprehensible that he is not up to standard. At lunch time, Gerrard's incompetence or mishaps would often be a topic of conversation among some staff, in the following manner:

“I am not going to show him. I am not here to train him! He gets enough money to do the work.”

Or

“Where did he get his qualification from?”

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Incompetence of senior staff  Information Coefficient: Technical Accounting Information & General work Information
<b>Job Description</b>	Gerrard's job is to review files prepared by the accountants
<b>Setting</b>	Office (staff in the office)
<b>Participant</b>	Gerrard is a senior member of staff, while the rest of the staff are from the accounting department
<b>Channel</b>	conversation type: verbal / informal
<b>Style</b>	Informal

**What is the key element of the event?**

- Lack of knowledge, competence or experience from Gerrard.
- He is indirectly looking for a helping hand from the other staff.
- Refusal to help from other staff – how refusal is articulated:

"I am not going to show him" – strong refusal

" Where did he get his qualification from" – Sarcasm

**Can be interpreted as –**

- Sarcasm
- Power struggle
- Show of power
- Reluctance to share

**If the method of communication was different, how would the event be?**

If the method of communication was different the event would take place as follows:

- Discussion by e-mails
- Discussion between two staff rather than a few

It is difficult to have an extended conversation by email criticising another colleague because of ethical and legal problems. However there may still be some emails between two staff members criticising another colleague, but these would be limited and not extended conversations by email.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

If staff communicated by email about Gerrard's incompetence, the email would not be circulated to too many people as seen above.

Another method of communication would be a formal complaint to the Manager or Director about Gerrard's incompetence.

An alternative method of communication is to approach Gerrard personally and tell him that they don't think he is competent enough.

**What could be an alternative in such an event?**

As mentioned above a discussion by email would restrict the depth of the conversation and also the number of participants the conversation would involve.

Regarding a formal complaint, it hasn't been witnessed in the research, the reason may be that the staff are not courageous enough to make a formal complaint. This will lead obviously to a direct confrontation between the staff and Gerrard.

**Did you observe any such alternatives?**

We have witnessed staff communicating by email criticising other staff but as mentioned above this is not common for obvious reasons, i.e. legal and ethical reasons.

We haven't seen staff making a formal complaint? Why?

Most certainly they wouldn't want a direct confrontation with Gerrard.

How did staff behave when they were talking to Gerrard?

There was a slight irritation when staff would have conversations with Gerrard but nothing major as direct confrontation.

Would it be possible for staff to confront Gerrard on his incompetence?

It is certainly a possibility, but such an event wasn't noticed.

### 5.2.1 (C) THIRD ABSTRACT

Returning to Nadal, a senior accountant at ABC Ltd., and Isaacs, his line manager.

Nadal had a review point from Isaacs, on one of the files he wrote as follows:

“Where is form 54Z [fictitious]?”

Nadal had not heard of it and he asked other people working in the accounting department, but they had no idea what it meant. Luckily Nadal asked Marc from the legal team what form 54Z stood for, and he was told that it is a form that is sent to Companies House when a company is applying for dissolution.

Nadal had prepared a financial statement which was in dissolution and he had put the following: *“The directors had applied for the company to be dissolved”* What Isaacs wanted to say, was if you send form 54Z, then you **have actually applied** for the dissolution, but if you have not sent form 54Z then you **intend to apply** for dissolution.

Two ways of saying the same thing:

- Where is form 54Z?
- If the company has not send form 54Z, you should put “The directors intend to apply for the company to be dissolved” rather than “had applied”.

LABOV ANALYSIS	
<b>Topic</b>	Statutory information Statutory Legal Information
<b>Job Description</b>	Accounts Preparation (Cessation Accounts)

<b>Setting</b>	Staff in the offices
<b>Participant</b>	Nadal is a senior accountant while Isaacs is his hierarchical Manager. Marc is a staff member in a different department (the legal department).
<b>Channel</b>	Written communication – Isaacs passed on the message through Nadal by writing on his file passed for review.  Conversation type: written
<b>Style</b>	Formal

<b>What is the key element of the event?</b>	<p>Nadal – gave Isaacs file to review</p> <p>Isaac – came back with a review point</p> <ul style="list-style-type: none"> <li>– Review point unclear</li> <li>– “Where is form 54Z”</li> <li>– direct question without explanation</li> <li>– Challenging Nadal’s knowledge</li> </ul>
<b>Can be interpreted as –</b>	<ul style="list-style-type: none"> <li>– Nadal testing the knowledge of Isaacs</li> <li>– Nadal wanting to be difficult to Isaacs</li> <li>– Show of power</li> <li>– Reluctance to share</li> </ul>
<b>If the method of communication was different, how would the event take place?</b>	<p>If the method of communication was different it would be verbal and informal. In</p>

such a case Isaacs would come up to Nadal after having reviewed the file and tell

Nadal verbally:

Isaacs: “Hi Nadal have you checked whether we have filed form 54Z?”

Nadal: “What is form 54Z?”

Isaacs: “Form 54Z is the form to be filed when you apply for a company to dissolve.”

Nadal: “Oh ok, but how does it affect the accounts?”

Isaacs: “If a company has filed form 54Z it means that the company has applied for dissolution, thus in the accounts you should disclose that the company ‘Has applied’, otherwise ‘The company intends to apply’.”

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

If Isaacs went to Nadal to explain his query, it would be a face-to-face conversation and the query could be replied to in a spontaneous way. This would have been a quicker way to resolve the issue and Nadal wouldn’t have to search for an answer.

**What could an be alternative in such an event?**

The alternative would be a face-to-face conversation as mentioned above.

**Did you observe any such alternatives?**

Yes it happens that people have face-to-face conversation about a query.

## 5.2.2 POWER FIRST ASSUMPTION

### ASSUMPTION 1:

The show of power in the above context assumes that people are not willing to share **because they think that knowledge is their power in this competitive world?**

*“If you want to know something, go and read a book, do not use me as a book”*

### EVALUATION 1:

Power is an intangible concept which can manifest itself in different forms and in different contexts. The locus of power is not static but can move from one place/person easily. Today Nadal might feel very powerful because he has more knowledge on a specific subject, but in different circumstances it might be Fabienne who feels more powerful because she has more knowledge on a different subject. This change of the power locus shows that knowledge resides first within the individual before being considered and used as company knowledge. What creates the sense that knowledge is an individual asset rather than a company asset? In the context of this study the locus of power can be assumed to be synonymous with the knowledge possessed by different individuals or group of individuals. In this context the work in the accounting firm studied is individualistic in nature, as this is an accounting firm and not an audit firm. There is very little teamwork among the staff within the working environment. The normal procedure is that the manager will receive a file from the client and he will pass it to a staff member. The member of staff will prepare the accounts and then return the file to the manager to check and to finalise the work. During the course of checking, the file might go back to the staff for correction or queries. In the process of review and checking of work, it may not be the manager who reviews files, but senior staff members (i.e. a senior accountant).



Working in an individualistic way can make staff create their own perception of concepts, standards and working methods. The lack of group dynamics can create power clusters in individuals. In group work (e.g. an engineering team constructing a boat) there will be meetings to discuss and constantly share information or knowledge that ultimately belongs to the group, even though different individuals have contributed their own specialities.

However no such group work has been seen in the context of the study as explained above, because the structure is such that each employee does his/her own work and then passes it up the chain to be checked. Although it can be argued that the chain of accounts production is a type of group work in itself, knowledge is not shared on a team basis: rather it is passed onto other staff just for completion of the work.

Within the interactions that take place when reviewing and finalising a job, it is quite natural that there is feedback. When the accounts preparer gets feedback, there can be a tendency in some cases to take the feedback as a personal criticism towards their own work.

Here is an example of a conversation between Nadal, a senior accountant at ABC Ltd., and Ilona, a junior member of staff:

Nadal has reviewed Ilona's file and he passed on his queries about Ilona's method of work.

Ilona: "Hi Nadal, I don't understand your query, I have worked here for the past 10 years and this is the way I have always done things".

Nadal: “I am not saying that what you have done is wrong, but I am advising you on the proper way of doing it.”

Iлона: “Well I am going to check it with Kiran our technical manager.”

Iлона went to speak to the technical manager for half an hour and came back to Nadal.

Iлона: “I don’t agree with this method, but I will do the corrections as per your request.”

- Nadal and Iлона are supposed to work in the same team
- Clash regarding an amendment to an account
- Each thinks their knowledge is the right one
- Individualistic knowledge v/s group knowledge

The important aspect of this example is the Iлона’s refusal to accept Nadal’s corrections (i.e. an attempt to share his knowledge).

Why did Iлона dismiss Nadal’s review point?

As discussed earlier, in a firm where employees work on their own, there is often the tendency for staff to create their own perception of concepts, terms and accounting treatment.

Is there any case where the junior accountant will accept their manager’s corrections?

In most cases yes, they will.

Can this be interpreted as a lack of authority from Nadal?

Yes, it can be interpreted as a lack authority from Nadal.

In one sense Ilona doesn't want to follow Nadal's instruction. But accounting is knowledge work, sometimes a senior might give an instruction and it might be not right because they don't have all the information about the file. This is not a question of administrative authority but of knowledge authority.

How can this lack of knowledge authority be explained?

From the above narrative, it is obvious that there is a lack of team work and belongingness to a team and a group. Here are some examples:

Isaacs' refusal to share knowledge with Nadal:

"If you want to know something, go and read a book, do not use me as a book."

There is reluctance of staff to share their knowledge with Gerrard, even though he works in the same organisation.

Refusal of Nadal to share knowledge with Isaacs regarding the form 54Z.

This corroborates the assumption that accounting work in the context studied is individualistic.

### **RESOLUTION 1:**

Accounting, being an individualistic task as shown above, creates and promotes the use of knowledge as a power commodity. This can be applied both ways as seen in Isaacs refusing to share with Nadal and Ilona refusing to accept Nadal's knowledge-sharing. Knowledge in accounting tends to be a very specific source of challenge to the administrative and bureaucratic authority.

### **5.2.3 POWER SECOND ASSUMPTION**

#### **ASSUMPTION 2:**

Does individualism give rise to the use of knowledge as a power commodity?

## **EVALUATION 2:**

In the previous analysis the individualistic environment in which the actors in this study operate was interpreted. The intention in this evaluation is to examine how this individualistic behaviour promotes the concept of power as a barrier to knowledge-sharing.

The characteristics of individualistic behaviour are:

- Working on a file on their own with a view of one person per task. In most of the narrative seen above, each individual works independently.
- The responsibility to finish the file/work lies with the individual doing the work. This means they take the praise and the criticisms.
- Consultation among staff is difficult sometimes because of time pressure on each individual to finish his/her work within a certain timeframe/budget, to complete a file.
- The environment being studied focuses more on a job process to deliver the work at the end of the line. Within the process everyone has a part to play, the environment is task-driven rather than quality-driven. What is more important is that the work gets done rather than having team briefings to check the quality of the work.

Consider the conversation between Nadal and Isaacs in the narrative above:

“If you want to know something, go and read a book, do not use me as a book”

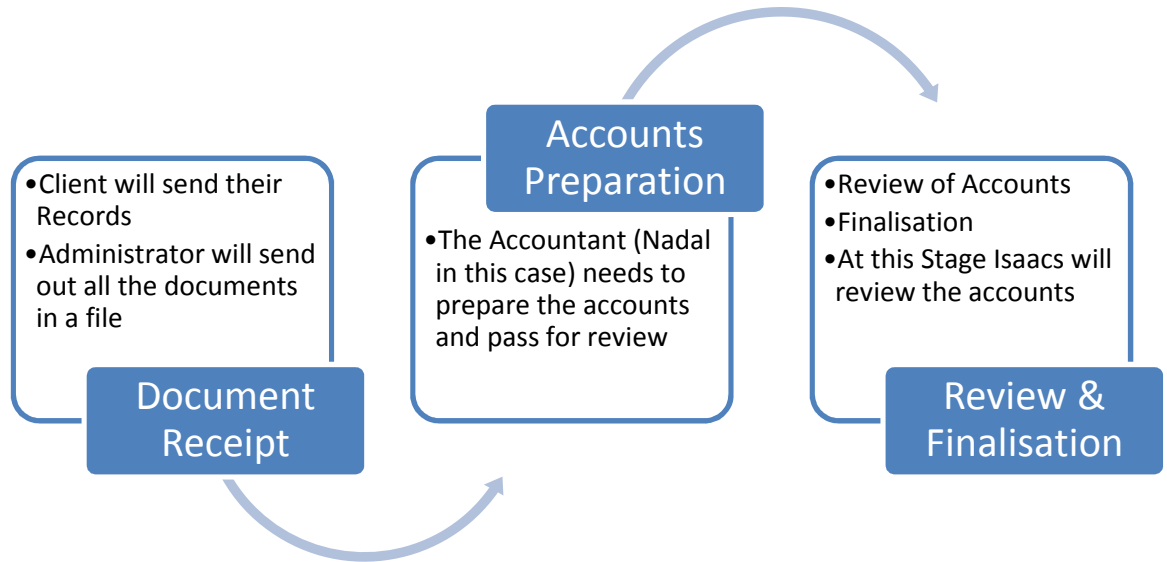
The next point of enquiry is as to whether this could fit the individualistic criteria being discussed:

Although Isaacs is Nadal's line manager, he is refusing to help Nadal on a query?

It is not Nadal's job to complete the file and solve all problems before passing it to Isaacs as Isaacs will have to review the file anyway before it is finalised.

As an ethnographer the above behaviour of Issacs can be interpreted as individualistic in nature.

The table below describes the flow of the work process:



- Although Isaacs is Nadal's line Manager and is expected to help to finalise the work, he is refusing to step in at the stage of accounts preparation to help Nadal. This supports the statement that each individual has a responsibility for his/her own work.
- Another important aspect is that maybe Isaacs has his own pressures regarding the time allocated for his work, and is unable to take time at this stage to help Nadal.

Other examples:

This is a conversation between Jerome (a senior accountant in ABC Ltd.'s London office) and Nadal (also a senior accountant in ABC Ltd.). Jerome is responsible for reviewing a file prepared by staff in the Switzerland office.

Jerome: “I cannot believe the amount of mistakes the outsourcing people make, I am sure we would have produced better quality work and in less time, which would have been more cost-efficient for the firm.”

In the examples above and the discussion between Nadal and Isaacs, there is always the mention of the word “I” as an individual in the firm. But in the two recent examples we have seen the conversation focussed more on “We” as a firm.

Are there any circumstances that a staff member in London will refer to himself as an individual when speaking of the outsourcing work?

The outsourcing work process is as follows:

The London firm receives documents from clients for accounts preparation. Depending on the amount of work, the London office will allocate jobs to internal outsourcing (the Switzerland office) and external outsourcing.

The outsourcing entities will prepare the accounts and return the file to London for it to be reviewed. In the London office either a supervisor or manager will review the file and send any corrections back. The supervisors or managers are not directly involved in the preparation of accounts (i.e. the stage at which outsourcing is dealing with the work). When they refer to “We” they are referring to the London office and staff.

The problem seen here is that when staff interact internally they use the term “I” and refer to themselves as individuals within the company. But when they deal with outsourcing they refer to themselves as “We” treating the company as one entity. When staff in ABC Ltd. deal with outsourcing they have a common denominator which is ABC Ltd. E.g. if two French individuals are talking in Paris they would refer

to themselves as individuals, but if both individuals come to London, one can most probably hear talk of “we French” or “our French cuisine”.

Can this company identity (“We”) be classified as some sort of individuality?

What is peculiar to this situation is that when staff are interacting within the London office they do not have this strong sense of identity. But as soon as outsourcing comes into play they talk of “We” and show a sense of identity.

Is there a common denominator between the two sources of identity: the “I” and the “We”?

When staff use the word “I” it is implicit that they are referring to themselves, while when they use the word “We” they are referring to the group to which they belong. The thing in common between the “I” and “We” is that they both work for the same organisation. When staff talk of “We” are they thinking about their own interest first? When staff talks of “We”, they are looking principally at their own interest. Even though this is an observational comment, the mention of “We” refers to a group of people and if this group is affected the individual forming the group will risk being affected. If this assumption is accepted, then even when staff are talking about “We” they have got their personal interest in mind.

In both situations there is an element of individualism. This selfish and individualistic behaviour can be accounted for as follows:

- The people seen above work in a very individualistic environment without team interaction.
- They fear job loss in this competitive environment.
- A more subjective reason might be personal ego.



How do staff express this individualism in the environment under study?

Individualism is expressed by the behaviour of the different actors.

“If you want to know something go and read a book”

What is the vehicle of this behaviour?

The vehicle of this behaviour is the knowledge that they possess.

### **RESOLUTION 2:**

The evaluation notes that individualism is not only present in the office but can also be present in the outsourcing relationship, as individuals want to look after their own interest. The environment that has been studied promotes individualistic behaviour. This behaviour takes the form of a power exercise on knowledge flow. Knowledge itself is the vehicle of this power exercise and the characteristic of this knowledge is very decisive.

## **5.2.4 POWER THIRD ASSUMPTION**

### **ASSUMPTION 3:**

Does this specificity of knowledge create this power and authority of the knowledge we have acquired and owned?

### **EVALUATION 3:**

What is specificity of knowledge?

Knowledge can be acquired from the job through two means, namely formal training and practical knowledge. Each accountant will have an amount of explicit knowledge from their study, but also an amount of tacit knowledge acquired on the job which is specific to the job.

When people have formal training they study a wide spectrum of subjects: different accounting standards, taxation, management, commercial law, etc. After their formal training, they will specialise in specific industries.

Working in the accounting department of Tesco might be very different from working in the accounting department of British Airways. When an accountant works in a specific industry or a firm, there is a certain amount of tacit knowledge that he will acquire, there are specific accounting standards, and specific treatment of certain accounting issues and interpretation of the accountancy standards.

### **Conversation between Isaacs, Jerome and Kiran**

Isaacs, a manager at ABC Ltd., was reviewing one of the files that Jerome, a junior accountant, had prepared, and had a review point as follows:

“We need to hedge the investment”.

(Hedging is a process done by firms that have transactions in foreign currencies, where they seek to minimise the loss. There is a financial side for the transactions, as well as an accounting side, that needs to be properly accounted as per the accounting standards.)

Jerome who had started working for the firm about a year ago, could not understand and went to Isaacs asking for more details about the treatment. Isaacs gave him a few notes to read; however after reading the notes Jerome could still not understand how to hedge the investment and account for it. Jerome was worried that he could not understand something which Isaacs maintained was so simple. After studying for the accountancy professional exams and having worked for a number of years he could not still grasp this technical aspect that Isaacs was explaining. So Jerome decided to go and see Kiran, a senior technical manager, to ask for clarification about this technical aspect. After listening to Jerome’s query, Kiran explained that the normal procedure when any exchange gain arises is to transfer it to the profit and loss. However the accountancy standards stipulate that foreign exchange gain arising on non-monetary items cannot be offset in the profit and loss, but has to go in a special

reserve in the balance sheet. ABC Ltd. has a lot of clients who use multiple currencies in their accounts. The problem with exchange gains in the profit and loss is that when there is a profit arising on the exchange difference it will be subject to tax. So ABC Ltd. has developed a method for minimising exchange gain arising on investments. The gain arising on monetary items which has been used to finance a monetary item will be offset by losses arising on the non-monetary item. But only by the amount that has been used to finance the monetary item.

This complex process is very specific to ABC Ltd., and Jerome would not naturally master this process unless someone explained it to him in detail. There are other examples, such as the above where Isaacs asked Nadal for form 54Z, and this knowledge was not very explicit and available.

The different characteristics of this knowledge appear to be:

- This knowledge can be gained only by a large amount of formal study.
- Accounting knowledge can vary according to the respective industry.
- The technical knowledge can vary according to the firm's policies and interpretation of the standard.

### **RESOLUTION 3:**

Knowledge is very specific to the organisation. Employees who master that specific knowledge can have an edge over their colleague, or see themselves as having an edge. This specificity of knowledge is the driving force behind the show of power-behaviour of employees towards their colleagues.

## **5.2.5 POWER FOURTH ASSUMPTION**

### **ASSUMPTION 4:**

Does the structure of the organisation influence the power behaviour?

### **EVALUATION 4:**

The aim of this assumption is to evaluate the components of the organisational structure that can influence the power behaviour of the employees. As understood from the above study, power does not have a specific locus. One day Mr A can feel very powerful, while on another day the same Mr A can be in a threatened position.

Threat can be defined as a situation where the person believes that if he shares knowledge, he will be at a disadvantage. From the perspective of the utility of the knowledge a person could not be worse off when he shares knowledge, but the person might feel that his/her competitive advantage has been eroded.

Consider Scenario 2(a): Michela could definitely not be worse by sharing the knowledge with Gerrard, as she would not be losing the knowledge by sharing it! But there could be the notion that Gerrard would be better off, or that she would be enhancing Gerrard's knowledge and not her own.

That threat is felt as individuals want to protect their competitiveness. This feeling of threat can be associated to the fact that accounting is an individualistic profession and knowledge possessed by an accountant is that individual's asset within the profession.

Is there any situation where this person will share?

In the office there are people who share a specific language, culture, dress code or nationality. This group of people who share similarities will form little clusters which we can call Clans.

In the office Ryan, Etienne and Cesc share the same native language as they come from the same region, and they eat together for lunch: Clan 1. Similarly Jerrome, Kiran, and Nadal share the same native language: Clan 2. Quite often people are comfortable about sharing information within their group.

Consider this conversation between Kiran and Nadal:

Kiran says to Nadal, “You should not share with Clan 1, as they will start showing off once they have been trained properly”.

Clan 1 being more junior than Clan 2, Kiran believes that sharing knowledge with Clan 1 will constitute a threat. But he will be comfortable about sharing knowledge within his Clan 2, and will not see it as a threat. People tend to create groups and clans, and the mapping of knowledge moves not only from individuals to individuals, but rather from groups to groups. Each group wants to protect its territory.

#### **RESOLUTION 4:**

The lessons that come out of the above discussion are that the nature of the accounting job is very individualistic, and also clans try to protect territorial advantage.

## 5.2.6 POWER NARRATIVES SUMMARY

- Knowledge is the major asset
- Work is individualistic
- Paradox of value: people think that not sharing knowledge preserves their competitive advantage
- Criticism leading to a show of power
- Sense of belonging to a specific group or clan
- Specificity of knowledge

All these blocks identified in the head office situation might also be present in an outsourcing situation. There are some factors which will be less important and some which will be more important in the different types of outsourcing situations.

### ***Internal outsourcing:***

This type of outsourcing will share similar characteristics to the head office in terms of how power acts as a block in sharing knowledge. The work will be individualistic and people will still have the feeling that not sharing knowledge can increase their competitive advantage.

In terms of criticism leading to a show of power, this will happen as it is the same setting as the head office, but as mentioned previously, the fact that the two offices are separated by distance means the aspect of instant communication will not be there. So people will take more time or might not respond to criticism in the same way as in an instant situation. The aspect that would be more important in an internal outsourcing situation is the fact that people perceive two groups: staff will think in

terms of the office in Lugano and the office in London. This has important ramifications when the office in London will share knowledge with the office in Lugano. Staff will not see it as A sharing knowledge with Z, but A (London office) sharing knowledge with Z (Lugano). The exercise of power will move beyond an individual interaction, to an interaction between two different groups and different offices.

During a meeting on a Monday morning a manager has convened a staff meeting:

He said: “You have to complete your job within a specific budget.”

Someone asked: “Why?”

He replied: “You are against outsourcing and outsourcing is cheaper.”

There is a sense of you and me, not us as an office. This brings into play all the micro-factors that will block the sharing of knowledge from a micro-perspective.

### **External Outsourcing:**

External outsourcing is a market transaction, where work is given to an external firm and they are supposed to complete and return. There is not much interaction between the head office and the external outsourcer because they do not feel there is any need to share any knowledge or information. The whole rationale behind hiring another firm is because it is taken for granted that the other firm has got the same knowledge and the work can be performed without any problem. The main blocks relate to the specificity of knowledge. Each firm has a way of working, preparing the file and also working with specific structure.

## **5.3 NARRATIVES ON TRUST RELATIONSHIP**

### **5.3.1 (A) FOURTH ABSTRACT**

One Monday morning the accounts department had a meeting and the manager started to explain the new policies of the office and said that from now on, we will have less time to spend on a job budget.

Somebody in the meeting asked “Why?”

“Outsourcing is a lot cheaper, you are against outsourcing!”

Following this, the accounts team started to get irritated by outsourcing.

Conversation between Nadal, a senior accountant in ABC Ltd., and Jerome, also senior accountant in ABC Ltd.:

Jerome: “Nadal, what do you think of the outsourcing jobs?”

Nadal: “I don’t know why they are outsourcing, we could have done the work in our overtime hours.”

Jerome: “I agree, and these people are not even qualified accountants.”

The decision to opt for outsourcing is usually made independently of the head office accounting department. Quite often the decision made by the management on the strategy of outsourcing is not known to other staff:

E.g., sometimes an email will be circulated like this: “We welcome Ms X who has joined our accounting department in Switzerland”.

This decision is made without consultation with the head office but independently of the head office.

Consider the conversation between Jerome, a senior accountant at ABC, Nadal a senior accountant at ABC, and Kiran, a senior manager at ABC. Jerome was looking



for some work, so he went to his manager Kiran’s desk to pick up a file to start working on.

Kiran said: “Don’t take that file, it’s for the Lugano office, they are responsible for all book-keeping jobs now.”

Jerome looked surprised, he came to discuss with Nadal. Jerome said to Nadal : “Did you know that all book-keeping files are being prepared by the Switzerland office?”

Nadal: “Oh, I did not know that, that’s a bit scary if they start moving all jobs to the Switzerland office.”

Jerome: “We don’t know what their strategy is.”

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Job Process & Strategy of the Firm Information coefficient: Company strategy
<b>Job description</b>	Departmental Meeting
<b>Setting</b>	Office
<b>Participant</b>	Manager & Senior Accountants
<b>Channel</b>	Group Discussions / Personal discussions

**What is the key element of the event?**

- Group meeting of the department
- Announcement that the budget in the department will be restricted
- Reason for this is outsourcing competition

– Information on company strategy not communicated to staff

**Can be interpreted as**

- Uncertainty over company strategy
- Mistrust of company management
- Frustration

**If the method of communication was different, how would the event take place?**

If the method was different the conversation would have taken place by email or there would be a formal update from management to clarify the situation.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Communication directly from management in an informal communicative structure.

**What could an alternative be in such an event?**

A meeting of management with the staff explaining the strategy of the company, and answering any questions so that staff do not feel their jobs are threatened.

**Did you observe any such alternatives?**

Yes, in one of the team meeting, one director mentioned briefly:

“As you know we have opened an office in Switzerland, but this doesn’t mean we will move our accounting department there”. This in fact I remember created more doubts in people’s minds.

Why did it create doubt?

The comment by the director came a long time after the event happened, there was the perception that this was said to try to calm the already agitated minds of the staff.

### **5.3.1 (B) FIFTH ABSTRACT**

Milos, a manager, and Velko, a junior accountant, who work for an external outsourcing company, came to spend two days in the London office to learn about the work we do and the type of client we have. Nadal, a senior accountant, was trying to explain to Milos and Velko about how the London office can work together with them in order to minimise mistakes and better share information. Kiran, a senior manager at ABC Ltd., asked Nadal how the training was going, and Nadal explained that he was working with Milos and Velko to design a communication system which will make working with outsourcing easier.

Kiran said to Nadal: “We are not interested in the procedures of how to work with them, what we are interested is for them to know what work to do and how to do it quickly.”

Jerome, a senior accountant, was reviewing a file which came from our office in Switzerland, but he could not understand the sales figure. He decided to email to Fabienne, a junior accountant in the Switzerland office, for an explanation.

“Dear Fabienne,

Hope you are well.

I am currently reviewing the file of ABC LTD which you have prepared and I have noticed that the sales figure is £200,000.

How did you come to that figure?

Do you have an agreement from the client?

Thanks & Regards

Jerome”

A bit later Jerome was surprised when Kiran (his manager) came to him and said that he should try to be more diplomatic in his approach as outsourcing staff might get a bit sensitive.

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Outsourcing procedures / Communicating with outsourcing Information coefficient: Outsourcing work procedures
<b>Job Description</b>	Meeting with outsourcing Sales Reconciliation/auditing of sales invoice
<b>Setting</b>	Office / Distance setting of outsourcing
<b>Participant</b>	Jerome – Senior accountant, Kiran – Manager Milos and Velko – External outsourcing Fabienne – Internal outsourcing
<b>Channel</b>	Face to face conversation Email conversation

**What is the key element of the event?**

- Nadal trying to talk to external outsourcing staff to design an effective communication system for working
- Kiran the manager thinks it is not important
- Jerome sends an email to external outsourcing staff to ask for more information on a particular file
- Kiran told Jerome to try to be more diplomatic in the conversation

**Can be interpreted as**

- Reluctance of management to try to have a method of working effectively with outsourcing (this may be explained by cost and time to do this)
- Communication by email taken in wrong way (this can be interpreted by the staff trying to communicate in the same way they use to communicate inside the head office but through a different medium of communication)

**If the method of communication was different, how would the event take place?**

If the method of communication was different, we would assume Kiran might send an email to Nadal with reference to the training of Milos and Velko or have a formal meeting with Nadal to explain his fault. But this would be seen as a formal communication and would appear more severe in terms of communication.

If the communication method was different between Jerome and Fabienne this would have taken place face to face, but this is an outsourcing situation and face to face communication is very difficult. Another method of communication is telephonic conversation, but this method also has its limitations.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Yes, as mentioned above, in the first case there could be a formal meeting and in the second situation there could be a face to face meeting which is impossible, given the circumstances of a telephone conversation.

**What could an alternative be in such an event?**

Kiran having a formal meeting with Nadal to warn him that he should concentrate on how to work with outsourcing by just showing them how the job should be done. This would only aggravate the problem between the head office and outsourcing, and create more antagonism between them.

A face-to-face meeting between Jerome and Fabienne is impossible; however a telephone conversation is possible and perhaps the tone of voice and introduction of the conversation could appease any tension, for example:

Jerome: “ Hi Fabienne, how are you?”

Fabienne “Hi Jerome! I am very well, thank you.”

A verbal communication could have eased the situation and prevented any miscommunication.

**Did you observe any such alternatives?**

In the first situation, no, there isn't any formal meeting to discuss outsourcing.

In the second situation, occasionally there is conversation by phone between staff from head office and outsourcing, but this cannot be done all the time as things need to be put in written form.

### 5.3.1 ( C ) SIXTH ABSTRACT

Jerome, a senior accountant at ABC Ltd., is the staff member who normally reviews all the internal outsourcing files. So normally all the outsourcing files coming from Switzerland will be directed to him. Jerome was on holiday and Nadal, another senior accountant, was responsible for reviewing the outsourcing files. Nadal reviewed one file and send the review points to Fabienne, a junior accountant in the Switzerland, office by email. Fabienne replied back by email, saying that she will not correct the review points:

“I don’t agree with your review point, because when Jerome normally reviews my files he doesn’t have a problem with these issues.”

Nadal encountered the difficult task of convincing her that the review point was a valid point and that Jerome may have missed this issue or seen it from a different angle.

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Accounting problem Information coefficient: Technical Accounting Problem
<b>Job description</b>	Accounts review (Issues with Tax reconciliation)

<b>Setting</b>	Office / Distance setting of outsourcing
<b>Participant</b>	Jerome – Senior accountant, Nadal – Senior accountant Fabienne – Junior accountant, Internal outsourcing
<b>Channel</b>	Email conversation

**What is the key element of the event?**

- Nadal sending review point to Fabienne to correct her accounts.
- Fabienne doesn't agree as she did not have the same review point under Jerome.

**Can be interpreted as**

- Mistrust in Nadal's review point.
- Confrontation between Nadal's point of view and Jerome's point of view.
- Difficulty in co-operation.

**If the method of communication was different, how would the event take place?**

If the method was different it would be face-to-face or telephone conversation. Face-to-face conversation is difficult/not possible in this context as it is outsourcing.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Yes, face-to-face communication would have made it different.



**What could an alternative be in such an event?**

Nadal sitting down with Fabienne to explain the problem, this would have made it easier to explain. One difference between the head office and outsourcing is that in the head office, junior staff deal with different senior accountants, while in outsourcing they normally have one senior accountant assigned to them.

**Did you observe any such alternatives?**

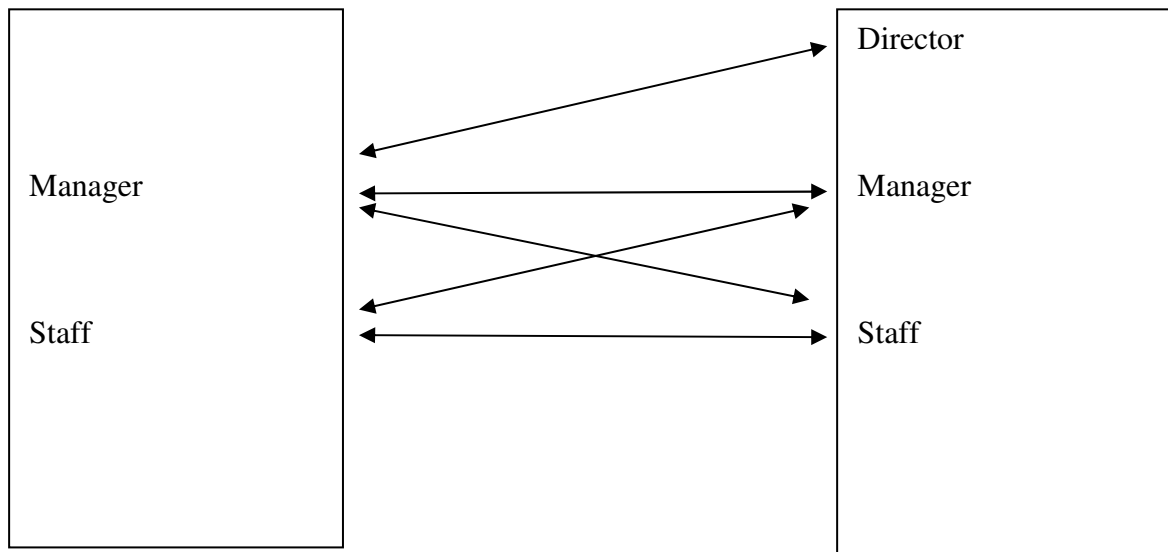
No, because of the distance it is not possible.

**5.3.1 (D) SEVENTH ABSTRACT SCENARIO ONE**

The relationship and pattern of communication is important in this study:

**Outsourcing**

**Head Office**



**Scenario 1**

**Email from Head office staff to Outsourcing staff**

Email from Nadal, a senior accountant at ABC Ltd., to David, a junior accountant at the external outsourcing firm:

**From:** [Nadal@abc.com](mailto:Nadal@abc.com)

**To:** [david@outsourcing.com](mailto:david@outsourcing.com), [Jerome@outsourcing.com](mailto:Jerome@outsourcing.com)

**Subject:** Torpedo Ltd

Hi David,

Can you please ask Jerome to get back to me on the email below. Just in case his email is not working.

The accounts is ok, just want to get done quickly with it. I will do the changes.

Many Thanks

David

.....Original message....

From: Nadal@abc.com

To: [david@outsourcing.com](mailto:david@outsourcing.com)

Subject: Torpedo Limited

Hi Jerome,

I am currently reviewing the accounts of the above named company for the year ended 31.12.2006.

You made some journal entry regarding commission receivable. Could you please clarify Journal 15,16, 17 and 18.

I get the impression that commission calculation is correct although they haven't send all the supporting docs. Also please check the comparatives figure as per last year signed accounts.

Otherwise the accounts look fine.

Many Thanks

Nadal

**Reply from David (Junior Staff) outsourcing staff to head office staff ( Senior staff)**

From: [david@outsourcing.com](mailto:david@outsourcing.com)

To: [nadal@abc.com](mailto:nadal@abc.com)

CC: [Jerome@outsourcing.com](mailto:Jerome@outsourcing.com)

Subject: Torpedo Ltd

Good Morning Nadal,

Yes, we looked into the last years account. Jerome has simply checked that the list of invoices they calculated on commission. You will notice that some items on the

calculation have typographical errors on the numbers and missing invoices. That is the only thing that Jerome corrected on the commission calculation. She wrote down on the client's calculation sheet the items she corrected.

If we misunderstood, could you please advise?

Thanks

Have a nice day

### LABOV ANALYSIS

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Accounting problem Technical Accounting problem
<b>Job description</b>	Accounts review ( Journal adjustments)
<b>Setting</b>	Office / Distance setting of outsourcing
<b>Participant</b>	Jerome – Senior accountant, Nadal – Senior accountant David – Junior accountant External outsourcing
<b>Channel</b>	Email conversation

**What is the key element of the event?**

- Nadal chasing external outsourcing staff Jerome on review point already sent to him.
- Email conversation between Nadal and external outsourcing staff.

**Can be interpreted as**

- Form of conversation between a staff member from head office to a staff in outsourcing.
- Conversation relaxed and friendly.
- Conversation is on work matter.

**If the method of communication was different, how would the event take place?**

If the method was different this different the communication would have taken place face-to-face, which is not possible in this situation.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Yes, the communication might be different depending on the actor making the communication, i.e. their role in the hierarchy of the organisation.

**What could an alternative be in such an event?**

An alternative will be analysed in the other scenarios.

**Did you observe any such alternatives?**

Yes.

### 5.3.1 (E) SEVENTH ABSTRACT SCENARIO TWO

#### Scenario

#### Email from Outsourcing Manager to head office staff Nadal.

The conversation takes place between the outsourcing firm manager and Nadal, a senior accountant at ABC Ltd.

From: [manager@outsourcing.com](mailto:manager@outsourcing.com)

To: [Nadal@abc.com](mailto:Nadal@abc.com)

CC: Manager @abc.com

Dear ABC,

Please note that in the second batch we have sent 5 files by TNT tracking numbers 5555555 and 7777777777 respectively.

1. Arsenal
2. Highbury
3. Caledonian
4. Drury
5. Valmet

For the remaining 3 file (see below) we need some information as requested in email sent yesterday.

I would like to make a few comments on some previous files:

- a) For Veret Ltd, the file that has caused some issue we have sent the basis (client BS) with which we did these accounts and are waiting for your reply.
- b) Vikram asked for help a few times on how to go about breaking down in the balance sheet creditors > 1 year for the file Tandem Ltd. We are not in a position to work in this as we do not have the creditors > 1 year break-down in the 2005 accounts.

In order to be able to work towards your satisfaction we would appreciate your guidance when we face issues as described above.

Thanks for your support and regards

Manager

**Reply from outsourcing staff Nadal (senior accountant at head Office) to outsourcing Manager**

From: [Nadal@abc.com](mailto:Nadal@abc.com) <mailto:manager@outsourcing.com>

To: [manager@outsourcing.com](mailto:manager@outsourcing.com)

CC: Manager @abc.com

Dear Manager,

Thank you for your email.

(A) We have dealt with Veret Ltd , it was easier that way. The client TB clearly defined Investment and loan, but this was posted as bank, even though:

- There was no bank last year;
- No bank statement existed as this was not a bank balance but an investment.

(B) The problem with Tandem Ltd is not a break-down of creditors:

- Client TB wrongly inputted?;
- No section for investment in the file?;
- Missing Investment note in the accounts?;
- Participating interest Disclosures?.

(I am dealing with it)

You mention 3 files, but I can see only two as per your email

Jesbury

- Bal B/F Wrong?;
- Disposal of Car not accounted?;
- Depreciation not accounted?.



We sent you the TB Regarding this company

( I am dealing with it)

Although I understand that there are technical issues like hedging in Veret Ltd which you would not have been able to do, but balance b/f, classifications of additions and disposals, disclosures for investments, depreciation and profit/loss on disposal are quite simple to master and is not knowledge specific to ABC Ltd.

Please take this on board and should be picked-up when checking the file.

If you have any queries, let me know.

Many Thanks

Nadal.

### LABOV ANALYSIS

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Work Process Information Coefficient: Technical work information
<b>Job description</b>	Accounts review

<b>Setting</b>	Office / Distance setting of outsourcing
<b>Participant</b>	Nadal – Senior accountant Manager – External conversation
<b>Channel</b>	Email conversation

**What is the key element of the event?**

- Manager of external outsourcing writing to Nadal to explain outsourcing issues with the files;
- Nadal replying to the email of the outsourcing manager;

**Can be interpreted as**

- Form of conversation between a staff member from head office to a manager in outsourcing.
- Conversation formal and tense.
- Conversation is on work matter.

**If the method of communication was different, how would the event take place?**

If the method was different this communication would have taken place face-to-face, which is not possible in this situation.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Yes, the communication might be different depending on the actor making the communication, i.e. their role in the hierarchy of the organisation. This has also been observed in the communication between Nadal and a staff in the outsourcing company (Scenario 1).

**What could an alternative in such an event?**

An alternative will be analysed in the other scenarios.

**Did you observe any such alternatives?**

Yes.

### 5.3.1 (F) SEVENTH ABSTRACT SCENARIO THREE

#### Scenario 3

##### Conversation between manager and manager

*Paola, a manager in the internal outsourcing branch, is having a conversation with Ismael, a director in the head office, making a requisition about the working system.*

The head office has a system where the status of the work is updated at every stage;

Paola came to complain to the director about the work-in-progress system.

Paola : “Hi Ismael, we are having a problem in our office in Switzerland because we cannot follow-up on work we have started.”

Ismael: “Ok, I will speak to Kiran; then I will come back to you.”

Paola: “Yes that would be great and if we could design a system that would track down the work in progress of the job we are doing.”

*Ismael, as director of the head office, takes this request to the technical manager of the accounts department, Kiran.*

Conversation between Ismael and Kiran

Ismael: “Hi Kiran, I just had Paola of Switzerland branch in the office and she is asking whether we can devise a system where her office can track the work they are doing.”

Kiran: “We already have a sophisticated system where jobs, even outsourced, are updated at each stage of the work-in-progress, I don’t really understand the nature of the query. Also Paola is responsible for the Switzerland office but not the accounting work. The accounting staff are accountable to us for the accounting work and responsible to her in terms of HR.”

Ismael: “Yes you are right, maybe because she doesn’t deal with the accounting work, she is not aware of the software that tracks work-in-progress”.

<b>LABOV ANALYSIS</b>	
<b>Topic</b>	Work Strategy Information coefficient: Work process
<b>Job description</b>	Accounts preparation (updating of accounts preparation status)
<b>Setting</b>	Office / Distance setting of outsourcing
<b>Participant</b>	Paola – Senior Manager, Kiran – Senior Manager Ismael – Director
<b>Channel</b>	Face-to-face conversation

**What is the key element of the event?**

- Paola complaining to Ismael about the Job process
- Ismael taking this complaint to Kiran to discuss
- Paola's complaint is taken seriously by Ismael
- Kiran annoyed by the lack of understanding of the work process shown by Paola.

**Can be interpreted as**

- Form of conversation between the management of outsourcing and the management of the head office
- Conversation is on work matter.
- Misunderstanding on the work process.

**If the method of communication was different, how would the event take place?**

If the method was different it would be by email or phone. But this issue is seen as important and sensitive enough that it was done face-to-face.

**Are there any situations or variants in the structure of communicative events that would make the situation different?**

Yes the communication might be different, if Paola had discussed directly with Kiran, who is in charge of the work procedures. This would have been seen as more helpful.

**What could an alternative be in such an event?**

Paola calling Kiran or speaking to him in another communicative mode and explaining her problem.

**Did you observe any such alternatives?**

No, this has not been observed, but could have happened.

### 5.3.2 TRUST FIRST ASSUMPTION

#### ASSUMPTION 1:

What are the factors that determine trust, if we assume that sharing of knowledge is influenced by trust?

#### EVALUATION 1:

Trust is a soft term like power, and this analysis proposes to look at the factors that epitomise trust in the context being studied. One of the first factors that shows the element of trust or mistrust is fear. Fear is basically a feeling in the present moment of not knowing what will happen in the future. In the above context the sensation of fear is created mainly by uncertainty over the job:

Review abstract 5.3.1 (a)

“Outsourcing is a lot cheaper”, **you are against outsourcing!**

Nadal: “Oh, I did not know that, that’s a bit scary if they start moving all jobs to Switzerland office.”

Jerome: “We don’t know what their strategy is.”

Here fear is manifested through:

- Irritation.
- Criticism.
- Uncertainty.

**Irritation** is manifested by staff in the head office complaining about minor issues that would not arise if the work was performed by a staff in London.

E.g.: Nadal, a senior accountant at ABC Ltd., was reviewing an outsourcing file, and he noticed that invoices were not referenced in the correct order matching with the expenses. Although Nadal could make sense of the file, he immediately went to Kiran, a senior manager at ABC Ltd., to vehemently complain about the mistake. Kiran explain to Nadal that this was a minor error and even if the invoice was not referenced, it was perfectly fine.

This situation could have been different if it been a head office file: Nadal would probably go as far talking to the staff, but this was a situation which was not material and even if the invoices were not referenced, Nadal could see it in the file and follow the order.

**Criticism:** In this context, this criticism is not a constructive one, but an unfounded one.

For example: When staff meet up for the lunch in the cafeteria, such comments can be often heard:

“Outsourcing is a waste of time.”

“Outsourcing will give us more work.”

5.3.1 (a) Jerome: “I agree, and these people are not even qualified accountants.”

**Uncertainty** is a situation where we do not know the outcome in the short-term; the long term is always a period of uncertainty for human beings. But our social reality is such that we have convinced ourselves that we know, or at least pretend to know, what will or can happen in the short term. When people do not know or are restricted from knowing what will happen in the near future, there is a state of mental confusion, which we call uncertainty. At the beginning of this section an example of a situation which might provoke some uncertainty was illustrated:

In section 5.3.1 (a)

“Outsourcing is a lot cheaper”, **You are against outsourcing!**

Jerome was looking for some work, so he went to his manager Kiran’s desk to pick up a file to start working on.

Kiran said: “Don’t take that file, it’s for the Lugano office, they are responsible for all book-keeping job now”. Jerome looked surprised, he came to discuss with Nadal.

Jerome said to Nadal: “Did you know that all book-keeping files are being prepared by the Switzerland office?”

Nadal: “Oh, I did not know that, that’s a bit scary, if they start moving all jobs to the Switzerland office.”

Jerome: “We don’t know what their strategy is.”

The second factor we have noticed that can create the feeling of trust or mistrust is communication, or the lack of communication:

In abstract 5.3.1 (a) we have seen that non-communication of the company strategy can create a feeling of mistrust between employees and the employer.

E.g from 5.3.1 (a):

Nadal: “Oh, I did not know that, that’s a bit scary if they start moving all jobs to the Switzerland office.”

Jerome: “We don’t know what their strategy is.”

In abstract 5.3.1 (b) we have seen that email conversation is not effective as face-to-face conversation, and this is a major problem in the outsourcing relationship (see example in section 5.3.1(b)).

In abstract 5.3.1 (c) There is non-cooperation between the outsourcing staff and the head office staff which can be called a kind of mistrust, the reason again is the lack of proper communication structure between the head office and outsourcing.

**RESOLUTION 1:**



The two main factors that determine the influence of trust on knowledge-sharing in this context are fear and communication.

### **5.3.3 TRUST SECOND ASSUMPTION**

#### **ASSUMPTION 2:**

What are the indications that fear blocks the sharing of knowledge in the context of the study?

#### **EVALUATION 2:**

Fear is a word with a very wide meaning in the context of the study. Fear can be defined as a situation where the actors feel they will lose something or will be at a disadvantageous position at a future point in time.

It has been inferred above that fear is a driver of trust or distrust and thus has an impact on the decision as to whether knowledge will be shared or not. This can be explained through different situations, as presented below:

In section 5.3.1 (a), staff are getting irritated by the plan to outsource work to somebody else, e.g. Nadal is quoted as saying “I don’t know why they are outsourcing, we could have done the work in our overtime hours.”

Is there a fear in this abstract?

Yes, the fear is that work will be outsourced, that the head office will shoulder less responsibility, and in the worst case scenario the head office will not have any accounting department, as that work will also be outsourced.

Is this fear justified?

Possibly, though at the stage when the narratives were recorded it was just a possibility.

Has this fear impacted on the trust between both parties?

In section 5.3.1 (a) Nadal and Jerome are quoted as follows:

Jerome said to Nadal: “Did you know that all book-keeping files are being prepared by the Switzerland office?”

Nadal: “Oh, I did not know that, that’s a bit scary if they start moving all jobs to the Switzerland office.”

Jerome: “We don’t know what their strategy is.”

It is clear from the above conversation that the concept of outsourcing causes mistrust in staff.

Has there been situation where this mistrust or fear of outsourcing has caused deliberate blocks in the sharing of knowledge between the parties?

The observations do not point to a situation where information/knowledge is deliberately hoarded from outsourcing to prevent them doing the job. However when outsourcing a job, the outsourcer is at a disadvantage compared to the head office. Because even if they have the technical knowledge, they are not at the same level as the head office in terms of specific knowledge required to do the job, and also the

rapidity with which they can finish the job. This is the reason why the head office has to review the file when the work is completed in outsourcing.

Some of the observations presented below suggest that there is a policy of keeping outsourcing as a second string and deliberately keeping them at that level of knowledge. Some possible reasons are quality, time constraints and reluctance of staff to make an effort to share more knowledge with them.

Example:

Abstract: A group meeting of the head office accounts department was being held to review the various difficulties of the accounting department. Kiran, who is the senior manager of the accounting department of ABC Ltd., asked the group whether they had any issues regarding outsourcing.

Joanne, a junior manager at ABC Ltd., responded: “We are having a lot of problems with outsourcing regarding investment accounts, it doesn’t seem they can handle it and we are having to spend a lot of time doing corrections here.”

Kiran: “Ok, I think it would be better to ask them to stop doing investment accounts and just concentrate on small entities accounts.”

Abstract: Nadal, a senior accountant at ABC Ltd., was reviewing an account prepared by Joelle from the Switzerland office. While reviewing the file Nadal discussed the issue which he saw in the accounts with Joanne, a manager at ABC Ltd.

Discussion between Nadal and Joanne:

Nadal: “There are so many mistakes in the outsourcing file prepared by Joelle.”

Joanne: “Yes, they make so many mistakes.”

Nadal: “It is difficult to send them the files to make the changes as it would take too much time, and we will have to guide them step by step.”

Joanne: “Yes it’s very complicated, I try to do the corrections myself and finalise the accounts.”

Nadal: “Yes that’s what I would do.”

Is there a fear of outsourcing from the above abstracts?

There is some irritation which can be associated with fear. The irritation is demonstrated by constant criticism of the outsourcing work. People are not happy about something and they are trying to voice their opinion in different ways.

Is this fear acting as a block to knowledge-sharing?

Kiran: “Ok, I think it would be better to ask them to stop doing investment accounts and just concentrate on small entities accounts.”

Nadal: “It is difficult to send them the files to make the changes as it would take too much time, and we will have to guide them step by step.”

Joanne: “Yes it’s very complicated, I try to do the corrections myself and finalise the accounts.”

The above quotes substantiate the idea that fear is acting more as a complaint toward outsourcing rather than a direct block to knowledge-sharing.

What are the factors that are acting as blocks to knowledge-sharing in the above abstracts?

The first factor is limitation of time; in the above abstract Nadal suggests that guiding the outsourcing staff in making the changes would take too much time.

The second factor is keeping outsourcing as a second string, i.e. outsourcing can be used only as a helper. There is no intention to make the helper become the master of

the work. In the above abstract, instead of Kiran asking the head office staff to help the outsourcing staff in understanding the various methods used, he asks them to stop doing more complicated work and shift to easier work.

Considering the factors of time and the factor of outsourcing as a helper, both are interrelated. Of these two factors, it is difficult to say which one is more important than the other.

### **RESOLUTION 2:**

In the above analysis it is seen that fear is an exponent of trust and that fear in itself does not necessarily block knowledge-sharing in an outsourcing context. There are other organisational constraints which block knowledge-sharing between the head office and the outsourcing staff. The block was already there, in terms of time and organisational constraints, and there was no need to create further blocks.

## **5.3.4 TRUST THIRD ASSUMPTION**

### **ASSUMPTION 3:**

What are the indications in the present context of the study that reveal lack of communication as a motivator of distrust and blocks to sharing of knowledge?

### **EVALUATION 3:**

The two main aspects of communication that have been detected in the above narratives are:

- 1.) Communication by management
- 2.) Channel of communication used in outsourcing

a.) Communication by Management

The above abstract reveals that staff seem to feel that the management of the company is not communicating the strategy to them properly, and they feel there is a reason behind it.

In 5.3.1 (a)

Jerome said to Nadal: “Did you know that all book-keeping file are being prepared by the Switzerland office?”

Nadal: “Oh, I did not know that, that’s a bit scary if they start moving all jobs to the Switzerland office.”

Jerome: “We don’t know what their strategy is.”

Could the management communicate better with the staff?

The job of the management of the company is to look at the running and the strategy of the company, while the staff’s job is to perform the operational duty of the work. There is a separation between the two; however this doesn’t prevent the management from reassuring the staff that the new strategy would not affect their job.

It is normal for the staff to speculate when they do not have necessary information.

Are these speculations justified?

Based on the real situation, at the present moment the firm is running as it was when the narratives were collected. So no major changes have happened, but nobody knows what the real intention of management was at the time.

Has the miscommunication by management created blocks to knowledge-sharing?

Miscommunication from management as discussed above has created a sense of uncertainty in the heads of staff. This uncertainty can be translated as a source of mistrust between the staff of the head office and the management of the company. In this eventuality the researcher assumes that it will create a fear among head office staff that the work they are doing will eventually be outsourced.

Fear can be a source of mistrust between the two parties, especially when this fear is affecting the staff's jobs. In the above analysis (Assumption 2), the nodal aspect of fear has been extensively discussed by examining how it affects employee morale. At the same time it does not effectively make any major impact on the sharing of knowledge between employees.

b.) Channel of communication used in outsourcing

The above abstracts indicate that in outsourcing, the channels of communication differ from conventional methods. E-mail is the main channel of communication in outsourcing. The various problems that this poses have been illustrated above:

In abstract 5.3.1 (b) Jerome sent an email to Fabienne requesting some information about the work she had done. Sometime later Kiran, a manager at ABC Ltd., told Jerome that he needs to be more diplomatic in dealing with Fabienne. As discussed above (section 5.3.1(b)) the main problem in the conversation was a lack of face-to-face interaction. In communicating by email, emotions are not easily expressed and sometimes the same word can convey a different meaning.

Facial expression can be a good indicator of the mood of the actor. For example, if Jerome unintentionally said something wrong, he would immediately see Fabienne's facial expression, and could rectify any misunderstanding immediately. The opening

and closing of conversation is less formal with face-to-face conversation, and that can help to build a diplomatic relationship between two people. Any query or feedback is obtained immediately in face-to-face conversation. With emails there might be a time-lag in communication. Even with instant email access, some time people will give priority to jobs, or they might be busy with something else or be in a meeting. With email, quite often a conversation has to go back and forth to allow both actors to get a grip on the understanding of the problem. Email is also more sensitive than personal or telephonic conversation and tends to be a formal channel of communication.

Does the channel of communication in outsourcing create block in knowledge-sharing?

The use of email in outsourcing can create tension among the communicating actors because the nature of email communication can create misunderstanding. Hence, this type of tension can create blocks to knowledge-sharing unintentionally.

For example:

- The actors might be confused about the nature of the conversation
- There might be loss of time in sharing the knowledge rather than confusion, as we have seen in the above example, where Fabienne was offended by Jerome's email and went to complain to Kiran, the manager.

The use of email can be time-consuming and can take the momentum out of a conversation, for example:

Abstract:

David, a staff member at the outsourcing organisation, sends an email to Nadal, a senior accountant at ABC Ltd., regarding a problem he is having with regards to operating the software.



**Exchange of emails**

**Initial email from David (Conversation 1)**

***From:*** [David@outsourcingtmail.com](mailto:David@outsourcingtmail.com)

***To:*** [Nadal@abc.com](mailto:Nadal@abc.com)

***Subject:*** *Ecuador Ltd*

*Nadal,*

*Please find attached the zip file of Ecuador Ltd (new company).*

*For this file I will scan it and send it to you after you help me with the following please.*

*I am unable to change the share capital to GBP from Euro in page 1 and page 6*

*Kindly give me the solution*

*Thanks*

*David*

**Reply from Nadal**

***From:*** [Nadal@abc.com](mailto:Nadal@abc.com)

***To:*** [David@outsourcingtmail.com](mailto:David@outsourcingtmail.com)

***Subject:*** *Re Ecuador Ltd*

*Hi David,*

*The procedures to change it is as follows:*

- 1. Go on accounts folder .....select the page.....make local*

2. *Put your mouse on the relevant section.....and so the correction by deleting the relevant part and typing £1*

*It is quite difficult to explain, try to ask Ashley.*

*Any problems let me know.*

*Regards*

*Nadal*

After the exchange of emails, David could still not find the answer; it took a couple of days and phone calls for David to understand exactly how to make corrections using the software.

How would the situation happen in a different communication channel?

An alternative communication channel would be face-to-face communication. If the same situation arose in the head office, David would have told Nadal that he had a problem and Nadal would have most probably come to his desk to show him how to resolve it. Very often, in outsourcing different software is used for different clients. The client will expect that in outsourcing they will use similar software to the head office, so that they have the same standard of work. People from the head office most often do not have time to spend on software problems with outsourcing, because there is no way they can be justified for charging for the extra time.

For example, David contacts Nadal, and Nadal will try to find five minutes to reply to him. But it would be impossible for Nadal to take three hours and draft a written account of how to operate and deal with this specific problem. If we look at the reply from Nadal, it is a quick email where he tried his best to explain, but said:

*“It is quite difficult to explain, try to ask Ashley”.*

Nadal would love to help David and try to resolve his problem, but he does not know how to do it because he is so far and he does not have the time and the means to help David.

### **5.3.5 TRUST NARRATIVES SUMMARY**

- Fear factor
- Fear manifested through irritation, criticism and uncertainty
- Communicating remotely
- Lack of communication from management

#### **Internal outsourcing:**

As discussed above, internal outsourcing is an extension of the head office, and in terms of communication structure it will have more access to the firm IT platform (intranet) compared to external outsourcing. However it does also suffer from remote communication and its influence on trust-building. In relation to the fear factor that can grip staff in an outsourcing scenario, the internal outsourcing solution offers more possibility for the organisation to shift its business, and thus can create bigger fears in head office staff. If the accounting department was to be moved from head office to

internal outsourcing, the firm would still have control over it and whenever they choose they can bring it back to the head office.

#### **External outsourcing:**

The issue faced by external outsourcing is more of a communication problem, as they are completely detached and have more problems in communicating remotely. The aspect of fear is important in external outsourcing, although it is argued that it can be more acute in the case of internal outsourcing for the reasons explained above.

## **5.4 CONCLUSION**

This chapter has presented the narratives and the method used to analyse the narratives. The first part of the analysis is the breakdown of the context in which the narrative took place. The context analysis is done in terms of topic, information characteristics, settings, participants, channel and style. The second part of the analysis is to understand the important elements in the narratives, whether these elements would have been different under a different communication structure and whether there can be alternatives. Stories can have different meanings to different people, and the way people interpret stories can be influenced by their personal experiences. The importance of this second part of the analysis is to remove bias from the interpretation of the narratives, and take a distance from the analysis so that the stories are seen from the different possible angles. Once part one and two have been completed, giving an understanding of the narratives, part three uses the Labov model to make assumptions based on the narrative stories and the implications of such stories. Firstly an assumption is made, then this assumption is evaluated and discussed, and finally the section ends by a resolution (lessons to be learned from the

story). The narratives have been grouped into two chunks, namely power and trust. These two elements have been chosen because they form part of the research question, and also they are predominant in the narrative collection.

The analyses above have summarised the important lessons, showing the influence of power and trust in knowledge-sharing, both in the head office and in outsourcing. For power the most important elements are individualism, specificity of knowledge, knowledge as competitive advantage, and the paradox of value of knowledge. With regard to trust, the two important factors are fear and the problem of communication. In the next chapter this thesis will engage in a constructive discussion of the narrative analysis and the literature review.

## **CHAPTER 6**

### **DISCUSSION OF FIELDWORK AND LITERATURE REVIEW**

#### **6.1 INTRODUCTION**

The previous chapters provided an extensive review of the literature surrounding the concept of knowledge-sharing and the blocks to knowledge-sharing. The review found that the two primary concepts that explain the major blocks to knowledge-sharing are trust and power. This chapter will provide a rich discussion, between the theoretical framework discussed in the literature review and the data collected, that can help to investigate the blocks to knowledge-sharing within an agile organisation and its outsourcing operations.

The various literatures were reviewed in chapters two and three, while chapter five provided the details of an ethnographic study in an accounting firm, with the help of narratives. The narratives in chapter five were described and analysed with a rigorous methodology, using the Labov model to understand the proposition of each narrative, and also by using counter-propositions hypothetically. In chapter five the study concentrated on the structure of the narratives and their meaning, while in chapter six the researcher will examine what the narratives tell us with regard to the concept of trust and power as blocks to knowledge-sharing.

The first part of this chapter will discuss the method adopted in the study and the context within which it has been used. The second part will discuss the model of

outsourcing in accounting. The third and fourth chapters of this study investigated two micro-aspects of knowledge-sharing, i.e trust and power respectively; in the current chapter, the discussion examines the previous scholarly work in each field in comparison it with the narrative stories. This chapter acts as a platform to discuss and explain the basis of the proposition in detail.

## **6.2 DISCUSSION OF METHOD**

### **6.2.1 CONTEXT AND COMPLEXITY**

The study of complexity hasn't formed part of this research, but the context studied here has presented some challenges and also some complexities. "Complexity" can be defined as non-linear relations, driven by small forces that result in the emergence of sudden changes that produce unexpected outcomes (Morowitz, 2002; Taylor, 2001; adapted from Browning and Boudès, 2005). The landscape of business has changed in the last decades and outsourcing has formed part of these changes. In this study the researcher discusses outsourcing and its taxonomy in detail. Outsourcing in accounting is quite a new phenomenon and is still under trial, given the complexity of knowledge that accountants work with. This research tries to analyse here how outsourcing fits within the organisational structure.

The objective of this research is to study the blocks to knowledge transfer in an accounting firm, with special emphasis on outsourcing. To be able to study micro-level human behaviour which is based on psychological constructs of the actors, it is very important to study their daily activities; for this reason the researcher used an ethnographic method. The context of this research is threefold:

1. Knowledge-sharing and its relationship with the head office

2. Knowledge-sharing with internal outsourcing
3. Knowledge-sharing with external outsourcing

The study relates to internal and external outsourcing, giving interesting insights into knowledge-sharing in both types of outsourcing, and their differences. The study of the head office provides an important basis to understanding knowledge-sharing in outsourcing. As a researcher it is impossible to be in different places at the same time, though this would be ideal, but one cannot transcend space and time. Thus the challenge in this study of outsourcing was the collection of information that was happening in three different spaces, while the researcher was present in only one space. Forming a part of the organisation himself, the researcher was in a position to deal with both internal and external outsourcing, in the collection of narratives.

## **6.2.2 ETHNOGRAPHY AND ORGANISATIONAL STUDIES**

Ethnography is an attempt to study people's life, events and social situation in a richer and more meaningful way. This is not to say that other methods are not useful, but when it comes to studying people's behaviour in their natural setting, it is very important to understand how this behaviour manifests in their oral conversations, writings, relationships with others, tone of voice and body movement, etc. Other methods such as interviews and questionnaires do not make it possible to study all these elements. Spencer Baird of the Smithsonian Institution argues that "My method must succeed, I live among the Indians, I eat their food, and sleep in their houses. On account of this, thank God, my notes will contain much which those of all other explorers have failed to communicate" (quoted in Tedlock, 2000).

Ethnographic life normally means that the researcher will be immersed in the research environment. In the nineteenth century, many western ethnographers travelled to



various parts of the world to study about tribal and rural population. The root of modern ethnography lies in cultural anthropology. Many ethnographers immersed themselves in the life of the natives to study their way of life, culture, history and general behaviour. In late nineteenth century many critics claimed that this type of ethnography led to the moral degeneration of the ethnographer, because researchers were so immersed in the life of the subjects that they had “gone native”. During the nineteenth century, and into the twentieth, there was in most cases a gap in social status/rank between the researcher and the subject they were studying. Ethnographic study related to the life of subjects who were, or were perceived to be, of a lower social rank, and this was used by critics to prove the argument of moral degeneration. Modern ethnography, including organisational ethnography, has evolved significantly from the original idea of “going native”.

The type of ethnography used in this research presents two major differences, which represent new trends in modern organisational ethnography. The first one is that the social rank of the subjects under study is similar to that of the researcher. The second difference is that this study has a particularity, i.e. the researcher, as an accountant, forms part of the organisation. Although some people might argue that this is unnecessary, as the issue of the study is related to human behaviour and its observation. There is no doubt that non-accountants can study human behaviour, but in this context, an accounting background is imperative. How do you study the sharing of knowledge, if you don't understand and cannot identify the knowledge being shared? How do you know when, how and where the knowledge is shared? A study performed by non-accountants would be mainly observational in nature and lack the depth required to reach reasonable conclusions.

There haven't been many ethnographic studies of accounting firms, mainly because of the problems of access and confidentiality. One of the rare ethnographic studies done in an accounting firm is by Haynes (2007) who studied the sexual symbolism and organisational culture in an accounting firm.

### **6.2.3 PARTICIPANT OBSERVATION AND LABOV METHOD**

There are different genres of ethnography, but in this research the researcher uses participant observation as the main method to observe the subject. As discussed above, observation is a very important aspect of this research, as the main objective is to study the behaviour of people in knowledge-sharing. Angrosino and Mays de Perez (2000) argue that even studies based on direct interviews, which employ observational techniques to note body language and other gestural cues, lend meaning to the words of the person being interviewed. In the following section the researcher examines the relevance of the method used in the study.

The participant observation method provides very insightful information about the actors. If this information is not properly recorded and analysed, the research ends up with shallow analysis and conclusions. This is why the narrative method has been used in this study. Narratives are collections of stories; the researcher used the Labov model to analyse the narratives. Since stories convey different meanings, a systematic and proven method like the Labov method was needed, to provide rigour and validity to this research.

The model presented by Labov is as follows:

<b>Narrative category</b>	<b>Narrative question</b>
<b>ABSTRACT</b>	What was this about?

<b>ORIENTATION</b>	Who or what are involved in the story, and when and where did it take place?
<b>COMPLICATION</b>	Then what happened?
<b>RESOLUTION</b>	What finally happened?
<b>EVALUATION</b>	So what?
<b>CODA</b>	How does it all end?

To summarise the Labov analysis model, the narrative or abstract has to be broken into three analytical components, i.e. who was involved in the story, where did it happen and what happened. This model can be seen as a categorisation model which is used to evaluate culturally specific stories. The first modification to the model is to bring in the various elements that could denote orientation, as specified in the example below:

<b>Topic</b>	Statutory information: Statutory Legal Information
<b>Job description</b>	Accounts Preparation Accounts review
<b>Setting</b>	Staff in the offices
<b>Participant</b>	Nadal, a senior member of staff, Isaacs, his hierarchical Manager and Marc, a staff member in a different department (from the legal department).
<b>Channel</b>	Written communication – Isaacs passed the message through Nadal by writing on his file which he passed for review.

	Conversation type: Written
<b>Style</b>	Formal

The second amendment to the framework is to try and understand the various angles of the story, since a story can convey different meanings; here the researcher tries to test the “what if?” In order to study knowledge-sharing, which involves communication channels, it is important to understand how the actors would react under different communication channels or if the variants of the communication changed. The Labov model assumes intentionality in stories; in the present research the researcher tries to understand the behaviour of the people, the reason why people behave in such a way, and whether they would behave differently under different conditions. The second amendment to the Labov model is as follows:

<b>What is the key element of the event?</b>
<b>Can be interpreted as -</b>
<b>If the method of communication was different, how would the event take place?</b>
<b>Are there any situations or variants in the structure of communicative events that would make the situation different?</b>
<b>What could an alternative be in such an event?</b>
<b>Did you observe any such alternatives?</b>

These two amendments give a deeper meaning to the model: rather than just an evaluation of the stories (i.e., who, what happened, and where), they explore why it

happened, and what would happen if the conditions were different. Academic research is about providing scientific evidence, not just offering observational evidence. Even though the Labov model is a proven narrative model, necessary amendments are required to provide scientific results.

### **6.3 OUTSOURCING DISCUSSION**

In chapter two the concept of outsourcing and the literature surrounding outsourcing drivers and taxonomies were reviewed. The concept of outsourcing is not new, having been known under various names in recent decades, and it has become synonymous with IT/IS work. Many industries have not wasted time in trying to adapt outsourcing to their businesses and have tried as much as possible to use this strategy as a tool for gaining competitive advantage in the market. But some authors disagree, arguing that outsourcing has succeeded in some industries and failed in others. The main assets of accounting firms are its people and when they engage in outsourcing there is a relationship between staff of the accounting firm and the outsourcing firm. This relationship is very important in an accounting outsourcing context because the knowledge assets of the firms are owned by the staff. In order to understand outsourcing in accounting setting this research has developed an approach to focus on the individual unit of analysis which is different from approaches in the literature which has focussed more on the organisational level. The particularity of accounting outsourcing makes it necessary to focus on the individual rather than the organisation. Thus this research has provided a new conceptual framework to understand accounting outsourcing and has developed an appropriate and relevant method to develop the framework.

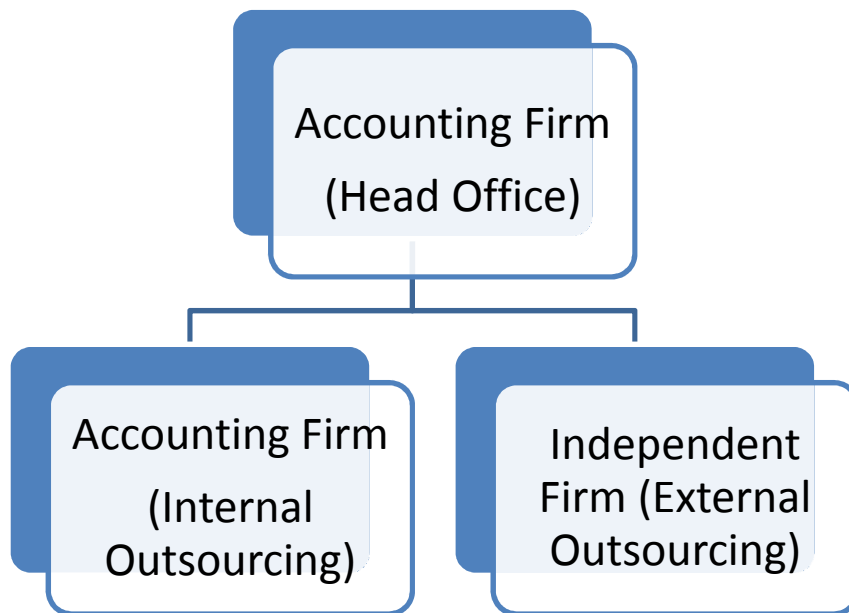
The topic studied here is quite distinct and the literature hasn't looked at the accounting outsourcing context in detail. In this study outsourcing is to be analysed from three angles: the first two relate to the drivers of outsourcing, and the third one relates to the outsourcing model.

### **6.3.1 DRIVERS AND MOTIVATIONS**

The firm subjected to the study started outsourcing some of its files recently. In fact outsourcing in the financial services sector is relatively new; a range of activities are being outsourced, but the outsourcing of core services, as studied in this thesis, is quite a recent phenomenon. The main motivation for outsourcing, as discussed in the literature review in chapter two, is cost reduction.

Accounting firms cannot reduce costs to the detriment of quality of work (as discussed in chapter two). They have certain ethical and legal responsibilities towards their client. Reducing costs is done mainly by using outsourcing as a strategic tool. The accounting profession is a very wide and open profession. In the discussion below the researcher presents a model of outsourcing in accounting which will represent a fair picture of the profession. However, this picture cannot be generalised to all sectors of the accounting profession.

Two types of outsourcing, viz. internal and external outsourcing, are studied here, as shown below:



The motivation for each type of outsourcing is different under different situations. Accounting work can vary to a large degree, including such activities as payroll, management accounting and reporting, book-keeping, financial accounting and auditing. In this study the firms do book-keeping and produce financial statements according to the relevant legislation and regulations. These financial statements are used by a variety of stakeholders, such as shareholders, potential investors, bankers, creditors and sometime by the public at large in assessing the financial health or prospects of the organisation.

The accounting firm producing financial statements has significant legal and ethical accountability towards its stakeholders, hence the reputation and regulatory compliance of the firm is very important for its survival. While cost is a major factor for any business in terms of profitability, reputation and regulatory compliance are mandatory for its survival. Therefore accounting firms will think very carefully before outsourcing, as even if in the very short term it might lead to savings, the downfall of such a strategy can be suicidal to any firm. If outsourcing could be used as easily as it is used in many sectors, then the accounting firm could outsource most of the work

and keep just a handful of staff to verify the accounts. Since the accounting profession is a much-regulated profession, with particular emphasis on ethical and regulatory compliance, and with the different bodies that regulate the profession, the firm will be very cautious before taking an outsourcing decision.

Generally the motivation for external outsourcing is mainly to meet deadlines for excess work; as accountants have to file accounts in September of every year, the firm will normally receive around 40% of its accounting work in the last two months. To meet this deadline, firms have to seek external help. This helps the firm to avoid recruiting staff who will be operating at full potential for only three months in a year, thus saving on costs. Regarding internal outsourcing, the firm under study has opened a branch near its clients to provide help and to have closer proximity to them. In the next section the researcher will discuss more about the outsourcing strategy which complement these motivations.

To summarise, while cost reduction is no doubt a major factor in outsourcing decision-making, an accounting firm like the one under study does not use outsourcing as a direct cost-reduction method, but rather as a strategy to meet its deadlines, thus indirectly reducing staff costs. Internal outsourcing, as discussed in chapter two, is an extension of the head office to allow the firm to be near the client. Before its establishment, head office used to fly staff to Switzerland and back from London. No doubt having one or two staff near your client may possibly save some costs (although this cannot be confirmed), but more importantly there is the issue of having staff who understand the clients' language and culture. The cost reduction that firms are aiming at in outsourcing is indirect overhead costs, which could be as substantial as any direct cost reduction.



### **6.3.2            OUTSOURCING: A NEW MODEL**

In outsourcing literature there are a few general models which give us a fair view about outsourcing strategy. In this section the researcher tries to apply these models and discuss the various aspects related to these models. Vita and Wang (2006) present a model in which they explained the taxonomy of outsourcing and the stages in its development. The first generation of outsourcing is presented as the outsourcing of non-core services, aimed mainly at cost-reduction (an example of this can be the outsourcing of cleaning services). The second generation is the outsourcing of semi-core competencies, for example, in the IT sector firms may outsource activities like data processing, invoicing, software design, etc. In the banking sector many organisations have outsourced their customer service and back office operations. This type of outsourcing is of strategic importance to the firms: although they want to reduce costs, they mainly concentrate on their core services and have the capability to access complementary resources. The third generation of outsourcing is the outsourcing of the firm's core services (for example, a website design firm will outsource its work to another software development company). The outsourcing of core competencies in the accounting sector is the central area of the study. This type of outsourcing, as defined by Vita and Wang (2006), is driven mainly by the need to be innovative and find flexible solutions for business problem.

Miller and Wood's (2008) classification of outsourcing supports this model. They classify outsourcing into ancillary functions, non-core activities and core activities, which relate closely to the three generations of outsourcing described by Vita and Wang (2006). While these two theories give a taxonomy of what firms outsource, Kedia and Lahiri (2007) explain that the reasons why firms outsource are equally important. The model they present is however based on international outsourcing

services. They argue that a firm outsources its activities for tactical, strategic and transformational reasons. Tactical outsourcing is done to reduce costs and to save on staff recruitment and staff costs. Strategic outsourcing in the international context is done for nearness to the client so that the firm can be near their core businesses. Transformational outsourcing is a futuristic type and is an improved version of horizontal and vertical integration, to reap the benefits from the economies of scale. This is a type of outsourcing where the organisation outsources to share the business risk and to transform itself in the way it operates.

How does the context of the study agree with these three theoretical frameworks? As discussed in the section above, accounting outsourcing is not totally motivated by direct cost savings, but by factors such as proximity to the client and ability to outsource excess capacity when needed. Vita and Wang's (2006) idea that third-generation outsourcing is that of core-competence just takes into account what we outsource, but not why we outsource. For example, a firm outsourcing the design of a website for their clients would not shoulder the same responsibility as a firm outsourcing accounting and legal work, as discussed in chapter two in relation to the ethical and legal responsibility of outsourcing accounting work. Keida and Lahiri did present a model which gives an insight into why we outsource services. It is very important to understand both the generation of outsourcing and the reason for outsourcing. The table below describes the model of outsourcing for the study. The vertical column presents the generation of outsourcing (what we outsource?) and the horizontal column presents the nature of outsourcing (why do we outsource?)

**Table VI: Accounting Outsourcing Model**

<b>Vita &amp; Wang (2006)</b>	<b>Keida &amp; Lahiri (2007)</b>		
	<b>Tactical</b>	<b>Strategic</b>	<b>Transformational</b>
<b>First Generation</b>			
<b>Second Generation</b>			
<b>Third Generation</b>	<i>External Outsourcing</i>	<i>Internal Outsourcing</i>	

The literature has looked at what do we outsourced? (Vita & Wang'2006 & Miller and Wood's 2008) and why do we outsource? (Keida & Lahiri 2007), but what is missing is how do we outsourced? Outsourcing as a concept has been generalised and the literature hasn't looked at the different ways that a firm can use outsourcing. Obviously there are different subsets of outsourcing like offshoring, sourcing etc... But in this thesis I have looked at how outsourcing is used in accounting. As discussed in previous chapters, the firm under study used internal outsourcing which is an extension of the head office and external outsourcing which is the use of an external provider (this has been explained in section 4.4.1). Going further I have applied Internal & External outsourcing to Vita & Wang (2006) and Keida & Lahiri (2007) as presented in Table VI. The conclusion of this model is that Internal

outsourcing is done for strategic reason (i.e for proximity to the client), while external outsourcing is done for tactical reasons, to reduce staffs costs and to cover for excess work. In terms of what do we outsource, the outsourcing explained in this thesis is defined as the third generation type of outsourcing. The importance of this model is that it allows us to understand the particularity and complexities of each type of outsourcing. The literature on outsourcing has not look into the how outsourcing is used in different industries. Accounting outsourcing has certain specificities like the importance of individual in making outsourcing work and that accounting firms has adapted outsourcing to their industry thus the concept of internal and external outsourcing.

## **6.4 TRUST DISCUSSION**

Trust is a very complex social term and the study of trust and its implications has been a difficult challenge for academics, as the different variables that form trust are not constant but ever-changing in different situations and cultures. In this study, the researcher analyses the form of trust present in the research environment, trust in the outsourcing relationship and its implications for the sharing of knowledge. Hence the researcher discusses these three areas by comparing the results with previous academic studies.

### **6.4.1 TRUST INTERACTION IN THE CONTEXT OF THE RESEARCH**

In the literature survey, trust was defined variously as an expectation, a common belief, confidence, predictability, reputation and historical trustworthiness, social norms, behaviour, a complex multidimensional construct, values, general standards,

affective state of mind, and the list could go on. The many types of trust described in the literature are presented in Table II. In all these definitions, regarding concept and construct, what is important is that trust or mistrust can only happen when there is an interaction between two or more parties. Trust can differ in different contexts and in this section the researcher presents the concept, definition and implication of trust in an accounting environment, analysing it on the basis of the professional relationship among staff.

The context of the study is an environment where people believe that knowledge is their proprietary asset and their competitive advantage in the market. In the fieldwork the researcher observed that people are more comfortable in trusting people from the same culture or network; talking about trust, is referring to the event that one party will trust the other party to share their knowledge. Knowledge-sharing and trust in a professional environment, from a strictly professional point of view, are manifested by the sharing of knowledge through colleagues helping each other.

Trust works in both ways: I need to trust you to share something and you need to trust me to accept it. In this study, what emerges are examples mainly of benevolence trust and competence trust, which supports the work of Abraham et al. (2003) and Levin et al. (2002). Workers' knowledge is their proprietary knowledge and they choose whether to share or not. In a free market, the actors will normally share when somebody is within the network of friends or share common features; this also will have to be accepted by the person on the receiving end. The person receiving this knowledge will only give his trust back if he believes in the competence of the other person. There is the need for benevolence trust to share and competence trust to receive.

Returning to the narrative of 5.2.1(a), in which Isaacs, an ABC Ltd. manager, said to Nadal, the senior accountant, “If you want to know something, go and read a book, do not use me as a book”. As an alternative to this, Isaacs could have replied politely. An example of such an event can be observed in section 5.2.5, where I explored how staff will be nicer or trust more when they are dealing with somebody within their network. Section 5.3.1 (c) shows a conversation between Fabienne and Nadal where Nadal had difficulties in convincing Fabienne about making some corrections. Even if Nadal was correct in his review points and was sharing the right knowledge, one can see that Fabienne was not ready to accept this knowledge. There might obviously be various explanations, but it can be assumed that Fabienne did not have trust in Nadal’s competence. A similar example was seen in 5.2.2, “Power Assumption”, where Nadal suggested a correction to Ilona, but she was very reluctant to carry it out, and even sought a third party opinion before she made the correction.

## **6.4.2 TRUST IN THE OUTSOURCING CONTEXT**

The main focus of this study is outsourcing, divided into internal and external outsourcing. The literature on trust has not examined in much detail the social aspects of trust in an outsourcing situation, except the work of Lee and Huynh (2005), which looks at the impact of the mutual sharing of knowledge in outsourcing which will be discussed in the next section (6.4.3).

In section 6.4.1 the researcher argues that benevolence and competence trust are the main types present in the professional context of the study. How does the construct of trust differ in the outsourcing context, compared to the head office? In the narrative analysis in chapter five, the researcher concluded that the two main factors that influence trust in outsourcing are fear and communication. Fear is created by the

feeling of uncertainty that the head office will shift work to the outsourcing companies. In the discussion in chapter five on the impact of communication on trust and knowledge-sharing, it was observed that communication impacts trust at two levels: firstly the blocks to communication between the management and staff, and secondly the problem of communicating effectively from remote locations. The issue of communication in outsourcing is supported in the work of Ali Babar (2007) and Mao et al. (2008).

Fear is the expression of a feeling of mistrust. The various reasons for such a feeling have been discussed in chapter five. Gareth and Jennifer (1998), as explored in chapter three, argue that “Trust is built on expectations that are in part emotional. When these expectations are broken, an individual often experiences strong emotions, which signal the individual about the violation of trust and the need to attend to the relationship”. Staff can be very sensitive about outsourcing, which naturally creates some emotions of uncertainty and insecurity that correspondingly affect their level of inter-organisational trust; in the narratives of chapter five the various nervous behaviours of the head office staff towards the outsourcing systems were observed. In 5.2.3 it was also observed how staff who used to say “I” as individuals possessing some knowledge quickly change their affiliation to “We” when it comes to the outsourcing relationship. Amongst the various forms of trust explored in the literature review, there isn’t a form of trust that categorises the fear described in section 6.4.1 and chapter five. This is because this feeling of fear is the feeling of mistrust in itself, the opposite of what Barber (1983) describes as calculus trust, “the belief that the other party has the intention of doing an action that is beneficial”. The trust discussed in chapter five is uncertainty trust, “based on the belief that the other party has the intention of doing an action that is not beneficial”.

Communication is very important in all kinds of relationship; Abrams et al. 2003 present a list of the various factors that improve interpersonal trust, from which two types are given below:

(a) Ensure frequent and rich communication

Frequent and close interactions typically lead to positive feelings of caring about each other and better understandings of each other's expertise.

(b) Engage in collaborative

People are more willing to trust someone who shows a willingness to listen and share; i.e., to get involved and talk things through. In contrast, people are wary of someone who seems closed and will only answer clear-cut questions or discuss complete solutions.

However the type of communicative problems under discussion in chapter five is different from the above. Abrams et al. (2003) assume that there is no physical distance in the relationships. In the outsourcing situation there is the problem that staff can't interact physically and this is in itself a primary barrier to engaging in collaboration. Even with the presence of email technology, physical distance still prevents people from expressing their emotions through body gestures. In chapter five the researcher discussed how facial expression can easily show the moods of actors; also, face-to-face communication is less formal in opening and closing a conversation. In an outsourcing situation the limited modes of communication available can create barriers to developing trust, as it is very easy to damage the relationship through misunderstanding. The work of Ring and Van de Ven (1994) distinguishes between fragile (easily developed and easily broken) and resilient (hard-won and less likely to break) trust. The lack of physical and face-to-face interaction can create an



environment of fragile trust, that is, easily developed and easily broken. In this study, however, the researcher argues for a hard won but easily broken trust.

The other aspect of communication looked at in chapter five is the fact that senior management of the company failed to communicate information to staff, which is one of the drivers of fear and uncertainty. This is common in many organisations, but in normal organisations, it doesn't have much impact on trust and knowledge-sharing. But in an outsourcing context it has a very important role in creating an environment of uncertainty between organisations. The two elements of communicative problems discussed above have two different sources, one is the issue of physical distance and the other is the issue of strategic management. The first one is distance trust, which is the trust created between parties remotely and which can be hard won and easily broken. The second one is simply an outsourcing trust, a type of trust or mistrust that can only be created by an outsourcing environment.

### **6.4.3 TRUST AND KNOWLEDGE-SHARING**

This section will look at the element of trust that influences the sharing of knowledge directly or indirectly. Davenport and Prusak (1998) argue that for the knowledge market to be effective the following conditions must exist:

- i. Trust must be visible, for example workers in an organisation must see their colleague getting credit for sharing knowledge, there must be reciprocity in knowledge-sharing and trust must form part of the corporate mission statement.
- ii. Trust must be ubiquitous: if part of the company knowledge is untrustworthy, the market will become less efficient.

- iii. Trust must start at the top, i.e. it must begin with higher members of the organisation.

In this study the researcher observed the following:

- (a) Communication between management and staff is not seen in the narrative analysis as transparent. This has made trust within the organisation less visible, the actors don't know whether to trust the management or not. This is obviously more influential in the relationship between the head office and outsourcing, as the head office staff doesn't know what the management's strategy is and whether it can be trusted. For example the discussion in 5.3.1 (a), between Jerome and Nadal, senior accountants, and Kiran, a manager at ABC Ltd.

{Jerome was looking for some work, so he went to his manager (Kiran) desk to pick up a file to start working on.

Kiran said: "Don't take that file, it's for the Lugano office, they are responsible of all book-keeping job now."

Jerome looked surprised, he came to discuss with Nadal.

Jerome said to Nadal: "Did you know that all book-keeping files are being prepared by the Switzerland office?"

Nadal: "Oh, I did not know that, that's a bit scary if they start moving all jobs to the Switzerland office."

Jerome: "We don't know what their strategy is." }

- (b) The relationship between outsourcing and head-office as seen in the narrative analysis is not based on mutual trust. The head office seems to see the outsourcing

section as part of the organisation which cannot be trusted. This is illustrated by the conversation of Jerome and Nadal, the senior accountants at ABC Ltd., as follows:

{Conversation between Nadal and Jerome, senior accountants, of ABC Ltd.:

Jerome: “Nadal what do you think of the outsourcing jobs.”

Nadal: “I don’t know why they are outsourcing, we could have done the work in our overtime hours.”

Jerome: “I agree, and these people are not even qualified accountants.”}

(c) There is evidence from the narratives that the top management do not communicate or are purposely withholding some information from the staff. There is the feeling among the staff that the organisation management is hiding its strategy. In the example above it can be seen that as the narratives suggest, there is lack of communication from the top management; this miscommunication has a clear effect on trust.

Child and Faulkner (1998) propose a model of strategic alliance, discussed in chapter three, in the following stages:

a.) Formation Stage

At this stage the two parties that have just formed an alliance will try to match their resources and see how they can work together to benefit the most. They will try to share explicit information about the routine procedures and rules and regulations. Child and Faulkner (1998) describe this type of knowledge-sharing as technical knowledge-sharing, and argue that it is influenced by calculative trust. In this type of trust, both partners will look at the costs and benefits of sharing.

## b.) Implementation

When firms start working together they will look for a way to be more productive, at which point a more profound knowledge-sharing needs to take place. This can create some political concern as the alliance will be seen as a greater threat to the key group of staff and managers. At this level both parties require a deeper level of trust to share both tacit and explicit knowledge.

## c.) Evolution

At this stage both parties will share information for strategic reasons and to drive competitive advantage on the market. This type of trust related to this is 'identification trust', which exists when the parties have mutual understanding.

In the fieldwork, as discussed in section 6.4.2, it is observed that there is a fear among head office staff, which is called political concern at the implementation stage by Child and Faulkner (1998). However one feels that the organisation's outsourcing programme at the time of the study has not yet fully reached the implementation stage, but is somewhere between the formation and implementation stage. In section 5.3.1 (b), Kiran, a senior manager, asked Nadal, a senior accountant, to hold back on training outsourcing: "We are not interested in the procedures of how to work with them, what we are interested is for them to know what work to do and to do it quickly". This clearly shows that the basic layout for the formation stage was not laid out.

As Child and Faulkner (1998) propose, at the formation stage the knowledge-sharing process needs to happen more at the strategic level, i.e. it is something that needs to be agreed from the outset between the partners in outsourcing. They need to have a

plan on how they want to work together and what knowledge-sharing is needed in terms of procedures and control for them to start working in ideal conditions. In the narrative analysis it was seen that communication is easier between internal outsourcing and head office, but more difficult between external outsourcing and head office. This can be explained by the fact that internal outsourcing is an extension of the routine procedures of the head office, and most importantly the technology to share information is already present; but for external outsourcing there is the issue of physical distance as discussed in section 5.3.1 (b).

While it is clear that there is a communication problem right from formation stage of the strategic alliance under study, it should be noted that the political concerns as discussed by Child and Faulkner (1998) are also present here. These political concerns can occur at a very early stage of formation, where staff feel threatened by outsourcing.

In their study of knowledge-sharing in outsourcing, Lee and Huynh (2005) highlighted that there is a positive relationship between mutual trust and initial trust, but found no significant negative relationship between initial distrust and mutual trust. In the narratives analysis in section 5.3.1 (assumption 2) it was noted that although fear was present amongst the staff, this fear didn't materialise itself (i.e. the company didn't close its accounting operations in favour of outsourcing work). But an initial distrust, present from the beginning of the relationship, created this fear among the staff. This agrees with Lee and Huynh's (2005) proposition that initial trust can have a positive outcome, but is contrary to their findings that initial distrust seems not to impact negatively on mutual trust.

McEvily et al. (2003) argue that people will tend to trust each other more if they share certain similarities (e.g. language, culture etc.), as shown in the narratives analysis. With respect to reciprocity of trust, the concepts of competence-based trust and benevolence trust, are more important to people sharing and receiving knowledge.

## **6.5 POWER DISCUSSION**

Power is a soft concept which can always be seen at the core of human relationships in any aspects of their life. Power as a characteristic of trust cannot exist within just one party, since people feel powerful in relation to something or someone. Throughout this study the nature of power, and how this power concept influences knowledge-sharing between the head office and outsourcing, is examined. Here, the researcher examines three aspects of power, namely power in the context of the research, power relations in outsourcing, and power in knowledge-sharing.

### **6.5.1 POWER IN THE CONTEXT OF THE RESEARCH**

There are many definitions of power in the literature from various disciplines, including psychology, political sociology and social economics. Power has often been described as a form of authority. Daudi (1986) argues that that power and authority can be related in two ways: power can be an immature form of authority, or an alternative to control the behaviour of a group or community. Power is a soft term which makes it difficult to define. Scholars have used various taxonomies of power to give a description. In *Images of an Organisation*, Morgan (1997) describes eight types of power: resource-based, decision control, contingency hero, technological dependence, countervailers, gender, bureaucracy and know-how. French and Raven (1960) described the forms of power as being coercive power, reward power,

legitimate power, referent power and expert knowledge. Mann (1986, 1993) classified power into four types, namely military, economic, political and ideological. Chapter three discussed in detail the various forms of power associated with knowledge power (also be called know-how or expert knowledge in the taxonomies above).

This research is mainly concerned with knowledge-sharing. The literature describes the various forms of power, particularly knowledge power, with various definitions and taxonomies of knowledge. In this study, through narrative analysis, the researcher looks how people behave in a real organisation and tries to describe the reason for their particular modes of behaviour.

Knowledge is seen as an asset for workers in a knowledge-based environment like accounting and legal work. The narratives given in section 5.2 explain that knowledge possessed by staff is considered as their own personal asset, leading to the discussion in chapter five as to whether knowledge is a company asset or individual asset. According to the analysis of the narrative, knowledge is an individual asset, or can sometimes be seen as a group asset shared by people within an organisation. There are two reasons for this assumption: firstly, firms tend to be very individualistic, and secondly the assets (i.e. the knowledge) tend to be very specific.

The job environment is individualistic in nature as staff within the job process work on their own and then pass the job to the next process. These type of processes have two main characteristics, firstly an egocentric possession of knowledge and secondly the personal interpretation of accounting concepts. In the narrative evaluation in 5.2.2, it was seen how Ilona dismissed Nadal's query based on her personal interpretation of the accounting concept. There is also the quote, mentioned several times already, in the narrative when Issacs said to Nadal "If you want to know something, go and read

a book, do not use me as a book”. As discussed in chapter five, this quotation can have various meanings, but at the very least it does give the impression that this knowledge belongs to me and if I want to share it I will, but if I don’t want to I won’t.

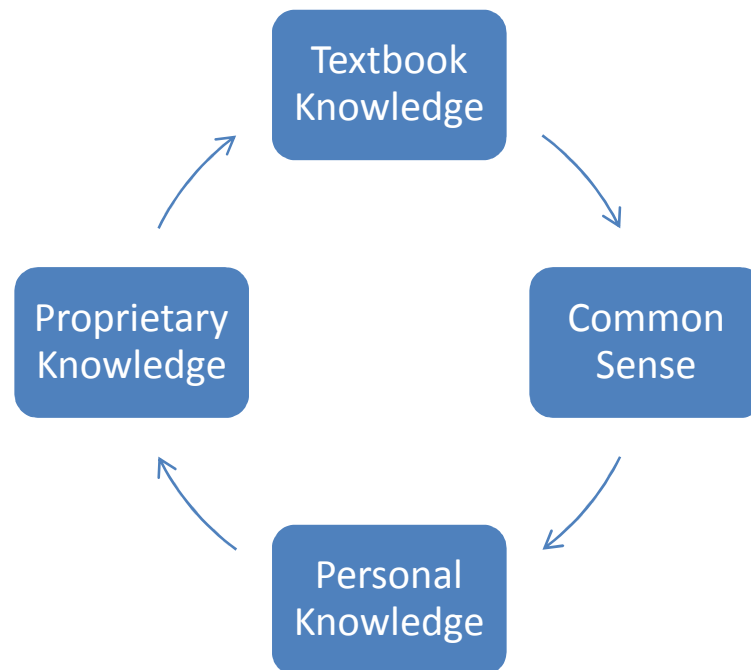
The other characteristic of the job environment under examination is the degree of specificity in knowledge. Accounting knowledge is very specialised in nature, and in practice it tends to be specialised by industry, and then further specialised by sub-sectors, and so on. Specificity of knowledge causes the individual in an organisation to value their assets more, as they know they it gives them a competitive advantage in the market. Section 5.2.4 gives examples of why knowledge is considered specific to the firm.

The literature on power fails to give a single overarching definition of power because of its fuzzy nature, giving broad taxonomies of power instead. The researcher agrees with these taxonomies, but behind them the central feature is the tool that drives power. Power is a cognitive prescription and to apply it as a tool, as in the case of expert knowledge or knowledge power, one needs the tool of knowledge. Kling and Ekbia (2003) support this by arguing that “Power must be analysed as something that moves, which is never localised in a single place. In other words, individuals are vehicles of power and not its points of application”. What is not investigated in the literature is what makes these tools: for example, in the case of knowledge, which is an intangible asset/tool, there can be many factors that make this knowledge a suitable tool for the potential application of power. In this research the main understanding of power is knowledge power. Does every single piece of knowledge, data or information that people hold create a tool for the application of power? This is very



broad and subjective, and must be discussed in the context of the research in order to identify what makes knowledge a tool of power.

Chapter two gives the following classification of knowledge as provided by Boisot (1998):



- Personal knowledge (tacit knowledge owned by a person of biographical nature or occupational nature).
- Proprietary knowledge (personal knowledge that is made sharable e.g. in the case of patents or copyright).
- Textbook knowledge (category of textbook or public knowledge).
- Common sense (when textbook knowledge becomes common sense).

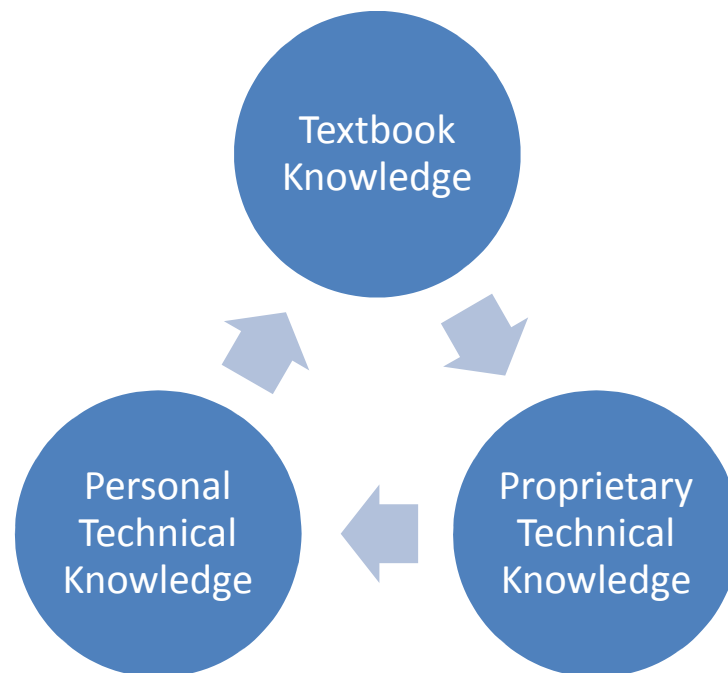
Can all of these classifications of knowledge exercise power? Power can possibly be exercised with any classification of knowledge, because as discussed above the very definition of power means it needs two subjects and a context. But the degree of power, and the potential to use that power, can vary with the various classifications. For example, to answer the question, “Is common sense an asset to anybody?”: the

potential to exercise common sense as a power tool is more limited, as everybody will know what you already know. As personal knowledge is occupational by nature, and it is something that Mr X knows but Mr Y doesn't know, the probability of using this as a tool for the application of power is greater than that of common sense.

In this research there are various types of knowledge, but the researcher is interested in the blocks to professional knowledge-sharing only. Using Boisot (1998) knowledge can be classified as follows:

- Textbook knowledge (knowledge in text books and accounting statute books, like accounting standard books, companies act, money laundering etc.)
- Proprietary technical knowledge (knowledge that can be gathered through studying, which is proprietary to the profession of accountants, i.e. standard knowledge/basic knowledge that all accountants have)
- Personal technical knowledge (knowledge that can be applied to the practical/real world, and is proprietary to each individual, being gathered by experience).

**Figure XIV: Knowledge Cycle**



The diagram above describes the cycle of knowledge in the research environment. Textbook knowledge is knowledge that can be gathered from books, manuals and public information and is available for everyone to study and which can be accessed by anyone. Proprietary technical knowledge is the knowledge gained from study and professional examinations. Personal technical knowledge is knowledge that has been gathered from professional studies and from practical experience.

In this analysis two characteristics of power identified are individualism and specificity of knowledge. It can be assumed that personal technical knowledge has a higher likelihood of being used as a power tool than textbook knowledge.

### **6.5.2 POWER IN OUTSOURCING CONTEXT**

As discussed many times in this thesis, power is a dynamic force whose locus is not fixed; in this research, the researcher has placed a lot of emphasis on it in the outsourcing relationship. The power literature is very scarce, as it is a soft concept and

quite often elusive to researchers, and the outsourcing literature has not examined the concept of power in relation to outsourcing. In the current study the researcher ventures to analyse this uncharted territory to examine how the concept of power applies to the outsourcing model, analysing its influence in both internal and external outsourcing.

The notion of knowledge power has been characterised in this study as being driven by individualism and specificity of knowledge. Internal outsourcing and external outsourcing differ in the sense that one is a branch of the head office, while the latter is an independent entity. In the fieldwork, it was observed that there are more close interactions between the head office and internal outsourcing staff than the head office and external outsourcing staff. Thus the application of knowledge as a power tool differs between the two types of outsourcing. In chapter five, various narratives reveal irritation amongst head office staff, who often shower criticism on internal outsourcing. Internal outsourcing, as an extension of the head office, has the same technological infrastructure as the head office, and can catch up on the specificity of knowledge more quickly than external outsourcing. Moreover, being part of the organisation, it is subject to a greater degree of control and the management can move the job from the head office to the internal outsourcing with greater ease than with external outsourcing. Moving more jobs to external outsourcing would be very risky, even impossible, because of the nature of the profession and the ethical and legal issues involved in it.

Internal outsourcing has the same characteristics as that of the head office, in that its staff also have the tendency to work in an individualistic way. The researcher observed elasticity of this individualistic behaviour in the fieldwork. For example,

when people are in the head office they addressed each other as “I”, but when they are referring to the internal outsourcing they transformed the “I” into “We”. This has been discussed extensively in chapter five, where it was explained that the concept of “We” is about protecting the individuals’ own interest and knowledge. This in fact supports the claim that power is a dynamic factor and can move very easily. External outsourcing is seen as an external process, and there is not enough evidence to support the claim of individualistic behaviour. It was observed that in external outsourcing the head office holds the monopoly on their specific knowledge and they can use that as a power tool. The same cannot be said of internal outsourcing as they have access to more specific resources than external outsourcing. It can be concluded in this discussion that the notion of individualistic behaviour is more prominent in internal outsourcing, while the notion of specificity of knowledge is more important in external outsourcing.

### **6.5.3 POWER RELATIONSHIP AND KNOWLEDGE-SHARING**

In the literature, power is defined from a micro-perspective Morgan (1997) and French and Raven (1959), while from a macro point of view the researcher has looked at the definition of Mann (1986, 1993) and the concept of the Panopticon as discussed in the work of Michel Foucault. Kling and Ekbia (2003) present the notion of the knowledge worker, arguing that the important factors when talking about power are:

- a) The importance of their knowledge to the organisation where they work, and
- b) The scarcity of their skills in the labour market.

Jarvis (1995) argues that organisations are social constructions and that power is exercised by workers to maintain their position and relationship. In this section the researcher examines how power affects the sharing of knowledge.

Power is an expression of human frailty and of human ego. Power needs a tool for its expression, and in the context of the study this tool is knowledge. For knowledge to act as a tool of power it requires certain characteristics; for this study the researcher has seen that the two main characteristics are individualistic behavior and specificity of knowledge. These two characteristics can be aligned with Kling and Ekbia (2003) as important factors that affect power in relation to the knowledge worker. For a knowledge worker to be recognised in the workplace, he needs to stand above the rest and show that he is an asset to the company. For this, the worker needs to show his individuality and, more importantly from the point of view of the organisation, his knowledge. The more scarce the knowledge, the more value it has in the market. Specificity of knowledge creates this scarcity of resources.

Knowledge is subject to the paradox that it gains value if it is seen as valuable to other parties, i.e., the more it is shared, the more its value will be known. But as seen in the case of this study, the belief of workers is that the more they keep the knowledge for themselves, the more valuable their assets are going to be. One is the value of the knowledge, and the other is the value of the workers' assets, which can be described as knowledge power. Both are inversely related as presented in the following graphs:

**Figure XV: Organisational Knowledge Value**

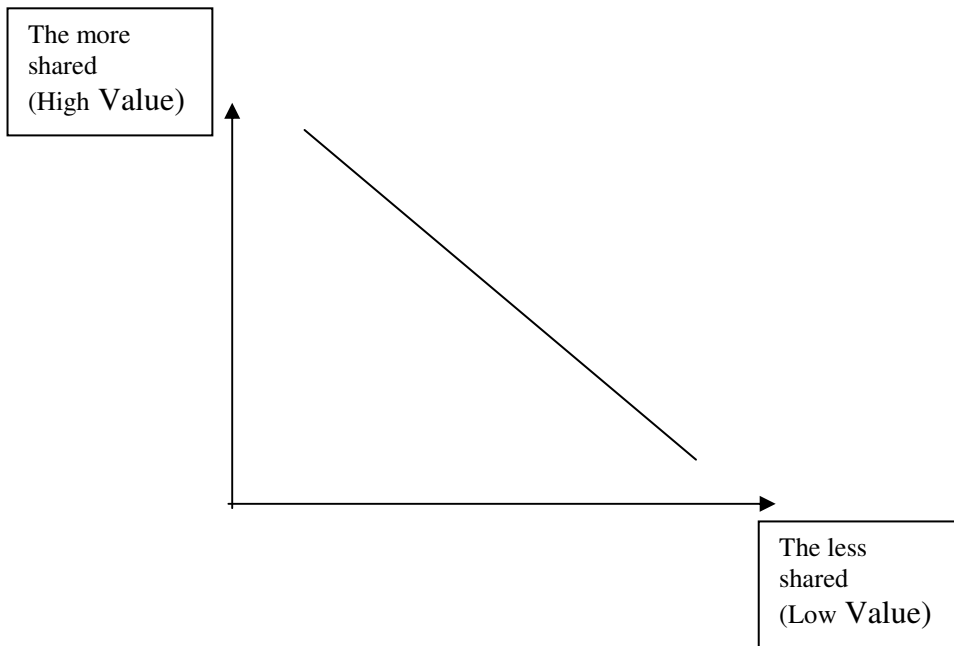


Figure XV shows the value of knowledge for a company/organisation. In the above graph one can see that the more knowledge is shared, the more it will be valuable in the domain with which it is shared. For example the more client feedback a company gets on its services, the more useful it will be for the company to improve its services.

**Figure XVI: Employee Knowledge Value**

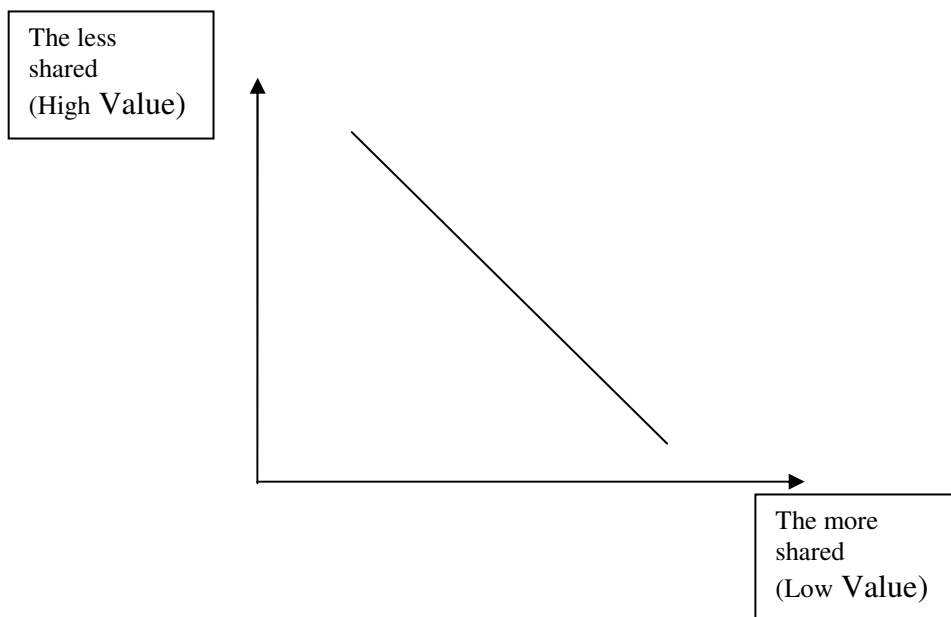


Figure XV shows that the more the knowledge is shared, the more value it gains, while in Figure XVI one can see that the less it is shared, the more value it gains. Figure XVI shows that the higher the value of the knowledge, the greater the power of the worker will be. Thus power is indirectly related to knowledge-sharing and is definitely an intrinsic block to it, as the workers will lose more as they share more.

## **6.6 RELATIONSHIP BETWEEN TRUST AND POWER**

In chapter five the researcher observed that power tends to soften the more people trust each other. There is a trust-dependency for power to be exercised, which can be observed in a number of the narratives. In 5.2.1 (a) this was observed where Isaacs replied to Nadal, “If you want to know something go and read a book and do not use me as a book”. (To the question whether the situation might be different Isaacs could have replied to Nadal in a more polite manner.) Another example appears in section 5.2.1 (a) in the description of clans within the working environment. People tend to regroup themselves depending on the similarities they share. The similarities could be the same language, culture and background. In section 5.2.1 (a) the researcher observed that there are two clans:

- Group A: Kiran, Nadal & Jerome
- Group B: Isaacs, Etienne and Cesc

Sharing within a clan or group was much easier as there was more trust. The best example is the conversation between Kiran, a manager, and Jerome, a senior accountant, that took place as follows:

Jerome: “Hi Kiran, Cesc is asking me to explain to him the procedure of hedging, but I don’t have much time.”

Kiran: “Can you take the file from him and do it by yourself?”



Kiran: “Do not worry too much about group B, because as soon as you show them too much, they will get big-headed.”

The above narrative might be very petty in nature, but is in fact something that happens within many working environments; however, the context and situation of the clans might be different. While this may be common knowledge, it is still an important observation within the study that informal networks can facilitate knowledge-sharing and to some extent reduce the impact of power blocks in knowledge-sharing.

**Figure XVII:** Trust Network and power relationship

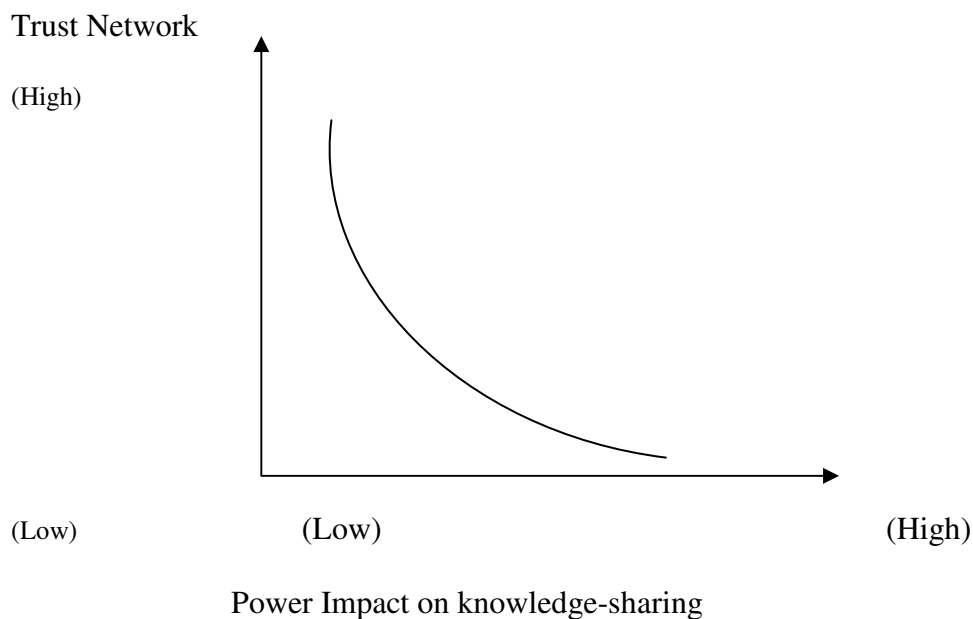


Figure XVII shows that the higher the trust network, the lower the impact of power blocks in knowledge-sharing. Human behaviour is very volatile, and the conditions which create these behaviours might be numerous and volatile. Thus in suggesting the above proposition it is assumed that other conditions are constant (“ceteris paribus”).

Another important observation of trust and power is that these two elements are significant blocks in knowledge-sharing. It is observed that these two factors have

limited impact in accounting outsourcing. While there was frustration from the head office staff with regard to outsourcing, and a fear that their job might be moved to the outsourcing firms, this fear never materialised. Trust and the individual application of trust and power in knowledge-sharing were limited, firstly because the technological platform which could replicate the same human interaction they had in the head office was not present in outsourcing. The technological platform of internal outsourcing (i.e. Intranet and other means of communication) was better than that of external outsourcing (which was very distant from the head office), but in both cases the lack of face-to-face human contact prevented the facial expression of trust and power that would form part of interactions in the head office. With this limitation in technological platform, outsourcing stayed as a mechanical process rather than an integrated process of the working environment.

The second reason for the limitation in the application of trust and power is that there was gap in knowledge-awareness, as explored in the chapter five discussion about specificity of knowledge, which is one of the drivers of power. When this gap in knowledge awareness is so big, this in itself is a big block to the sharing of knowledge. A significant gap was observed in the knowledge awareness between head office and the outsourcing firm: the head office hadn't made any effort to reduce this gap, making outsourcing a mechanical process as discussed above. In the narrative in section 5.3.1 (b) there is an example of how Kiran, a senior manager, tells Nadal that the office is interested in getting the work done quickly, and not in the procedures of how to work with outsourcing. In the scenario relationship of 5.2.1 (d), this gap is also observed between the knowledge of the outsourcing unit and the head office.

Two factors could reduce this gap of awareness between the head office and outsourcing. Firstly, the right technological platform and procedures need to be in

place to encourage knowledge-sharing, and secondly there needs to be a willingness from the head office to reduce this gap. Even though procedures were not in place to share knowledge with internal outsourcing, they had a technological platform that was compatible with the head office, which helped them in external outsourcing. In preparation of accounting files, an accountant needs to refer the previous year's files to know about the workings and assumptions. In this scenario they needed to ask the staff in the head office: sometimes they did ask, and sometimes they didn't, but just did the work according to their own assumptions. This inability to access the same kind of information as the head office sustained the gap in knowledge accessibility between the head office and outsourcing unit. This was exacerbated by the lack of willingness of the head office to create working procedures to work with the head office, as described in the previous paragraph.

## **6.7 CONCLUSION**

In this chapter the researcher analysed the narrative results together with the literature review to provide a constructive discussion on various elements of the study. The context of the study was a complex environment which obviously made it difficult to research and required a move away from traditional ethnography. There has been much criticism of “going native” because of the fear of bias. But how can one study the environment without going native, having the right access and sharing the expert knowledge of the subjects? The status of earlier ethnographers was at a higher social rank than the subject (e.g. early studies of aborigines). But in this study the researcher stands in the same social rank as that of the subjects. This is a major facet of ethnographic management studies. Another demarcation from traditional ethnography is the fact that the researcher had to have expert knowledge to be able to study the

micro-level human behaviour. The second aspect of the research method discussed in this chapter is the Labov model, which helped the narratives to be studied with scientific rigour. However the Labov method assumes intentionality in culturally specific stories. The researcher examined the elements of the Labov model that denote orientation, and asked why the elements of the stories happened and what would happen if the conditions were different.

Outsourcing is a concept that has been much spoken of in the last decades as a revolutionary tool in the management of business. While outsourcing is more prominent in information technology, every single industry has tried to use outsourcing for its own benefits. In this study the researcher explores how outsourcing is being used in the accounting profession, and possible ways to develop a future model. Two types of outsourcing are defined in this study, internal outsourcing, which is an extension of the head office, and external outsourcing, which means hiring a third party firm which is independent from the head office. One of the main drivers of outsourcing, as discussed in previous chapters, is cost reduction, but due to legal and ethical responsibilities, costs in accounting outsourcing cannot be reduced directly, but can be reduced indirectly. Based on the Keida and Lahiri (2007) model, it can be argued that external outsourcing is done for tactical reasons, to reduce costs by using outsourcing when there is excess work, and thus excess staff recruitment can be reduced. Internal outsourcing in the case under study is done for a strategic reason (i.e. to be near the client). Here the researcher used the Vita and Wang (2006) model to show that accounting outsourcing belongs to the third generation of outsourcing (i.e. the outsourcing of core-services).

Trust and power are the two main factors that have been identified in the study as major blocks to knowledge-sharing from an individual perspective. Trust and power

are elusive and fuzzy concepts in this study. There are many types of trust which are defined in literature, but the two main types of trust present in the study are benevolence and competence trust. Knowledge workers, having knowledge as their main asset, need to be benevolent to share it; and on the other side the person receiving it needs to have trust in the competence of the giver, in order to receive it. The construct of trust in outsourcing is driven by two elements, namely fear and communication. Fear arises from the feeling of uncertainty and threat to the individual holding the knowledge, while the problem of communication arises from the physical distance from head office and the reluctance of management to share information with the head office staff. Davenport and Prusak (1998) argue that for knowledge markets to be effective, trust must be visible, ubiquitous and must start at the top. In the analysis it was seen that trust is not transparent, the head office see outsourcing not to be a trustworthy part of the organisation, and there is evidence from the narratives that top management were not communicating information to staff in the head office.

Child and Faulkner (1998) proposed a model of strategic alliance which is made up of three stages. The formation stage is where the partners are sharing some explicit information and is influenced by calculative trust. The implementation stage is the second stage where the parties have started working together, and requires a deeper level of trust to share both tacit and explicit information. In the evolution stage they share strategic information to get competitive advantage of the market. At the implementation stage there are normally some political concerns, but in the context of the study there seem to be political concerns only at the formation stage. In the discussion above, the researcher put the case for a strategic view of outsourcing at the formation stage. The work of Lee and Huynh (2005) look at the level of mutual trust and knowledge-sharing in outsourcing. The researcher agrees with their findings that

initial trust positively affects mutual trust, but disagrees that initial trust does not negatively impact mutual trust. McEvily et al (2003) argues that people sharing the same characteristics tend to form clusters, and the density of trust within these clusters tends to be high.

Scholars have struggled to give a wide definition to power and have thus created the different taxonomies of power discussed above. Instead of trying to create another narrow definition of power to create taxonomy of power, the researcher analysed the elements behind the construct of power. The two elements which seem to define power in the context of the study are the individualistic working environment and specificity of knowledge assets. Both elements tend to make knowledge a tool for the application of power, but the discussion explored whether all knowledge has the same degree of power; using Boisot's (1998) knowledge classification it was argued that some types of knowledge have greater probability than others. The example in section 6.5.1 revealed that personal technical knowledge which is professional in nature can be applied to individual job situations. This type of knowledge can be very individualistic and specific in nature and has the greater probability of being used as a knowledge tool.

The researcher observed both internal and external outsourcing, and found that individualism is more important in internal outsourcing, as it is an extension of the head office, while specificity of knowledge is more important in external outsourcing. The researcher also examined the value of knowledge to the organisation and to the worker, and found that for an organisation, knowledge becomes more valuable the more it is shared, while for the individual worker knowledge has more value as an asset when it is less shared. Also explored in the relationship between trust and power

is the idea that the closer the trust network, the lower the negative impact of power on knowledge-sharing. Lastly I explained that although the individual aspects of trust and power are very important, I believe that two main factors might limit the impact of trust and power, i.e. knowledge awareness and technological limitation. The knowledge gap between the head office and outsourcing is so big sometimes that the head office is happy to simply leave this gap, and thus this is already a big block to the knowledge-sharing process. It is also apparent from the above analysis that when the technological platforms are not synchronised, this creates a natural block to knowledge-sharing.

## **CHAPTER 7**

### **FINDINGS AND ORIGINAL CONTRIBUTIONS**

#### **7.1 INTRODUCTION**

I started this thesis with a view to understanding the blocks to knowledge-sharing from an individual unit of analysis. The main objectives were to focus on the outsourcing operations of an accounting firm by using the method of participant observation. The research questions were:

- (a) To examine the influence of trust and power on knowledge-sharing from the individual perspective.
- (b) To investigate how accounting outsourcing creates a shift in the unit of analysis, and how it differs from other types of outsourcing.
- (c) To explore, from the perspective of the individuals involved, what the blocks are to knowledge-sharing within the firm and within its outsourcing operations.

I carried out my fieldwork in an accounting firm as a participant observer, and coded the results of the observations in the form of narratives, which I then analysed to try to understand the behaviour of workers in the sharing of knowledge within the head office and the outsourcing operations. This ethnographic method was very important in analysing the working process both in the organisation and in the outsourcing



process, and helped me to investigate the social phenomena at an individual and micro level in answering the research questions above.

In chapter two the thesis reviewed the general literature surrounding knowledge-sharing and outsourcing, while in chapter three it looked more specifically at how the elements of trust and power affect knowledge-sharing. Chapter four looked at the methodology used in this research and discussed the research design's validity and reliability. The fieldwork data and the narratives analysis was presented in chapter five, and chapter six engaged in a discussion between the findings of the fieldwork and the literature, and also the various issues that arose from the findings. The main aim of any PhD thesis is to provide an original academic contribution to the field(s) with which the research is connected. This research is multidisciplinary in nature, bringing together the different areas of knowledge-sharing, outsourcing and ethnography. While the main aim of this study is to look at the blocks to knowledge-sharing, this research offers original contributions also to the fields of accounting outsourcing and ethnography.

While original contribution is an important criterion for a PhD, the answer to the central research questions laid out at the start is of primary importance to any piece of academic research work. Chapter six looked at the issues in the fieldwork and how they compare with the theoretical literature as discussed in chapter two and chapter three. This chapter aims to answer the research questions asked in chapter one, and also to explain how the issues found in chapter six can bring contributions to the field of knowledge-sharing, outsourcing, work design and ethnography. Firstly this chapter looks at the findings and original contributions in the various academic areas mentioned, secondly it will look at the limitations and constraints that were

experienced in the conduct of this research, thirdly it looks at further research areas, and finally it brings a conclusion to this thesis.

## **7.2 FINDINGS AND ORIGINAL CONTRIBUTIONS**

The main aim of this study is to understand the blocks to knowledge-sharing from the perspective of the individual, with a focus on outsourcing. Because of the importance of understanding the context of this thesis, before discussing the findings regarding the blocks to knowledge-sharing, this section will reiterate why knowledge work is important in such an organisation and why accounting outsourcing provides an appropriate domain for an investigation of blocks to knowledge-sharing.

The term outsourcing was much in fashion in the late 1990s, with every business trying to maximise its potential. Outsourcing has been linked inextricably with the reduction of costs and the maximisation of profit. Profit is very important for the survival of any organisation, but for many professionally regulated firms, other factors that are equally important and positively linked are their good reputation and regulatory compliance. Like other industries, the accounting industry has jumped on the outsourcing bandwagon; however, the utilisation of outsourcing in the accounting industry differs from other industries. There hasn't been substantial work into the way outsourcing is used by various industries. The work of Vita and Wang (2006) presents the evolution of outsourcing from first generation (non-core activities) to third generation (core activities). Outsourcing of core activities varies significantly in different industries. In the present context, firstly the core activities are regulated, and secondly they consist of a large amount of tacit knowledge which is not easy to discover. Vita and Wang (2006) look at what organisations outsource, but to fully

understand the nature of this outsourcing we need to understand why and how they outsource. The work of Kedia and Lahiri (2007) contributes to the area by elaborating on why: they suggest that a firm will outsource for tactical, strategic and transformational reasons. Tactical outsourcing aims to reduce direct and indirect costs by reducing staff recruitment; strategic outsourcing aims at being locally responsive and globally integrative; transformational outsourcing aims to create a new business model and share the risk in an outsourcing partnership.

What the existing theoretical framework hasn't looked into is how we outsource, because it has been taken for granted that outsourcing is simply the subcontracting of work to a third party. In this research the researcher examines the drivers for accounting outsourcing and how firms outsource. How they outsource will depend on the original motivation for outsourcing. The reason I choose to explore this area is that the particularity of outsourcing in accounting will have a direct impact on the influence of trust and power on knowledge-sharing.

### **7.2.1 ACCOUNTING OUTSOURCING**

As mentioned in chapter one, accounting is a varied profession with a broad range of activities such as book-keeping, invoicing, accounting, auditing, etc. A few accounting firms have started to specialise in accounting outsourcing on a large scale, the best example being the giant firm Accenture. But they mainly offer basic accounting services like book-keeping or re-invoicing. At the other end of the spectrum are accounting services like statutory auditing, which is not possible to outsource because of the legal and ethical implications of signing an audit report. This research has been investigating accounting services, which sits in the middle of the spectrum, in particular accounting preparation work, which is above mechanical

book-keeping but does not involve a statutory audit. There were some accounts which need to be audited but this was not done by the firm and is beyond the scope of this research.

Chapter one and chapter four of this thesis give details of the accounting preparation work studied in this research, which includes the preparation of the financial statements of a limited company, a limited liability partnership, a trust or any other legal entity which has a statutory obligation to file accounts at Company House, and also the filing of income tax with the fiscal authorities. The preparation of financial statements is influenced by a number of laws/regulations, principally the Companies Act, which deals with Accounting Standards, and the Tax Regulations, which impact on the calculation of the provision of tax in the accounts. The two major stakeholders that influence the preparation of financial statements are Company House and the Tax authorities, but this is not limited. Financial statements can have implications for various stakeholders, including the company's shareholders, investors, employees, creditors, etc. The firm I have studied in this research is a good example of a medium-sized accounting firm, giving a fair representation of a UK accounting business. I am obviously not comparing this firm to the big four accounting firms, which are in a league of their own, but through this research I have tried to look at the reality on the ground of an agile firm and the practicalities of applying outsourcing to the accounting world.

The firm under study decided to outsource mainly to meet work deadlines within the stipulated time. Outsourcing for them was a means to reduce recruitment costs, thereby indirectly reducing general costs. This type of outsourcing, as described in previous chapters, was termed external outsourcing in this study. After they had used

external outsourcing they decided to hire people to be near their client and to do some basic accounting work. Later this was converted into a branch office and acted as an intermediary between the head office and the clients. There are obvious advantages to having a trusted intermediary between the head office and the client as they were based in different countries with different languages and cultures. This type of outsourcing is defined here as internal outsourcing, which is an extension of the branch.

As explored in section 2.2.2, there has been scarce research that deals with accounting outsourcing. What literature there is covers the areas of regulation and organisational change, or looks at the transaction cost economics and resource-based view of outsourcing. The accounting outsourcing literature reviewed in this thesis focuses on the macro level of outsourcing (i.e. the client and vendor relationship) and doesn't clearly define the type of accounting work studied. In this section the research examines the process of outsourcing, and in the next, knowledge blocks and the manner of sharing communication within that process. On the level of my contribution to the accounting outsourcing literature, I have extended on Vita and Wang (2006) and Kedia and Lahiri's (2007) models by discussing the forms of accounting outsourcing (i.e. internal and external outsourcing). In this thesis the researcher agrees with the contribution these models make to the outsourcing literature and has applied it to accounting outsourcing. But being a very new type of outsourcing, and given that the accounting profession operates under significant legal and ethical restrictions, its form was not already clearly defined in the literature. Another important aspect of accounting outsourcing is that control always remains within the head office, as they are only accountable towards the stakeholders. The accountability of an accounting firm towards its stakeholders and clients, is not

commercial accountability alone; the firm also has a legally enforceable accountability, which has an impact on the public interest. We have seen in recent years how the lack of transparency in financial statements has led to disastrous failures (e.g. that of Enron). This has led to regulatory bodies becoming more stringent on financial firms, particularly accounting firms, which have a duty of care when reporting figures in financial statements. These important characteristics of accounting firms have led them to use outsourcing in an original way within their own limits, to keep control of the outsourcing work. Chapter two of this thesis examined the main drivers behind outsourcing; one of the main drivers is cost. In accounting outsourcing, due to the nature of the business, cost-cutting is an important factor, but the firm also has a reputation risk to manage. The finding of this research in this regard is that accounting firms aim at reducing cost indirectly, as they are faced with very stringent rules. Chapter one discussed in detail the legal and ethical constraints that accounting firms face when they outsource. Thus the findings of this work follows the same logic, that accounting firms try to outsource but without contravening their legal and ethical obligations. As discussed in Chapter 4 the major contribution of this work to the accounting outsourcing literature is the focus of this study on the individual unit of analysis while previous research in the area of outsourcing has focused in the level of the firm and the industry.

## **7.2.2 EXAMINING THE INFLUENCE OF TRUST AND POWER ON KNOWLEDGE-SHARING**

The main objective of this research is to examine and analyse the blocks to knowledge-sharing as per the preliminary model set out in chapter one. While blocks to knowledge-sharing can be various and random, this research chose to focus on trust and power as the two main factors that influence knowledge-sharing at a micro-level.

As described in chapter three, trust and power look like familiar factors that can affect knowledge-sharing; there is nothing intrinsically special about them, like many other abstract concepts like time and space. But being aware of a word, notion or concept is different from fully understanding it and examining how it influences our life. Everybody knows what time is, but few of us have pondered over the issue of how time affects our life, or how it would be if the notion of time was not present in human life. Thus my claim to originality in this work is not to reiterate the common knowledge about knowledge-sharing, trust and power, but to explore how these three notions work together, and the different facets of trust and power from the individual perspective. The area of knowledge management has focussed a lot of effort in trying to design models to capture and store knowledge without taking into account the fact that this knowledge is driven by human behaviour. The researcher is not of the opinion that knowledge management models have failed: of course they help a lot of organisations. But where knowledge management is still slippery is in the area of tacit knowledge. In the new world economy, as work is increasingly knowledge-based, and more knowledge within organisations tends to be tacit, this will obviously shift the focus of knowledge-management scholars to the question of how better to capture tacit knowledge. Perhaps more important than capturing tacit knowledge, the focus should first be to look at the ways of making tacit knowledge flow with minimal blocks.

Trust and power by themselves are very complex areas relating to human behavior and the relationship with their environment. The researcher intends to make an infinitesimal original contribution to this very complex area that will help to open more doors to understanding trust and power at the micro-level in knowledge-sharing. Before going further into the concept of trust and power the researcher tries to explore

and explain what is understood by knowledge-sharing in the research context. In the last two decades there has been increasing interest over what knowledge is. In Hayekian settings the employer does not possess full knowledge of employee action, the employee is better informed on certain tasks and controls the knowledge assets (Hayek, 1945, 1973). In Federik Taylor's scientific management model the nature and process of the task was very important. But in modern management, the task is not the only important thing, as the knowledge worker also relies heavily on knowledge to perform a task. Knowledge has become dynamic compared to during the manual worker era, where knowledge was more static in nature. Even in the mid-nineteenth century the world was still looking at improving job processes to become more efficient, which gave rise to models like Total Quality Management and Just in Time. But in the twentieth century where knowledge workers have become increasingly important, work is based more on knowledge rather than tasks. For example, in the accounting field, previously people used to have long note pads and big storage rooms to keep previous years' files, but in modern times accounting software and packages like Lotus Notes allow soft copies of those files to be kept. In the last two decades scholars have been looking into the issue of tacit and explicit knowledge. This has been an elusive area for scholars because of the difficulty in understanding where tacit knowledge starts and where it finishes, and how much in it is tacit and explicit. Similarly, there has also been difficulty in trying to delineate between data, information and knowledge, as the space in which they evolve is dynamic and can change very quickly. Boisot's (1998) work on the I-space gives us a totally different perspective on the above discussion. He tries to define the component of information. What is this information made of? And what are the characteristics of this information? Boisot's work is at the macro-level and doesn't go into specific case-



studies as it is based on high volume data; instead it offers a different perspective to the area of knowledge-sharing and knowledge management.

In chapter two of this thesis, Jashapara (2005) was cited as arguing that “Knowledge Management” arose after the failure of “Information Management” to recognize that knowledge management was a complex process rather than just a simple distribution of messages. Chini (1994) argues that knowledge management has moved toward a more integrative process, incorporating human-oriented management and technology oriented management. In this research the two main assumptions which the researchers have taken into considerations are that:

(a) Knowledge is an asset to an employee;

(b) Knowledge is shared by an employee, rather than just shared within a process.

My approach to knowledge management in the modern world and in the modern organisation is that it has gone beyond the simple management of knowledge. Knowledge is owned by individuals, and the only way to manage knowledge is to understand the behavior of individual in relation to their handling of knowledge. Drucker (1999) argues that our work on knowledge workers is still in its infancy and can be compared to where we were with manual workers in the year 1900. In chapter one I presented my preliminary model which suggests that trust and power are two of the most important elements that can influence knowledge-sharing. But this thesis aims at looking at trust and power from the perspective of the individual in the context of outsourcing.

Studying soft and elusive phenomena like trust and power at the micro-level requires access to people’s daily life to try and understand their behavior. Having access to such a confidential and restricted domain was an important facet of this research. I

will discuss my ethnographic method later, in the section below. But to understand a knowledge flow which is influenced by individuals, it is important to understand peoples behavior in relation to trust and power. My work takes up the theoretical discussion and applies it in practice to see how it works in reality. The area of knowledge management and knowledge-sharing is very important and will become more so when firms start to realise the efficiencies that flow from sharing knowledge better. Thus the view that I take of knowledge management is not that of a process between a sender and a receiver, but that of creating equilibrium between the employer and employee expectations. In chapter six, I discussed the paradox of the value of knowledge which is also discussed in Boisot (1998). In this paradox, the value of knowledge is greater for the employer when it is more shared and diffused, while for the employee this knowledge, being a valuable personal asset, has more value when it is less shared. Thus the aim of modern knowledge management is to try to find the right equilibrium between the value of knowledge for the employer and employee, thereby creating efficiency in the knowledge market. Two factors which are very prominent in the literature, and which this thesis has assumed will influence the knowledge flow, are trust and power, which we are going to discuss and explain further.

### **7.2.3 TRUST IN KNOWLEDGE-SHARING**

Trust is an important phenomenon which is very common and can be easily associated with any human process. The study of trust is not new: in the 1990s there was a lot of interest in the meaning and definition of trust (Sako, 1997; Newell and Swan, 2000; Rousseau et al., 1998; Barber, 1983; Mc Allister, 1995; Jones and George, 1998; Abrams et al., 2003; Pavlou, 2003); in the last decade there has been more of an interest in the application of the concept of trust in various studies (Lee

and Huynh, 2005; McEvily et al., 2003; Lui et al., 2006; Levin and Cross, 2004, among others). The application of trust has been studied in various scholarly fields, so it is difficult to mention all of them here. But in the research on outsourcing, there have been very few studies on the impact of trust. The current literature has focussed a lot on control in inter-firm relationships at the macro-level (Mao et al., 2007; Heiskanen et al., 2008; Leeman and Reynolds, 2008; Hassan and Vosselman, 2010). However, as discussed in the literature in chapter three, there is a lack of work at the micro-individual level.

In this research I made a central assumption in dealing with knowledge-sharing and knowledge flow: many studies in the outsourcing domain have assumed that knowledge is proprietary to the organisation, but I have assumed that knowledge is the asset of the employee rather than the employer. This assumption is very important, as it moves the focus from the inter-firm macro perspective to the micro-level relationship of employees in inter-firm dealings. The previous section explained that this thesis wanted to look at knowledge-sharing more from the perspective of the individual. An accounting firm has many staff with a certain amount of tacit knowledge which forms the core of their competencies. It is not logical to assume that the firm will be the owner and trader of their knowledge, be it either in the head office or in an outsourcing process, but rather the trading of knowledge has to be done by its owner, the employee. I have assumed in the preliminary model in chapter one that the two major factors that will influence the sharing of knowledge are trust and power. Thus in this research I have looked at trust more from the individual/micro perspective, and tried to understand what makes people trust or distrust, and the impact of this on the sharing of knowledge.

I discussed the various definitions of trust in chapter six, finding that the two main types of trust that affect knowledge-sharing are benevolence trust and competence-based trust. In an organization a giver of knowledge needs to have some benevolence trust in order to be motivated to share, while the receiver needs to trust in the competence of the seller/giver in order to accept the knowledge. This area of trust is very much psychological in nature, and beyond the scope of this study. Instead I have tried to understand where the feeling of trust or distrust arises in the organisation and the outsourcing context, and what are the factors that promote trust and encourage knowledge-sharing.

Within an organisation (the head office in the case of this study), my findings suggest that the main element that would impact on benevolence trust is the trust network. The work of McEvily et al. (2003) suggests that people are more likely to trust each other and share if they share certain similarities. This is an argument which this research positively supports, as illustrated in the fieldwork findings in chapters five and six. (In addition, there is an observational finding regarding trust networks and power which will be discussed in the next section.)

In the outsourcing context the main elements found to influence trust are fear and communication. Fear is a random and common feeling experienced by everyone. The literature provides us with a wide range of definitions of trust, but none of them have really incorporated the element of fear. Fear is a general feeling which to some extent incorporates the feeling of mistrust; as discussed in 6.4.2, the definition that comes closest is the opposite of calculus trust, which I have called “uncertainty trust”, trust based on the belief that the other party has the intention of doing an action that is not beneficial. While the knowledge-sharing platform requires benevolence trust and

competence trust to share knowledge in a free market, the presence of uncertainty trust is a obstacle to the free trading of knowledge, more specifically in the outsourcing context. The problem of fear is related to communication. A lack of communication is seen to increase the fear factor in employees. From an observational point of view the problem of fear has more of an impact between head office staff and internal outsourcing rather than external outsourcing. Staff in head office know that it is easier for the management to shift their jobs to internal outsourcing, than it is to use external outsourcing.

Abrams et al. (2003) argue for more collaborative communication to improve trust, while Davenport and Prusak (1998) argue for more visibility in trust, and that trust must be more ubiquitous. The findings of this research agree with the recommendation of Davenport and Prusak (1998), because in this context trust was not visible as the communication between the management and the staff was not transparent, and the outsourcing structure was not trusted by the head office staff. Both issues here are related to a lack of proper communication. If management had properly communicated to staff their decision to outsource, there wouldn't be a problem in trust visibility and all parts of the organisation would remain trustworthy. The work of Abrams et al. (2003) talks of the problem of collaborative communication without taking into account the physical distance between parties. In this thesis the problem of collaborative communication is apparent, but because of the physical distance separating the actors, it is more complicated than in the case described by Abrams et al: the lack of physical interaction and face-to-face communication (e.g. email correspondence) seriously impedes collaboration. Staff are unable to express their emotions, and there is a lack of body gestures, facial expression and emotions which may give a totally different meaning to the message.

This research therefore extends the problem of collaborative communication from a local perspective (i.e. within the organisation) to a more external and remote perspective (i.e. outsourcing). But the findings of this research agree that the lack of a collaborative network is a barrier to trust-building. On a further note I observed that lack of face-to-face interaction can create an environment where the trust built is fragile. Ring and Van de Ven (1994) argue that fragile trust is easily developed and easily broken, but according to the findings of this study, trust in the outsourcing context is hard to develop and easy to break. In terms of communication, internal outsourcing has fewer disadvantages than external outsourcing, as it is an extension of the head office and has access to more information.

Child and Faulkner (1998) propose a model of strategic alliance where at the formation stage the firms share explicit knowledge, while at the implementation stage they share more tacit and explicit knowledge, which sometimes raises political concerns from staff. This research shows that there is a need to share more strategic knowledge (both tacit and explicit) at the formation stage. In the context of this study I have observed that there are political concerns at the formation stage, as people often wonder at which stage outsourcing will take place. The problem of collaborative communication often arises because the foundations for the formation stage are not laid out: with no design of how the working process will be, the whole mechanism of outsourcing is fragile. I suggest a model of outsourcing with a very strong formation stage, creating a deeper relationship between staff who are the knowledge holders. Stronger planning at the formation stage will reduce fear, and improve trust and communication.

The original contribution of this research to the trust domain is firstly in the application of trust at a micro level in a practical world scenario; secondly by investigating trust in an accounting firm, which because of the confidentiality of the information they handle, are normally not open to researchers; thirdly in the definition of trust in this context, explaining how it differs from other definitions; and finally, in the correlation drawn between communication and trust (i.e. communication from the management level as well as communication from the level of the employee). This has been discussed in detail in chapter six.

#### **7.2.4 POWER IN KNOWLEDGE-SHARING**

The concept of power, like trust, is a soft term which is difficult to handle and understand due to the complexity that it involves. The study of power has not been a comfort zone for management scholars, and there have been only a handful of studies on power in the management literature. The work of Charles Handy deals with power in a leadership context, whereas in the context of this research, the researcher has been looking at what defines power and how it affects knowledge-sharing. Power is very difficult to define as it can change shape and form quickly. However the literature has provided us with various taxonomies of power (Daudi, 1986; Morgan, 1997; Mann, 1993; Kling and Ekbia, 2003). The concept of knowledge power mainly concentrated on in this research has been explored by Morgan (1997) and French and Raven (1960). In this research I have not gone into describing yet another taxonomy, but instead in chapter six I have looked at the factors that drive the use of knowledge as a power tool.

The two important factors identified in my findings as drivers of knowledge power are individualistic behavior and specificity of knowledge. Being individualistic cannot

in itself be described as any form of power, but rather that individualism is one of the drivers that helps create the feeling of power. Individualism, as argued in the previous chapters, makes workers egocentric, and also sometimes causes them to create their own understanding of technical terms. This is a problem that can be resolved quickly by encouraging team work; however this solution involves altering the whole organisational culture and also the work design. The accounting field is constrained by time and cost. Some jobs have a budget of three to four hours to be completed; if more than one person works on on a single job for four hours, how will the firm cover its budgeted cost? Because of this cost constraint, changing the work design is complicated, but I have observed that people tend to curb tendencies to express their power within their own trust network. (This has been discussed in chapter six: as McEvily et al. (2003) argues, people who share certain similarities will tend to trust each other more.) Because of this mutual trust, people will refrain from using knowledge as a power tool within their trust network and thus facilitate knowledge-sharing. Individualism, as I have noted earlier, is a belief that can mutate quickly depending on the context, e.g. within the head office staff always use the terms “I” or “me”, whereas within an outsourcing domain this quickly becomes “we” or “us”. Individualism can be seen as people’s own identification with the knowledge they possess (i.e their knowledge assets). But in some part, knowledge identity is encouraged by firms, to get jobs done as quickly as possible and also to create competition among workers. These are a block to knowledge-sharing and thus have significant costs for the organisation. It is beyond the objectives of this thesis to talk about ways of promoting teamwork or collaborative interaction, but this could be an area for further research, as discussed below.



Specificity of knowledge arises when the knowledge becomes very specialised and tacit, due to the application of more general knowledge to a very specific area. This is a common phenomenon in accounting, where the profession is so wide that accountants tend to specialise in certain areas (similar to many other professional areas such as law and taxation). There is some literature on asset specificity, which was put forward by the economist Olivier E. Williamson. Asset specificity means the opportunity costs of using an asset for other purposes. This differs from the definition of specificity of knowledge. Williamson (1983) defines four types of asset specificity:

- 1.) Site specificity (e.g. natural resources)
- 2.) Physical asset specificity (specialised machinery, e.g. medical equipment)
- 3.) Human asset specificity (highly specialised human skills)
- 4.) Dedicated assets (investments made for a certain purpose, thus assets cannot be used elsewhere).

Other authors who have looked at asset specificity are Zaheer and Venkatraman (1994) and Malone et al. (1987). While asset specificity doesn't approach the definition of specificity of knowledge per se, the definition of human asset specificity to some extent joins the debate on the specialised nature of knowledge. Asset specificity is more of a problem for outsourcing rather than within the organisation head office. In chapter six I also looked at what types of knowledge encourage the application of power. Based on Boisot's (1998) knowledge classification I have presented a new classification of knowledge in chapter six. Power is a very sensitive area in management literature and not very much studied, but I tried to explore this area as I think it has a major influence on knowledge-sharing. The next section

presents a summary of knowledge-sharing and the impacts of trust and power within the head office, internal outsourcing and external outsourcing.

### **7.2.5 THE BLOCKS TO KNOWLEDGE-SHARING?**

The main aim of this study is to identify the blocks to knowledge-sharing and in this chapter I have summarized my findings and contributions to the field. This study has looked at knowledge-sharing in three situations, namely: (i) the head office, (ii) internal outsourcing, and (iii) external outsourcing. In the literature review in chapter two I identified trust and power as the main elements which affect knowledge-sharing and I looked into the nature of these two elements and how they affect knowledge-sharing. I have studied trust and power within the context of an accounting firm, where I have assumed knowledge to belong to the individual accountant rather than being part of a knowledge process.

The element of trust in the narratives in chapter five has come up mainly in the discussion relating to outsourcing, and has been described as "fear". However there were also situations where the trust factor introduced an element of blockage to the efficient sharing of knowledge. This led to the findings that benevolence and competence trust are two important types of trust within such a context. In the head office these two types of trust play an important role in the efficient sharing of knowledge. With regard to outsourcing, however, there was a significant fear amongst staff in the head office that they might lose their job in favour of outsourcing, and a lack of communication from management did not help to alleviate this fear. Power is a common factor which I have described as a block to knowledge-sharing and within the head office the individualistic culture is one of the motivators to use knowledge as a power tool. But did this trust or power prove to be a blockage in the sharing of

knowledge in outsourcing? My observation here is that there were two main issues that created blocks in the knowledge market between the head office and the outsourcing:

**(a) Physical distance and lack of suitable technological platform**

Between the head office and outsourcing, firstly there is physical distance, and secondly there is no technology or process in place which allows staff to share knowledge and communicate properly. Internal outsourcing was favoured in this situation as they formed part of the organisation and had access to intranet and other information, but external outsourcing was completely cut off from the head office. The distance between the head office and the outsourcing unit caused outsourcing to depend on the head office for information. This was a major stumbling block in the sharing of knowledge and I am of the opinion that the threat of "fear" or "mistrust" was not exercised in outsourcing, as the communication problem was already a natural barrier.

**(b) Knowledge awareness**

The specific and specialised nature of knowledge, and the gap in know-how between the head office and outsourcing, were very prominent in the relationship. The head office were aware of this gap in knowledge and didn't feel that they had to reduce it; and nobody forced them to do so. They were happy to sit down and maintain the comfortable gap between them and the outsourcing unit. This problem of knowledge awareness is present in both internal and external outsourcing. It can be argued that there is some form of power exercised here: staff are indirectly hoarding their knowledge, so as to remain ahead of their outsourcing counterparts.

## **7.2.6 LESSON TO LEARN FROM THIS STUDY**

I have argued in the above section that trust and power are important social and cognitive blocks in the sharing of knowledge, mainly inside the organisation. The problem of trust itself is an important feature of the outsourcing structure; however this research has identified other blocks, like communication and technology, which complement the problem of trust. The lessons that can be drawn from this study to improve knowledge-sharing are:

- (a) More collaborative interaction between management and staff;
- (b) Building up of trust networks among staff by organising more team-building exercises and also out-of-office networks. Team-building exercises should also be organised among head office and outsourcing staff;
- (c) Regular technical sharing meetings should be conducted once a month amongst the team in the head office. Staff should offer their opinion and views on all the technical issues encountered in the office, so as to help share tacit knowledge, which should also reduce the individual interpretation of technical concepts by staff;
- (d) There needs to be a suitable technological platform for staff to share information in outsourcing without compromising the confidentiality of clients. This technological platform could also incorporate a more interactive communication process like video conferencing;

- (e) A well-designed plan and work process has to be prepared before starting outsourcing work so that the communication process is well laid out. This should take into consideration the sharing of explicit and tacit knowledge, where bottlenecks can happen within the process. The plan should also incorporate a public relations exercise to avoid fear among the head office staff.

### **7.2.7 ETHNOGRAPHIC STUDY**

The use of ethnography as a research method to study organisational behaviour is not very common. The rationale of using such a method was discussed in chapter four, and the way the method was adapted to the objectives of this study was described in chapter five. With the global move towards a knowledge-economy, there is a shift towards developing management tools for the knowledge worker rather than the manual worker. There has been only a handful of ethnographic studies in accounting, and among them only one notable study based on an accounting firm, the work of Haynes (2007), which relates to sexuality and sexual Symbolism in organisational culture. Ethnographic studies within finance and accounting firms are rare for the following reasons:

- (a) **Problem of access**

It is very difficult to get access to finance and accounting firms, due to the confidential nature of the information they handle, and also ethical issues that these firms risk by sharing information to outsiders. For example, an ethnographer doing ethnographic studies in a finance firm is not regulated in the same way as the firm's staff, thus he doesn't have the same ethical and

legal compliance as a normal staff member who signs a work contract. This could lead to leakage of information about clients, which is difficult for the firm to regulate and control. The study of the ethnographer might be related to human behavior, but being inside the firm they will hear talk and also see documents which are highly confidential. For this reason gaining access to accounting and finance firm is extremely problematic.

**(b) Prior knowledge of working environment needed**

It is difficult to research knowledge-based work without having prior knowledge of the working environment. Finance and accounting are very much knowledge-based, and to understand this knowledge is very important in order to be familiar with the technical jargon. I discuss this more in the exploration of reflexivity in the research below, because this research encourages a new ethnographic practice that goes beyond just being a complete observer, but requires the complete observer to be a member before he/she starts the ethnographic work.

**(c) Low interest from finance/accounting firms in academic work**

I mention this with some caution as it is a personal, subjective point of view, but from my experience during the ethnographic study and through talking to other people in the banking/finance sector, I feel that they don't give much importance to academic work. They usually use the work of external consultants for reports and studies, but this is a different from an academic ethnographic study.

Before going on to explain the originality of the ethnographic research and the research findings, I would touch on the issue of reflexivity and cultural relativism in this research (explored in further detail in Appendix B). Reflexivity is the process whereby the researcher looks back on himself and how the researcher's involvement impacted on the research and its findings. The methods and ultimately the findings of the research don't come without limitations. Ethnography has often been criticised for being subjective, or expressing the researcher's personal views. This bias will increase when the researcher is a complete member of the context which he/she is studying, as in the current research, where the researcher was a member of an organisation before starting. This can be classified as native ethnography, and here I present a case for this type of ethnography and its usefulness in future academic work. In doing research we explore something which is not found within our own thoughts and to which we don't have the answer, but as Davies (1999) argues, "On the other hand, we cannot research something with which we have no contact, from which we are completely isolated. All researchers are to some degree connected to, a part of, and the object of their research. And, depending on the extent and nature of these connections, questions arise as to whether the results of the research are artefacts of the researcher's presence and inevitable influence on the research process. For these reasons, considerations of reflexivity are important for all forms of research."

This research studies human behaviour and the organisational system, and how they can impede the sharing of knowledge. Like other professionals, accountants have their own jargon and technical language, and without understanding this jargon, a researcher would have limited understanding of the behaviour of the subjects. Behaviour can take many forms, it need not be limited to body movement, but can be

observed in language and emails, etc. In the context of this research, where I am studying the transfer of highly technical knowledge, without being an accountant it would be difficult to identify when the conversation is about work or when it is merely general talk. The collection of narratives in such a context requires a thorough knowledge of the subject matter so that it can be understood in the right context.

I am aware that being a native of the community before starting the research, might pose some problems regarding the subjectivity of my analysis. After collecting the narratives I used an adapted version of the Labov method, a proven socio-linguistic approach, to analyse them, in order to remove personal bias as much as possible. In social science research and the study of human behaviour, there is no universal truth but only different constructions of reality. In this research the researcher has presented his own construction of reality through an objective methodology. In analysing the narratives, different people might come to different conclusions, but the researcher has presented an interpreted reality in the context of how an accountant would behave. I will agree that being a native before I started the research gives rise to some limitations, which will be discussed in the limitations section below. But I am of the strong opinion that without being a native, I wouldn't have had access to the accounting firm and I wouldn't be in a position to have a deeper understanding of the behaviour and conversations as an accountant. It is also important to remember that when we study outsourcing, we are studying different spaces (in this case, head office, internal outsourcing and external outsourcing). Since it is impossible to be in different spaces at the same time, to be able to capture the narratives and conversations between the different parties, it was necessary to be a complete member (a worker) to understand what the conversation was about.



During the course of this research I came across many studies in information technology outsourcing and very few in accounting outsourcing. Because of this I would like to underline the differences between information technology outsourcing and accounting outsourcing, and explain why more comparisons with IT outsourcing were not possible in this work. Firstly, the work in IT outsourcing covers non-core to semi-core activities. Outsourcing in the information technology industry is less regulated ethically than in accounting, and also the expertise level can be acquired outside without much difficulty. In accounting outsourcing, as explained in chapter six, there is the issue of specificity of knowledge, and also it is worth remembering that accounting laws are not the same in all countries. Secondly, I haven't come across a study of knowledge-sharing at the micro-level as discussed in this thesis (see chapters two and three). Most of the work on knowledge-sharing in the outsourcing area looks at it from a transaction cost economics perspective, i.e. from a more macro-level. This research brings the problem of whether its findings can be generalised. As explained earlier, accounting is a very wide profession, with firms ranging in size from small local businesses to enormous multinationals such as Price Waterhouse Coopers, etc. But in this research I have tried to give a fair view of accounting outsourcing as encountered by most middle-sized firms. The issue I am discussing here is rooted in the paradigm of cultural relativism.

The cultural relativism school, as discussed in chapter four, supports my claim that each context of study can be different, but can bring deeper meaning to the specific context. In traditional ethnography there used to be an expectation that ethnographers would study subjects thought to be of a lower social rank. But in modern ethnography,

including this research, there is a move towards the researcher and the subject being of the same rank. The contribution made by this research to ethnography is that it suggests a new breed of ethnographer to study knowledge-based firms, so that the behaviour of workers and organisations can be studied in a deeper and more efficient way. This research makes the case for researchers to adopt the more native type of ethnography. By understanding the micro-level issues of the work environment, researchers can help to design better management programmes, thus allowing for more efficient organisation. This ethnographic approach is rare within the field of accounting, and I hope that this work has brought forward enough arguments for further ethnographic work in professional organisations.

### **7.3 LIMITATIONS OF THE RESEARCH**

Any research has limitations because of its constrained context and limited time to answer certain questions. Social science has often been criticised by the positivist school of thought, claiming that the social inquiry method doesn't present a universal truth in its findings. The creation of the universe is a deep mystery, as is the creation of the human mind and its functioning; human thought can travel very fast and transcend the notion of space and time through the imagination. To understand such a process and action is difficult, and when there are many minds, understanding their interaction adds to the complexity. Thus it is impossible to claim absolute truth in social enquiry findings, as the human mind can change within a split second. I have examined the epistemological theories of qualitative research in appendix A and chapter four. The aim of qualitative research is to give an insight into the human behaviour and truth that is present in the research. Whether this truth will exist in other contexts is difficult to say, and it might exist partially or might not exist at all

depending on the assumptions of such research work. The current research has made use of ethnography and participant observation as the research method. Any specific method naturally has its own limitations; ethnographic case-studies have been criticised for the fact that the research is not comparable to other academic studies, and there are no precedents to compare and judge the reliability of the research. In the discussion of cultural relativism above, it was argued that each culture has specificities and therefore needs to be studied in a deeper way, and ethnographic research does satisfy this requirement. The reason that there is so little ethnographic research in accounting is because of access, knowledge of the subject, and length of time required to conduct the research. All these issues have been discussed in the thesis: access to the financial world to conduct academic research can be difficult, studying the behavior of such people require some knowledge of the work environment, and lastly, ethnographic research and participant observation require a long period of time in the field, which can make it difficult for many researchers unless they have a lot of funding for such research. As well as these practical considerations, having limited comparability to other scholarly work is certainly a limitation of ethnographic research, but this is balanced out by the deep insights that ethnography provides in the environment it studies.

Researchers have often trodden carefully when it comes to the participant observation method and this has been the case even in the ethnographic domain. The main problem is that in some cases the researchers have forgotten their role as researcher and have been immersed in the community which they are supposed to study, thus failing to give an objective account of the research. This has been more of a problem for ethnographic researchers who tend to go native within a community. As discussed

in the reflexivity section, one of the limitations of this research is that the method adopted was native ethnography, i.e. the researcher was part of the community before starting the research. Chapter one explained how the research question was derived and that the researcher did not try to use his position for the direct benefit of the research, but instead the research was based on genuine problems faced by the industry. The need for a researcher to have prior knowledge before doing such a research was explained above; there may be divergent points of view on this, but this research does firmly support the case for prior knowledge, in order to have a deeper insight into people's behaviour. While this research presents a positive discussion and explanation in favour of native ethnography, one of the biggest limitations that any participant observer faces is bias in the research, due to immersion in the research subject. It is very difficult to claim that any research is bias-free, and more so when the method is participant observation. But by analysing the narrative using the Labov model (which like any other model has its own limitations) the researcher has tried his best to remove this bias from the analysis and provide rigour in the research. Another approach for the coding of the data, such as Nvivo software, could have been used, and additional analysis could have been provided by focus groups, for example. But the analysis of narratives is a selective process and the amount of data was not on such a large scale that human coding couldn't deal with it. Certainly for a larger scale project, software like Nvivo would be useful. Regarding the use of focus groups for analysis, it would have been interesting to see whether non-accountants or even other accountants came up with the same analysis of the narratives. But due to time constraints and the fact that those conclusions might themselves have been subject to debate and to further research questions that would fall outside the limits of this

research, the researcher has preferred to abstain from using such a method. But this will be discussed in the further research section.

While the research method presented some challenges with respect to rigour and also comparability of the research, the literature reviews also left some limitations with regard to the depth and comparability of the study. The research objectives of this thesis were multi-disciplinary in nature, looking into the areas of trust, power, knowledge-sharing, outsourcing, accounting and ethnography. The literature on the definition of trust is not especially recent, the scholarly exploration of the definition of trust having been done mainly in the 1990s and very early 2000s. In the late 2000s scholars did look at the application of trust in various domains rather than its definition. But the literature on both trust and power has not really gone into the micro aspects of trust and power in the knowledge-sharing field. While there has been mention and recognition that trust and power are very important cognitive elements in the knowledge-sharing domain, very few works examine its interaction from a micro-level. The outsourcing literature in the accounting field is very thin because accounting outsourcing is quite new. But even then the existing literature doesn't look at the problem of accounting outsourcing from the same point of view as this research, but rather from the a macro point of view, examining the relationship between firms. This is obviously an extension of what the literature on IT/IS outsourcing has been doing for many years. But as discussed above, the outsourcing of accounting work is fundamentally different from the outsourcing of IT and IS work. Lastly there have been very few ethnographic studies in accounting firms, and less so any which look at the transactions of knowledge within the firm or within an outsourcing situation. The research has looked at areas with some scarcity of

literature, and thus can conclude that there is a gap in the literature; this research should represent a positive contribution to all these academic areas. But from the point of view of limitations, this scarcity of direct literature prevents a comparison of this research to other academic works. The lack of research in certain areas will be discussed below in the further research section, where future areas of research will be suggested.

## **7.4 AREAS OF FURTHER RESEARCH**

This thesis has looked at the problem of knowledge-sharing from a micro-perspective, with focus the outsourcing operation. There has been very little research to understand the dynamics of knowledge-sharing in such outsourcing operations. Most research tends to be interested in the relationship between firms from the point of view of transaction cost economics. This research suggests that it is important to understand knowledge-sharing dynamics from a individual micro-point of view, especially in knowledge-based industries; thus further research is needed in this area. The area of trust in relation to power also needs further research within organisational studies, to understand the ways in which it manifests.

Another area of potential further research is to look at ways of promoting collaborative teamwork and networks within the accountancy profession. The findings of this thesis suggest that the accountancy profession tends to be individualistic in nature and has reviewed the problem. Research in collaborative work has been done in many areas, but it would be of great importance to accounting. Finally, this thesis has used the method of participant observation and the Labov model as analysis tools. The findings of this thesis would suggest the importance of ethnography as a method in organisational work design and knowledge management. There needs to be more

use of the ethnographic method so that it can be refined, but more importantly so as to give research a deeper understanding of the behaviour of knowledge workers.

I have indicated the decision not to use focus groups in the analysis of my narratives as one of the limitations of this thesis. Different participants, coming perhaps from different backgrounds, might have offered alternative views and interpretations of the narratives. This is an area of research that is important to explore, so that we can understand better where the weakness in narrative interpretations lie.

## **7.5 CONCLUSION**

This thesis examined a different type of outsourcing; one of the central questions in chapter one was how accounting outsourcing creates a shift in the unit of analysis and how it differs from other types of outsourcing. In the findings above it is argued that the outsourcing literature has looked at the drivers of outsourcing and what services are being outsourced, but the missing element is how firms outsource. This thesis has drawn attention to two types of outsourcing, internal and external. It has also argued that accounting outsourcing is a third-generation type of outsourcing in accordance with Vita and Wang (2006). The main driver of outsourcing is cost reduction, and in this research it is argued that the focus of accounting outsourcing is a reduction of indirect costs in particular. While external outsourcing is done primarily on a tactical basis to reduce recruitment and excess staff costs, internal outsourcing is done on a strategic level to be nearer the client.

The other research question in chapter one was to examine the influence of trust and power on knowledge-sharing from the individual perspective. Before understanding the influence of trust and power, this research framed a definition of trust and power

to use in the context of the study, based on various definitions of trust and taxonomies of power provided in the literature. The findings of this research are that two of the most important types of trust present in the context of this study are benevolence and competence trust. Trust is a concept with a wide definition and each type of trust will have a different influence on a subject. Thus understanding the type of trust was important to understand the influence of trust in knowledge-sharing. The research goes further, defining a new type of trust, “uncertainty trust”, which is based on the fear created by an uncertain environment. Having described the types of trust present in the context of study, the research explores the factors that are likely to influence trust or mistrust, and thus knowledge-sharing, among the different parties. Having assumed that trust has an influence on the sharing of knowledge, any factors that affect the trust behaviour are likely to create bottlenecks in the sharing of knowledge.

As explored in chapters five and six, the two factors that are most likely to have an influence on trust are fear and communication. Fear can be said to be related to the problem of communication, as lack of communication can promote the feeling of fear. This thesis has found that there is often a lack of visibility within the organisation, as the top management is not willing to communicate the business strategy to the staff. Moreover the outsourcing situation creates new challenges for collaborative communication, as the physical distance between staff makes it more difficult to create effective communication. The study agrees with the work of McEvily et al. (2003) who argued that people tend to have more trust in another party if they share certain similarities. The findings of this thesis suggest that in an outsourcing situation there needs to be more collaborative communication at the formation stage of outsourcing. This should create a better understanding among outsourcing staff, and thereby a better working process.



The literature provides many taxonomies of power, and this research did not want to go into defining a further taxonomy of power within this context. Before understanding the influence of power on knowledge-sharing this thesis tried to understand the factors that motivate the show of power, the two main factors being individualism and specificity of knowledge. Individualism is related to the nature of accountancy work, and can influence the behaviour of people within the organisation and its outsourcing operations. Within the organisation the workers will often use the denomination “I”, while in the outsourcing context they will use the denomination “We”. The expression of power by an individual can be a block to the sharing of knowledge. The observation made in this thesis is that people who belong to trust networks are less likely to use their power in dealing with others. Specificity of knowledge can be a driver that encourages people to use knowledge as a power tool. This has been discussed in the chapter above and also in chapter six, but I believe that this is a more influential tool in the outsourcing operation than in the head office.

The next question asked in chapter one was, from the perspective of the individuals involved, what are the blocks to knowledge-sharing within the firm and within its outsourcing operations? This thesis examined three different contexts, namely head office, internal outsourcing, and external outsourcing. Trust is seen as a more important factor in the sharing of knowledge in the outsourcing context, but it can also have an influence on knowledge-sharing within the head-office. Power is seen as having more influence on knowledge-sharing within the head office but like trust it can also have an influence in the outsourcing context. Before taking into consideration trust and power, two important factors that impede the sharing of knowledge in the outsourcing context are (a) physical distance and lack of suitable

technological platform and (b) knowledge awareness. Firstly, physical distance means that outsourcing doesn't have the same access to information as internal staff in the head office. In this situation internal outsourcing was favoured in relation to external outsourcing as they had access to some information via intranet. Secondly there was a gap in the knowledge awareness between the head office and outsourcing, and this problem was present in both types of outsourcing (i.e. internal and external). To summarise the above points, trust and power are important factors that influence knowledge-sharing inside the organisation, although trust was very prominent in the outsourcing context, due to fear from staff and lack of communication. But in outsourcing, physical distance, lack of a technological platform, and the knowledge awareness gap were seen as having a greater influence on knowledge-sharing than trust and power.

Lastly I examined the role of the ethnographic method in the study, which helped in gaining a deeper understanding of human behaviour in knowledge-sharing. The ethnographic method was applied through the collection of narratives and the use of the Labov model to analyse the narratives. This chapter also looked into the issue of reflexivity and cultural relativism in participant observation, to explain the limitations and the adaptation of the ethnographic method. And finally it explored the limitations of this research, and set out potential areas for further research.

While the aim of this thesis has been to understand the blocks and bottlenecks to knowledge-sharing, the deeper essence of this work is to provide equilibrium between the expectations of the employees who are the knowledge owners, and the expectations of the employer. To be efficient in the knowledge economy rests on the

ability to share the right knowledge efficiently. Most people studied outsourcing at the level of the firm or industry, but this research shows that in accounting, outsourcing is practiced mainly at the level of the individual who are the main actors. My level of granularity of the outsourcing system is the individual accountant and those with whom he or she relates on a daily basis. The framework in this research has looked at the individual unit of analysis which hasn't been look in previous literature on outsourcing and accounting outsourcing.

## **APPENDIX A: RESEARCH PARADIGMS & PHILOSOPHY**

The Oxford English dictionary defines research as “investigation into and study of materials and sources in order to establish facts and reach new conclusions” Oxford Dictionary (2004). As the definition explains, research is a journey where the researcher employs different research paradigms to guide them through. A paradigm embeds four concepts, namely ethics, epistemology, ontology and methodology. During the last decades various research paradigms have emerged due to the rapid development of social science and also the interest in more complex phenomena being tackled by social scientists. There are three main research paradigms which we will define as positivist, anti-positivist and critical.

### **Positivism**

The positivist paradigm of exploring social reality is based on the philosophical ideas of the French philosopher Auguste Comte, who emphasised observation and reason as means of understanding human behaviour (Dash, 2005). In the nineteenth century Auguste Comte wanted to challenge the religious belief of the time, to be replaced by scientific objectivity and arguing that the human world could be detached and analysed through scientific and empirical methods. Positivistic thinkers adopt the scientific method as a means of knowledge generation. It is important in the light of the above definition of a scientific realism of the human world to identify the definition of positivism. Kim (2003) puts forward the following assumptions of positivism:

1. The physical world and social events are analogous in that researchers can study social phenomena in the same way as physical phenomena.

2. Theory is universal and sets of principles and inferences can describe human behaviour and phenomena across individuals and settings.
3. In examining social events, researchers adhere to subject-object dualism in that they stand apart from their research subjects and treat them as having an independent existence.
4. There is a need to formalize knowledge using theories and variables that are operationally distinct from each other and defined accordingly.
5. Hypotheses about principles of theories are tested by the qualification of observations and by the use of statistical analyses.

According to Dash (2005), Conen et al. (2000) claim that the assumptions of positivism are determinism, empiricism, parsimony, and generality.

- ‘Determinism’ means that events are caused by other circumstances; and hence, understanding such casual links is necessary for prediction and control.
- ‘Empiricism’ means collection of verifiable empirical evidences in support of theories or hypotheses.
- ‘Parsimony’ refers to the explanation of the phenomena in the most economic way possible.
- ‘Generality’ is the process of generalizing the observation of the particular phenomenon to the world at large. With these assumptions of science, the ultimate goal of science is to integrate and systematise findings into a meaningful pattern or theory which is regarded as tentative and not the ultimate truth.

The positivistic paradigm has come under lots of criticism due to its lack of regard for the subjective states of individuals. Kim (2003) argues that the positivistic researcher normally disregard personal information about research participants, which might moderate the outcomes of a given study, since they are strictly treated as research objects. Researchers need to understand how individuals are related to one another in a given organisation rather than quantifying segmented individual components. Dash (2005) notes that the positivistic school of thought regards human behaviour as passive, controlled and determined by external environment. Hence human beings are dehumanised without their intention, individualism and freedom taken into account in viewing and interpreting social reality. Another limitation of positivism is that researchers that belong to that school of thought often look for a universal truth, but the truth they state is often based on probability rather than actual fact. Finally positivism often tries to measure phenomena which are subjective by their very nature. According to the critics of this paradigm, objectivity needs to be replaced by subjectivity in the process of scientific inquiry. This gave rise to anti-positivism or naturalistic inquiry.

### **Anti-positivism**

Anti-positivism criticises many of the positivistic assumptions and principles. The anti-positivists believe that reality is multi-layered and complex (Cohen et al., 2000) and a single phenomenon has multiple interpretations. They stressed that to verify a phenomenon we should not check just the quantitative aspect or specific relationship, but we should look at the unexplored dimensions of a phenomenon.

Dash (2005) notes that anti-positivism is influenced by three schools of thought in social science research. These are phenomenology, ethnomethodology and symbolic interactionism.

All the three schools of thought emphasise human interaction with phenomena in their daily lives, and suggest qualitative rather than quantitative approach to social inquiry.

The Phenomenological school of thought has its origin in the thinking of the German philosopher Husserl and the French philosopher Merleau-Ponty. It rules out any kind of objective external reality. According to Van Manen (1990) it is an exploration of “the essence of lived experience”. According to Dash (2005), during interaction with various phenomena, human beings interpret them and attach meanings to different actions and or ideas and thereby construct new experiences. Therefore, the researcher has to develop empathic understanding to know the process of interpretation by individuals so that she can reproduce in her mind feelings, motives and thoughts that are behind the action of others.

Ethnomethodology is an approach by Harold Garfinkel and his fellow ethnomethodologists. The main proposition of ethnomethodology is that it studies the ways in which people make sense of their social world. According to ethnomethodologists, theoretical concerns centre around the process by which common sense reality is constructed in everyday face-to-face interaction. Dash (2005) argues that this approach studies the process by which people invoke certain “taken-for-granted” rules about behaviour which they interpret in an interactive situation and make it meaningful. They are mainly interested in the interpretation people use to make sense of social settings.

The school of thought for “symbolic interactionism” was pioneered in the work of George Mead, John Dewey and Herbert Blumer. Symbolic interactionism emphasises the understanding of the meaning from human interactions. Dash (2005) argues that the peculiarity of this approach is that human beings interpret and define each other’s actions instead of merely reacting to each other’s actions. Human interaction in the social world is mediated by the use of symbols like language, which help human beings to give meaning to

objects. Nelson (1998) argues that the main principles of the theory of symbolic interactionism are meaning, language, and thought. The first core principle of meaning states that humans act towards people and things based upon the meanings that they have given to those people or things. The second core principle is language. Language gives humans a means by which to negotiate meaning through symbols. The third core principle is that of thought. Thought modifies each individual's interpretation of symbols. Symbolic interactionists, therefore, claim that by only focusing attention on individuals' capacity to create symbolic and meaningful objects in the world, human interaction and resulting patterns of social organisations can be understood.

The two paradigms we have discussed above look at the concept of social reality. While positivism stands for objectivity, measurability, predictability, controllability, constructs laws, rules of human behaviour and facts; non-positivism essentially emphasises understanding and interpretation of phenomena and making meaning out of this process. Alongside the presence of these two major paradigms, another trend, which got developed during the post-sixties, gave rise to the third paradigm of research, namely the Paradigm of Critical Theory.

### **Critical theory**

The critical theory was explored by Jurgen Habermas, who developed an approach of investigation and action in the social sciences which could describe the historical forces that restrict human freedom and expose the ideological justification of those forces (Dash, 2005). Denzin and Lincoln (2000) claim that this type of paradigm in its many formulations, articulates ontology based on historical realism, an epistemology that is transactional and a



methodology that is both dialogic and dialectical. Dash (2005) argues that Habermas postulated three types of interest which generate three types of knowledge:

- A technical interest concerned with the control of the physical environment, which generates empirical and analytical knowledge.
- A practical interest concerned with understanding the meaning of situation, which generates hermeneutic and historical knowledge.
- An emancipating interest concerned with the provision for growth and advancement, which generates critical knowledge and is concerned with exposing conditions of constraints and domination.

Denzin and Lincoln (2000) present an explanation of the above three paradigms in terms of ontology, epistemology and methodology.

<b>Item</b>	<b>Positivism</b>	<b>Postpositivism</b>	<b>Critical Theory</b>
Ontology	Naïve Realism-“Real” reality but apprehendable	Critical realism-“real” reality but only imperfectly and probabilistically apprehendable	Historical realism- virtual reality shaped by social, political, cultural, economic, ethnic, and gender values; crystallized over time
Epistemology	Dualist/objectivist;  Findings true	Modified dualist/objectivist; critical tradition/community; findings probably true	Transactional/subjectivist ; value-mediated findings

Methodology	Experimental/manipulative;  Manipulative; verification of hypotheses; chiefly quantitative methods	Modified experimental  /manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods	Dialogic/dialectical
-------------	--	---	----------------------

## Epistemology

### Epistemological problem

Epistemology investigates the idea of “What is knowledge and how knowledge is acquired?” “What do people know and how do they know what they know?” There is the idea of “Knowing that” and “Knowing how”. If we were to calculate  $1+1=2$ , we know that the addition of  $1+1$  is equal to 2, but there is also the issue of knowing how to add  $1+1$ . According to the Galilean library, epistemology is concerned with the following:

- The nature of knowledge: what is knowledge? What do we mean when we say that we know something?
- The sources of knowledge: where do we get knowledge from? How do we know if it’s reliable? When are we justified in saying we know something?
- The Scope of knowledge: What are the limits of knowledge? Are there any in the first place?

In physical science most knowledge is base on fact, while in human science like social science knowledge is based on belief, trying to understand the phenomena rather than just

giving causal explanations and relationships. The debate between natural science and human science on the basis of explanations/understanding is still an ongoing one. Schwandt (2000) argues that there are three epistemological stances for qualitative inquiry, which are Interpretivism, Hermeneutics, and social Constructionism. He argues that Interpretivism and Hermeneutics philosophies arose in the late nineteenth and early twentieth century against the then positivist school of thought.

*“At the heart of the dispute, was the claim that the human sciences were fundamentally different in nature and purpose from natural sciences. Defenders of interpretivism argued that the human sciences aim to understand human action. Defenders of positivism and proponents of the unity of the science held the view that the purpose of any science (if indeed it is to be called a science) is to offer causal explanations of social science, behavioural and physical phenomena”.*

Interpretivism is mainly concerned, as the name suggests, with interpreting and understanding actions by assigning meaning to actions. Interpretivists aim at reconstructing the self-understanding of actors engaged in a particular action. Schwandt (2000) claims that interpretivism assumes an epistemological understanding of understanding, whereby understanding is considered an intellectual process where the knower gains knowledge about an object. In this tradition the interpreter is separate from that which is to be interpreted, the interpreter is external to the object.

Philosophical Hermeneutics argues that understanding is part of the practical experience and part of life. Philosophical hermeneutics argues that understanding is not, in the first instance, a procedure-or-rule governed undertaking; rather it is the very condition of being human (Schwandt, 2000). Gardamer (1981) (quoted in Schwandt, 2000) explains the following;

*“Understanding like action, always remains a risk and never leaves room for the simple application of a general knowledge of rules to the statements or texts to be understood. Furthermore where it is successful, understanding means a growth in inner awareness, which as a new experience encounters into the texture of our own mental experience. Understanding is an adventure and, like, any other adventure is dangerous but is capable of contributing in a special way to the broadening of our human experiences, our self-knowledge, and our horizon, for everything understanding mediates is mediated along with ourselves”.*

Gadamer (1975) has repeatedly emphasized that the work of hermeneutics “is not to develop a procedure of understanding but to clarify the conditions in which understanding takes place. But these conditions are not of the nature of a ‘procedure’ or a method which the interpreter must of himself bring to bear on the text”.

Social constructionism claims that the way to understand knowledge is to construct it and construct the truth. Schwandt (2000) argues that constructivism means that human beings do not find or discover knowledge so much as we construct or make it. We invent concepts, models, and schemes to make sense of experience, and we continually test and modify these constructions in the light of new experience.

Social scientists try to understand process, meaning and pattern. As Micheal Polanyi pointed out in *Personal Knowledge*, we cannot dismiss the practical knowledge of knowing how to ride a bicycle by keeping our balance, in favour of the theoretical knowledge of physics involved in keeping a state of balance. In social science we are concerned with trying to understand what other human beings are doing, saying and the way they are behaving. The above philosophies provide different ways to explore and understand knowledge.

## **APPENDIX B: VALIDITY & RELIABILITY**

Validity and reliability are common concepts used in quantitative research to ensure the quality of the research. Quantitative and qualitative researchers lie at the extremes of two separate paradigms of research. Positivist research is based on scientific objectivity; truth is based on probability rather than actual fact. The non-positivist school of thought as elaborated in Appendix A looks at the subjective aspects of life. This helps us to understand the meaning of people's behaviour, understand certain "taken-for-granted" rules about people's behaviour in a dynamic environment, and finally, make sense of meaning, language and thought.

The positivist tradition is based on empirical conceptions of universal laws, evidence, quantification, objectivity, truth, deduction, and reasoning. In The non-positivist and qualitative traditions, there has been a lot of discussion among scholars on the importance of the aspects of validity and reliability. However they agree that some kind of quality check or rigour is important in any type of research. As Morse et al. (2000) note, "Without rigor, research is worthless, becomes fiction, and loses its utility. Hence, a great deal of attention is applied to reliability and validity in all research methods". Before going into the problems of validity and reliability within the thesis, it is important to understand the distinction between the two traditions of quantitative research (positivist) and qualitative research (non-positivist). The contributions made by ethnographic research to scientific progress lie in the difference between ethnography and the positivistic traditions. LeCompte and Goetz (1982) argue that there are three areas of significant differences which are:

### Formulation of Problems

In a quantitative research the formulations of hypotheses to be tested are based on *ceteris paribus*, i.e. certain factors are held constant to test certain possible outcomes. However in an ethnographic study, the research is being carried out in a natural setting which emphasises the interplay among variable factors situated in a natural context.

### Nature of Goals

Experimental research is oriented toward the verification or testing of causal propositions developed externally. Ethnography attempts to define the characteristics of variables and phenomena, to generate and refine conceptual categories and to discover and validate associations among phenomena.

### Application of Results

Results of quantitative research are normally comparable because the research questions are made under conditions of strict assumption. Experimenters and survey analysts more commonly depend on design control, sample size, and assumptions of equivalence to legitimise their generalisations. Ethnographic studies on the other hand cannot be easily generalised, but can be compared to phenomena which are similar or might differ systematically.

Although the concepts of validity and reliability differ due to the nature of the two paradigms, this will not however exonerate qualitative researchers from having a quality check on their research. In an ethnographic study, the researcher is faced with a basic question of why the audience should believe the story or whether the researcher has made up the stories to convince the audience. LeCompte and Goetz (1982) discuss the problem of reliability and validity in ethnography by looking at internal reliability and external reliability, and internal validity and external validity.

### Internal Reliability

Internal reliability refers to the degree with which other researchers, given the same constructs and data, will agree with the result of the research. The key concern in ethnography is that a research site will quite often admit only one researcher; there is little possibility of having multiple observers in the context of this thesis. LeCompte and Goetz (1982) argue that the different strategies to mitigate internal reliability are low inference descriptors, multiple researchers, participant researchers, peer examination, and mechanically recorded data. In this research, access is permitted to one person only, as such multiple researchers and participant researchers cannot be employed. For mechanical data it has been recorded on critical and selective events, which will not be recorded mechanically. However the research will permit low inference descriptors in the forms of narratives and direct quotation. Ongoing discussions will also be there on the data with the thesis supervisors.

### External Reliability

External reliability addresses the issue of whether independent researchers would come to the same conclusion given the same settings. Ethnographic studies of human behaviour occur in a unique situation which is difficult to construct in exact detail. Moreover human behaviour is never static, it changes constantly. LeCompte and Goetz (1982) claim that external reliability can be enhanced by handling five major points which include the researcher status, informant choices and social situations and conditions. Researcher status position is the definition of the status of the position being held by the researcher within the organisation. This is important, if for example the researcher has secured a position as a cleaner in an accountancy office, it would not be possible for him to study knowledge-sharing among accountants. The researcher needs to be in a suitable position to be able to gather the right information. The

researcher position's in relation to his subject has been defined in figure XVIII (Position of the researcher within the firm). Informant choices relate to the participant being studied and whether they are relevant to the study. In the present thesis, there is apparently no need to define the participants, as all the participants in the field are professional accountants. Social situations and conditions claim that participants behave differently under different social conditions; this however is not applicable in this thesis, as the cases in study have well-specified boundaries of the social context.

### Internal Validity

Internal validity inquires whether the researchers are observing or measuring what they claim they are observing or measuring. LeCompte and Goetz (1982) argue that the problem of internal validity poses as much difficulty to experimental researchers as to ethnographers. They claim that the major threats to internal validity are history and maturation. History and maturation assume that time has an effect on data. In experimental research, it is easier for the researcher to hold back the effects of time. However in ethnographic studies, it is assumed that history affects the nature of the data and that phenomena rarely remain constant. The present study however concentrates not on a static phenomenon but a dynamic one which changes constantly, and time facilitates the record of human behaviour. Time itself does not impede on the data gathering process.

### External Validity

External validity examines to what extent the abstract constructs and postulates generated, refined or tested are applicable across groups. This poses the problem of generalisation of the study, which is often very difficult in ethnographic studies. In the present field of study, the results can be compared to some extent in the accountancy field, because the behaviour of



accountants can be replicated in the industry. However it has to be noted that accountancy is a wide profession with different specialisations and also each organisation has different levels of technology and culture.

Having explained internal and external validity and reliability, I would like to describe two concepts that help ethnographers judge the objectivity and subjectivity of their research. Reflexivity is the process whereby the researcher analyses his/her role in the research and the impact such role can have on the result of the research. As explained above, the ethnographic method and particularly the participant method require the researcher to be immersed in the research context. This has its advantages and also its disadvantages, the process of reflexivity helps us to analyse the disadvantages and limitations and see whether these obstacles are not material enough to influence our objective opinion of the research. Young (2008) notes that Michalowski uses the example of tensions between USA and Cuba to illustrate how 'geopolitics' can influence research (Michalowski, 1997). During his research, Michalowski became aware of the growing tension between the countries and this created uncertainty in his work. He did not know if he was observing what was actually occurring in Cuba at the time or whether his sight was being skewed by politics. Therefore Michalowski decided to investigate how data was constructed in his study in order to truly understand what he was observing. The second concept that will help a researcher, especially in ethnography, to determine objectivity is cultural relativism. According to Glazer (1996), cultural relativism is an anthropological approach which suggests that all culture needs to be studied with a cold and neutral eye and that each culture needs to be studied in depth. The work of cultural relativism is linked with the work of Franz Boas and his students. In his article "Limitation of the Comparative Method of Anthropology" he gives his first view of Cultural Relativism. Glazer (1996) argues that four limitations are there for the comparative model. They are the following:

1. It is impossible to account for similarity in all the types of culture by claiming that they are so because of the unity of the human mind.
2. The existence of like traits in different cultures is not as important as the comparative school claims.
3. Similar traits may have developed for very different purposes in differing cultures.
4. The view that cultural differences are of minor importance is baseless. The differences between cultures are of major anthropological significance.

Boas did not stop his critique of the comparative school at that point. He also delineated a methodology to replace it. His new method emphasized the following: (a) Culture traits have to be studied in detail and within the cultural whole (b) The distribution of a culture trait within neighboring cultures should also be looked at. This suggests that a culture needs to be analysed within its full context (Glazer, 1996).

Lastly, Appendix A addressed the epistemological problem of “How do we know what we know”, looking at the different epistemological paradigms in qualitative research. One of the paradigms was social constructivism: Golafshani (2003) quoting Crotty (1998) defines constructivism as “the view that all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context”.

## **APPENDIX C: PARTICIPANT OBSERVATION**

The focus of this study is to explore and examine the barriers to knowledge-sharing within an accounting firm and its outsourcing operations with focus on the individual unit rather than the organizational unit. The intent the study was designed as a participant ethnographic investigation. Due to the complexity of studying both internal and external outsourcing, the data collection stretched through a period of nearly two years between 2008 and 2009.

### **PARTICIPANT OBSERVATION**

During this period as a participant observer I was a full time staff of ABC Ltd., and was suitably positioned in dealing with the staff of both the head office and outsourcing. My role was that of senior accountant and my work responsibility include both the preparation of accounts and the reviewing of accounts of junior members and outsourcing files. Obviously I wore two hats as a worker and also as a participant observer, and during my time as participant observer, I respected the relationship with my colleague and kept a close and indiscriminate eye on the dynamics of the office and its outsourcing operations with respect to the sharing of knowledge. The actors were mainly qualified or part-qualified accountants.

The office had its specific organisational and technical jargon, and being an insider made it easier to observe and record conversations and events which related to the research objectives. The conversations and events were collected through field notes as and when they occurred through this period of time. As I was looking for conversations and events which related to the sharing of knowledge, and not random interactions, the data was collected whenever it happened. With regard to outsourcing, as it was not an activity that the office dealt with on a daily basis, it was more time-consuming to collect the conversations and

events that dealt with the sharing of knowledge. During my time as a participant observer, I made over a hundred observations. It is very difficult to give an exact amount of observations that I made because I was always observing but I put more focus on specific events.

## **APPENDIX D: SKETCH OF THE CONTEXT**

### **ABC LIMITED**

ABC Limited Head office is what has been described throughout the research as the head office, and is based in London. ABC provides professional services in the finance field and has an accounting department of around 15-20 people in London. The accounting department is based in one location in London, and the rest of the firm is based in a separate location. The accounting department is one of the biggest departments of ABC Ltd. and is engaged in the preparation of accounts for clients. The head office is made up of one director, one senior manager who oversees the running of the department, two managers who lead different teams, four senior accountants, seven accountants and two administrators. The head office/accounting department is an open plan office, except for the director who has a closed office. The accounting work is prepared mostly on specialised accounting software and the paper file is scanned and kept in a database after preparation.

### **INTERNAL OUTSOURCING**

The internal outsourcing office is based in Switzerland and is made up of around four staff who are responsible for liaising with the client, collecting documents for account preparation, starting book-keeping jobs and helping with the accounting preparation. Whenever the head office has queries with a client that they cannot resolve, they will liaise with the internal outsourcing staff, who will go and see the client physically to resolve the issue.

## **EXTERNAL OUTSOURCING**

External outsourcing contractors are accountants whom the head office uses for jobs when they have a surplus of work. The external outsourcing units are normally small accounting practices and they can be within or outside of the UK. External outsourcing will be sent a job, and will prepare the accounts and return them to the head office for review; the head office will review and send corrections back to the external outsourcing. Communication is mainly conducted by email and phone, but when the external outsourcing contractors have finished preparing an account, they will send a hard copy of the file to the head office for review.

## APPENDIX E: ABC LIMITED JOB STATUS

<u>NAME</u>	<u>JOB TITLE</u>
ISMAEL	DIRECTOR
KIRAN	SENIOR TECHNICAL MANAGER
ISSACS	MANAGER
GERRARD	MANAGER
JOANNE	SENIOR ACCOUNTANT /MANAGER
JEROME	SENIOR ACCOUNTANT
NADAL	SENIOR ACCOUNTANT
MICHELA	SENIOR ACCOUNTANT
ILONA	SENIOR ACCOUNTANT
ETIENNE	ACCOUNTANT
THIERRY	ACCOUNTANT
JADE	ACCOUNTANT
CESC	ACCOUNTANT
ROXY	ACCOUNTANT
RYAN	ACCOUNTANT
SAMUEL	ACCOUNTANT
SONIA	ADMINISTRATOR
MARC	LEGAL SERVICES
PAOLA	MANAGER INTERNAL OUTSOURCING
JOELLE	INTERNAL OUTSOURCING SENIOR ACCOUNTANT

<b>FABIENNE</b>	<b>INTERNAL OUTSOURCING ACCOUNTANT</b>
<b>PARIS</b>	<b>INTERNAL OUTSOURCING ACCOUNTANT</b>
<b>DAVID</b>	<b>EXTERNAL OUTSOURCING ACCOUNTANT</b>
<b>DERECK</b>	<b>EXTERNAL OUTSOURCING ACCOUNTANT</b>
<b>MANAGER@OUTSOURCING</b>	<b>MANAGER EXTERNAL OUTSOURCING</b>

**Please note that the names are fictitious names, which have been devised to protect the identity of the actors.**



## **APPENDIX F: FIELD NOTES & NARRATIVES SELECTION**

Field notes were collected through observation and were written down in a notebook with the date the observation was made, the details of the people involved (pseudonyms), as much direct quotation as possible, together with any physical gestures, and at the end each field note I made some personal observations. It was difficult to write every single detail, so the field notes are a summary of what I observed (See Appendix G for an example). Once the field notes were collected, I made them into a narrative form, giving proper pseudonyms to the actors as per the job status described above in Appendix E, forms to the story and more details of the story, and describe the context within which the observation took place.

Once I completed the collection of the narratives they were classified into categories in relation to their action on the flow of knowledge. The different categories were trust, power, organisational structure, organisational procedures, culture, outsourcing relationship, distance. Some of the narratives stood in only one category, while others overlapped between different categories. After doing this, I narrowed down the categories as some categories seemed to overlap: thus the categories of outsourcing relationship and distance were merged into trust and power, while the categories of organisational structure and procedures were merged together. Among the categories remaining, the emergent categories were trust, power, organisational structure, culture and technology. Within these emergent categories the categories of trust and power were more important in influencing the flow of knowledge on the individual unit analysis.

Appendix G will give a sample of a field note and show how it was converted into a narrative; Appendix H gives a sample of narratives in the different categories.

# APPENDIX G: SAMPLE OF A RAW FIELD NOTE AND ITS RELATED NARRATIVE

## Raw Field notes

11-10-2018  
- Meeting with (D) [unclear] for [unclear].  
- D said to be [unclear] [unclear].  
- S & R use in the training for [unclear].  
- (A.P) limited.  
- Dr & S & R were interested how they could develop a system of working with ABC (in [unclear]).  
- D says to be [unclear] [unclear].  
- D said they are [unclear] in [unclear] [unclear].  
- D said "We are not interested in the procedures of how to work with them, what we are interested is for them to [unclear] [unclear] for us to [unclear]".  
P.O: [unclear] the points about [unclear].  
P.G: nothing major noted.

P.O: Personal observation  
P.G: Personal gestures

## **Narrative story**

Milos, a manager, and Velko, a junior accountant, who work for an external outsourcing company, came to spend two days in the London office to learn about the work we do and the type of client we have. Nadal, a senior accountant, was trying to explain to Milos and Velko about how the London office can work together with them in order to minimise mistakes and better share information. Kiran, a senior manager at ABC Ltd., asked Nadal how the training was going, and Nadal explained that he was working with Milos and Velko to design a communication system which will make working with outsourcing easier.

Kiran said to Nadal: “We are not interested in the procedures of how to work with them, what we are interested is for them to know what work to do and how to do it quickly.”

## **APPENDIX H: SAMPLE OF NARRATIVES BY CATEGORY**

### **Trust Narratives (further examples)**

#### **Narrative Example on Trust (a)**

Discussion between Jerome, a Senior Accountant at ABC Ltd., and Kiran, a Senior Manager at ABC Ltd., regarding issues with Internal Outsourcing. Kiran mention that he has spoken to Ismael who is a director at ABC Ltd.

Jerome: “Hi Kiran the internal outsourcing people are a lot of mistakes on the files, someone has to talk to them.”

Kiran: “I have spoken to Ismael, but the Internal Outsourcing staffs are complaining that we are not training them and communicating with them.”

Jerome: “This is unbelievable, how many times have we trained them?”

Kiran “I know, but we are wasting a lot of time on this, and it is better to give them easier file so that they can do. I will send an email around to ask not to send them difficult files.”

#### **Narrative Example on Trust (b)**

Nadal, a senior accountant at ABC Ltd. (Head office), is preparing the accounts of Argenta Limited and needs information about the associate company Pluton Limited. He searches the database of companies but realises he cannot see the details of Pluton Limited although this company is managed by ABC Ltd. He decides to go and query Kiran, a senior manager at ABC Ltd. about this issue.

Nadal: “Hi Kiran, I am doing the accounts of Argenta and I need to have some accounting information from the associate company Pluton. I am trying to access the information of Pluton Limited on our database but I cannot see it.”

Kiran: “Is this company managed by us?”

Nadal: “Yes it is.”

Kiran: “Maybe it is an overseas jurisdiction that is management by internal outsourcing! Can you call Joelle and find out?”

Nadal phones Joelle, a senior accountant at the ABC internal outsourcing office.

Nadal: “Morning Joelle, how are you doing?”

Joelle: “I am very well, and you?”

Nadal: “I am fine thanks, was wondering whether you can help me! I am looking for a company managed by us called Pluton Limited but cannot find anything on our database.”

Joelle: “Let me check! Yes this company is managed by us but the information is only available to our office [Internal Outsourcing].”

Nadal: “Why is that?”

Joelle: “This is a special structure and the information are very confidential.”

Nadal: “I am preparing the accounts of an associate company (Argenta Limited) and need some accounting information about Pluton Limited and the group structure.”

Joelle: “I am not sure I can give you this information, let me talk to Paola.”

After couple of hours, Paola, a Manager at the internal outsourcing office, calls Nadal:

Paola: “Hi Nadal, why do you need information of Pluton Limited?”

Nadal: “I am preparing the accounts of Argenta Limited and I would like to check the relationship with Pluton and any related activities as there is mention that Pluton is an associated company.”

Paola: “Yes, but I don’t understand why you need the accounting information on Pluton.”

Nadal: “I need to see whether there has been any intercompany transactions and to check whether Argenta has any investment in Pluton limited.”

Paola: “Pluton is a special structure and you cannot have these kind of information, if you want please speak to Ismael.”

Nadal was very surprised about firstly the way information was kept away from the head office and the attitude of the internal outsourcing, which was uncooperative but above all not trustworthy. After consultation with Kiran, the senior manager, Nadal decided to finish the accounts with a note explaining that he hadn’t got information on Pluton Limited.

## **Power Narratives (further examples)**

### **Narrative Example on Power (a)**

Conversation between Thierry, an accountant at ABC Ltd., and Nadal, a senior accountant at ABC Ltd. Thierry is upset that Kiran, a senior manager, is not in the office, as he needs his advice urgently regarding a file.

Thierry: “Hi Nadal, do you know whether Kiran will be in office today?”

Nadal: “I don’t think so, the Calendar say he is on holiday.”

Thierry: “I need him urgently to finalise the file of Amazon! I went to see him about five times this week and he keep telling me to come the next day as he is busy. Yesterday he promise that we will look at the file this morning and today he is on holiday.”

Nadal: “He must have been very busy.”

Thierry: “But he knew that today he will be on holiday away! So why did he ask me to meet him today?”

Nadal: “Not sure! Maybe he got confused.”

Thierry: “Well, every time I need his advice on a technical issue he keeps telling me to come later.”

### **Narrative Example on Power (b)**

Email from Fabienne, an accountant in the internal outsourcing office, to Kiran, a senior technical manager in the head office. Kiran manages all the day-to-day aspects of the head office and decides which work should be sent to external outsourcing and which work should be allocated to the internal outsourcing office.

“Hi Kiran,

I am going through our list of keeping [“our” refers to internal outsourcing] and notice that the staffs from the head office have started our work.

Can you tell me why?

Thanks & Best Regards

Fabienne”

Kiran was surprised by the email and replied to Fabienne:

“Hi Fabienne,

I was not aware that you have a list of Job which is allocated to the Internal Outsourcing office.

I will find out and come back to you.

Thank you

Kiran”

Kiran went to the office administrator Sonia to find out the issue. Sonia is the administrator of the accounting department and is responsible for preparing documents for accounts preparation, checking status of accounts preparation, and updating Kiran on the number of files being prepared and the number outstanding.

Sonia told Kiran that no such list of work existed as claimed by Fabienne. But last year this list of files was prepared by the internal outsourcing, but by no means was this list reserved only for Internal outsourcing. Sonia further explained that the reason that staff in the head office did these files was because they were short of work.

The email by Fabienne infuriated the staff in the head office, because it was seen as increasing authority by the internal outsourcing staff on the accounting department. In some cases the Internal outsourcing staff would communicate directly with Ismael, the accounting department director, rather than communicating with Kiran who is responsible for the day-to-day running of the office.

## **Organisational Structure / Procedure (Examples)**

### **Narrative Example on Organisational Structure (a)**

Discussion between Kiran, a senior manager, and Ryan a book-keeper; in the middle Nadal tries to intervene to calm the situation. Ryan has been doing a file which Kiran thinks he shouldn't have done as compliance was not completed on it and Kiran has been summoned to the compliance office to explain why work has been started.

Kiran: "Hi Ryan, did you do file XYZ."

Ryan: "Yes."

Kiran: "Who told you to do this file and where did you get the information?"

Ryan: "I got the information from our US office and was asked to do it."

Kiran: "Can't you see that we do not have any information on our internal system as compliance is not completed on this file, you are such an idiot."

Ryan "Excuse me, I am not an idiot."

Nadal intervenes: "He was told to proceed with the file by the US office."

Kiran: "I have to speak to Ismael to look at the office procedures as I have been summoned by our compliance officer to explain."

Ryan was very upset and in discussing with Nadal he expressed his feelings:

Ryan: "This company has people from different cultures and backgrounds and in my culture calling somebody idiot is offensive. Maybe in Kiran's culture it's not offensive."

Nadal: “I think B was under lots of pressure, the problem is not you, but the structure of the organisation, and they have to make sure that a company who has an issue as this is not release. We are just accountants and we will do the accounts when somebody sends it to us.”

### **Narrative Example on Organisational Structure (b)**

Conversation between Jerome (a senior accountant at ABC Ltd) and Joelle (a senior accountant at the internal outsourcing office of ABC Ltd.) by email. Jerome has reviewed a file for Joelle and sent her the review points:

#### **Email from Jerome to Joelle**

“Hi Joelle,

I am sending you the query to the accounts I have reviewed.

Please see attached the accounts with the queries.

Best Regards

Jerome”

#### **Reply from Joelle to Jerome**

“Hi Jerome,

I will make the changes, but can you send me investment section which is in the file. I do not have a copy here.

Once I made the changes I will send you soft copy by email and you can update the file.

Thank You

Joelle”

#### **Email from Jerome to Joelle**

“Hi Joelle,

Don't you have a copy of the file?

It will take me time to send you the information and update the file! How will I charge my time on this Job.

Best Regards

Jerome”



## **Reply from Joelle to Jerome**

“Hi Jerome,

This is the standard procedure of the office. Once I finish the file I send you the hard copy to review.

I don't keep any copy here.

Thank you

Joelle”

After this event Jerome was upset as he realize that it would be easier for him to do the corrections and finish the file himself rather than sending correction to Joelle.

## **Culture (Examples)**

### **Narrative Example on Culture (a)**

After the accounts deadline and to reward the accounting staff, Ismael, the accounts department director, decided to invite all the staff for a lunch. The lunch was booked in a Thai restaurant. The day of the lunch Sonia, Samuel and Ryan advised that they wouldn't join in the lunch because they cannot eat and handle Thai cuisine. The remaining staff were upset. Below is a conversation between Nadal, a senior accountant at ABC head office, Jerome, a senior accountant at ABC head office, and Kiran, a senior manager at ABC head office.

Nadal: “What do they mean they can't handle Thai food? Whenever we went for lunch in the office it was always European cuisine and I think it is right to change.”

Jerome: “Ryan told me he try Asian food once and he felt sick.”

Nadal: “Ok I agree maybe they are not used to it, but for courtesy they could have done an effort rather than staying in the office.”

Kiran: “I don't think they like the idea that we booked a restaurant which is not of their choice.”

Nadal: “Yes I agree! Even when it comes to work you can't trust them.”

Kiran: “Yes if you give them too much information they will make as if they know more than you.”

Nadal: “Yes I try to share limited information with them.”

### **Narrative Example on Culture (b)**

Qualified accountants at ABC Ltd. normally go to a certain number of continuous professional development (CPD) courses to update them on developments on accounts, auditing and tax. They will normally go for two modules quarterly. The modules run on different days, thus half of the qualified staff will be booked on a certain date and the other half will be booked on a different date so that there are enough people in the office while others are on a course.

In one of the CPD courses two qualified accountant failed to turn up on the day as they were sick. Nadal thought it would be a good idea to ask his manager Kiran whether two other unqualified accountants could attend the course instead, as the company would lose the money for the two seats reserved in the course. Here is the conversation between Nadal, a senior accountant at ABC Ltd., and Kiran, a senior manager at ABC Ltd.

Nadal: “Hi Kiran, we are at the CPD and Michela and Ilona have not turned up because they are sick! Can any of the unqualified accountants come in their place?”

Kiran: “I don’t think they can, because it would be against the company policy.”

Nadal: “I understand that are not under the obligation to attend! But it will be useful for them and they will enjoy attending a CPD for the first time.”

Kiran: “We have never done that and I don’t think the management will accept! It doesn’t matter if we lose the money; just take some notes handout for Michela and Ilona”.

Nadal thought it was a waste of money and a good opportunity for the unqualified accountants to attend a professional training program. But ABC Ltd. drew a clear distinction between qualified and unqualified accountants, and one of the distinctions was the attendance of the CPD program.

### **Technology (Examples)**

#### **Narrative example on technology (a)**

Ryan, an accountant at ABC Ltd., is preparing the file of Alaska Limited for 2009 and is looking for the previous year’s file on the accounting software, but he can’t find it. Accounts for a year end are normally generated through software which is designed to produce statutory accounts with notes to financial statements and the correct accounting format. For the next year end, the accountant uses the file of the previous year which will be formatted by the software, producing a new file on the software with the previous year in the comparative column. Hence the accountant for the current year end just has to input the figure in the year end column and do the adjustments.

If the previous year’s file is not on the software the accountant will have to create another file, inputting all the information that was there in the previous year and the comparative figures also. This is quite a time-consuming process and adds more work for the accountant. The problem Ryan is having is that the previous year file he is going to prepare is not on the

software, which means he will have to do the work from scratch. Ryan discusses the issue with Nadal, a senior accountant at ABC Ltd.

Ryan: “Hi Nadal, I am trying to do the accounts of Alaska Limited and I cannot find the previous year’s files.”

Nadal: “Was this company outsourced last year?”

Ryan checks, and says:

Ryan: “Yes it was done by the external outsourcing people.”

Nadal: “When they prepare a file they do not send us a copy of the zip file from the software. This is the reason you cannot find the previous year file on the software.”

Ryan: “It’s annoying and making me take more time on the job! Why can’t they give us a copy of the zip file?”

Nadal: “The version of the software they have is not compatible with ours! And furthermore they always just send a hard copy of the file.”

Ryan is upset because this is a simple issue that could have saved the office a lot of time and prevented mistakes in files.

### **Narrative example on technology (b)**

Nadal, a senior accountant at ABC Ltd., receives a file from Joelle., a senior accountant at the internal outsourcing office of ABC Ltd. Nadal is surprised by the document that Joelle has sent because it seems to be derived from a software that he is not familiar with and he has problems in understanding the double entry. Conversation between Nadal and Joelle:

Nadal: “Hi Joelle! Which software have you use for this file?”

Joelle: “Oh! This is a new software we are using now for booking called Grape.”

Nadal: “I have never heard of it before, why can’t you use normal Microsoft spreadsheet which is much easier to understand?”

Joelle: “Well the office has decided that we [this refers to internal outsourcing] will use Grape for book-keeping and they have trained us on it.”

Nadal: “But here [referring to head office] we still use Microsoft spreadsheet! And nobody had mention this software Grape to us or trained us on it.”

Joelle: “Maybe they thought we [referring to internal outsourcing] do more book-keeping and that Grape will be more useful to us.”

Nadal: “But I find this software Grape very confusing and very complicated! I wish that we all could use a standard software.”

## BIBLIOGRAPHY

1. Abrams L.C, Cross R., Lesser E. & Lewin D.Z (2003), Nurturing Interpersonal trust in knowledge sharing network, Academy of Management Executive, Vol7 No 4.
2. Accountingweb (2006), Outsourcing raises issues for accountants, <http://www.accountingweb.co.uk/topic/practice/outsourcing-raises-issues-accountants>
3. Accountingweb (2007), Almost two thirds of outsourcing fails, <http://www.accountingweb.co.uk/topic/business/almost-two-thirds-outsourcing-fails>.
4. Accountingweb (2008), Outsourcing round-up: Is it good or bad for UK accountants?, <http://www.accountingweb.co.uk/topic/practice/outsourcing-round-it-good-or-bad-uk-accountants>.
5. Adobor H. (2005), Trust as sensemaking: the microdynamics of trust in interfirm alliances, Journal of Business Research 58.
6. Ågerfalk P.J & Fitzgerald B (2008) Outsourcing to an Unknown Workforce: Exploring Opensourcing as a Global Strategy MIS Quarterly Vol. 32.
7. Alder P.S (1999), Market, Hierarchy, and Trust: The Knowledge Economy and the Future of Capitalism. University of Southern California Management and Organization Department.
8. Alavi M. & Leidner D., (2001), Review: Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues, MIS Quarterly (25).
9. Ali Babar M., June M. Verner and Phong Thanh Nguyen (2007). Establishing and Maintaining Trust in Software Outsourcing Relationships: An Empirical Investigation. The Journal of Systems and Software, 80(9): 1438-1449.
10. Andrews, Edmund L., (2004) "Democrats Criticize Bush Over Job Exports." New York Times. February 11. p. A26.
11. Anderson, J.C. and Narus, J.A. (1990), "A model of distributor firm and manufacturer firm working partnerships", Journal of Marketing, Vol. 54 No. 1.
12. Andrews, K., and Delahaye, B. (2000) ' Influences on knowledge process in organisational learning: The psychosocial filter' Journal of Management studies 37/6.
13. Antonina Holowetzki (2002), The relationship between knowledge management and organizational culture: An examination of cultural factors that support the flow and management of knowledge within an organization (<http://aim.uoregon.edu/research/pdfs/Holowetzki2002.pdf>).

14. Amin A. & Roberts J. (2008) Knowing in action: Beyond community of practice. *Research Policy* Vol 37.
15. Antonnuci Y.L & Lordi F.C (1998). The pros and cons of IT outsourcing. *Journal of Accountancy* 185.
16. Antonacopoulou, E.P. (2006) 'The Relationship between Individual and Organizational Learning: New Evidence from Managerial Learning Practices', *Management Learning* 37(4): 455–73.
17. Angrosino M.V & Mays de Perez K.A (2000), *Rethinking Observation, From Method to Context*, Published in Denzin K. & Lincoln Y. (2000), Sage Publication.
18. Argote, L., Beckman, S., and Epple, D.(1990) " The persistence and Transfer of learning in Industrial Settings," *Management Science* (36), 1990.
19. Ardichvili A., Page V., Wentling T. (2003) Motivation and barriers to participation in virtual knowledge-sharing communities of practice. *Journal of Management*.
20. Atkinson P. (1992) *Understanding Ethnographic Texts*. Newbury Park, CA: Sage.
21. Attygalle L, Von Hellens L, and Potter L.E (2010) Information Systems and Intra-organisational Power: Exploring Power & Political Aspects Associated with the Adoption of a Knowledge Sharing System in an IT Services Department. *Journal of Information, Information Technology, and Organizations*.
22. Ayers M.R (1975), The ideas of Power and Substance in Locke's Philosophy. *The philosophical quarterly*, Vol.25.
23. Bachman, J.G., Smith, C.B., & Slesinger, J.A (1966). Control, performance and satisfaction: An analysis of structural and individual effects. *Journal of Personality and Social Psychology*, 4, 127-136.
24. Bailey T. (2002) *The Philosophy of Trust*. The BBCI Open University <http://137.108.238.28/trust/downloads/docs/ontrust.pdf>.
25. Bank of International Settlement (BIS) (2005), "Outsourcing in Financial Services" (Joint Forum publication, February 2005).
26. Bandura, A. (2000) 'Exercise of Human Agency Through Collective Efficacy', *Current Directions in Psychological Science* 9(3): 75–8.
27. Barber, B. (1983). *The logic and limits of trust*. New Brunswick, NJ Rutgers University Press.
28. Barlow J. & Jashapara A. (1998), Organisational Learning and inter-firm "partnering" in the UK construction industry. *The Learning Organisation* Vol 5 Number 2.

29. Bartell M.S, (1998), Information System Outsourcing: A Literature Review and Agenda for Research.
30. Basel Committee on Banking Supervision (BCBS, Aug 2004), Joint Forum, Outsourcing in Financial services. <http://www.bis.org/publ/joint09.pdf>.
31. Bass, B. M. (1985) *Leadership and Performance Beyond Expectation*, New York: Free Press.
32. Basel Committee on Banking Supervision (BCBS, Feb, 2005), Joint Forum, Outsourcing in Financial services. <http://www.bis.org/publ/joint12.pdf>.
33. BBA (2001) Outsourcing Practices in banking and Financial services institutions.
34. Bates, M. E. (2005), When Knowledge Sharing Works, *Econtent*, Vol 28, Issue 6.
35. Beauchamp, T., Faden, R., Wallace, R.J. Jr and Walters, L. (1982) 'Introduction', in T.Beauchamps, R. Faden and R.Wallace, *Ethical Issues in social science Research*.
36. Beaumont P. and Hunter L. (2002). *Managing Knowledge Workers* London. Chartered Institute of Personnel and Development.
37. Beaumont N. & Khan Z. (2005) , *A Taxonomy of Refereed Outsourcing Literature*, Monash University.
38. Beckman T., (1997) AA methodology for knowledge management. International Association of Science and Technology for Development (IASTED) AI and soft computing conference Banff, Canada.
39. Beckman T., (1998) Knowledge management: a technical review. GWU Working Paper.
40. Benbasat I., Goldstein D.K & Mead M., ( 1987), “ The Case Research Strategy in studies of Information Systems”.
41. Bendor-Samuel P (2004), Why we need to talk about Risk, *Outsourcing Journal*.
42. Bensaou, M & Venkatraman, N (1995), 'Configurations of Interorganizational Relationships: A Comparison between U.S and Japanese Automakers', *Management Science*, 27. Vol 41, no9.
43. Blau P. (1964) *Exchange and Power in Social life*, New York Wiley.
44. Blumenberg S., Wagner H.T , Beimborn D. (2009) Knowledge transfer processes in IT outsourcing relationships and their impact on shared knowledge and outsourcing performance. *International Journal of Management*.
45. Bhagwati J., Panagariya A. and Srinivasan T.N (2004) The Muddles over Outsourcing, *The Journal of Economic Perspectives*.

46. Bhattacharya S., Behara R.S, Gundersen D.E (2002), Business risk perspectives on information system outsourcing. *International Journal of Accounting Information Systems*.
47. Bhatnager, P. (2005) "Is India's outsourcing honeymoon over?" CNNMoney.com.August, 24 2005.  
[http://money.cnn.com/2005/08/23/news/international/india\\_outsourcing/index.htm](http://money.cnn.com/2005/08/23/news/international/india_outsourcing/index.htm).
48. Bock G.W, Zmud R.W , Kim Y.G and Lee J.N, (2005) Behavioral intention formation in knowledge sharing: examining the roles of extrinsic motivators, social-psychological forces, and organizational climate, *MIS Quarterly* 29(1) (2005) 87–111.
49. Boas F. (1948) *Race, Language and Culture*, New York: Macmillan (This collection of Boas' works contains some of the most important articles such as, "The limitations of the Comparative Method in Anthropology", 1896, "The Growth of Indina Mythologies" (1896) adapted from Glazer M (1996).
50. Bogenrieder, I. and B. Nooteboom (2004). Learning groups: What types are there? A theoretical analysis and an empirical study in a consultancy firm. *Organization Studies*, 25(2), pp. 287–313.
51. Boisot M. (1995). *Information Space: A Framework for learning in organisations, institutions and culture*, London Routledge.
52. Boisot, M. (1998), *Knowledge Assets, Securing competitive advantage in the information economy*. Oxford: Oxford University Press.
53. Bolton R. (1995) 'Tricks, friends and lovers: erotic encounters in the field' in D. Kulick and M. Wilson (Eds.), *Taboo* . London: Routledge.
54. Bourdieu, P. (1996). *The state nobility: Elite schools in the field of power* (L. C. Clough, Trans.). Stanford, Calif.: Stanford University Press.
55. Bontis M. (2000), *ASSESSING KNOWLEDGE ASSETS: A Review of the Models Used to Measure Intellectual Capital*.
56. Bourdieu, P. & Thompson, J. B. (1991). *Language and symbolic power*. Cambridge, Mass.: Harvard University Press.
57. Bourdieu, P. (1977). *Outline of a theory of practice* (R. Nice, Trans.). Cambridge ; New York: Cambridge University Press.
58. Brooking, A., (1996). *Introduction to intellectual capital*. The Knowledge Broker Ltd., Cambridge, England.
59. Brown J.R, Lusch R.F, Nicholson C.Y (1995) Power and Relationship Commitment: Their Impact on Marketing Channel Member Performance. *Journal of Retailing* Volume 71 (4).

60. Brown, J. S., & Duguid, P. (1991). Organizational learning and communities-of-practice: Toward a unified view of working, learning, and innovation. *Organization Science*, 2(1), 40–57.
61. Browning L. & Boudès L. (2005) The use of narrative to understand and respond to complexity: A comparative analysis of the Cynefin and Weickian models. Published in *Cognitive Edge journal*.
62. Brudenall P., (2005) “ Technology and Offshore Outsourcing Strategies”, Palgrave Macmillan.
63. Braun, Christian and Winter, Robert (2005), "Classification of Outsourcing Phenomena in Financial Services" . *ECIS 2005 Proceedings*.
64. Burawoy M. & Lukas J. (1992) *The radiant Past: Ideology and Reality in Hungary’s Road to capitalism*. University of California Press.
65. Busco C., Riccaboni A., & Scapens R.W (2006), Trust for accounting and accounting for trust, *Management Accounting Research Vol 17*.
66. Burt, R.S, & Knez, M. (1996). Trust and third-party gossip. In R.M Kramer & T.R Tyler (Eds.), *Trust in Organisations: Frontier of theory and research*: 68-89. Thousand Oaks, CA:Sage.
67. Byrne R. (2001) ‘Employees: Capital or commodity? Career Development International. *The Learning Organisation*, 8 (1).
68. Canals A., Boisot M., MacMillan I, (2005), *Knowledge Management Strategies and Spatial Structure of Geographic Industrial Clusters: A Simulation Approach*, Internet Interdisciplinary Institute , (<http://www.uoc.edu/in3/eng/wp04008.pdf>).
69. Caniels M.J & Gelderman C.J (2007) Power and interdependence in buyer supplier relationships: A purchasing portfolio approach. *Industrial Marketing Management* 36 219 – 2.
70. Caplan D., Janvrin D. and Kurtenbach J. (2007), *Internal Audit Outsourcing: An Analysis of Self-regulation by the Accounting Profession*. *Research in Accounting Regulation*, Volume 19.
71. Carayannis E. (1999), “Fostering Synergies Between Information Technology and Managerial and Organizational Cognition: The Role of Knowledge Management”, *Technovation* (1999).
72. Charmaz K. (2000), “Grounded theory, Objectivist & Constructivist Method”. in N. Denzin, & Lincoln, Y., (ed.) *Handbook of Qualitative Research*, 2nd edn, Sage, Thousand Oaks, C.A.



73. Chassagnon V. (2009) The theory of the firm revisited from a power perspective. Paper presented at the summer conference of the Copenhagen business school.
74. Cheng, J.-H, Yeh, C.-H & Tu, C.-W. (2008) .Trust and knowledge sharing in green supply chains. *Supply Chain Management*, Vol. 13, No.4.
75. Chini C.T (2004) *Effective Knowledge Transfer in Multinational Corporations*, Palgrave Macmillan.
76. Child, J. and Faulkner, D. (1998) *Strategies of cooperation: Managing alliances, networks, and joint ventures*, New York: Oxford University Press.
77. Chomsky N., (1993) *Language and thought* Moyer Bell, RI.
78. Chomsky, N et al., (1971) *Chomsky: selected reading*, Oxford University Press NY.
79. Choo, C.W. (2006), *The knowing Organisation: How Organisations Use Information to Construct Meaning, Create Knowledge, and Make Decisions*, Oxford University Press, New York.
80. Chowdhury S. (2005) The role of affect- and cognitions-based trust in complex knowledge sharing. *Journal of Managerial Issues* 17(3):
81. Christians C.G ( 2000) ,*Ethics and Politics in Qualitative Research*, Published in the *Handbook of Qualitative Research*.
82. Chua J., Ingram P, and Morris M. (2008) FROM THE HEAD AND THE HEART: LOCATING COGNITION- AND AFFECT-BASED TRUST IN MANAGERS' PROFESSIONAL NETWORKS. *Academy of Management Journal* Vol 51.
83. Ciborra, C.; Patriotta, G.(1998)., "Groupware and Teamwork in R and D: Limits to Learning and Innovation", *R & D Management*, Vol.28 (1).
84. C.K. Lee and Suliman A. (2002) Factors impacting knowledge sharing, *Journal of Information & Knowledge Management* 1(1) (2002) 49–56.
85. Clancey W.J (2005), *Observation of work practices in natural settings*, published in A.Ericsson, N.Charness, P. Feltovich & R.Hoffman (Eds), *Cambridge Handbook on Expertise and Expert Performance*. New York: Cambridge University Press.
86. Clegg, S. (1989). *Frameworks of power*. Thousand Oaks, CA: Sage.
87. Coase R.H (1937) 1999. "The Nature of the Firm". In *The Theory of the Firm: Critical Perspectives in Business and Management*. Nicolai J.Foss ed Vol. 2.
88. Cohen, L; Lawrence, M and Morrison, K (2000).*Research Methods in Education* (5th Ed.) London.

89. Coleman, J. S. (1990). *Foundations of Social Theory*. Cambridge, MA: The Belknap Press of Harvard University Press.
90. Coleman P.T & Voronov (2003), *Power in Groups and Organizations*, published in *International Handbook of Organizational Teamwork and Cooperative Working*.
91. Connolly, T. and Thorn, B. (1990). *Discretionary databases: theory, data, and implications in Organizations and communication technology*. Fulk, J. and Steinfield, C. (Eds.).
92. Constant, David, Sara Kiesler and Lee Sproull. 1994. "What's Mine Is Ours, or Is It? A Study of Attitudes about Information Sharing." *Information Systems Research Journal*.
93. Cortazzi M. (2001) *Narrative Analysis in Ethnography*, Published in the handbook of ethnography. in P. Atkinson, A.Coffey, S. Delamont, J. Lofland and L. Lofland (eds), *Handbook of Ethnography*, Thousand Oaks, CA., Sage.
94. Contu, A. and Willmott, H. (2003) 'Re-Embedding Situatedness: The Importance of Power Relations in Learning Theory', *Organization Science* 14(3): 283–96.
95. Cowen Tyler and David Parker, (1997). *Market in the Firm: A Market Process Approach to Management*: London: The Institute of Economic Affairs.
96. Cox, A. (2001). Understanding buyer and supplier power: A framework for procurement and supply competence. *Journal of Supply Chain Management*, 37(2), 8 –15.
97. Cullen S., (2005) "Designing Successful Outsourcing Relationships-Selected Techniques from a Lifecycle Perspective".
98. Cummings L.L Bromiley P., (1996), *The Organizational Trust Inventory (OTI): Development and Validation*. In Kramer RM, Tyler TR, editors. *Trust in organizations: frontiers of theory and research*. Sage Publications.
99. Currall, S.C., Inkpen A.C (2002). A multilevel approach to trust in joint ventures. *Journal of International Business Studies* 33.
100. Darr,E. D., Argote, L., d Epple,D.(1995) " The Acquisition, Transfer and Depreciation of knowledge in Service Organizations: Productivity and Franchises," *Management Science*.
101. Das T. & Teng B.S (2001), "Trust, Control, and Risk in strategic alliances: An Integrated Framework" *Organisation Studies*.
102. Dash K.N (2005), *Module: Selection of the Research Paradigm and Methodology*, [http://www.celt.mmu.ac.uk/researchmethods/Modules/Selection\\_of\\_methodology/index.php](http://www.celt.mmu.ac.uk/researchmethods/Modules/Selection_of_methodology/index.php).
103. Daudi P. (1986) "The Discourse of Power in Managerial Praxis" *Power in The Organisation*. Oxford: Basil Blackwell.

104. Dahl Robert A. (1963) *Modern Political Analysis*. Engelwood Cliffs, New Jersey: Prentice-Hall, Inc .
105. Dahl, R. P. (1968). Power. In D. L. Sills (Ed.) *International Encyclopedia of the Social Sciences*. Vol. 12. New York:Macmillan.
106. Davenport D. & Prusak L. (1998), *Working Knowledge “ How organizations manage what they know”*. Harvard Business School Press, Boston, MA.
107. Davis, K.J (1996) *IT Outsourcing Relationships: An Exploratory Study of Inter-organisational Control Mechanisms*. Graduate School of Business Administration Boston, USA Harvard University.
108. Davies A.C (1999) *Reflexive Ethnography, a Guide to researching the selves and other*. Routledge.
109. Day J.D. and J.C. Wendler, (1998), *Best Practice and Beyond: Knowledge Strategies*, McKinsey Quarterly, 1, 19-25.
110. De Long .D (1997), *Building the Knowledge-Based Organisation: How Culture Drives Knowledge Behaviours*, Center for business innovation, Ernst & Young LLP.
111. Deetz S., (2001) *Conceptual Foundation* In L. Putnam & F. Jablin (eds.), *The new handbook of organizational communication* (pp. 3-46). Thousand Oaks, CA: Sage.
112. Denzin K. & Lincoln Y. (2000) , *Handbook of Qualitative Research*, Sage Publication.
113. Dell H (1974) *Foundation in Sociolinguistics, An Ethnographic Approach* (Philadelphia, University Press).
114. Desai R. & McGee R. (2010) *THE SARBANES-OXLEY ACT: DETERRENT OR AID TO FINANCE AND ACCOUNTING OUTSOURCING?* Florida International University.
115. Desouza K.C & Awazu Y. (2003), *Constructing Internal Knowledge Markets: Considerations from mini cases*. *International Journal of Information Management* Vol 23.
116. Deetz S. (2001), *Conceptual Foundation*, in Jablin M.F & Putnam L., *The new handbook of organisational communication, Advances in theory, research and methods*.
117. De Long D., and Fahey L. (2000) ‘ *Diagnosing cultural Barriers to knowledge Management*’, *Academy of Management Executive* 1414.

118. Dibbern, J., Goles, T., Hirschheim, R., and Jayatilaka, B.(2004) Information Systems Outsourcing: A Survey and Analysis of the Literature. Data Base for Advances in Information Systems 35, 4.
119. Dick, Bob (2005) Grounded theory: a thumbnail sketch. [On line] Available at <http://www.scu.edu.au/schools/gcm/ar/arp/grounded.html>.
120. Dixon N M. (2000), Common Knowledge ‘How companies thrive by sharing what they know’. Harvard Business School Press.
121. Dodsworth M.(2004), The human cost of outsourcing, <http://www.accountancyage.com/management-consultancy/features/2077788/human-cost-outsourcing>.
122. Domhoff, G.W (1983) Who Rules America now? Englewood Cliffs , NJ: Prentice-Hall.- 1983 ‘The American Power Structure’ in M.E Olsen and M.N Marger (eds) Power in Modern Societies, Boulder: Westview Press.
123. Drucker P.F. (1999) Management Challenges for the 21st Century, Butterworth-Heinemann, Oxford.
124. Dyer JH & Hatch NW (2006). Relation-specific capabilities and barriers to knowledge transfers: Creating advantage through network relationships. Strategic Management Journal.
125. Dyer J.H and Nobeoka K. (2000), Creating and managing a high-performance knowledge-sharing network: The Toyota Case. Strategic Management Journal (21).
126. Dyer J. & Singh H. (1998), “ The relational view: Cooperative strategy and sources of interorganisational competitive advantage” Academy of Management review.
127. Earl M (2001) Knowledge Management Strategies: Toward a Taxonomy. Journal of Information Systems.
128. Easterby-Smith, M. and Lyles, M. A. (2003) ‘Introduction: Watersheds of Organizational Learning and Knowledge Management’, in M. Easterby-Smith and M. A. Lyles (eds) The Blackwell Handbook on Organizational Learning and Knowledge Management, pp. 1–15. Malden, MA: Blackwell.
129. Easterby-Smith M, Lyles M.A, Tsang E. (2008) Inter-Organizational Knowledge Transfer: Current Themes and Future Prospects.
130. Eddison, Betty, Bjorner, Susanne, and Stear, Edward B. (1997). Our profession is changing: whether we like it or not, <http://www.libsci.sc.edu/bob/class/clis724/SpecialLibrariesHandbook/outsourcing.htm>.
131. Edvinsson, L., and Malone, M.S. (1997). Intellectual Capital: Realizing Your Company’s True Value by Finding its Hidden Brainpower. HarperBusiness, New York.

132. Ellis C. & Bochner A. (2000), *Autoethnography, Personal Narrative, Reflexivity* published in the *Handbook of Qualitative Research*, 2<sup>nd</sup> Edition.
133. Ekeh P. (1974) *Social Exchange Theory*, Heinemann London.
134. Emerson, R.M. (1962) Power-Dependence Relations, *American Sociological Review*, 27 (1): 31-41.
135. Emerson R.M, Fretz R.I and Shaw L.L (1995) *Writing Ethnographic Fieldnotes*. University of Chicago Press.
136. Emerson R.M, Fretz R.I and Shaw L.L (2001), *Participant Observation and Fieldnotes*, Published in the *Handbook of Ethnography*.
137. Empson L.(2000) ‘ Fear of exploitation and fear of contamination. Impediments to knowledge transfer in Mergers between professional service firm’ *Human Relations* 5417.
138. Engelmores R. & Feigenbaum E. (1993) *EXPERT SYSTEMS AND ARTIFICIAL INTELLIGENCE*, [http://www.wtec.org/loyola/kb/c1\\_s1.htm](http://www.wtec.org/loyola/kb/c1_s1.htm).
139. Eng T.Y (2006), An investigation into the mediating role of cross-functional coordination on the linkage between organizational norms and SCM performance: *Industrial Marketing Management* Vol 35, Issue 6.
140. Erchul W.P & Raven B.H, (1997) “Social Power in School Consultation: A Contemporary View of French and Raven’s Bases of Power Model” Vol 35 No 2.
141. Everaert P., Sarens G., Rommel J., (2010), Using Transaction Cost Economics to explain outsourcing of accounting, *Small Business Economics* .
142. Fahey L. & Prusak L. (1998) Eleven Deadliest sins of knowledge management. *California Management review*, Vol 40 No3.
143. Fails, J. and Olsen, D. (2003) Interactive machine learning. *Procs. of Intl. Conf. on Intelligent User Interfaces*.
144. Fazio, R. H., & Zanna, M. P. (1981). Direct experience and attitude-behavior consistency. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 14, pp. 161-202). New York: Academic Press.
145. Fetterman, D. M. (1998). *Ethnography* (2nd Ed.). Thousand Oaks: Sage Publications.
146. Fleming R. & Low G. (2007) Information Systems Outsourcing Relationship Model *Australasian Journal of Information Systems* Volume 14 Number 2.
147. Flyvbjerg B. (2006), Five Misunderstandings about Case-Study Research. *Qualitative Inquiry*, 12 (2).

148. Flint D.(1982), ‘A True and Fair view in Company Accounts”, Monograph published for the Advisory Committee Institute of Chartered Accountant of Scotland.
149. Fiske S.T (1993) ‘Controlling other People, The impact of Stereotyping’. The American Psychologists Association.
150. Follett, M. P. (1973). Power. In E. M. Fox and L Urwick (Eds.), *Dynamic administration: The collected papers of Mary Parker Follett*, 66-87. London: Pitman.
151. Forsythe, D.E. 1999. “It’s just a matter of common sense”: Ethnography as invisible work. *Computer Supported Cooperative Work*, 8.
152. Foss J.N (2001), “Misesian Ownership and Coasian Authority in Hayekian Settings: The case of the Knowledge Economy”, *The Quarterly Journal of Austrian Economics* Vol 4.
153. Foss J.N, Minbaeva D.B, Pedersen T, Reinholt M. (2009) Encouraging Knowledge Sharing among employees: How Job design matters. *Human Resource Management*.
154. Foss J.N, Michailova S., Husted K (2010) Governing Knowledge Sharing in Organizations:Levels of Analysis,Governance Mechanisms, and Research Directions. *Journal of Management studies*.
155. Foucault M. (1969), *The Archaeology of Knowledge*, first published by editions Gallimard.
156. Foucault, M (1973). *Les mots et les choses*. Paris: Gallimard. English tr. *The Order of Things*. New York: Vintage Books.
157. Foucault, M. (1978)[French publication: 1976]), *The History of Sexuality, Vol. I: An Introduction*, translated by Robert Hurley, Pantheon, New York.
158. French, J. P. R. Jr., and Raven, B. (1959). The bases of social power. In D. Cartwright (eds.), *studies in social power* (pp. 150-167). Ann Arbor, MI. Institute for Social Research.
159. Frazier, G. L., & Antia, K. D. (1995). Exchange relationships and interfirm power in channels of distribution. *Journal of the Academy of Marketing Science*, 23, 321–326.
160. Friesl M, Sackmann S.A, Kremser S. ( 2011) Knowledge sharing in new organizational entities The impact of hierarchy, organizational context, micro-politics and suspicion.
161. Freeman, M. (2002). The presence of what is missing: Memory, poetry and the ride home. In R.J.Pellegini & T.R.Sarbin, *Critical incident narratives in the development of men’s lives*.
162. Frye N. & Dornish M. (2010) When is trust not enough? The role of perceived privacy of communication tools in comfort with self-disclosure. *Computers in Human Behaviour* Vol 26.

163. Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: Free Press.
164. Fulk J., A. Flanagin, M. Kalman, P. Monge, T. Ryan (1996), "Connective and communal public goods in interactive communication systems", *Communication Theory*, Vol. 6 pp.60 - 87.
165. Garud, R., Rappa, M. (1994) A socio-cognitive model of technology evolution: the case of cochlear implants. *Organisation Science* 5 (3).
166. Gandori, A. & Soda, G. Inter-firm networks: Antecedents, mechanisms and forms. *Organisation Studies*, 1995, 16.
167. Garrick J. & Clegg S. (2001) *Stressed-Out Knowledge Workers in Performative Times: A Postmodern Take on Project-Based Learning*. Management Learning.
168. Giddens, A. (1990) *The Consequences of Modernity*. Polity Press, Cambridge.
169. Giddens, A., (1991) *Modernity and Self-Identity: Self and Society in the Late Modern Age*. Polity Press, Cambridge.
170. Gioia, D.A., & Chittipeddi, K.(1991). Sense-making and sense-giving in strategic change initiation. *Strategic Management Journal*.
171. Glauco D.V, Tekaya A. and Wang C.L, Asset specificity's impact on outsourcing relationship performance: A disaggregated analysis by buyer-supplier asset specificity dimension. *Journal of Business Research* 63 (2010).
172. Glazer M. (1996) *Cultural Relativism*  
([http://www.utpa.edu/faculty/mglazer/Theory/cultural\\_relativism.html](http://www.utpa.edu/faculty/mglazer/Theory/cultural_relativism.html))
173. Golafshani N. (2003), *Understanding Reliability and Validity in Qualitative Research*, Published in the *Qualitative Report* Volume 8 Number 4.
174. Gold L.R (1958), "Roles in Sociological Field Observations", *Social Forces* Vol 36 No. 3.
175. Goles T. & Chin W.W (2005), *Information Systems Outsourcing Relationship Factors: Detailed conceptualization and Initial Evidence*, The DATA BASE for Advances in Information Systems.
176. Goo J., Kishore R., Nam K, Rao H.R, Song Y (2006) An investigation of factors that influence the duration of IT outsourcing relationship. *Decision Support Systems*.
177. Google (2004) Risks in information systems outsourcing.  
(<http://answers.google.com/answers/threadview/id/343642.html>).

178. Gray P.H (2000) POWER AND CONTROL IN DOCUMENT-DRIVEN KNOWLEDGE MANAGEMENT SYSTEMS. Academy of Management Conference, Toronto, Canada.
179. Gray P.H (2001) The impact of knowledge repositories on power and control in work place. *Information Technology & People* Vol 14 No 4.
180. Gouldner, A.W (1971), *The Coming Crisis of Western Sociology*, London Heinemann.
181. Gordon R. & Grant D. (2004) Knowledge Management or Management of Knowledge? Why people interested in Knowledge Management need to consider Foucault and the Construct of Power.
182. Granovetter, Mark S. (1973) "The strength of weak ties". *American Journal of Sociology*.
183. Granoveter M. (1985), "Economic Action and Social Structure: The problem of embeddedness", *American Journal of Sociology*.
184. Guest, D and Patch A. (2000) ' The employment relationship, the psychological contract and knowledge management: securing employees trust and contribution' Paper presented at knowledge Management: concepts and controversies, University Warwick.
185. Gulati, R. (1995) "Does Familiarity Breed Trust? The implications of Repeated Ties for Contractual Choice in Alliances" *Academy of Management Journal*.
186. Gulati R. (1999), "Network location and learning: The influence of network resources and firm capabilities on alliance formation". *Strategic Management Journal*.
187. Gulati R, Nohria N, Zaheer A. (2000). Strategic networks. *Strategic Management Journal* 21.
188. Gupta, A.K and Govindarajan V. (2000). Knowledge Management' Social Dimension: Lessons from Nucor Steel. *Sloan Management Review*, 42 (1) 71-81, quoted from Antonina Holowetzki (2002).
189. Hafeez K., Malak N. and Zhang Y.B (2007), Outsourcing non-core assets and competences of a firm using analytic hierarchy process. *Computers & Operations Research* 34 (2007).
190. Haggie, K. & Kingston, J. (2003), "Choosing your knowledge strategy'", *Journal of Knowledge Management Practice*.
191. Hall H, Goody M. (2007). KM, culture and compromise: interventions to promote knowledge sharing supported by technology in corporate environments. *Journal of Information Science* 33(2).



192. Halpern, D. (1989) *Thought and knowledge: An introduction to critical thinking*. Hillsdale, N.J.: Lawrence Erlbaum Associates.
193. Haldane J. (2001) An essay by Thomas Reid on the conception of power. *The Philosophical Quarterly* Vol. 51 No 202.
194. Hamzah N., Aman A., Maelah R., Md Auzair S., Amiruddin R. (2010) Outsourcing decision processes: A case study of a Malaysian firm, *African Journal of Business Management* Vol. 4(15).
195. Handfield R. (2006), A Brief History of Outsourcing, <http://scm.ncsu.edu/public/facts/facs060531.html>.
196. Handy, C. (1984). *The Future of Work. A guide to a changing society*. Oxford: Basil Blackwell.
197. Hansen T.M, (1999) “The search-transfer problem: The role of weak ties in sharing knowledge across organization subunits.
198. Hansen M., Nohria N., and Tierney T. (1999) ‘What’s your strategy for Managing Knowledge? *Harvard Business Review* 77/2.
199. Hargie O. and Tourish D. ( 2004), *Key Issues in Organisational Communication*.
200. Hargie O. and Tourish D. (2002), *Handbook of Communication Audits for Organisations*, Routledge Publication.
201. Hatch, N.W., & Mowery, D.C. (1998) “Process Innovation and Learning by Doing in Semiconductor Manufacturing”, *Management Science* (44:11).
202. Hardin R. (2006). *Trust*, Cambridge: Polity Press.
203. Harper, R. H. R. 2000. The organisation of ethnography: A discussion of ethnographic fieldwork programs in CSCW. *Computer Supported Cooperative Work*, 9.
204. Harvey L.J & Myers M.D (1995), *Scholarship and Practice: the Contribution of ethnographic research methods to bridging the gap*, (Information Technology & People).
205. Haugaard M. (2003) *Reflections on Seven Ways of Creating Power*. *European Journal of Social Theory*.
206. Hayek F.A (1945) 1948. “The Use of Knowledge in Society.” In Hayek, *Individualism and Economic Order*. Chicago University Press.
207. Hayek F.A (1973), *Law, Legislation, and Liberty Vol 1. Rules and Order*. Chicago University Press.

208. Hayes, N. and Walsham, G. (2000). 'Competing interpretations of computer-supported cooperative work in organizational contexts'. *Organization*, 7.
209. Hassan M.K & Vosselman E. (2010), The dynamics of accounting, control and trust—shaping the governance of an outsourcing relationship. Nijmegen Center for Economics (NiCE).
210. Haynes k. (2007) Sexuality, sexual symbolism and organisational culture: A case study of an accounting firm.  
<http://www.st-andrews.ac.uk/business/ecas/7/papers/ECAS-Haynes.pdf>
211. Heide, Jan B. and John G. 1990. "Alliances in Industrial Purchasing: The Determinants of Joint Action in Buyer-Supplier Relationships." *Journal of Marketing Research* 27 (February):24-36.
212. Heiskanen, A., Newman, M., Eklin, M., (2008). Control, trust, power, and the dynamics of information system outsourcing relationships: a process study of contractual software development. *J. Strateg. Inf. Syst.* 17 (4).
213. Heisenberg, W. (1959). *Physics and Philosophy: The revolution in modern science*. London.
214. Heiskanen A., Newman M. and Eklin M, (2008): Control, trust, power, and the dynamics of information system outsourcing relationships: A process study of contractual software development. *Journal of Strategic Information Systems*.
215. Henderson, J. C. (1990)"Plugging into Strategic Partnerships: The Critical IS Connection", *Sloan Management Review*, Vol 3 No: pp 7-18.
216. Hendler J. (2006) Knowledge Is Power: A View from the Semantic Web, *AI Magazine* Volume 26 Number 4.
217. Hersey, P. and Blanchard, K. H. (1977) *The Management of Organizational Behaviour* 3e, Upper Saddle River N. J.: Prentice Hall.
218. Hey Tow W.N, Venable J, Dell P (2011) TOWARD MORE EFFECTIVE KNOWLEDGE MANAGEMENT: AN INVESTIGATION OF PROBLEMS IN KNOWLEDGE IDENTIFICATION <http://www.pacis-net.org/file/2011/PACIS2011-191.pdf>.
219. Hinds, P. J., Patterson, M., & Pfeffer, J. (2001). Bothered by abstraction: The effect of expertise on knowledge transfer and subsequent novice performance. *Journal of Applied Psychology*, 86, 1232–1243.
220. Hirschheim R. & Lacity M.C (2009) *Outsourcing Myths and Contracting Realities*, published in Lacity M.C & Willcocks L.P (2009).
221. Hislop D., 2005 *Knowledge Management in Organisations, A Critical introductions*, Oxford University Press.

222. Hobbes, T. (1958), *Leviathan*, H.W Schneider(ed.), New York.
223. Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. Thousand Oaks, CA: Sage Publications.
224. Hogden, M.T (1964). *Early anthropology in the sixteenth and seventeenth centuries*. Philadelphia. University of Pennsylvania.
225. Holste J.S and Fields D. (2010) Trust and tacit knowledge sharing and use. *JOURNAL OF KNOWLEDGE MANAGEMENT* Vol 10.
226. Homans, G.C (1958) *Social behaviour and exchange*, *American Journal of Sociology*, 63.
227. Homburg V. & Meijer A. (2001) *Why Would Anyone Like To Share His Knowledge?*. Proceedings of the 34th Hawaii International Conference on System Sciences – 2001
228. Houghton J. & Sheehan P, (2000). *A Primer on Knowledge Economy*, published by the Center for Strategic Economic Studies, Victoria University.
229. Hsu M.H, JU T.L, Yen C.H, Chang C.M (2007), "Knowledge Sharing behavior in virtual communities: The relationship between trust, self-efficacy and outcome expectations", *Human-Computer Studies* 65.
230. Husted K & Michailova S. (2002), "Diagnosing and Fighting Knowledge-sharing Hostility", *Organisational Dynamics*, Vol 31, No 1.
231. Huang, T. and Mitchell, T. Text (2006) clustering with extended user feedback. *Procs. of Special Interest Group on Information Retrieval* .
232. Hunter L., Beaumont P., and Lee M. (2002) "Knowledge Management Practice in Scottish Law Firms", *Human Resource Management Journal*.
233. Inkpen, A.C., & Tsang, E.W. (2005). Social capital, networks, and knowledge transfer. *Academy of Management Review*, 30(1), 146-165.
234. Ireland D.R & Webb J.W (2007), A multi-theoretic perspective on trust and power in strategic supply chains, *Journal of Operations Management* 25.

235. Ismail Z., Hussin H., Suhaimi M.A, Abdul Karim N.A (2005) Knowledge Sharing Role in IT Outsourcing. International Conference on Knowledge Management.
236. Jackson J.E (1990) “ I am a fieldnote”: fieldnotes as a symbol symbol of professional identity’, in R.Sanjek (ed.) Fiedlnotes: The Making of Anthropology .
237. Jahner S. & Kremar H. (2007) Exploring Relationships Types in Information Systems outsourcing arrangements: Proposing a typology for IS outsourcing relationship, First Information Systems Workshop on Global Sourcing: Services, Knowledge and Innovation.
238. Jakki M. & Spekman R. (1994) Characteristics of Partnership Success: Partnership Attributes, Communication Behavior and Conflict Resolution Techniques, Strategic Management Journal Vol 15.
239. Jarvis C. (2005 ) Power, Organisations and Management ( Business Open Learning Archive).
240. Jarvenpaa s., and Staples D. (2000) ‘The use of collaborative electronic media for information sharing. An Exploratory study of Determinants’ Journal of Strategic Information Systems 91.
241. Jashapara A. (2005), “The emerging discourse of knowledge management: a new dawn for information science research? Journal of Information Science, 31 (2).
242. Jashapara A. (2007), “Moving beyond tacit and explicit distinctions: a realist theory of organizational knowledge” Journal of Information Science, 33(6).
243. Jasperson J, Carte T.A, Saunders S.C, Butler B.S, Henry J., Croes P., Zheng W.,(2002) “ Power and Information Technology Research: A Metatriangulation Review”, MIS Quarterly Vol 26.
244. Jayabalan J., Dorasamy M., Raman M., Ching Ching K.N (2009), Outsourcing of Accounting Functions amongst SME Companies in Malaysia: An Exploratory Study, Accountancy Business and the Public Interest, Vol. 8.
245. Jayasingham S., Ansari S.A, & Jathan M. (2009) Influencing knowledge workers: the power of top management. Industrial Management & Data Systems.
246. Jennex E.W (2008) Current Issues in Knowledge Management, Information Science Reference.
247. Jian G. & Jeffres L. (2006), Understanding Employees’ Willingness to contribute to shared electronic databases: A Three-Dimensional Framework Communication Research, 33(4).

248. J.L. Cummings and B.S. Teng (2003), Transferring R&D knowledge: the key factors affecting knowledge transfer success, *Journal of Engineering Technology Management* 20(1–2) (2003) 39–68.
249. Johnson B.R and Onwuegbuzie A.J (2004) *Mixed Methods Research: A Research Paradigm Whose Time Has Come*. Educational Researcher.
250. Johansson B. (2003) *Knowledge Sharing in ICT-Outsourcing Relationships*. BIR 2003 – Perspectives in Business Informatics Research.
251. Jones G.J & George M.J (1998), The experience and evolution of Trust, Implications for Cooperation and Teamwork. *The Academy Management Review*.
252. Jones, J., Bowonder, B., Wood D, (2003) Critical competence in virtual service webs. *Eur. manage J.* 21 (I) 48-61.
253. Joppe, M. (2000). *The Research Process*, <http://www.ryerson.ca/~mjoppe/rp.html>.
254. Kalling T. and Styhre A. (2003) *Knowledge sharing in organisations* Copenhagen Business School Press, Copenhagen, Denmark.
255. Kanter, R.M (1977). *Men and Women of the corporation*. New York Basic Books.
256. Kanter R.M (1979). Power failure in management circuits. *Harvard Business Review* 65-75.
257. Kanter R.M (1989), *When Giant learn to dance*, New York.
258. Kamyabi Y., & Devi S. (2011) An Empirical Investigation of Accounting Outsourcing in Iranian SMEs: Transaction Cost Economics and Resource-Based Views, *International Journal of Business and Management* Vol 6.
259. Kedia B.L & Lahiri S. (2007), *International Outsourcing of Services: A Partnership Model*. *Journal of International Management*.
260. Kehler N. (2004), *Interorganizational Relationships and Learning*. <http://www.ipg.vt.edu/papers/Kehler%20-%20IRs%20and%20Learning.pdf>.
261. Kern, T. (1997) *The Gestalt of an Information Technology Outsourcing Relationship: An Exploratory Analysis*. 18<sup>th</sup> International Conference on Information Systems, Atlanta, Georgia.
262. Kern, T., and Willcocks, L. (2000) Exploring information technology outsourcing relationships: theory and practice, *The Journal of Strategic Information Systems*, 9 (4): December 2000, 321-350.
263. Kern, T., Willcocks, L.P., and van Heck, E. (2002) The Winner's Curse in IT Outsourcing: Strategies for avoiding relational trauma, *California Management Review*, 44 (2): 47-69.

264. Kern T. & Willcocks L.P (2009), Contracting and Relationship Theories Applied to IT Outsourcing, Published in Lacity M.C & Willcocks L.P ( 2009), Information Systems and Outsourcing.
265. Kim S. (2003), Research Paradigms in Organisational learning and Performance: competing modes of inquiry. *Information Technology, Learning, and Performance Journal*, Vol. 21, No. 1.
266. Kim, W., and Mauborgne, R. (1998) ‘ Procedural Justice, Strategic Decision-Making, and the Knowledge Economy’, *Strategic Management Journal*, 19: 323-38.
267. Kim J., Lee S. Olson D. (2008) , Human Effect of Knowledge Sharing: Cooperative Type and Reciprocity Level in Community of Practice published in Jennex (2008).
268. Kim K. (2000) On Interfirm Power Channel Climate, and solidarity in industrial distributor-supplier Dyads. *Journal of academy of Marketing Science*.
269. King W.R, Marks P.V and McCoy S. (2002), The most important issues in knowledge management, *Communications of the ACM* 45(9) (2002) 93–97.
270. Klepper, R. (1995) The management of partnering development in IS outsourcing, *Journal of Information Technology*, 10 (4): 249-258.
271. Klepper, R.J. (1994) "Outsourcing Relationships," in M. Khosrowpour (ed.) *Managing Information Technology Investment with Outsourcing*, Harrisburg, IDEA Group Publishing, pp. 218-243.
272. Klepper, R. and Jones, W. O. (1998) *Outsourcing Information Technology, Systems & Services*. Upper Saddle River, N.J., Prentice Hall PTR.
273. Klepper, R. J., (1994) Outsourcing Relationships, In *Managing Information Technology Investment with Outsourcing*, Khosrowpour, M.(ed.) IDEA Group Publishing, Harrisburg, PA, Heiskanen A., Newman M., Eklin M. (2008) Control, trust, power, and the dynamics of information system outsourcing relationships: A process study of contractual software development.
274. Kling R. and Scacchi W (1979) Recurrent dilemmas of computer use in complex organizations, *Proceeding of the National Computer Conference*.
275. Kling R. and Scacchi W, (1982) The web of computing: computer technology as social organization, *Advances in Computers*.
276. Kling R. & Ekbia H.R (2003), ‘Power in Knowledge Management in Late Modern Times’, Paper presented in the Academy of Management Conference.
277. Kluge,J., Stein,W., and Licht,T., (2001). *Knowledge Unplugged: The McKinsey Survey on knowledge Management*. Basingstoke; Palgarve.
278. Knight, K.E., & Mc Daniel, R. R. (1979). *Organisations: An information systems perspective*. Belmont CA: Wadsworth.

279. Kramer R.M & Tyler T.R (1996), *Trust in Organisations*. Thousands Oaks, CA Sage Publications.
280. Krogh, G.Von and M. Venzin (1995) ‘ Anhaltende Wettbewerbsvorteile durch Wissensmanagement’, *die Unternehmung*, 52(5/6).
281. Koh, C., Ang, S., and Straub, D.W. (2004) IT Outsourcing Success: A Psychological Contract Perspective, *Information Systems Research*, 15 (4): 356-373.
282. Kogut B. and Zander U. (1992), Knowledge of the firm, Combinative Capabilities and the Replication of Technology. *Organisation Science* 3.
283. Kok (2004), EU report on the Lisbon Strategy.
284. Konsynski & McFarlan (1990) Konsynski, Benn R.; and McFarlan, F. Warren. Information Partnerships - Shared Data, Shared Scale. *Harvard Business Review* Sept.-Oct. 1990: 114-120.
285. Labov W. (1972) The transformation of experience in narrative syntax. In W. Labov (Ed), *Language in the inner city: Studies in the Black English vernacular*. University Press of Pennsylvania Press.
286. Labov, W. (1982). Speech actions and reactions in personal narratives. In D.Tamen, *Analysing discourse: Text and Talk*. Washington, DC: Georgetown University Press.
287. Labov, W., & Waletzky J. (1967). Narrative Analysis: Oral Versions of personal experience. In J.Helm (Ed) *Essays on the verbal and visual arts*. University of Washington Press.
288. Lave, J., & Wenger, E. (1991). *Situated Learning: Legitimate Peripheral Participation*. Cambridge, UK: Cambridge University Press.
289. Lacity M.C & Willcocks L.P ( 2009), *Information Systems and Outsourcing, Studies in Theory and Practice*, Published by Palgrave Macmillan.
290. Lamminmaki D.(2008) Accounting and the management of outsourcing: An empirical study in the hotel industry, *Management Accounting Research* 19 (2008).
291. Langfield-Smith K. and Smith D. (2003), *Management Control Systems and Trust in Outsourcing Relationships*. *Management Accounting Research* 14 (2003).
292. Leadbeater C. (1999), *New measures for the New Economy*, Report sponsored by the Centre for Business Performance the Institute of Chartered Accountants of England and Wales.
293. LeCompte M.D & Goetz J.P (1982), *Problems of Reliability and Validity in Ethnographic Research*, Published in the review of Educational Research.

294. Le-Nguyen K., Dyerson R., Harindranath G (2009) A SITUATED KNOWLEDGE WORK CONTEXT PERSPECTIVE ON KNOWLEDGE MANAGEMENT SOFTWARE-ORGANISATION MISALIGNMENTS Proceedings of the European Conference on Information Systems.
295. Lee, J.-N. & Kim, Y.-G. (1999)"Effect of partnership Quality on IS Outsourcing Success: Conceptual Framework and Empirical Validation." Journal of Management Information Systems, Vol 15 No 4: pp 29-61.
296. Lee J.N and Huyng, M.Q (2005) An Integrative Model of Trust on IT Outsourcing: From the Services Receiver's Perspective, Proceedings of the Ninth Pacific Asia Conference on Information Systems, July 7-10, 2005, 767-779.
297. Leeman, D. & Reynolds, D.( 2008). Trust and outsourcing: Do perceptions of trust influence the retention of outsourcing providers in the hospitality industry? PhD dissertation, Touro University International.
298. Lee J.N (2001) The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success. Information & Management 38.
299. Lee J.N, Huynh M.Q, Chi-wai K.W & Pi S. (2000) The Evolution of Outsourcing Research: What is the Next Issue?.
300. Leidner D. & Becerra-Fernandez I (2008) Knowledge Management and Evolutionary View, Advances in Management Information Systems.
301. Leonidou, L.C., Barnes, B.R., & Talias, M.A (2006), Exporter-Importer relationship quality: The inhibiting role of uncertainty, distance, and conflict. Industrial Marketing Management, 35(5).
302. Lewis DJ, and Weigert A. (1985) Trust as a social reality. Social Forces;63.
303. Levin, D. Z., Whitener, E. M. and Cross, R. (2006) 'Perceived Trustworthiness of Knowledge Sources: The Moderating Impact of Relationship Length', Journal of Applied Psychology 91(5):
304. Levina N. & Wanda O (2009) "Understanding Shifting Power Relations within and across Organizations: A Critical Genre Analysis," Academy of Management Journal, 52(4).
305. Lord, M.D and Ranft, A.L (2000), 'Organisational learning about new international markets: Exploring the internal transfer of local market knowledge', Journal of International Business Studies.
306. Levin D.Z, Cross R., Abrams L.C & Lesser E.L (2002) "Trust and Knowledge sharing: A critical combination", IBM Institute for Knowledge-Based organizations.
307. Levin D.Z & Cross R. (2004), "The strength of weak ties you can trust: The Mediating role of trust in effective knowledge transfer", Management Science Vol 50, No 11.



308. Lewis R. (2007), AccountingWEB'S 10 Notable Outsourcing failure (<http://www.accountingweb.co.uk/item/168216>).
309. Lewicki, R.J. & Bunker, B.B. (1995). Trust in relationships: A model of trust development and decline. In B.B. Bunker and J.Z. Rubin (Eds.), *Conflict, cooperation and justice*, 133-173. San Francisco: Jossey-Bass.
310. Lonsdale, C. & Cox A. (2000) The historical development of outsourcing. The latest fad? *Industrial Management & Data Systems*, 100.
311. Lui S.S, Ngo H.Y & Hon A H.Y (2006), " Coercive strategy in interfirm cooperation: mediating roles of interpersonal and trust", *Journal of Business Research*.
312. Lusch R.F (1976), "Their Impact on Intrachannel Conflict" *Journal of Marketing Research* Vol 13 No.4.
313. Luhmann, N., (1979). *Trust and Power*. Wiley, Chichester.
314. Lorange, P. and Roos J. (1992), *Strategic Alliances: Formation, Implementation, and evolution*, Cambridge MA.
315. McAllister, D.J. (1995). Affect- and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal*, 38(1).
316. Mc Dermott R. & O'Dell C. (2001) ' Overcoming Cultural Barriers to Knowledge Sharing' *Journal of Knowledge Management* 51.
317. Mclaughlin J. & Webster A.(1998) Rationalising knowledge: IT systems, professional identities and power. *The Sociological Review*.
318. McKinlay A. (2002) The limits of knowledge management. *New Technology, Work and Employment*.
319. Mann, M. (1986) *The Sources of Social Power, Vol 1*, Cambridge. Cambridge University Press.
320. Mason, K. and Leek, S. (2008). 'Learning to build a supply network: an exploration of dynamic business models'. *Journal of Management Studies*, 45, 759–84.
321. A. Malhotra and A. Majchrzak, (2004) Enabling knowledge creation in far-flung teams: best practices for IT support and knowledge sharing, *Journal of Knowledge Management* 8(4) (2004) 75–88.
322. Mann, M. (1993) *The Sources of Social Power, Vol , Cambridge: Cambridge University Press*.
323. Maner J.K and Mead N.L (2010) The Essential Tension Between Leadership and Power: When Leaders Sacrifice Group Goals for the Sake of Self-Interest, *Journal of Personality and Social Psychology*.

324. Malone, T. W., Yates, J., and Benjamin, R. I. (1987) "Electronic Markets and Electronic Hierarchies", *Communications of the ACM* (30:6).
325. Manning S., Lewin A.Y. Schuerch M. (2011) The Stability of Offshore Outsourcing Relationships The Role of Relation Specificity and Client Control. *Management International Review*.
326. Mankiw, N. Gregory, Kristin J. Forbes and Harvey S. Rosen. (2004) "Testimony before the Joint Economic Committee, U.S. Congress: 'The Economic Report of the President.'" February 10, 2004. [http://www.whitehouse.gov/cea/economic\\_report\\_20040210.html](http://www.whitehouse.gov/cea/economic_report_20040210.html).
327. Marcus, G.E (1994) 'What comes (just) after "post"?' The case of ethnography', N.K Denzin and Y.S Lincoln (eds), *Handbook of Qualitative Research*.
328. Marshall G. (1998), Participant observation, A dictionary of sociology, <http://www.encyclopedia.com/doc/1O88-participantobservation.html>.
329. Marshall R.S, Nguyen T.V & Bryant S.E (2005), " A dynamic Model of trust development and knowledge sharing in strategic alliances", *Journal of General Management* Vol 3 No1.
330. Matson E. , Patiath P. & Shavers T. ( 2003), *Strengthening Your Organization's Internal Knowledge Market*, Organisational.
331. Matson E., Patiath P., Shavers T. (2003), " Stenghtening your organizations internal knowledge market", *Stimulating knowledge sharing*, *Organisational Dynamics* Vol 32.
332. Mason M.K (2010) "Foucault and his Panopticon", <http://www.moyak.com/papers/michel-foucault-power.html>.
333. Mayer, R.C., David J., and Schoorman, F. (1985) "An integrative Model of Organisational Trust" *Academy of Management Review*, 1985.
334. Mao J.Y , Lee J.N , Deng C.P ( 2007) Vendors' perspectives on trust and control in offshore information systems outsourcing *Information & Management* 45 (2008).
335. Maloni, M., & Benton, W. C. (2000) Power influences in the supply chain. *Journal of Business Logistics*, 21(1), 49– 73.
336. McAllister DJ. (1996) Affect- and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal* 38(1).
337. Mc Dermott R. & O'Dell C. (2000), *Overcoming the 'Cultural Barriers' to Sharing Knowledge, American Productivity & Quality Center* ([http://www.apqc.org/portal/apqc/ksn/Overcoming%20Cultural%20Barriers.pdf?paf\\_gear\\_id=contentgearhome&paf\\_dm=full&pageselect=contentitem&docid=106967](http://www.apqc.org/portal/apqc/ksn/Overcoming%20Cultural%20Barriers.pdf?paf_gear_id=contentgearhome&paf_dm=full&pageselect=contentitem&docid=106967)).

338. McEvily B, Perrone V. & Zaheer A. (2003), "Trust as an organizing principle", *Organisation Science* Vol 14 No1.
339. Mc Laughlin J. (1986), Reliability and Validity Issues In School Ethnography and Qualitative Research, Published in *The Journal of school Health*.
340. McClelland, D.C (1975). *Power: The inner experience*. New York: Irvington.
341. McClelland, D.C., & Boyatzis, B.E (1982). Leadership motive pattern and long term success in management. *Journal of Applied Psychology*, 67.
342. Mc Dermott R (1999) *Why Information Technology Inspired but cannot deliver Knowledge Management*.
343. McFarlan, F.W., and Nolan, R.L. (1995) How to Manage an IT Outsourcing Alliance, *Sloan Management Review: Winter*, 9-23.
344. McGregor, D. (1960) *The Human Side of Enterprise*, New York: McGraw Hill.
345. McKnight, D. H.; Cummings, L. L.; and Chervany, N. L. (1998) "Initial Trust Formation in New Organizational Relationships," *Academy of Management Review* (23),1998, pp. 473-490.
346. Merriam S.B (1998). *Case-study research in education: A qualitative approach*. San Francisco: Jossey-Bass.
347. Merriam, S.B. (1998) *Qualitative Research and Case Study Applications in Education*. San Francisco: Jossey-Bass.
348. Michelson B.J (2006) *Leadership and Power Base Development: Using Power Effectively to Manage Diversity and Job-Related Interdependence in Complex Organizations*. AU-24, Concepts for Air Force Leadership.
349. Michalowski, R. J. (1997), 'Ethnography and Anxiety – Fieldwork and Reflexivity in the Vortex of U.S.-Cuban Relations' in Hertz, R. (Ed.), *Reflexivity and Voice*, Thousand Oaks CA: Sage.
350. Miller, K. (1995). *Organisational Communication: Approaches and Processes*, quoted from Antonina Holowetzki (2002).
351. Miller I & Anderson A.W (2004) "Legal and Ethical Considerations Regarding Outsourcing", *Journal of Accountancy AICPA*.
352. Mill J.S (1985). *Principles of Political Economy with some applications to social philosophy*. London Longmans, Green & co.
353. Moon J., Swar b., Chan Choe Y., Chung M., Jung G.H (2010) *Innovation in IT outsourcing relationships: Where is the best practice of IT outsourcing in the public sector. Innovation: management, policy & practice*.

354. Mørk B.E, Hoholm T.H, Ellingsen G., Edwin B.and Aanestad M. (2010) Challenging expertise: On power relations within and across communities of practice in medical innovation, *Management Learning* 41(5) 575–592.
355. Moris T. (2001). ‘Asserting property rights, knowledge codification in the professional service firm’ *Human Relations* 54/7.
356. Moris T. And Epsom (1998) ‘ Organisation and Expertise: An exploration of knowledge bases and the management of accounting and consulting firms’ *Accounting, Organisations and Society* 2315.
357. Morse J.M, Barrett M., Mayan M., Olson K., Spiers J. (2002), Verification Strategies for Establishing Reliability and Validity in Qualitative Research, Published in the *Internal Journal of Qualitative Methods*.
358. Morgan G. (1997), “Images of Organisation”, Sage Publications.
359. Mosher R. & Mainquist D. (2011) The outsourcing relationship, *Internal Auditor*.
360. Morowitz, H.J. (2002). *The emergence of everything: How the word became complex*, Oxford, UK.
361. Mooradian T., Renzl B & Matzler K. (2006) “Who Trust? Personality, Trust and Knowledge sharing, *Management Learning* Vol 37(4).
362. Morrison, E. W. and Milliken, F. J. (2000). ‘Organizational silence: a barrier to change and development in a pluralistic world’. *Academy of Management Review*, 25, 706–31.
363. Morrison E.W & Milliken F.J ( 2003) *Speaking Up, Remaining Silent: The Dynamics of Voice and Silence in Organizations*. *Journal of Management Studies*.
364. Muller T. & Wood P. (2008), *Outsourcing: the rise of fragmentation*, Ernst & Young 2008, *European Outsourcing Survey 2008*.
365. Murphy E. & Dingwall R. (2001), *The Ethics of Ethnography*, Published in the *Handbook of Ethnography*, Sage Publications
366. Nahapiet J. and Ghosal S.(1998), *Social Capital, Intellectual Capital and the Organisational Advantage*. *Academy of Management Review*.
367. Nam, K., Rajagopalan, S., Rao, H.R., and Chaudhury, A. (1996) A two-level investigation of information systems outsourcing, *Communications of the ACM*, 39 (7): 36-44.
368. Navarro Z. (2006), *In Search of a Cultural Interpretation of Power: The Contribution of Pierre Bourdieu*. *IDS Bulletin* Volume 37 Number 6.
369. Nelson R. & Winter S. (1982), “An evolutionary theory of economic change”. Harvard University Press.

370. Neil J. (2006), Analysis of Professional Literature Class 6: qualitative Research <http://wilderdom.com/OECourses/PROFLIT/Class6Qualitative1.htm#Assumptions>.
371. Nelson D.L (1998) “ Herbert Blumer’s symbolic interactionism”, University of Colorado at Boulder, [http://www.colorado.edu/Communication/metadiscourses/Papers/App\\_Papers/Nelson.html](http://www.colorado.edu/Communication/metadiscourses/Papers/App_Papers/Nelson.html).
372. Nelson R. & Winter S. (1982) “An evolutionary theory of economic change”. Harvard Publication.
373. Newell S. & Swan J. (2000), “Trust and inter-organizational networking” Human Relations, Vol 53(10).
374. Newell S., & Scarborough H., Swan J. And Hislop D. (2000), ‘Intranets and Knowledge Management: De-centered technologies and the limits of technological discourse’. In (C.Prichard, R.Hull, M.Chumer, and H.Willmot (eds), Managing Knowledge. Critical Investigation of work and learning: London Macmillan.
375. Ndubisi N.O (2010), Conflict handling, trust and commitment in outsourcing relationship: A Chinese and Indian study.
376. Nicholson B., Jones J., and Espenlaub S., (2006) “Transaction costs and control of outsourced accounting: Case evidence from India.” Management Accounting Research, 17.
377. Niederman F. (2005) International business and MIS approaches to multinational organizational research: The cases of knowledge transfer and IT workforce outsourcing. Journal of International Management.
378. Nidumolus S., Subramani N., Aldrich A. (2001) Situated Learning and the Situated Knowledge Web : Exploring the Ground Beneath Knowledge Management. Journal of Management Information Systems Vol 18.
379. Nonaka, I., (1988). Creating order out of chaos: self-renewal in Japanese firms. California Management Review spring.
380. Nonaka, I. (1994). “A Dynamic Theory of Organizational Knowledge Creation,” Organization Science 5:1.
381. Nonaka I. and Takeuchi H. (1995), The Knowledge-Creating company: How Japanese companies create the dynamics of Innovation. New York: Oxford University.
382. Nonaka,I, (2005), Knowledge Management “Critical Perspectives on Business and Management”.
383. Noelle-Neumann, E. (1974). ‘The spiral of silence: a theory of public opinion’. Journal of Communication, Spring, 43–51.
384. OECD (1996), The Knowledge-based Economy, Paris.

385. O'Hara K. (2009) A general definition of trust, Intelligence, Agents, Multimedia Group School of Electronics and Computer Science University of Southampton.
386. Orlikowski, W. J. (2002). Knowing in practice: Enacting a collective capability in distributed organizing. *Organization Science*, 13(3), pp. 249–273.
387. Oxford Dictionary (2004), Concise Oxford English Dictionary.
388. Oza N.V, Hall T. Rainer A. and Grey S. (2006), Trust in software outsourcing relationships: An empirical investigation of Indian software companies. *Information and Software Technology* 48 (2006).
389. Pan, S., and Scarbrough H. (1999), ' Knowledge Management in Practice: An Exploratory case-study', *Technology Analysis and Strategic Management* 11/3.
390. Pavlou P.A (2002) Institution-based Trust in interorganisational exchange relationships: the role of online B2B marketplaces on trust formation, *Journal of Strategic Information Systems*.
391. Peters T. & Waterman R. (1982) *In Search of Excellence*, New York : Harper & Row.
392. Polanyi, (1958). *Personal Knowledge*. The University of Chicago Press.
393. Polanyi (1966). "The Tacit Dimension, London" Routledge & Kegan Press.
394. Podsakoff P.M and Schriesheim C.A (1985), Field Studies of French and Raven's Bases of Power: Critique, Reanalysis and Suggestions for Future Research, *Psychological Bulletin* No 3.
395. Poppegaai L.(2006), *Managing amid Uncertainty 'How the Finance & Accounting function contributes to an agile organisation'* dissertation University of Twente.
396. Powell W. & Snellman K. (2004), *The Knowledge Economy* in Annual Review Sociology, Stanford University.
397. Price J. (1996) 'Snakes in the swamp: ethical issues in qualitative research' in R. Josselson (ed.), *Ethics and Process in the Narrative study of lives*. Thousand Oaks.
398. Prawitt D.F., Sharp S.F, Wood D.A (2009) INTERNAL AUDIT OUTSOURCING AND THE RISK OF MISLEADING OR FRAUDULENT FINANCIAL REPORTING: DID SARBANES-OXLEY GET IT WRONG? Brigham Young University.
399. Probst G., Raub S., Romhardt K. (1999), *Managing Knowledge: Building Blocks for Success*, New York Wiley.
400. Prusak L. (2000) "Where did knowledge management come from" *IBM Systems Journal*.

401. Punch, M. (1994), Politics and ethics in qualitative research, In N.K Denzin & Y.S Lincoln, Handbook of Qualitative Research.
402. Raven B.H and French J R.P, (1958) “Legitimate Power, Coercive Power, and Observability in Social Influence”, Sociometry Vol 21.
403. Ray G. (2009) Finance and accounting outsourcing: an empirical study of service providers and small business in Australia, Southern Cross University.
404. Rajan, R.G. and Zingales, L. (1998) ‘Power in a Theory of the Firm’, Quarterly Journal of Economics, 113(2), 387-432.
405. Randeree, E., Kishore, R., and Rao, H.R.(2006) Investigating trust in outsourcing: a study in the healthcare industry. Advances in Management Information Systems.
406. Reiss A.J (1979), Government regulation of scientific inquiry: Some paradoxical consequences. In C.B. Klockars & F.W. O’Connor, Deviance and decency: The ethics of research with human subjects.
407. Richardson A. (2010), How to tackle the X-Problem, Business Week publication.
408. Riessman C.K (2002) “Narrative Analysis”, in A.M Huberman and M.B Miles, eds. The Qualitative Researcher’s Companion. Thousand Oaks, CA.
409. Riessman C.K (2004), in Lewis-Beck M.S, Bryman A., Liao T.F “ Narratives” Encyclopedia of Social Science Research Methods (<http://www2.bc.edu/~riessman/papers.html>).
410. Riessman K.C (2008) Narrative Methods for the Human Sciences, Sage Publication.
411. Ring,P., Van de Ven,A. (1994) Developmental processes of cooperative interorganisational relationships. Acad Management Reqv 19.
412. Reinhard B., (1999) Trust, Power and Control in Trans-Organisational Relations, ESRC Centre for Business Research, University of Cambridge Working Paper No. 129.
413. Reid T. (1778) Essays on the active power of Man.
414. Reynolds, M. (1998) Reflection and critical reflection in management learning. Management Learning, 29, 183-200.
415. Ribiere V. (2001). Assessing Knowledge Management Initiative success as a function of organisational culture, PhD Dissertation, George Washington University.
416. Roberts J. (2000), ‘From Know-How to Show-How? Questioning the role of Information and communication technologies in Knowledge transfer’ Technology Analysis and Strategic Management.

417. Robertson, M. And O'Malley Hammersley G. (2000) 'Knowledge Management Practices within a knowledge intensive firm: The significance of the people Management dimension. *Journal of European Industrial Training* 24/2.
418. Robertson, M. And Swan J. (2003). 'Control- What Control?' Culture and Ambiguity within a Knowledge Intensive firm'. *Journal of Management Studies* 40/4.
419. Root, M. (1993), *Philosophy of Social Science: The methods, ideals, and politics of social inquiry*.
420. Rosenwald, G.C, & Ochberg, R.L (1992). Introduction of Life Stories, cultural politics, and self-understanding. In G.C Rosenwald & R.L Ochberg (eds), *Storied lives: The Cultural Politics of Self-Understanding* New Haven, C.T Yale University Press.
421. Rottman J.W & Lacity M.C (2009) Knowledge Transfer in Offshore Outsourcing published in Lacity & Willcocks (2009) *Information systems and Outsourcing*.
422. Rousseau, D. (1995) *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements*, Thousand Oaks, CA: Sage Publications Inc.
423. Rousseau D., Sitkin S., Burt R and Camerer C. (1998) " Not so different after all: A Cross-Discipline View of Trust" *Academy of Management Review* Vol 23 No 3.
424. Sahay, B.S. (2003), "Understanding trust in supply chain relationships", *Industrial Management & Data Systems*, Vol. 103 No. 8.
425. S.C. Goh (2002) , Managing effective knowledge transfer: an integrative framework and some practice implications, *Journal of Knowledge Management* 6(1) (2002) 23–30.
426. Schoorman D.F, Mayer R.C, and Davis J.H (2007) AN INTEGRATIVE MODEL OF ORGANIZATIONAL TRUST: PAST, PRESENT, AND FUTURE. *Academy of Management Review* 2007, Vol. 32, No. 2, 344–354.
427. Sako M., (1992). *Prices, Quality and Trust: Inter-firm Relations in Britain and Japan*. Cambridge University Press.
428. Sako M., (1997). *Does Trust Improve Business Performance?* Industrial Relations Department, London School of Economics.
429. Sargent, A. (2006) Outsourcing relationship literature: an examination and implications for future research, ACM Press, Proceedings of the Proceedings of the 2006 ACM SIGMIS CPR conference on computer personnel research: Forty four years of computer personnel research: achievements, challenges & the future, Claremont, California, USA, 2006.
430. Sanday P.R (1979), " The ethnographic paradigm(s)" , *Administrative Science Quarterly* Volume 24.



431. Saam N.J (2007), Asymmetry in information versus asymmetry in power: Implicit assumptions of agency theory?, *The Journal of Socio-Economics* 36.
432. Sammarra, A. and Biggiero, L. (2008). 'Heterogeneity and specificity of inter-firm knowledge flows in innovation networks'. *Journal of Management Studies*, 45, 785–814.
433. Schumacher, E.F (1973) *Small is beautiful: A study of economics as if people mattered*. London.
434. Schwandt T.A ( 2000), *Three Epistemological Stances for Qualitative Inquiry*, published in Denzin K. & Lincoln Y. (2000) , *Handbook of Qualitative Research*.
435. Shin M. (2004) A framework for evaluating economics of knowledge management systems, *Information and Management* 42(1) (2004) 176–196.
436. Shannon, C. E., Weaver, W., (1949). *The mathematical theory of communication* University of Illinois Press.
437. Simon, H., (1969). *The sciences of the artificial*. MIT Press, Cambridge, MA.
438. Smith, A.D (1989), *The ethics origin of nations*. New York: Blackwell.
439. Smith V. ( 2001), *Ethnographies of Work and the Work of Ethnographers*, Published in the *Handbook of Ethnography*, Sage Publications.
440. Smith K. (2002), *What is the Knowledge Economy? Knowledge Intensity and Distributed Knowledge Bases*, Institute for New Technologies Discussion Paper 2002-6, The United Nations University.
441. Smith J.A., Morris J., Ezzamel M. (2005) *Organisational change, outsourcing and the impact on management accounting*, *The British Accounting Review* 37.
442. Soekijad M. & Andriessen E. (2003), *Conditions for Knowledge Sharing in Competitive Alliances*, *European Management Journal* Vol 21.
443. Syed-Ikhsan and F. Rowland (2004), *Knowledge management in a public organization: a study on the relationship between organizational elements and the performance of knowledge transfer*, *Journal of Knowledge Management* 8(2) (2004) 95–111.
444. Spender, J.C (1996) "Competitive advantage from tacit knowledge? Unpacking the concept and its strategic implications," in Bertrand Moingeon & Amy Edmondson (eds.) *Organisational learning and competitive advantage*. London: Sage Publications.
445. Spender J.C (2008), *Organisational Learning and Knowledge Management: Whence and Whither?* *Management Learning* 39.

446. Spender J.C & Scherer A.G (2007), *The Philosophical Foundations of knowledge Management: Editor's Introduction*. Sage Publications.
447. Spender, J. -C., & Grant, R. M. (1996). Knowledge and the firm: Overview. *Strategic Management Journal*, 17, 5–9.
448. Spradley, J. P. (1979). *The ethnographic interview*. New York: Holt, Rinehart and Winston.
449. Spraggon M. & Bodolica V. (2011) A multidimensional taxonomy of intra-firm knowledge transfer processes. *Journal of Business Research*.
450. Stake R.E (2000), Published in *Handbook of Qualitative Research*, Denzin K. & Lincoln Y. (2000).
451. Sternberg, R., Frensch P., 1991. Complex problem solving: principles and mechanisms, Lawrence Erlbaum.
452. Stewart T.A (1997), *Intellectual Capital , The New Wealth of Organisation*, Nicholas Brealey Publishing.
453. Stewart, T. (2001) *The Wealth of Knowledge: Intellectual Capital and the Twenty-First Century Organisation*. London.
454. Storey, J., and Barnett E. (2000) 'Knowledge Management Initiatives: Learning from failure' *Journal of Knowledge Management*.
455. Storey, J. And Quintas, P. (2001) ' Knowledge Management and HRM' in J. Storey (eds.) *Human Resource Management: A critical Text*, London Thomson Learning.
456. Swart, J., & Kinnie, N. (2003). Sharing Knowledge in knowledge intensive firms. *Human Resource Management Journal*. 13 (2).
457. Sitkin, S.B, & Roth N.L, 1993. Explaining the limited effectiveness of legalistic "Remedies" for trust/distrust. *Organisational Science*, 4.
458. Sitkin, S.B & Stickel D. (1996). The road to hell. The dynamics of distrust in an era of quality. In R.M Kramer & T.R Tyler (Eds), *Trust in organisations*. Thousand Oaks, CA. Sage Publications.
459. Stivers, C. (1993). Reflections on the role of personal narrative in social science. *Signs: Journal of Women in Culture and Society*, 18 (2).
460. Student K.R. (1968). Supervisory influence and work group performance. *Journal of Applied Psychology*, 52, 188-194.
461. Suchman, L. (1987). *Plans and situated actions*. Cambridge: Cambridge University Press
462. Sveiby, K., 1998. What is knowledge management? <http://www.sveiby.com.au>

463. Sveiby, K.E (2001), 'A knowledge-based theory of the firm guide to strategy formulation' Journal of intellectual capital.
464. Swanson A.R & Holton III E.L (2005) "Research in Organisations- Foundations and Methods of Inquiry".
465. Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. Strategic Management Journal, 17, Winter Special Issue.
466. Taylor C. (1976) "Hermeneutics and politics", in Connerton, P.(Ed), Critical Sociology.
467. Taylor, M.C (2001). The moment of complexity: Emerging network culture: University of Chicago Press.
468. Tedlock B.(2000), Ethnography and Ethnographic Representation, published in Denzin K. & Lincoln Y. (2000).
469. Teh P.L & Yong C. (2011) Knowledge Sharing is in Personnel: Organisational Behaviour Perspective. Journal of Computer Information Systems.
470. Tiedens, L. Z., Unzueta, M. M., & Young M. J. (2007). An unconscious desire for hierarchy? The motivated perception of dominance complementary in task partners. Journal of Personality and Social Psychology, 93, 402-414.
471. Tomkins, C. (2001). Interdependencies, Trust and information in relationships, alliances and networks. Accounting, organizations and society Vol 26.
472. Tompkins, P. K., & Cheney, G. (1985). Communication and unobtrusive control. In R. McPhee & P. K. Tompkins (Eds.), *Organizational communication: Traditional themes and new directions*. (pp.179-210) Beverly Hills: Sage.
473. Thakur P. (2008) IMPACT OF OFFSHORING AND OUTSOURCING OF CORE ACTIVITIES ON PERFORMANCE: AN EXAMINATION OF CLINICAL TRIALS, RUTGERS UNIVERSITY. <http://eiba2008.ttu.ee/public/Papers/180.pdf>.
474. Thamhain, H. J., & Gemmill, G. R. (1974). Influence styles of project managers: Some project performance correlates. *Academy of Management Journal*, 17.
475. Tsai, W. and Ghosal, S. (1998), 'Social Capital and Value Creation: The role of intrafirm networks' Academy of Management Journal 41.
476. Tsang, E. W.K (2000), 'Managerial learning in foreign-invested enterprises of China', Management International Review.
477. Tseng Yi-Hong & Lin Ching-Torng Lin (2011), Enhancing enterprise agility by deploying agile drivers capability and providers, Information Sciences Journal.

478. Tsoukas, H. (2000), "Knowledge as action as theory: reflections on organizational knowledge", *Emergence*, Vol.2 No.4, pp.104-12.
479. Tjosvold D. (1985), "Power and Social Context in Superior-Subordinate Interaction", *Organisational Behavior and Human Processes* 35.
480. Turban, E., 1992. *Expert systems and applied artificial intelligence*. Macmillan.
481. Van Maanen J. (1988) *Tales of the field: On writing Ethnography*. Chicago.
482. Van Wijk, R., Jansen, J. P. and Lyles, M. A. (2008). 'Inter- and intra-organizational knowledge transfer: a meta-analytic review and assessment of its antecedents and consequences'. *Journal of Management Studies*, 45, 815–38.
483. Vita G.G & Wang C.L (2006) "Development of outsourcing theory and practice: A taxonomy of outsourcing generation" published in *outsourcing and offshoring in the 21<sup>st</sup> century: A socio-economic perspective* , Harbhajan Kehal & Varinder Singh.
484. Vosselman E. & Meer-Kooistra J. (2009), *Accounting for control and trust building in interfirm transactional relationships*, *Accounting Organisations and Society*, Vol 34.
485. Von Jouanne-Diedrich, H. (2004). *15 Jahre Outsourcing-Forschung: Systematisierung und Lessons Learned*. In Zarnekow, R., Brenner, W. and Grohmann, H. (Eds), *Informationsmanagement - Konzepte und Strategien für die Praxis*, dpunkt Verlag, Heidelberg, pp. 125-133.
486. Wang S. & Noe R. (2010) *Knowledge sharing: A review and directions for future research*, *Human Resource Management Review* 20.
487. Ward, A.(2000). 'Getting strategic value from constellations of communities', *strategy and leadership* 28/2.
488. Wasko, M.M and Faraj, S. (2000) "It is what one does: Why people participate and help others in electronic communities of practice" *Journal of Strategic Information Systems* (9).
489. Weber, Max (1947) *Max Weber: The Theory of Social and Economic Organization*. Translated by A. M. Henderson & Talcott Parsons. NY: The Free Press.
490. Wenger E. (1998) *Communities of Practice*. Cambridge: Cambridge University press.
491. Wiig K.M (1999) *Knowledge Management: An Emerging Discipline Rooted in a Long History*.
492. Willcocks, L., and Choi, C.J. (1995) Co-operative partnership and 'total' IT outsourcing: From contractual obligation to strategic alliance?, *European Management Journal*, 13 (1): 67-78.

493. Willcocks L.P , Hindle J., Feeny D. and Lacity M.C (2009) Taking a Knowledge Perspective on IT and Business Process Outsourcing, published in Lacity M.C & Willcocks L.P ( 2009).
494. William, P., Fenton O’Greevy, M. Nicholson, N. And Soane, E. (2001) ‘Knowing the Risks’ Theory and Practice in Financial Market Trading’ Human Relations 54/7.
495. Williamson, O. E. (1983) "Credible Commitments: Using Hostages to Support Exchange", American Economic Review.
496. Williamson O.E 1985. The Economic Institutions of Capitalism. New York: free Press- 1996 The Mechanisms of Governance. Oxford: Oxford University Press.
497. Williamson O.E (1993). Calculativeness, trust and economic organization. Journal of Law and Economics.
498. Winter, R. (2002). Retail Banking im Informationszeitalter - Trends, Geschäftsarchitektur und erste Beispiele. In Leist, S. and Winter, R. (Eds), Retail Banking im Informationszeitalter, Springer, Berlin, pp. 29-50.
499. Winter, G. (2000). A comparative discussion of the notion of validity in qualitative and quantitative research. The Qualitative Report, 4 (3&4), <http://www.nova.edu/ssss/QR/QR4-3/winter.html>.
500. Whitmeyer J.M (1997), “ Mann’s Theory of Power- A (Sympathetic) Critique”, The British Journal of Sociology, Vol 48 No.2 .
501. Wolf M. (1996) ‘Afterword: musing from an old gray wolf’ in D.Wolf (Ed), Feminist Dilemmas in Field work.
502. Walton R.E ,(1989) Up and Running: Integrating Information Technology and the Organisation. Harvard Business Review School Press .
503. Yang C. & Chen L.C (2007), Can organizational knowledge capabilities affect knowledge sharing behavior? Journal of Information Science, 33 (1)
504. Young R. (2008),What is meant by reflexivity in the context of ethnographic research? Does reflexivity have limits?  
[http://www.essex.ac.uk/sociology/student\\_journals/ug\\_journal/UGJournal\\_Vol1/RebeccaYoung\\_SC203\\_2008.pdf](http://www.essex.ac.uk/sociology/student_journals/ug_journal/UGJournal_Vol1/RebeccaYoung_SC203_2008.pdf).
505. Yin R.K. (2003). Case Study research: Designs and methods. Applied Social Research Methods Series, No. 5. Thousand Oaks.
506. Zucker L., (1986) Production of trust: institutional sources of economic structure 1840-1920, Research in Organisation Behavior 8 (1).
507. Zuboff, S. (1988) In the Age of the Smart Machine. New York: Basic Books.

508. Zaheer A., McEvily B, Perrone V (1998), Does Trust Matter? Exploring the effects of Interorganizational and Interpersonal Trust on Performance, Carlson School of Management.
509. Zaheer, A., and Venkatraman, N. (1994) "Determinants of Electronic Integration in the Insurance Industry: An Empirical Test", Management Science (40:5).
510. Zhang Z. and Sharifi H. (2007), Towards theory building in agile manufacturing strategy- A taxonomical approach. IEEE Transactions on Engineering Management 54 (2).