Sari Sarome-Nykänen

Corporation Transformation Through Network Changing Agents in the Context of Outsourcing and Automation
SARI SAROME-NYKÄNEN

CORPORATION TRANSFORMATION THROUGH NETWORK CHANGING AGENTS IN THE CONTEXT OF OUTSOURCING AND AUTOMATION

Academic dissertation to be presented with the assent of The Doctoral Training Committee of Human Sciences, University of Oulu for public defence in the Arina auditorium (TA105), Linnanmaa, on 15 October 2021, at 12 noon

UNIVERSITY OF OULU, OULU 2021
Sarome-Nykänen, Sari, Corporation transformation through network changing agents in the context of outsourcing and automation.
University of Oulu Graduate School; University of Oulu, Oulu Business School, Martti Ahtisaari Institute
Acta Univ. Oul. G 122, 2021
University of Oulu, P.O. Box 8000, FI-90014 University of Oulu, Finland

Abstract
This research examines corporation transformation from the perspective of a specific group of transformation experts. Corporations are reviewed as networks that the selected group of experts are transforming through outsourcing and automation in circumstances that are embedded with uncertainty and turbulence for the outcome of the undertaking. Outsourcing is chosen for its commonness, allowing to reflect the past experiences onto automation as a transformation vehicle. In this research, automation represents a variety of advancing technologies that are transforming work not only for the demand of specific knowledge, but by whom and how the work is executed in the future.

This is a qualitative research following an inductive approach with the purpose of displaying the world of a selected group of people in a closed community. The empirical data is collected by using a semi-structured, expert interview approach while discussing on the research phenomenon. In the data analysis, an interpretivist approach is applied. The interviewed experts represent the diversity of experiences and ICT corporations. The interviews were conducted in multiple locations internationally. Names, companies and referred cases have been anonymised, and in some cases reworded, to protect the anonymity of the participants.

The findings suggests that transformation experts are professionals of high integrity and tolerance for ambiguity, safeguarding the organisational agenda at the turbulence of the corporation transformation. Outsourcing and automation as transformation vehicles were recognised as requiring further due diligence and understanding in terms of their usability and effectiveness in delivering the desired and realistic results, especially in the case of automation. The results indicated pressure for performance and successful outcomes of the transformation undertaking, suggesting a role and influence of management rewards as a distorting effect. For the benefit of successful transformation undertaking an enhanced interest in solid transformation governance and leadership practices in turbulent and uncertain conditions were highlighted.

Keywords: actor, agency theory, agent, corporation, network theory, principal, transformation
Sarome-Nykänen, Sari, Yrityksen transformaatio verkostoja muuttavien agenttien näkökulmasta kontekstina ulkoistaminen ja automatisointi.
Oulun yliopiston tutkijakoulu; Oulun yliopisto, Oulun yliopiston kauppakorkeakoulu, Martti Ahtisaari Instituutti
Acta Univ. Oul. G 122, 2021
Oulun yliopisto, PL 8000, 90014 Oulun yliopisto

Tiivistelmä
Tämä väitöskirja tutkii yrityksen transformaatiota tietyn muutosta toteuttavan erityisosaajaryhmän näkökulmasta. Tutkimuksessa yrityksiä käsitellään verkostoina joita erityisosaajat muuttavat ulkoistamisen ja automaation kontekstissa. Runsas kokemus ulkoistamisesta tarjoaa mahdollisuuden peilata yrityksen muutosta automaation myötä ja sitä, kuinka yritykset ja niihin kytkensä olevat verkostot muuttuvat käyttöönoton yhteydessä. Tässä tutkimuksessa automaatio kattaa laajan joukon uusia teknologioiden, jotka erikseen ja yhdessä asettavat uusia vaatimuksia niin tekijöiden osaamiselle kuin itse työn tekemiselle.

Tämän laadullisen tutkimuksen tarkoituksena on jäsentää ja analysoida erityisen asiantuntijaryhmän näkemyksiä ja kokemuksia yrityksen muutoksesta. Tutkimuksen empirinen materiaali on kerätty hyödyntäen puolistrukturoitua haastatteluteknikiaksi. Haastatelluilla on vuosien henkilökohtainen kokemus yrityksen muutoksesta, edustaa taustoltaan eri kansalaisuuksia ja yrityksiä. Haastattelut on tehty kansainvälisesti eri maissa. Henkilöiden ja yritysten nimiä on muutettu ja myös suorat lainaukset voidaan muuttaa, jotta voidaan suojella saatu luottamuksellinen tieto ja haastateltujen yksityisyys.

Tutkimus osoittaa, että asiantuntijat tai muutosagentit, ovat oma ammattiryhmä, joilla on vahva ammatillinen itsetunto niin osaamisen, kuin epävarmuuden siedon kannalta. Asiantuntijat pyrkivät tehtävissään edistämään muutosta saavuttaakseen parhaan mahdollisen tuloksen yrityksen kannalta. Ulkoistaminen ja automaatio koettiin hyödylliseksi transformaatiotavoin, vaikka ulkoistamisen toimivuutta kyseenalaistettiin ja automaatioon liittyvää odotuksia arveltiin ylimääräisiä. Yrityksen muutokseen liittyvät odotukset heijastuivat merkittävästi myös yrityksen johdon palkitsemisena. Transformaation tavoitteiden ja niihin sidottujen palkkioiden koettiin vääristävän muutosfokusta yrityksen intressien kustannuksella.

Yrityksen muutoksen hallinta ja ihmisten johtaminen koettiin merkitykselliseksi tulosten saavutamisen kannalta, johon yrityksen johdolta vaaditaan erityistä keskittymistä epävarmuuden sekä riskien minimoimiseksi.

Asiasanat: agenttiteoria, muutos, verkostot, verkostoteoria, yritys
Dedicated for my father and husband. For their endless support and encouragement in pursuance of my dreams.

Omistettu isälleni ja aviomiehelleni, tuesta ja uskomisesta minuun haaveitani toteuttaessani.
Acknowledgements

It has been a long journey, literally. My PhD journey started already in United Arab Emirates in 2012. I had graduated with a MSc degree few months back, as I found myself discussing with visiting professors from Oulu University on the possibilities to pursue a doctoral degree. As I was working full time as a transformation agent myself, the demanding work required the full attention forcing to put my studies on hold. However, the time off from the doctoral studies and focusing on my career, paved the way for the future and the research upon repatriating back to Finland in 2017.

I have a curious mind with an interest for continuous learning, to challenge myself and to push the boundaries up to my very limit sometimes. The doctoral studies offered an opportunity to feed these qualities, I thought. Little I knew how personal and educating experience this turned out to be for me. The discussions with the other transformation agents allowed the reflection of my experiences and thoughts on the past undertakings, especially. I am truly grateful for opportunity to engage with into a dialog and experience sharing with the fellow colleagues on an international scale.

That said, I wish to thank and express my appreciation and gratitude to the people who have made it possible for me to reach to the point I am right now. First and foremost, I wish to thank my supervisors Professor Veikko Seppänen, Professor Jari Juga, and Dr. Teea Palo for your guidance, patience, and for the numerous times that you have pulled me back to the surface when I was somewhere in the deep with my complicated thoughts and ideas. The access and availability for support and guidance have been outstanding. I have felt quite fortunate for having three supervisors not only for the diversity of our conversations, but scale of the support I’ve been given, especially in the midst of the pandemic that imposed restrictions to the meetings in Oulu university campus. Also, I want to thank Teea for the extra sessions for coaching and mentoring when I had so many questions in my mind, and still none.

My warmest thanks to Professors Pauliina Ulkuniemi and Vesa Puhakka for the valuable knowledge sharing, and motivating words in the course of our annual follow up meetings.

I want to thank Oulu Business School, UNIOGS Human Sciences Doctoral program and the lecturers for the Business Theory and Thought – course, which I quite enjoyed for its content and execution. I wish to express my special appreciation to Dr. Pikkarainen, Professor of Practice for the inspirational lecture
on finance, and for altering my mind on how I have viewed and pondered financial questions before.

I would also like to thank the pre-examiners Professor Veli Matti Virolainen and Professor Nina Helander, for their taking the time to read and evaluate my work, but also sharing their comments and feedback for finetuning the dissertation forward.

This doctoral dissertation and research would not have materialized on the scale planned without the support of the Foundation for economic education (Liikesivistysrahasto). I wish to thank the foundation for rewarding me grants and for their trust and interest for my research topic.

My gratitude and admiration go to all transformation agents, who have taken the time to participate to this research and sharing their experiences and thoughts, the highs and lows from your transformation experiences. I want to thank you for your valuable input and wish you all the success with your endeavours. Also, kudos to you all for your positive “can do” - attitude and spirit.

I wish to thank friends, family and colleagues for their encouragement and push for the completion especially, Hessu, Outi O., Outi T., Kari, Juha and Päivi. Also, I wish to thank the ones who were sceptical for the completion of the doctoral dissertation as you made me to work harder and not to give up.

I wish to thank my father, who has always encouraged me but nurtured my curiosity and interest to study and seek new experiences. Kiitos isä. Kanssasi olen oppinut ja kasvanut lukemaan, olemaan sinnikäs ja utelias, kiinnostumaan uusista maista, kansoista ja kulttuureista, sekä opiskelemisen tärkeyden. Tässä minä taas olen, uuden edessä.

And most of all, I want to thank my darling husband Risto. I am truly blessed to have you next to me, not only encouraging and sharing experiences from your doctoral journey but enabling me to take time for self-development and discovering new directions for the future.

As one more page of our adventures together is almost ready, with great excitement I look forward the next quest and story ahead of us, wherever it be.

You are my love, light, and joy.

Helsinki, August 31, 2021

Sari Sarome-Nykänen
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Automation</td>
</tr>
<tr>
<td>a/o</td>
<td>Automation / outsourcing</td>
</tr>
<tr>
<td>ABC</td>
<td>An anonymised industry specific report</td>
</tr>
<tr>
<td>AG</td>
<td>Aktiengesellschaft</td>
</tr>
<tr>
<td>ARA</td>
<td>Actors, resources, activities</td>
</tr>
<tr>
<td>ASEAN</td>
<td>The Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BCG</td>
<td>Boston Consulting Group</td>
</tr>
<tr>
<td>bn</td>
<td>Billion</td>
</tr>
<tr>
<td>CxO</td>
<td>Chief Officer, x referring to a variable of the title specification</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Finance Officer</td>
</tr>
<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>CTO</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>DVD</td>
<td>Digital video disk</td>
</tr>
<tr>
<td>E</td>
<td>Expert</td>
</tr>
<tr>
<td>e.g.</td>
<td>Exempli gratia</td>
</tr>
<tr>
<td>EM</td>
<td>Expert manager</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise resource planning</td>
</tr>
<tr>
<td>etc.</td>
<td>Et cetera</td>
</tr>
<tr>
<td>GM</td>
<td>General Motors</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>i.e.</td>
<td>Id est</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IFR</td>
<td>International Federation for Robotics</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>IMP</td>
<td>Industrial Marketing and Purchasing</td>
</tr>
<tr>
<td>Inc</td>
<td>Incorporation</td>
</tr>
<tr>
<td>IoT</td>
<td>Internet of Things</td>
</tr>
<tr>
<td>IS</td>
<td>Information Systems</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technologies</td>
</tr>
<tr>
<td>KPI</td>
<td>Key performance indicator</td>
</tr>
<tr>
<td>n.d.</td>
<td>No date</td>
</tr>
<tr>
<td>O</td>
<td>Outsourcing</td>
</tr>
<tr>
<td>OECD</td>
<td>The Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OEM</td>
<td>Original equipment manufacturer</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>ROI</td>
<td>Return of investment</td>
</tr>
<tr>
<td>SBD</td>
<td>Senior business director</td>
</tr>
<tr>
<td>SBM</td>
<td>Senior business manager</td>
</tr>
<tr>
<td>STE</td>
<td>Senior transformation executive</td>
</tr>
<tr>
<td>TA</td>
<td>Transformation agent</td>
</tr>
<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
</tbody>
</table>
# Table of contents

Abstract

Tiivistelmä

Acknowledgements 9

Abbreviations 11

Table of contents 13

1 Introduction 15

1.1 Background ............................................................................................. 15

1.2 Transformation as the field of study ....................................................... 16

1.3 Research phenomenon, gap and research question ................................. 19

1.4 Theoretical positioning ........................................................................... 23

1.4.1 Agency theory .............................................................................. 25

1.4.2 Network theory ............................................................................. 27

1.5 Research strategy and methods ............................................................... 29

1.6 Key concepts of the study ....................................................................... 30

1.7 Structure of the dissertation .................................................................... 30

2 Corporation transformation in the context of outsourcing and automation 33

2.1 Corporation transformation ..................................................................... 33

2.2 Outsourcing – established practice in transformations............................ 35

2.3 Automation – an emerging instrument for transformation ...................... 40

3 The main points of agency theory 43

3.1 Agency theory in the corporation setting ................................................ 43

3.2 Knowledge asymmetry .......................................................................... 45

3.3 Risk ......................................................................................................... 46

3.4 Opportunism ........................................................................................... 48

3.5 Two-way, multi-way principal and agent relationships ........................... 50

4 Network theory perspective to corporation networks 53

4.1 Companies as and in networks ............................................................... 53

4.2 Network structures – actors, resources and activities .......................... 55

4.3 Transformation in networks .................................................................... 56

4.4 Bringing agents and networks together ................................................... 58

5 Research design 61

5.1 Research philosophy ............................................................................... 61

5.2 Research design ....................................................................................... 61

5.3 Data collection .......................................................................................... 65
5.3.2 Semi-structured expert interviews ................................................ 68
5.3.3 Interview design ................................................................. 69
5.3.4 Sampling and recruitment ............................................... 72
5.4 Data analysis ............................................................................... 74
5.4.1 A key to the expert coding .................................................... 76

6 Empirical analysis 77
6.1 Knowledge asymmetry .......................................................... 77
6.2 Strategic and superior information holder ................................ 77
   6.2.1 Decision-making authority and knowledge-based asymmetry to influence ........................................... 82
   6.2.2 Knowledge in transforming networks ............................... 85
   6.2.3 Risk ............................................................................... 88
   6.2.4 Differing attitudes towards risks (P/A) ......................... 88
   6.2.5 Control and verify ............................................................ 91
   6.2.6 Agency problem and temporality of the agency ............ 94
   6.2.7 Principal problem ............................................................ 96
   6.2.8 Risk in networks .............................................................. 97
6.3 Opportunism ............................................................................ 100
   6.3.1 Profit maximising .......................................................... 100
   6.3.2 Self-interest and advance-seeking behaviours ............... 102
   6.3.3 Principal and agent rewards ......................................... 104
   6.3.4 Dual roles .................................................................... 106
   6.3.5 Delegated autonomy to work ....................................... 108
   6.3.6 Opportunism in networks .............................................. 109

7 Discussion 117
7.1 Summary of the results ........................................................... 117
   7.1.1 Principal problem .......................................................... 119
   7.1.2 Transformation governance ....................................... 120
   7.1.3 Network and relationship arrangement ..................... 122

8 Conclusions 125
8.1 Theoretical contribution .......................................................... 125
8.2 Managerial implications .......................................................... 126
8.3 Evaluation of the study ............................................................ 130
8.4 Limitations and avenues for future research ...................... 133

List of references 135
Appendices 153
1 Introduction

This first chapter presents the background to the research as well as the research phenomenon of corporation transformation together with the research gap. Second, the research questions are discussed along with the theoretical positioning, research strategy, and methods. The key concepts of the research are presented in the appendices section.

1.1 Background

In the early 1990s, when software and outsourcing were emerging in the manufacturing industry, the CEO of IBM Germany, Hans Olaf Henkel (1993, as cited in Rifkin, 1995, p. 7) warned: “There is a revolution underway”. It was the arrival of the Information Age, The Third Industrial Revolution, a time when new computers and communication technologies were making their mark in workplaces, “removing millions of workers permanently from the economic process along with the disappearance of jobs” (Rifkin, 1995, p.xv).

From the 1990s onwards, outsourcing grew to be general practice for transforming businesses and company operations by contracting manufacturing partially or in full to external selected partners. There was an underlying intent to increase companies’ operational focus to more value-adding – core – activities, with expectations of improved bottom lines (Berggren & Bengtsson, 2004; Mol, 2007). From that point onwards, triggered by market dynamics or shifts in the corporation strategy or even restructuring, outsourcing proved its resilience and adaptability. There was hardly any industry boundary or company activity where the concept of outsourcing did not fit or was not applied to.

From the years of early adaptation and the shift towards general practice, the image of outsourcing has changed. While outsourcing gained its solid group of supporters within corporations, enthusiasm among groups of employees has varied from cautious support to strong opposition in terms of perceiving outsourcing as a negative phenomenon. Outsourcing gained an image of relocating work to low-cost overseas destinations, leaving great numbers of people redundant in the origin countries. Despite the commonness of the practice, an open question remains as to whether the financial or any operating benefits indicated prior to taking the decision to outsource have actually materialized.

The continuing advancement of the evolution of technology has progressively taken the headline space away from outsourcing. The emergence of software has
resulted in an increase of a wide range of concepts and practices in the field of robotics and automation in recent decades (Rifkin, 1995). Faster than ever before, businesses have been enabled to launch digital initiatives and build up new automated capabilities to improve their revenue growth with newly gained efficiency (Boulton, 2017). The interest in the digitalisation of manufacturing is centred on the opportunities of end-to-end transparency in production, with opportunities to enhance the efficiency of the value chain (IFR, 2020). China, known as the factory of the world for its vast resources of labour, took steps towards automation with a lead position in newly installed robots in 2019. While Japan’s robots installation base grew by 12%, China’s advancement was 21%, reaching 783,000 units. The leading robot base in Europe, Germany, has 221,500 units (IFR, 2020).

The increased mobility of people and companies enabled by globalisation has presented a new demand for companies to transform or find themselves out of business. Moreover, there is the challenge of skilled resources. Adaptation towards new technologies requires people with specific knowledge and in significant numbers. Companies are competing to attract the required experts in order to fulfil their technology-embedded strategic intentions, but also to transform themselves into the upmarket organisations experts are keen to join and where they want to remain.

1.2 Transformation as the field of study

“Transformation is the corporate watchword”, Anthony (2016) argues, discussing the two types of company transformations: operational and fundamental. Within the operational transformation companies are applying new technologies in seeking novel ways to work better and faster at solving problems, whereas the “core transformation” pursues a fundamental change from the current state. Instead of sending out DVDs via post to its customers, the US-based entertainment company Netflix started to stream films over the internet, reaching its customers regardless of location or time of day, delivering the convenience of cinema in the comfort of the customer’s home. Hess (2017) discussed the critical transformation and the variety of effects it will have on companies in the coming years. The first of four suggested transformations is “technology” – the integration of new technologies into every part of a business. The second is the “new system”, for redesigning the organisation. The third is the “new leadership model” – how to lead and manage in the smart machine age. The fourth is the transformation of human resources to
human development, addressing organisational effectiveness, attracting and retaining the best human workforce, and increasingly supporting organisations’ speed and quality for learning. Transformation is a holistic undertaking, obliging us to consider every part of the organisation and operation in order to succeed. It is a test of leadership to produce a meaningful story and a path for the organisation to follow and adopt. The push for the application of novel automation without the consideration of the human factor presents itself only as a tool with wasted opportunity.

Corporations cannot execute the transformation in isolation; therefore, ecosystems of partners are needed. Despite the vast resources corporations have within their own organisations, outside parties are essential. In the case of New Balance, Vice President of Manufacturing Innovations Edith Harmon explained (2017, as cited in Lukic, 2017) their approach in finding key partners for their various projects, for the purpose of transforming their manual processes. As the in-house expertise was not sufficient for developing the needed software solutions, the corporation reached out to start-ups and smaller companies with specific expertise in robotics and software development. Following the example of New Balance, for businesses and people alike it is a necessity to enhance their skills and abilities to become more data-savvy, to work in cross-functional teams, and to be cross-product and cross-geographical in terms of setup and mindset. The importance of speedy experimental learning emphasising psychology and emotions increases exponentially. The outlook for work and careers in the existing work system is in a process of extensive reorganisation (Hess, 2017).

“Technology has a high probability of automating 57% of the jobs in the OECD countries, compared to 47% alone in US” (Martin School at Oxford University and Citi, 2016, as cited in Hess 2017). While outsourcing is referred to as a transformation, addressing primarily the company’s operational scope – “doing something completely differently and in a good way” (Anthony, 2016), automation and robotics are considered to have a more comprehensive impact on how and where the companies operate. It is suggested that automation will have a major impact on the line of business and portfolio companies offer or the customers they serve now and in the future. Furthermore, as the experience of automation and robotics evolves, the expansion to the traditional manufacturing industries is inevitable. The German sportsware company Adidas AG and its American rival Nike Inc. have been developing automated manufacturing processes where the placement of the production facilities is not tied up in traditional low-cost locations but in closer proximity to its end customers. Development as such is already
threatening millions of blue-collar jobs in countries where sporting goods
manufacturing has been hosted for years, such as Vietnam, Brazil and China
(Thomasson, 2015).

The idea of automating blue-collar jobs is not new. What is new is the shift
from the past transformation to that being experienced today, where highly-trained
and educated professionals are threatened by the increasing usage of automation
within knowledge work (Davenport & Kirby, 2015). Where conventional wisdom
has taught us to acquire a higher form of education to guarantee solid employment
in the future, machines are catching up with human skills in a progressive way.
There is a new level of uncertainty, and predictions are emerging regarding
automation taking over more of the human work. While companies have faced the
threat of technological advancement, growing numbers of working people have
also felt this. Manufacturing jobs have been under scrutiny in recent decades due
to outsourcing and evolving manufacturing practices. Companies at the crossroads
may need to reconsider how to reconfigure the work and the volume of resources
needed, but for skills and competencies, too. The added challenge is the ability to
produce meaningful projections on future careers for critical resources in the
changing and competitive working environment, particularly when organisational
turmoil that brings about radical change to employment statuses may question the
commitment of employees to their respective organisations. As a transformation
vehicle, outsourcing has been on the agenda for a few decades, with people
adjusting to the approach and its side effects. However, the accelerating discussions
on robotics and the race for automation-driven transformation is causing unrest
among employees due to unknowns about the impact and scale it may have to their
future careers.

Outsourcing has been a common practice in the restructuring of companies for
the past few decades (Mol, 2007), offering an extensive range of experiences not
only in terms of the practice itself but how the outsourcing has changed.
Justifications for outsourcing decisions have ranged from cost reduction, efficiency
and seeking focus on core activities, to accessing skills and knowledge that the
organisation taking the outsourcing actions does not have in-house. Nevertheless,
the arguments in favour of the outsourcing decisions and the wide application of
the practice trigger disapproving opinions, especially in terms of the occurrence of
employment-shifting factors, displacing employees from the careers they initially
set out on, and company arrangements.

The advancement of technology innovations is inevitable and will have a direct
impact on how companies operate and arrange their value production networks and
resources in the future if they are to survive. Furthermore, automation in its variable and diverse forms and scales is enabling new businesses to emerge, levelling the entry of start-up businesses into competition with established entities with novel business and operating models. While new technologies have created opportunities for new businesses and outsourcing service providers to emerge, showcasing companies’ options for how to rearrange themselves strategically, the development of information technology and enterprise resource systems has promoted the adaptation of outsourcing practices even further. Improved communication and information sharing between the outsourcing and outsourcing supplier companies with enhanced cost efficiency and transparency (Mol, 2007) offers reassurance to companies to take outsourcing steps forward. Given the links between outsourcing and automation in the corporation transformation, it is fair to view the research phenomenon jointly from both perspectives, and to reflect on the experiences of the transformation experts who have experienced transformations through outsourcing and automation, for an enhanced understanding of the phenomenon.

1.3 Research phenomenon, gap and research question

The objective of this phenomenological research is to study corporation transformation network changing agents through outsourcing and automation (Figure 1), where the transformation activities are delegated to and carried out by the network of internal and external agents, corporation employees and the contracted supplier and partner companies. The mandated transformation agents are responsible for carrying out the activities through outsourcing and automation, governing and coordinating actors and resources, leading to the corporation transformation.

A transformation is embedded with high level of uncertainty and rapid changes that may challenge the agent’s ability and interest to comply with the corporation’s defined and expected behaviours (Stroh et al., 1996). The research focuses on the corporation transformation agents carrying out the principal delegated corporation transformation agenda and activities, with an interest in how the relationship with
the principal influences the agent’s behaviours and actions over the course of the transformation undertaking.

Fig. 1. Research object: Corporation transformation.

Further attention is given to the transformation agents’ roles in shaping not only internal but also external supplier networks, which have great relevance to the corporation after outsourcing what were formerly in-house but now non-core activities in terms of the new strategic intents (Möller & Halinen, 1999). Furthermore, this research seeks further understanding on the evolution of network relationships when a corporation transformation moves from outsourcing to
automation, if the network is evolving in symbiosis with the corporation or independently. It is also concerned with how the established networks and relationships endure as the transformation progresses from outsourcing to automation (Figure 2).

Automation was selected to represent a transformation of previously human performed activities into an activity that is being carried out by software or a machine. Automation in this context is considered as a more limited approach in transforming the networks how the corporations have arranged themselves internally and externally. Whereas, digitalization, is described as using digital technologies with an effort to alter existing business processes (Li et al., 2016) for new business model creation, offering new revenue and value producing opportunities (Gartner, 2021), therefore, automation falling into the category of digitalization as one approach.

![Fig. 2. Transforming corporation networks.](image)

There is limited research on the organisational aspects of corporation transformation when viewed from a specific group of employees. The research gaps identified for this study are presented in the following chapters.
Outsourcing and offshoring present no novelty for the research, in terms of how both of these company transforming practices are being utilised. Considering the years of implementation, Schmeisser (2013) explains about the need to expand our understanding of the variety of offshoring applications utilised for the benefits and disadvantages of the organisation. In addition, Schmeisser suggests that we should consider the outcome of the undertaking not only financially, but also in terms of the impact of the offshoring on the organisational learning as a whole, extending to the outsourcing suppliers too. While the outsourcing solutions and services are expected to evolve, how the matured outsourcing suppliers have survived and evolved in their capabilities for high-end work, amounting to pressure from the new technology-originating operating models (Lacity et al., 2010), is in need of further attention. This is alongside the need for greater understanding of how the automation impacts on and changes the outsourcing value creation process for the existing and new players in the outsourcing market; and how the OEMs (original equipment manufacturers) are to transform themselves in order to remain relevant in the competition (Riasanow et al., 2017).

The corporation transformation presents an uncertainty for the outcome for the company itself, and there is a shared unpredictability of the situation among the transformation agents for their careers and personal futures that may challenge their commitment to the undertaking. The insecurity of the situation suggests the need for survival and opportunism, but whether it is applicable to a highly experienced group of transformation experts is not so well known. Fyrberg and Jüriado (2009), Benson and Brown (2007) and Breidbach and Maglio (2016) argue about the need to understand the actors, the knowledge workers and their commitment to an organisation that is facing risks and uncertainty within the co-creation process in the private sector. Also, what are the roles and activities these economic actors take and perform while engaging in the value co-creation process (Breidbach & Maglio, 2016). Hence, what “kind of organisational actors” are to be considered in the transformation process that involve the interaction of human and digital configurations, actors with the skills and ability to engage in the uncertain dialogue of human/technological interactions (Babtista et al., 2020, p. 9).

Considering the corporation transformation, organisational learning and the evolution of suppliers there is a need to expand on the understanding of the role of knowledge and competence moulding the network of actors that are needed to carry out the transformative activities. Also, how does it reflect on network behaviours and the firm’s performance (Ritter & Gemunden, 2003). That is, how can we expand the understanding of network management for “the network capabilities,
how networks contribute to relationships and network development” (Ritter et al., 2004, p. 181).

Drawing on agency theory the consideration of agent being opportunistic, seeking own rent with superior knowledge over the principal, we still know little about how these experienced transformation experts behave in relation to their delegation to the principal and transformation. While agency theory focuses on financial and physical capital, there is further focus needed on the human capital of the workers in a modern organisation (Bendickson et al., 2016). Furthermore, on the agents’ utilisation and influence of the relationships in transforming the corporation networks through outsourcing and automation. There is little understanding not only about the behaviours of a corporation’s internal transformation agents, but also about external agents.

In light of these research gaps and the research objective presented above, the research question for this study can be formulated as follows:

- How is the change of a corporation – its transformation – carried out through network changing agents?
- How the network changing agents are perceiving outsourcing and automation as corporation transformation vehicles?
- How transformation agents assessed their role in the course of the corporation transformation lifecycle?

1.4 Theoretical positioning

The theoretical position of this research overlaps the agency and network theories in the transformation setting, outlining the agents’ behaviours in carrying out transformative activities, with an impact on the network arrangement of the principal organisation (Figure 3). In explaining the research phenomena of the corporation transformation, outsourcing and automation are utilised to offer a perspective on a selected group of transformation experts.

This research contributes to the understanding of agents and their relation to the principal organisation, and how the behaviours and actions of agents advance the transformation of the corporation networks. It also contributes to the understanding of the transformation agents and the principal interaction dynamics with reflections on the principal’s influence on the agent’s actions and commitments.
The justification for selecting agency theory for reviewing the transformation agents was the opportunity to observe the agent’s behavioural aspect and the commitment to the principal and the principal organisation in a time of uncertainty, as well as to view an agent as a professional carrying through an extraordinary mandate of a corporation on behalf of a principal, a mandate that is embedded with uncertainty in many folds – not just to the agent, but to the principal, and the principal organisation.

It is argued that viewing the corporation as a network reflects the complexity but also the nature of the multinational organisation, therefore offering a useful angle for observations (Ghosal & Bartlett, 1990). Network theory was chosen over organisational change theories as it allows us to review the corporation as a frame to its existence, as a network itself, but also as an actor and a member in a larger network that is relevant for the company’s strategic intentions. Also, network theory permits us to observe the individual actors and their proceedings within the tiers of the extended and external networks to the corporation. That is to say, the actors and the transformation agents’ interaction with existing and potential new members and fulfilling the corporation’s transformation agenda through outsourcing and/or automating undertakings in locating the activities and seeking optimal places for the firms to establish their activities (Törnroos et al., 2017). While organisational change theory addresses the organisational arrangements supporting the existence of the organisations, their systems, strategies and structures Romanelli & Tushman, (1994) offer a process view of the change (Tsoukas, 2005; Van De Ven & Poole, 2005), thus extending the change process itself (Barrett et al., 2006).
1.4.1 Agency theory

The origins of agency theory stem from the questions of risk sharing (Arrow, 1971) between co-operating parties explored by the economics in the 1960s and 70s (Eisenhardt, 1989; Fayezi et al., 2012). This led further to acknowledging the broader spectrum of agency problem-related issues with a relation to operating in uncertain conditions (Fayezi et al., 2012). Jensen and Meckling (1976) introduced the commonness of the agency arrangement, and Fama (1980) argued about the arising incentive problem where decision-making managers were not company security holders. It is suggested that agency theory emphasises the measurability of the performance, with criteria that the employees can influence on, formulating more distinct definitions for the behaviours and outcomes, with compensation (Eisenhardt, 1988; Thompson, 1967; Ouchi, 1979).

Agency theory is used and adapted in various disciplines: sociology (Shapiro, 1987), management (Eisenhardt 1989; Wiseman & Gomez-Mejia, 1998; Evans & Tourish, 2017), economics (Ross, 1973), political science (Mitnick, 1973),
organisation studies (Nilakant & Rao, 1994), supply chain management (SCM) (Whipple & Roth, 2010; Zu & Kaynak, 2012), and outsourcing (Logan, 2000). Agency theory is adapted to behavioural agency theory and model (Wiseman & Gomez-Mejia, 1998; Pepper & Gore, 2015; Lv et al., 2020; Rubens et al., 2020).

The researched phenomenon of a corporation transformation is a complex undertaking. It exposes not only the organisational structures, but also the dynamics between the hierarchical layers, and the people within a multinational, multicultural and multilocational setting. A transformation may bring the underlying conflicting interests, motivations, and politics in an organisation to the surface, but in an equal manner it may raise the means of how to achieve them. The risk is present in the undertaking of the principal and an agent (Nilakant & Rao, 1994), where the principal is enabled to leverage the risk of uncertainty through bonuses and pay, while the agent is often limited to employment and pay with the principal (Eisenhardt, 1989; Jensen & Meckling, 1976; Cuevas-Rodriguez et al., 2012), which may lead the agent to shirk risk-taking, but to advance their own situation at the cost of the principal’s interests (Amaral et al., 2004). The principal is forced either to trust the agent’s intentions, or to establish monitoring and controlling practices, but it also rewards directing the agent’s behaviours in a desired direction. It is argued that the uncertainty is amplified by the knowledge imbalance between the principal and the agent, dispositioning the former to evaluate whether the agent has chosen to act for the benefit of the principal agenda complying with the agency agreement or not (Amaral et al., 2004; Forder et al., 2005; Bendickson et al., 2016; Pepper & Gore, 2015; Lee & Taylor, 2014). In the modern business environments of advancing technologies, the “ownership of knowledge and access to human capital” with a competitive advantage is not in the control and ownership of a company (Bendickson et al., 2016, p.186). Hence, the demand for expertise and specific knowledge repositions the role of knowledge to centre stage in the principal-agent relationship along with the behavioural and attitudinal commitment to an organisation when discussing employees with special skills (Benson & Brown, 2007; Pepper & Gore, 2015).

The disturbance and uncertainty may undermine the mutually experienced familiarity of each other in long-established principal-agent relationships (Sharma et al., 1996; Moldeveanu & Martin, 2001), and organisational turbulence may lead to an increase in the risk of self-preservation, opportunism and risk aversion (Shimizu, 2012; Turner & Muller, 2003; Knapp et al., 2011), particularly when the agents find themselves in a situation where the expectations and specifications for the outcome are beyond their control due to external forces (Sharma, 1997). This
This study makes use of corporation transformation to understand how the two entities of principal and agent, equipped with dissimilar information and knowledge, are to operate together under established contracts and relationships that are evolving further as the transformation progresses. Ambos et al. (2019) have noted the dilemma of several principals for a single agent, but also the dual roles of principal and agents (Lee & Taylor, 2014) that may cause disruption for the governance of the transformation undertaking. In agency theory the agent is perceived as the opportunistic party in the principal-agent relationship, and it is suggested to undermine the option of the principal’s opportunism in driving his or her own interests as a profit maximiser (Perrow, 1986). That said, this study contributes to understanding agency theory views on the similarities between the principals’ and agents’ interests towards opportunism when encountering turbulence causing events in a modern corporation (Miller & Sardais, 2011; Dobbin & Jung, 2010).

In classic principal-agent thinking, a relationship is considered dyadic (Shapiro, 2005). Yet, in the complex network of dyadic relations (Zogning, 2017), relationships evolve further, where the principal and the agent are establishing new relationships independent of each other (Shapiro, 2005). In terms of the needs of individual actors, de Haan and Rothmans (2017) argue that transformative change agents form alliances including with organisations, corporations and networks in achieving transformative change. A further contribution of this study is the understanding of multinational corporations as multinational (Ghosal & Bartlett, 1990) and internal networks with multiple agency relations (Ambos et al., 2019).

1.4.2 Network theory

The IMP tradition has its origins in the late 1970s, when the first international project was related to resources, activities and actors respectively (Håkansson & Gadde, 2018). At the core of the IMP approach are the interactions between active buyers and sellers in the frames of their continuous business relationships (Ford, 2011). The exploration of networks in business markets (Cova et al., 2015) dates back a couple of decades. Network theory has its origins in the industrial marketing and purchasing tradition, also referred to as industrial marketing (Gebert–Persson
et al., 2014). The IMP approach has been applied in various areas of research (Johnsen et al., 2017), including entrepreneurial (Baraldi et al., 2020); process research (Andersen et al., 2020); managerial research (Ankers & Brennan, 2004); behavioural economics and psychology (Koporcic et al., 2020); SCM (dos Santos et al., 2020; Martinelli et al., 2017).

The current understanding of the industrial network model of actors – resources – activities (ARA) (Håkansson & Johansson, 1992) is utilised in consideration of the actors’ role and behaviours in transformative change in a corporation setting (de Haan & Rotmans, 2017; Valkokari et al., 2017). Participation in a company transformation highlights the necessity of the involved actors’ competence in managing the networks (Möller & Halinen, 1999; Ritter & Gemunden, 2003). With that, there is an assumption of the actors’ understanding of the company’s networks dynamics while influencing the established constructs (Håkansson & Johansson, 1992; Mouzas & Naude, 2007). A change in a network that a company is a member of offers an opportunity for the company to enter into a process of change (Håkansson & Ford, 2002; Ritter et al., 2004; Freytag et al., 2016), despite the varied interests and roles the actors and the companies in the network may have (Möller et al., 2005). Interorganisational relationships are presented as an opportunity to engage in an innovative process, and to have an influence on and to be influenced by members contributing to the strength of the relationships (Ritter et al., 2004; Valkokari et al., 2017; Håkansson & Ford, 2002; Engel et al., 2017). In the course of a company transformation, the established networks of relationships are broken and new ones are to be established. The process seeks to understand and leverage the value of the current state of the network, the capability to vision the network, and to evaluate the tiers in order to accommodate the requirements of the focal company more effectively (Möller & Halinen, 1999).

In the process of a transformation, actors face a wide range of uncertainties that influence their actions, but also the choices they make through the interactions with other actors (Freytag et al., 2016; Prenkert, 2013). Influencing the wider construct of networks is related to the actor’s ability to influence their immediate relationships, but also on the actor’s decision on how they wish to have an influence (Abrahamsen & Håkansson, 2012). This suggests that the actor should adjust, show flexibility and be prepared to make adjustments to the network construct and their understanding of the network picture (Öberg et al., 2007; Ford & Mouzas, 2010; Fonfara et al., 2018; Valkokari, 2015; Vilkas, 2014).

The progress of technologies and digitalisation challenge modern corporations in terms of how they are to deliver their value promise to their customers and how
“the network approach and coordination is being adapted” (Pagani & Pardo, 2017, p.1; Breidbach & Maglio, 2016). The emergence of new virtual platforms for marketers and virtual firms have further enabled companies to expand their dialogue and networks of relationships, and their interaction with various actors on an expanding scale (Fonfara et al., 2018; Raisonow et al., 2017; Breidbach & Maglio, 2016; Havila & Salmi, 2000). While internet and e-commerce platforms have made some business models and actors obsolete, manufacturers are able to interact directly with their customer and market base through digital channels, enabling a direct and immediate response within the supply chain (Möller & Halinen, 1999; Raisonow et al., 2017). Technology innovations have enabled the creation of new roles in the value creation networks for various platform and communication services that are serving not only complex business networks, but also the private individual entities, therefore offering new business channels and opportunities (Breidbach & Maglio, 2016; Pagani & Pardo, 2017; Remane et al., 2016).

1.5 Research strategy and methods

The study is based on the principles of qualitative research “offering insights that challenge taken-for-granted theories exposing new theoretical dimensions” (Bansal et al., 2018) following an inductive approach to explore the transformation agents’ perceptions and experiences of the corporation transformation and their human understanding of what the stories are behind the facts (Jebreen, 2012; Randall & Mello, 2012).

The philosophical assumption of this research is social constructionism (Creswell, 2013) and the interpretivist perspective (Kärreman & Alvesson, 2004) with the intent to understand and construct meanings for the experiences and meanings of the selected group of people in the selected situations (Creswell, 2013; Chauvel & Despres, 2002; Tracy, 2013; Heath, 1997; van Manen, 1990). Further, the purpose is to display a world and culture of a rather closed community, and how that exists through the multiple, instead of singular, personal experiences (Alvesson & Deetz, 2011; Goldkuhl, 2012; Chauvel & Despres, 2002). The research observes the relativist ontological position, where experiences are understood through several personal experiences, events and observations, and subjectivist epistemological positioning (Guba & Lincoln, 1994).

A semi-structured expert interview approach is utilised for the data collection while discussing the research phenomenon with experienced informants. The
objective is to allow the actors, i.e. the expert informants, to conceptualise their point of view based on their experiences and observations, which may produce a volume of rich data while unfolding the events in a company (Doz, 2011).

The primary objective is to observe how the selected groups of corporation networks changing agents perceive and experience the event of corporation transformation through outsourcing and automation. Corporations in this research represent Fortune 500 Companies and are known to the general audience by the products and services provided, creating a point of relevance to the corporation transformation. Corporations chosen for the study primarily represent but are not exclusively limited to ICT industry. For the sake of anonymity names of the corporations or individuals with the references and sample events are anonymised.

1.6 Key concepts of the study

The explanations for the research-relevant key concepts of corporation transformation, corporation, automation, outsourcing, top management, network, principal and agent are found in appendix 1.

1.7 Structure of the dissertation

This study is structured into eight chapters.

The first chapter is an introduction to the research, illustrating the background and reasoning of the research, explaining the research strategy and methods, and unfolding the key contexts used within the research.

The second chapter presents the corporation transformation through actual events of outsourcing and automation, with the purpose of creating a basic understanding of the phenomenon, leading the way to the actual research topic.

The third chapter presents the agency theory and its relevance to the research. Attention is given to describing the appearance of the agency setting within a modern corporation; and the predicament between the principal and the agent in carrying out the transformation agenda.

In the fourth chapter, network theory is discussed in terms of its relevance to the research. Further attention is given to the change in the networks and the actors within, and the role of uncertainty within.

The fifth chapter explains the research methodology, the research and data analysis approaches.
The sixth chapter presents and discusses the interviews conducted in the form of an analysis.

The seventh chapter answers to the research question, discussing the key findings.

The eighth chapter presents the theoretical and managerial implications. The limitations of the study are discussed along with suggestions for future studies.
2 Corporation transformation in the context of outsourcing and automation

This second chapter presents the corporation transformation, outsourcing and automation phenomenon through actual business and company events. The purpose of this chapter is to present the context, i.e. the environment in which the transformation agents are operating in carrying out their roles and delegations.

2.1 Corporation transformation

Corporations encountering a demand for transformation triggered by external forces presents no novelty. Globalisation, social and technological trends, and the transformative impacts of digital technologies (Charias & Hess, 2016) increase environmental volatility, thus intensifying the importance of “the longevity - the capacity to change” (Gerstner, 2014, as cited in Davis & Dickson, 2014), and to find courage in order to radically step out from existing businesses or to avoid finding themselves obsolete and becoming a dinosaur (Kotter, 1996). Companies that have endured over 100 years of existence are not the same as they were initially. These entities have persevered due to their ability to and success in transforming several times during their existence in response to the outside events of market forces where the company operates, along with its clients and competition. However, for many companies it is easier to embrace and continue with the formula that has been the base for their success, until facing an external force that forces them to re-evaluate the situation anew (Gerstner, 2014, as cited in Davis & Dickson, 2014).

Nokia Corporation represents an event-rich case of corporation transformation, with its over 150 years in business from a paper mill through multiple mergers and acquisitions, divestments and near bankruptcy into the multinational telecom network service provider it is today (Nokia, 2018; Aspara et al., 2011). In the 1990s Nokia was transforming its business with a newly-formed leadership team, with the agreed consensus of a radical transformation by focusing on the mobile handsets and mobile telecom network infrastructure businesses, primarily. After years of success and gaining global recognition as a leading mobile handset manufacturer, new rivals, such as Samsung and Apple, were entering the market with new and innovative products and software. Nokia’s ability to respond to the competition fell behind, losing its pole position as the largest mobile phone manufacturer since 1998.
to Samsung in 2012 (Arthur, 2012). What happened next offered an opportunity for a new page to be written in the story of a corporation transformation leaving a mark not only for Finnish business history, but on a global scale, too. With declining mobile handset sales and failing efforts of applying Symbian and Microsoft user interfaces to Nokia smartphones, Nokia’s device business was eventually sold to Microsoft in 2013 (Dingan, 2013). Despite the new owners’ best efforts to push new life into the declining business, the corporation ended up writing off the $7.6 billion related to the Nokia acquisition in 2014 and laid off thousands of inherited former Nokia employees (Warren, 2015).

In parallel to this struggle, second to its mobile phones business was Nokia’s mobile network infrastructure, which was facing an increasing battle and pricing pressure from China in the form of Huawei and ZTE, as well as the Swedish company Ericsson. In 2006, Nokia announced its first noticeable step towards transforming the mobile network service unit by merging Nokia Networks and Siemens Communications (Deutsche Welle, 2006) into a new subsidiary under Nokia Corporation from April 2007 onwards, to be followed by the acquisition of Motorola network operations in 2010 (Virki, 2010). Further chapters of Nokia’s history and transformation story were created upon Nokia’s buyout of Siemens’ 50% share of the mobile networks’ infrastructure in 2013 (Arthur, 2013) and Nokia Siemens Networks, returning back to Nokia. In 2015, a major acquisition was announced – Nokia taking over Alcatel-Lucent, a French – American company, which was the outcome of a merger in 2006 (Bajaj, 2006; Milne & Thomson, 2015), after which other notable acquisitions and divestments were made between 2014 and 2017 (Nokia, 2018). It is worth mentioning that the mobile phones branded as Nokia are manufactured by HMD, a company established by former Nokia employees and iPhone manufacturer Foxconn (Hern, 2016) after the brand was sold by Microsoft to Nokia Corporation. Nokia has no investment in the newly established mobile phone manufacturer, but instead licences the usage of the Nokia brand and provides patents and technologies in return for royalty payments (Nokia, 2016).

As a new innovation, the blockchain “a distributed ledger technology” (Mearian, 2019) presents an opportunity to observe how the novel data storage and management approach challenges the existing structures of a corporation, their business offerings and operating procedures. The data that all users generate while utilising multiple online digital platforms is considered “a raw material of the business, a vital economic input that is used to create new form of economic value” and business ventures (Mayer-Schonenberger & Cukier, 2014, p. 5). The
blockchain is argued to offer transparency of the information and data that is stored in the ledger, an open network of computers, which is accessible for all instead of the private servers of large multinational corporations. In terms of the concerns of a few gigantic corporations gaining too much power through the “best people, most advanced technologies and major share of the market” (Räisänen, 2018, p. A27), blockchain technology may present an interesting disruption to the equation.

The pressure of strategic decision-making having an impact on the company’s existence poses a test for leading executives, not only to balance out the expectations of the market, especially with the emergence of new, disruptive technologies. However, there are shortcomings to the human mind, “consistent and repeating distortions of the thinking process” (Skarp, 2017, as cited in Tianen, 2017), where over-optimism, confidence and risk avoidance may generate unrealistic forecasts with the possible risk of underestimating the challenges ahead (Campbell et al., 2009; Lovallo & Sibony, 2006). This is amplified by the risk of selective information sharing, where favourable information is shared and, as a part of the persuasion process, relevant risks are excluded in order to gain the approval to proceed. This suggests a principal-agent problem, where the incentives of certain individuals and interests of the company are misaligned (Skarp, 2017, as cited in Tianen, 2017). By the same token, decisions and people may become influenced by the personal agendas of a few strong views or individuals who foresee an opportunity to pursue their own benefits in terms of the decision. Lovallo and Sibony (2006) refer to “sunflower management”, where there is “pressure of the core group to be unanimous” (Skarp, 2017, as cited in Tiainen, 2017) where people align their opinions with that of their leaders, thus muting their opposing opinions or knowledge. The pressure to appear agreeable despite their concerns about the stated arguments and decisions may become amplified at the time of transformation, where concerns over job security overshadow the interests of expressing countering opinions.

2.2 Outsourcing – established practice in transformations

From the 1980s onwards, there was a shift in strategic thinking, where companies changed their focus into the core activities of the company leading into the reduction, into fewer inhouse activities as ever before (Kakabadse & Kakabadse, 2005). However, nearly a decade passed until outsourcing was identified as a business strategy in 1989 (Mullin, 1996) and first featured in the Shorter Oxford English Dictionary in 2003 (Mol, 2007). Outsourcing is described as a “do or buy
decision” (Slack & Lewis, 2008, p.109), where the activities undertaking by a firm are transferred to an outside supplier (Mol, 2007) partially or in full (Lehikoinen & Töyrylä, 2013). Outsourcing is also described as a vertical disintegration (Jacobides, 2005). Associated to outsourcing, there are the concepts of nearshoring and offshoring, which have slightly different definitions. Nearshoring is considered an option to transfer activities that were previously executed in-house closer to the focal company, e.g. within one country, whereas offshoring has a geographical aspect, referring to destinations far from the origin (Lehikoinen & Töyrylä, 2013).

Despite the initial outsourcing undertakings during the early 21st century, the level of vertical integration remained high in companies across the industry (Mol, 2007). However, outsourcing increasingly gained popularity in the 1990s as companies started to pay more attention to their cost efficiency and cost saving measures (Handfield, 2006). Outsourcing offered a lucrative opportunity for strategic focus and flexibility, access to lower cost labour, with more flexible labour regulations as well as the possibility to spread the risk of product development and capacity management to a contracted network of suppliers (Duke, 2013; MooD International, 2013; Mol, 2007). Eastman Kodak outsourcing its IT systems to IBM in 1989 (Handfield, 2006), which was unexpected, with the repercussion of Eastman Kodak transferring 300 workers to IBM and a target of 50% reduction in operating costs. Interest in IT outsourcing escalated. Suddenly, outsourcing became a serious strategic choice for improving cost efficiency (Loh & Venkatraman, 1992).

In the 1990s, the car manufacturing companies Toyota, Honda and Chrysler demonstrated the effectiveness of outsourcing as they were able to improve their profitability by 70% compared to GMs 30% (The Economist, 2008). The car manufacturing industry increasingly adopted outsourcing practices. The automotive supplier market grew by 10–20% every five years from 1985 to 2015 for car components and automotive manufacturing worldwide (Statista, 2018c). The luxury car industry was no exception, as Porsche was appraised as a virtual manufacturer, having parts and sections of its vehicles or even a small number of automobiles manufactured by contracted suppliers, in keeping with their tight lean and quality standards (Dougherty, 2009).

The global market size of outsourced services grew steadily from $45bn in 2000 up to 14% annually, reaching $99bn in 2012. While corporations were progressing with their outsourcing practices focusing on “strategic alignment and business transformation” (MooD International, 2013, p. 4), outsourcing opened up new avenues for smaller companies not only to save costs, but to access an extended market of skills and resources, thus improving their competitiveness (Coward,
Outsourcing enabled the creation of new companies in different manufacturing and service industries with the scale of global markets.

How the outsourcing arrangements were constructed varied. In Nokia Corporation’s outsourcing model, the manufacturing of mobile phones was considered a “core competence and competitive advantage” (Nokia, 2002, cited in Berggren & Bengtsson, 2004, p. 214) having around only 15–20% of the mobile phone manufacturing volume outsourced to contracted external vendors. Nokia’s vision was a long-term partnership model, from being standard component suppliers to developing solutions in co-operation with Nokia engineers. In practice, the relationship carried through the product life cycle from the very start to the end. In Nokia’s outsourcing model, a strong ecosystem of suppliers was built in close proximity (Figure 4) to Nokia’s factories in Oulu, Finland (Berggren & Bengtsson, 2004), expanding the area of product development. This close proximity of Nokia and its partner suppliers proved beneficial, as the relationship and the setting consistently generated strong product improvement results (Häikiö, 2002, as cited in Berggren & Bengtsson, 2004).

While Nokia manufactured approximately 80% of its handsets in-house (Hess, 2004), Ericsson’s strategy was based on the image of a “knowledge company that should not be involved in manufacturing” (Berggren & Bengtsson, 2004, p. 217). Ericsson focused on strategic product development, industrialisation of new components, and products for manufacturing, with the intention of reducing the lead time to market. In the outsourcing model, suppliers were divided into volume
and strategic product suppliers (Figure 5). The volume suppliers were responsible for volume products for their full life cycle, and for strategic products the cycle was shared with between Ericsson and its strategic product manufacturers. Along with the strategy, Ericsson exited the vertical integration model by diluting the previously-owned factories for volume products to contract manufacturers in Europe. The move offered an opportunity to enjoy the economy of scale in Europe-based production while the same suppliers provided manufacturing capacity to other companies, therefore being able to restrict production costs as a whole.

Fig. 5. Ericsson’s outsourcing – vertically divided (summarised from Berggren & Bengtsson, 2004).

However, the chosen strategy was unprofitable, with the outcome of strategic factories initially sold being closed, and employees that were transferred along with the sale being made redundant. The initially Europe-based production was ultimately moved to low-cost locations in Asia (Berggren & Bengtsson, 2004).

The co-existence of focal and supplier companies led to the creation of new clusters on a global scale. The initial preference was to partner with suppliers who shared the company’s own nationality or that offered cultural proximity, with the outcome of suppliers following the focal companies into their new manufacturing locations in Eastern European and Asian markets, including China (Hess, 2004). As time passed, outsourcing turned from being a novelty into a business-as-usual practice, equalising outsourcing offerings, where the importance of cultural proximity to the focal company mattered less than costs. The tide was turning as the pressure for wage increases began to mount up in low-cost labour locations. The decades-old “cheap China”, that hosted low-cost, labour-intensive
manufacturing was coming to an end and changing into an advanced manufacturing and technology country. The wage increases of the Chinese manufacturing labour force grew faster than productivity annually (The Economist, 2013). The increasing cost of land in the coastal area of China pushed companies to reconsider their location strategies, to the benefit of the inland rural areas of China. Soaring labour costs, such as the increase of 12–14% for blue collar workers in rural and coastal areas of China, suggested the time of cheap labour was coming to an end (The Economist, 2013; Das & N’Diaye, 2013). Similar events took place in other low-cost locations in ASEAN countries, despite managing to keep wages and operating costs attractive enough to dent China’s reputation as a “factory of the world” and take their share of the outsourcing market (Tonby et al., 2014; Yang, 2016).

Despite the interest in attracting innovations through outsourcing relationships, only 21% of the principal companies included innovation as part of the agreement with their agents and suppliers. Moreover, several companies failed to define, motivate or track the level and benefits of the outsourcing supplier innovation. As many as 65% did not measure the value created through the innovation (Deloitte, 2016).

In 2015, after a few years of fluctuation, the upward trend of the outsourcing curve turned downwards by 15% from the previous year’s $104bn of value (Statista, 2018a), along with declining expectations for IT outsourcing and offshoring among global IT leaders (Statista, 2018b). In the second half of 2014, the Global Manufacturing Cost-Competitiveness index report (Sirkin et al., 2014), indicated changes in the corresponding costs of manufacturing locations, and challenging the prevailing practices in choosing the outsourcing locations based on the cost competitiveness of a country.

While the use of Indian software engineers offered a lower cost option, the lower level of productivity and quality of Indian engineers turned out to be 35% more expensive compared to those in Finland (Vänskä, 2012). The IT industry created 12.5 million jobs (one third indirectly related), reaching $95.2 billion of revenue in 2012–13 in India (Statista, 2018c). However, the tide turned in 2017. Tata Consultancy Services and Infosys laid off people for the first time in their history (Vänskä, 2017), with Vishal Sikka, the CEO of Infosys (Smart Investor, 2017) highlighting the major impact automation could have on jobs in India, underlining the importance of improving productivity and innovation.

Sirkin et al. (2014) presented four key dimensions that redraw the global manufacturing and outsourcing map: manufacturing wages, labour productivity, energy costs and exchange rates. Rising labour and energy costs, new supply chain
structure, closeness to the market, and overall ease of doing business started to increasingly outweigh the alternatives when companies were making strategic decisions for their manufacturing practices (Sirkin et al. 2014). The pressure for change was further provoked by the advancement of technologies forcing companies to re-evaluate their business and operating models from scratch. The Industry 4.0 approach – the fourth wave of technological advancement, the rise of new digital technologies – was said to change traditional manufacturing relationships; how automation will replace low-skilled work yet requiring high skilled labour to monitor and manage the factory operations, having the “robots interacting with each other and work safely side by side with humans and learning from them” (Gerbert et al., 2015, p. 4 - 5).

2.3 Automation – an emerging instrument for transformation

Earlier versions of robotics and automation addressed jobs that were dangerous for humans, were repetitive, and were easily standardised mostly within the manufacturing industries. However, as the knowledge and skills within the field of technology progressed, more advanced solutions were introduced to service industries as well. The invention of the cloud robotics enabled the connectedness and use of the data in a manner never seen before, from bricks-and-mortar stores to online solutions.

China and India have had their share of success within the field of outsourcing. China became the leading country in manufacturing globally, surpassing the USA’s position in 2010 (Stettner et al., 2017). India became a hub for services and IT industry outsourcing, having “around 65% of the global IT offshored and 40% business process work executed” in the country (Ganesh, 2017). However, the advancement of related technologies have indicated that neither of the outsourcing giants are immune to the changes taking place on a global scale. In 2017 India’s IT companies faced its murkiest year, having to lay off pooled resources due to the decline of outsourced work along with rising automation. Instead of hiring fresh graduates directly from universities, companies were forced to re-strategise their human resource policies and practices, moving towards on-demand–based hiring and optimising their plans for operating costs and the level of automation (Bhattacharya, 2017). Considering the scale of the work outsourced, roughly 70% can be automated with no interference from humans (Mishra, 2017, cited in Ganesh, 2017), making approximately 50% out of 3.9 million IT sector employees irrelevant (McKinsey, n.d., cited in Ganesh, 2017), while Aspiring Minds (2014; The
Economic Times, 2019) reported that less than 5% of Indian engineers are employable for their skills, quality and knowledge level for producing software code. At the same time, instead of purchasing outsourcing services and manufacturing overseas, it has been suggested that automation enables the companies to reshore their operations closer to the markets they operate in with reduced effort to manage the arrangement (IFR, 2017).

From the 1980s, as China opened up to global trade, the country took a strong position in the manufacturing industry with its vast resources of cheap labour pulling millions of people from rural areas into the cities, attracted by the dream of employment and a better life. Access to such as vast, low-cost labour force was a strong enabler in building up the manufacturing base and becoming the factory of the world. However, the annual increase in wages by 10–20% across China compared to 2–3% per annum in other economies between 2004 and 2014 enabled Vietnam and Malaysia to attract international manufacturers to relocate their operations by offering lower labour costs (Sirkin et al., 2014). The slowing down in economic growth resulted in a decline in Chinese exports for the second time in 2015 since the launch of economic reforms in 1978 (Fulco, 2016). By adding the elements of productivity, exchange rates, cost of energy, ease of doing business, and increasing pressure for automation, international companies are challenged to reconsider their manufacturing locations practices (Sirkin et al., 2014). The rising labour costs may hinder China’s special advantage and position against the countries where salary increases are still moderate in relation to the global marketplace (Ross, 2016).

As much as the increasing automation presents new avenues to explore across the industries, there are also risks involved. In 2016, Foxconn replaced 60,000 of its employees with robots in its production facilities near Shanghai, raising concerns about robot-induced unemployment in the country (Fulco, 2016). The density rate of robotics increased substantially between 2013 and 20, taking China to 23rd position in terms of robot density worldwide in 2016. The Chinese government planned to increase the density further and to become the most intensively automated nation by 2020 (IFR, 2018). However, despite the advancing application of automation and robotic innovations, the Chinese government may need to address the question of the employment of roughly 100 million people that work within the manufacturing sector in order to retain stability in parallel to growth in the country (Fulco, 2016; Ross, 2016).

For low-cost countries, the impact of automation may become substantial as many of the current outsourced jobs are positions with low requirements for skills
and education, “forcing the countries that compete on low-wage labor to reposition themselves, where the price advantage is no longer enough” (France-Massin, 2016, as cited in De Jesus, 2016). Nike Inc. has been outsourcing its sporting goods production to the developing world for quite some time, employing close to 500,000 workers in 15 countries for Nike footwear manufacturing alone (Bissell-Linsk, 2017). According to Chang and Huynh (2016), the impact of automation in ASEAN-5 (Cambodia, Indonesia, the Philippines, Thailand and Vietnam) countries alone would be over 50% of jobs lost, equalling 137 million salaried individuals (De Jesus, 2016). The loss of jobs would not only address the textile and footwear industries but many other, impacting mostly women, workers with less education, and those in lower-wage occupations.

As automation is challenging the future of the low-cost labour force in popular outsourcing destinations, employees in developed countries are subject to the change, as well. According to a study by Oxford University professors (n.d., as cited in Ross, 2016, p.38) who investigated more than 700 occupational types in the United States, over 50% of jobs could be at risk due to automation in the next two decades. In 2017, Nokia Corporation announced their plans to create more efficiency through automation and use more robotics in forecasting and reporting tasks in their finance department, with a target to cut headcount globally and continuing to pursue further opportunities where automation can create savings and increase efficiency (Trentmann, 2017).

Automation, with its wide variance of solutions, has taken a pivotal role in transforming business and organisations. However, automation offers enablers and tools for the undertaking, whilst not being the core of the transformation. While Rossi et al. (2020) and Besson and Rowe (2012) argue that IS-enabled organisational transformation offers further avenues for research, Babtista et al., (2020) argue that the transformation involves digital/human configurations, suggesting the need to understand the organisational actors that are best placed for such work. However, Morton et al. (2020) call for an empirical approach in terms of seeking to offer more practical approaches for the management for guiding organisation transformation through digital work.
3 The main points of agency theory

First, the key principles of agency theory and agency problems are discussed, considering the environment of the modern corporation. This is followed by an examination of the central concepts of the agency problem in three sub-chapters: knowledge asymmetry, risk, and opportunism. Figure 6 acts as a frame presenting the key concepts of the chapter and the proposed linkages on theoretical grounds.

Fig. 6. Agency theory summarised.

3.1 Agency theory in the corporation setting

Organisations are complex structures and sets of contracted agreements, from the highest levels of the executive boards to the layers of white- and blue-collar workers. This creates a complex arrangement of internal and external agency relationships, reflecting the agency structures of the contracted delegations between a principal and an agent with differing agendas and attitudes towards risks. The agency theory setting, where an organisation enters into a contracted relationship with an intention to purchase activities from an entity that is superior with its expertise and knowledge, but also with financial and facility resources, is common.

Fama (1980) presents a firm as a set of contracts where the risk-bearing actor is the owner and a profit maximiser, and the management of the firm acts as a “controller” without ownership. A dilemma materialises when ownership and control are separate. The essence of agency theory lies in the agency problem where the two parties – principal and agent – enter into a joint operating agreement, with different attitudes towards risk, methods and interest in addressing it (Eisenhardt, 1989). Nilakant and Rao (1994, p. 651, 654) describe agency theory as a theory of human behaviour and performance outcomes, “accrediting the agent’s performance
and outputs, with variations”. Both principal and agent are considered utility maximisers, where the former may choose to establish controlling and monitoring measures, with incentives for directing and aligning the agent’s actions with the principal’s interests (Jensen & Meckling, 1976; Stroch et al., 1996). On the other hand, the agent decides on the effort of actions and behaviours that have an impact on the outcome of the undertaking, which forms the basis for the agent’s rewards and the principal is expecting to benefit from.

The agency problem is linked to the definition of an optimal contract for the agent’s services in order to mitigate the potential conflicting goals and agendas between the principal and the agent (Eisenhardt, 1988). Mishra et al. (1998) extends the analysis to a multilevel agency problem where a company is an agent to its customer, yet a principal to its employees. The arrangement forms an agency problem in two-fold way: a risk-bearer and a profit maximiser, having to act in the best interests of the customer, but also for their own organisation. The knowledgeable agent, committed to both principals, the customer and the employer, may shirk responsibility, along with the dilemma of whose agenda and command to follow.

The operating environment of corporations is changing. There are various sets of demands and goal expectations embedded in the organisations, having multiple agents operating without an agreement on output and effort, projecting uncertainty for the outcome. The variable elements of environmental changes make expertise obsolete, creating unpredictability between relationships in terms of the outcome predictions (Nilakant & Rao, 1994). The organisations may find themselves in situations where knowledge-based relationships become disrupted, creating uncertainty in specifying the behaviours and programmability of the task that are necessary for the managers to perform (Stroch et al., 1996). As a result, the top managers are challenged about new managerial thinking in seeking ways to grow in uncertain operating environment (Shimizu, 2014).

Entrepreneurial ventures seeking to disrupt the markets have less regard for managerial expertise. Instead, in their quest for innovations, they are driven by knowledge and human capital with a demand for a new line of thinking, with acceptance of the ownership of strategic knowledge and access to human capital being beyond the firms’ ownership and control (Bendickson et al., 2016). In responding to the uncertainty and emerging competition from new ventures, top management in the established firms and organisations have to learn to accept and manage the different risks associated with the agency issues in the process of seeking new innovations. Despite Shimizu (2012) arguing in favour of mobilising
middle and operational management for the innovation process and curbing their interest in risk-averseness, the thought suggests an interesting paradox of encouragement and control over agents. Middle management and front-level, operational management are in possession of real-time information from customers and competitors that the top management is not privy to and that may offer new opportunities for growth (Shimizu, 2012). Despite the increased risk of information asymmetry, agents’ extended autonomy for synthesising and testing innovation for the benefit of the firm’s success offers an interesting avenue for considering the agency agreement further and entrepreneurship without opportunistic behaviours (Zogning, 2017).

3.2 Knowledge asymmetry

The top management of the company have access to insider information on the company on a frequent basis. However, they still may fall short in terms of knowledge if the selected transactions actually serve the purpose of the organisation and the agenda ahead (Zogning, 2017), suggesting the organisations operate with incomplete knowledge where the relationship between output and effort is unclear in developing new products or technologies (Thompson, 1967). The role of external and internal influences appears to be apparent in the decision-making process (Lacity et al., 2017).

Knowledge work is characterised to entail a considerable amount of variety and uncertainty, and also independence. The effort of transferring specific knowledge is considered costly, while general knowledge is inexpensive (Jensen & Meckling, 1992). The value of knowledge workers is perceived through their ability to produce ideas and design, form analysis, judgement and syntheses (Horibe, 1999), which contribute to refining their own understanding and creating new knowledge further (Bhatt, 2000). The knowledge is often considered tacit, withheld by the knowledge workers themselves and forming a source of and also access to the knowledge itself (Drucker, 1999; Mitchel & Meacheam, 2011). However, controlling, acquiring and maintaining the knowledge may turn out to be problematic to a corporation. The imbalance of knowledge suggests an imbalance of power between the principal and the agent. While the principal is entitled with the status that originated from the advantage of power, to steer and monitor more knowledgeable agents’ behaviours (Sharma, 1997; Waterman and Meier, 1998), the knowledge imbalance may shift the asymmetry of power from the principal to the agent’s favour (Shapiro, 2005). Bendickson et al. (2016) argue about the
opportunity for advance-seeking behaviours where the ownership of knowledge and access to human capital are not in the control and ownership of the company but the agents. The agent’s superiority in specific knowledge is suggested to predicate the superiors who are falling short in comparison to their subordinates, questioning the hierarchical authority of the management (Barley, 1996). As a consequence, the management’s fear of admitting their possible ignorance may hinder the enterprising problem-solving and culture, holding back innovative ideas, resulting in a silence in the organisation instead (Shimizu, 2012).

Mitchel and Meacheam (2011) explain that the principal-knowledge worker relations have similar characteristics to the principal-agent relations; however, the knowledge work itself being positioned for the managerial monitoring and control. The supplier’s superiority regarding the information over the buyers may result in an adverse selection problem, as the buyer may not be sufficiently skilled to evaluate the supplier’s qualifications and where the supplier can excessively influence the outcome (Mishra et al., 1998). The insufficiency regarding specific knowledge may hinder the initiation of a contracted relationship, for what is being delivered and how (Sharma, 1997; Mishra et al., 1998). As an outcome, the principal is forced to accept the service benefits that the agent agrees to supply (Forder et al., 2005), whether the agreed elements are delivered with the level and volume as contracted or not (Sharma, 1997; Dyl, 1988).

The modern work is described as demanding expertise and specific knowledge to undertake analysis and decisions, repositioning the role of knowledge within the principal-agent relationship to centre stage (Mitchell & Meacheam, 2011). The allowance of the autonomy and knowledge-based opportunity to the agent, to influence the principal, may offer novel avenues for retaining the firm’s sustainability and value generation (Miller & Sardais, 2011). However, for the relationship to function, a certain level of loyalty between parties needs to exist despite the possible hinderances (Hendry, 2002; Cuevas-Rodrigues et al., 2012). The associated organisational turbulence and insecurity may lead knowledge-based relationships to become disrupted, where the expected managerial behaviours may fall short (Stroch et al., 1996).

3.3 Risk

Prior research recognises a multitude of risks involved in agent-principal relationships. Risk is described as arising when the principal and the agent have different attitudes towards risk, a situation described as a moral hazard in the
principal-agent relations (Eisenhardt, 1989; Wiseman & Gomez-Meja, 1998). To mitigate the predicament of the arrangement, the principal is to establish monitoring and controlling practices for verifying the agents’ actions if serving the best interests of the principal (Stroch et al., 1996).

In organisations where the future is uncertain, the risk of the uncertainty is partially carried by the principal owners, while the agent employees’ risk is more outcome-based (Eisenhardt, 1985). While the principal is entitled to diversify the risks encountered, the agent’s risk portfolio is more limited in a form of the employment relationship with the principal. As an outcome, the agent may present risk aversive behaviours taking a conservative or a neutral approach towards risks where the option of risk is been balanced out (Wiseman & Gomez-Meja, 1998). There are further elements of uncertainty induced to the agent’s undertaking that are linked to the limited duration in time (Eisenhardt, 1988). Turner and Muller (2003) discuss the temporary agency set by the principal for achieving a defined object in a form of a project. A project is the formation of a temporary organisation. Embedded with time constraints, the project is subject to the increased risk of opportunism and conflicting agendas, therefore demanding rigorous monitoring and controlling measures.

It is suggested that the length of the principal-agent relationship (an employment contract) allows the principal to manage the agent-originated risks more effectively as the behaviours of an agent are more known to the principal (Eisenhardt, 1989). As the long-term relationships decline, risk projections elevate, suggesting an increase in risk sharing problems between the principal and an agent (Stroch et al., 1996). It is argued that the programmability of the agent’s tasks offer avenues for monitoring and control. The higher the level of variation, the less programmable it is with demands for specific knowledge, and the more elevated is the risk for misaligned interests between the principal and the agent (Eisenhardt, 1989). Through the issuance of the measuring elements for the agent’s produced outputs, the principal legitimises the balancing effort against the risks between the principal and the agent (Sharma, 1997).

The level of commitment to an organisation becomes essential when discussing the special skilled workers. In terms of behavioural commitment, a person has an interest to be part of an organisation, while attitudinal commitment is more of a question of a want or need to remain as a member (Benson & Brown, 2007). Fairness, i.e. how the agent is being treated, and the agent’s commitment to the organisation are linked, equally to how the agent is achieving the set goals (Lind & van den Bos, 2002). Organisations that have an interest in committing to the agent-
managers, behaviour-based control and desired behaviour favouring incentives are applied (Stroh et al., 1996). However, in organisations with a high level of uncertainty, compensations have a tendency to follow financial uncertainty, where the financial risk is transferred to the agent in the form of variable pay, instead of higher compensation as a risk premium (Stroh et al., 1996). The practice of extensive golden parachutes and severance packages are suggested to manipulate the agent’s behaviours, but to protect the ineffective managers from the dismissal (Zardkoohi, et al., 2015). Regardless of the rewarding intent of practice, the tradition may turn costly for the corporation to exit from if so decided (Bebchuck et al., 2009).

With regard to organisational complexities where the number of principals and agents are multiple, there is a risk of many messages and instructions from the principals to the agents, dispositioning the agent to understand the line of order to follow in carrying out their obligations (Shapiro, 2005; Zogning, 2017). The situation may result in a variety of associated risks and costs of controlling, increasing the agents’ risk aversion but also opportunism.

3.4 Opportunism

The asymmetry of information between a knowledgeable agent and a distant principal enables opportunism to emerge, distancing the principal from being able to operate with limited information and to evaluate whether the agent is acting opportunistically or not (Miller & Sardais, 2011; Sharma, 1997). As non-owning individuals, professional agents are seen as their own benefit maximisers who are working with their own interests and well-being in mind (Fama, 1980; Sharma, 1997). The polarity of the situation assumes the principal will trust the agent’s sincere mind and effort, or set up structures that ratify the agent’s agenda and compliance to the principal’s expectations, ensuring the payoff for the investments made (Sharma, 1997).

The temporary agency lends an advantage to the agent for their detailed knowledge, and provides an opportunity to deviate from the expectations of the principal, alienating principal from the project-related decision-making authority (Turner & Muller, 2003). It is argued that the time-limited agency offers greater rewards for opportunistic behaviours (Turner & Muller, 2003). The results of ill-behaving, irresponsible, short-term managers’ undertakings are expected to surface after the agent has exited the contract with the principal (Miller & Sardais, 2011) and the supplier’s opportunism for undersupplying quality as the detection of the
quality deviations is difficult, yet it offers immediate cost savings (Mishra et al., 1998).

Eisenhardt (1989) discusses the benefits of information systems creating transparency for agent’s actions, therefore mitigating the agent’s interest and agenda to deviate towards opportunism. In the past, the advertisement of the agent’s opportunistic behaviour presented a challenge for being carried out through the word-of-mouth communication (Sharma, 1997). However, the vast selection of technology-enabled communications offerings has turned the behaviours of an agent known, much faster to a wider audience, leaving a lasting, visible mark in the variety of communications channels and social media (Bendickson et al., 2016). The power of rapid sharing of information and experiences and the agent’s desire to retain professional status versus the short-term gains is argued to further reduce the agency costs for control and therefore increase the trustworthiness of an agent (Turner & Muller, 2003). Pride over one’s craft is described to act as a self-controlling measure for risky behaviours where “peer control” of the professionals themselves enforce standards for the control among themselves, extending to other levels of organisational hierarchies, such as to their subordinates (Sharma, 1997).

It is argued that agency theory offers a one-sided presentation on the principal, glossing and smoothing over the misbehaving principal, and overlooking their opportunism and self-interest (Nilakant & Rao, 1994; Knapp et al., 2011). The established discussion demonstrates the principal as a dominant party in the relationship (Bergen et al., 1992) and the agent as the superior information-holder acting with a personal agenda and exploiting the principal for their own benefit. Powerful owners, with the pressure they exude over the agents, are described as a source for corrupting the agents (Sardair & Miller, 2011) in their efforts to seek private benefits at the cost of others (Villalonga & Amit, 2006). The strong behavioural model of the principal shareholder is argued to reinforce the behaviours of an agent, both in increasing and decreasing the agent’s opportunistic behaviour (Knapp et al., 2011; Hamman et al., 2010; Zardkoohi, et al., 2015). Perrow (1986) discuss the mirroring effect of agency problems that occur on the principal’s side, where the agents are drawn into an unconstructive relationship with an egoistic principal that is acting for their own benefit. Inasmuch to the extent where the agent is taking the role of safeguarding the organisation’s agenda instead, against the opportunistic principal (Miller & Sardais, 2011).
3.5 Two-way, multi-way principal and agent relationships

The usefulness of the agency model has been debated in previous research. It is argued that the simple, agency relationship of principal and agent as a dyad is unrealistic (Shapiro, 2005). Instead, principal-agent relationships are found in various situations and forms (Lee & Taylor, 2014; Jensen & Meckling, 1976; Mishra et al., 1998; Ambos et al., 2019), where the managers hold dual roles (principal and agent) in relation to the organisation and its employees (Lee & Taylor, 2014). The agent-principal arrangement is described to exist as two-way or multi-way, where the entities have two statuses of principal and agent (Dai et al., 2016). Along with the expansion of the large modern organisations, the quantity of the agency exchange relationships quantities is expected to increase (Cuevas-Rodriguez et al., 2012), with a growth in the number of the dual roles of principal-agent. Figures 7 and 8 summarise the arrangement argued by Lee and Taylor (2014); Dai et al. (2016); Mishra et al. (1998) and Ambos et al. (2019), where the duality of roles stems from structures of the hierarchical organisational. The ultimate principal in a corporation is the principal-shareholder and owner of residual rights. The principal, someone from top management who is responsible for the strategic vision, direction, and financial profitability, carries a dual role – an agent of the shareholder principal, but also a principal to an agent, that is carrying out the agenda and tasks set by the shareholder and top management principals in a corporation. There are complexities that the dual principal/agent role on an individual level may introduce; the CEO’s dual role as a principal and as an agent to the shareholders, a principal to the senior management, as well as a principal through the long chain of relationships to the agents that are inside and outside the organisation (Shapiro, 2005; Bendickson et al., 2016). The duality of the role may grant access to a superior level of information and a status embedded within, where the principal-agent (Figure 7) may act as a translator of information towards principals above and the agents below in organisational hierarchical structure, with an opportunity to advance the agenda the dual role holder decides to choose upon (Shapiro, 2005; Adams, 1996).

On the other hand, the organisational structures may lead to the creation of multiple principals to a single agent, where the agent is repositioned to a lower level of authority, with lines of mixed messages and conflicting instructions hindering the agent’s effort to carry the delegation forwards (Arthurs et al., 2008; Mishra et al., 1998; Shapiro, 2005). Due to the complexity of the arrangement and appropriate control, agents may enjoy the opportunity where misbehaviour can remain
uncovered for a long period of time, emerging long after the agents have left the principal organisation (Arthurs et al., 2008; Shapiro, 2005; Turner & Muller, 2003).

Figure 7. Agent-Principal relationships and duality of roles.

Figure 8 illustrates the balancing act and the extended view of the dyadic relations addressing trust, commitment, control and opportunism. Trust presents the principal’s delegation, hiring and contracting (Lee & Taylor, 2014; Kostova et al., 2016), confidence in the other party (Alwahdani, 2017), the agent to carry out specific activities requiring knowledge and decision-making yet embedding the instruments of control to monitor and ensure the agent’s line of actions to comply with the entrusted tasks (Nilakant & Rao, 1994). Control represents information asymmetry between the principal and agent, as well (Lee & Taylor, 2014). Whereas the agent in her/his relation to the principal, may choose opportunism seeking own benefit, or to present commitment (Benson & Brown, 2007), and professionalism...
(Sharma, 1997), in the frames of the established relation with the principal organisation (Eisenhardt, 1989).

Fig. 8. Agency relationships – dyad extended.
4 Network theory perspective to corporation networks

The fourth chapter presents the main ideas of network theory relevant to the research. Initially, how the companies are arranged as networks is discussed. This is followed by a presentation of the network structures of Håkansson and Johansson’s ARA model (1992). The third subsection discusses the transformation of the network and the contributing elements. The last subsection presents transformation agents, i.e. actors transforming networks with indications to difficulties associated with the mandate.

Agency theory allows us to view the motivations and behaviours of the principal and agent in the agency relations, while network theory permits us to view the corporation as a network and web of relations that influence and are influenced by the transformation agents – actors in their actions for the corporation transformation.

4.1 Companies as and in networks

A company is referred as “a complex network of internal relationships among people, departments, and functional units” (Ritter et al., 2004, p. 175), extending to the units of headquarters and subsidiaries in a multinational corporation setting (Ghosal & Bartlett, 1990). These units are described as a basis for the company’s ability to develop and implement strategies (Ritter et al., 2004). Where a single company is considered to be heavily embedded with resources, knowledge and understanding (Håkansson, 1997), networks are presented as offering a wider spectrum of similar elements that are spread out into complex interactions, and investments in the other network member companies (Håkansson, 1997; Ritter et al., 2004; Snehota, 1995). Gulati et al. (2000) describes these networks and interorganisational ties as having a strategic significance for the alliances that these offers.

Möller et al. (2005) continue regarding strategic networks, describing them as nets that are intentionally formed. It is suggested that at the core of the strategic value nets there are the value activities and the actors’ capabilities to fulfil the activities. Also, describing the objectives of the strategic nets, and the structure of the net in terms of who are the actors belonging to the net and how large is the group (Möller et al., 2005). The more complex the networks are, the more actors are needed who are equipped with the necessary knowledge and capabilities to
benefit the development of the network. Also, the level of uncertainty determines the need for the management of the network (Möller et al., 2005). In Brandenburger & Nalebuff’s (1996) description of the value net, suppliers, customers, competitors and complementors are considered as a basis for the company’s network in producing value to the market (Figure 9).

![Fig. 9. A value net of a company (adapted from Slack & Lewis, 2008, p.101).](image)

Customers represent the revenue streams of cultivated and maintained relationships with a focus on the product and service development process. Suppliers provide the source of the value chain materials and services for the focal company (Slack & Lewis, 2008), or the hub (Ritter et al., 2004) for the effort of fulfilling the company’s strategic intent. Competitors may offer a source for the support with an economy of scale for influencing industry standards and practices, but also a juxtaposition of competition and innovation rival. The complementors are a venture for the market segment advancement with a joint offering, in liaison with the operational efficiency, new service and product innovation.

Members of the network can form and enhance networks that have already been formed, individually or combined for various strategic areas, whether it is within innovation, functions, process or for a common vision purpose (Ritter & Gemunden, 2003). Within the network there is no exclusion of companies that are in competition or that complement each other, or that limit the exchange of products and services. Instead, the formulated relationships and networks have evolved into networks of knowledge by integrating the various actors into an innovation process with the focal company (Möller & Halinen, 1999).
4.2 Network structures – actors, resources and activities

In the industrial networks (Håkansson & Johansson, 1992, p. 28), three variables are presented (ARA model, Figure 10): actors, resources and activities, which are related to each other in the network structure (Lenney & Easton, 2009). The ARA model explains the inbuilt dynamics of the networks, including the actors and resources (Valkokari et al., 2016). Actors are described as human (Lenney & Easton, 2009) that are existing as individuals, groups, organisations and firms, or entities that have a relevance for the network understanding overall (Möller & Halinen, 1999). Essentially, actors are goal-oriented and controlling, taking actions on the resources and activities individually or as a group, with a possible intent of transforming other actors or resources. Actors have a responsibility to plan the course and scale of actions utilising the resources needed, through the resources of other actors, by employing the relationships of variable levels of bonds within their networks (Håkansson & Johansson, 1992). How these networks succeed is dependent on the actors’ capabilities to maintain the working relationships between the members despite the number of relationships (Ritter et al., 2004; Ford & Mouzas, 2010).

Fig. 10. ARA model (Adapted from Håkansson & Johansson, 1992).

Actors have their own reasons to exist as members and to collaborate in the network. Especially in networks that are less rigid for their structures, participants may have to change to suggest more frequent changes based on their individual interests (Valkokari et al., 2017), in conjunction to holding other roles in several interrelated nets (Möller et al., 2005). These relationships are important for linking sources of knowledge, information and opportunities together, in addition to the value they themselves create through their existence. However, the complex business nets require knowledge and development capabilities of several actors (Möller, et al.,
having the actors to share specific organisational knowledge that evaluate activities and changes not only from their own perspective but also from that of other actors. For the bonds to arise between actors, both are to invest a sufficient amount of attention and interest in each other with a mutual commitment (Snehota, 1995, p. 32). The social bonds, trust and commitment existing between the interacting actors (Törnroos et al., 2017) with a sense of priority and familiarity have an impact on the goals and events in the network. For the activity links and resource ties to evolve, bonds between the actors are a prerequisite for existence (Pagani & Pardo, 2017). On the other hand, for actors to seek to influence other actors through manipulation in a situation of uncertainty is not uncommon (Ford & Mouzas, 2010; Freytag et al., 2016)

Committments between the actors, dyadic or more complex, are described as products of actors’ intentions in carrying out actions whether strategic or general in nature (Lenney & Easton, 2009). The delivery of commitment is a delivery of promise. Trust, on the other hand, refers to an overall positive notion between actors, elevating the relationship to a level that enables the development of long-term actions on the agreements made. The dynamic interaction that the actors have between each other is considered to contribute to the evolution of the relationships, demanding flexibility and readiness for making adjustments (Valkokari et al., 2016). As an outcome, the economic actors may need to carry roles that are not necessarily related to their formal organisational roles but are influenced by the targets set within the area of process they are engaged in (Breidbach & Maglio, 2016). Instead, commitments may turn dual by nature, conflicting with each other, and having to make trade-offs between competing priorities with a possible result of fragmented commitments (Lenney & Easton, 2009). The discontent the actors may present in the process of delivering their commitments can result in the fulfilment of the promise in a dissatisfactory manner, conflicting with the initial desired intent (Lenney & Easton, 2009).

### 4.3 Transformation in networks

Uncertainty is a mobiliser of organisations, demanding an increase in internal efficiency and activation of the resources and capitalisation of knowledge. Managers at different hierarchical levels are pushed to adopt and foster new views on the business network and relationships (Öberg et al., 2007). Ideally, the management of the network is a co-effort where all of its members accept the cost of maintenance along with the existence of conflict as a part of the network.
dynamics and as an engine for change (Håkansson & Ford, 2002). The effort of managing the network is referred as a two-way, problem-coping process (Ford & Mouzas, 2010) where the members are influencing others with the permission of others to influence them (Ritter et al., 2004; Öberg et al., 2007), as the change in one relationship has a potential to impact the whole network (Abrahamsen et al., 2012). The wide-ranging networks are described as offering a safety net and a buffer for the transforming needs of the businesses, manifesting elasticity when any elements of the relationships are changed or impacted on (Håkansson & Ford, 2002). However, individual actors may hold different roles with individual interests that are challenging the changes to materialise (Freytag et al., 2016) and to hold a controlling position or to be controlled by the others (Håkansson & Johansson, 1992). A distribution of power, where actors are making an effort to increase their power over others, may change the balance in the network (Mouzas & Naude, 2007), especially if the members are too deeply connected to each other’s core activities. As an outcome, the development of the network and its members to transform may turn into a costly endeavour depriving a desire for new developments (Håkansson & Ford, 2002; Möller & Halinen, 1999; Fonfara et al., 2018).

For managing the networks effectively and to be able to evaluate between the choices of consolidation, abandoning existing relationships or creating new ones, network competence is considered essential by the business actors (Ritter & Gemunden, 2003), as is how the networks are constructed, to whom and how the connections are formed and changed (Mountford & Kessie, 2017). The main characteristics for the actor activities are described as transfer and transformation (Håkansson & Johansson, 1992). The purpose of the transformation activities is to change resources that are controlled by a defined actor. To transfer is to shift the control of an activity between actors and their engagement with one another. Through the actions to adapt to the external changes and to initiate changes in the networks, actors are influencing the continuous changes of relationships, the actor bonds, activity links and resource ties (Håkansson & Snehota, 1995). To achieve a favourable outcome, the engagement of the knowledge and expertise of several actors is essential (Möller et al., 2005).

In today’s world, digital technologies enable the exchange of resources between the different networks and actors on a scale never seen before (Breidbach & Maglio, 2016; Paganini & Padro, 2017; Fonfara et al., 2018), and is referred to as a “technology-enabled value co-creation process” (Breidbach & Maglio, 2016, p. 73). New technologies are suggested to enable the shift between networks, how
to communicate and govern context (Loorbach, 2014), fundamentally changing the ways companies do business and interact with each other. The shift is argued to promote alliances between the actors, allowing them to interact and connect down- and upstream of the network of suppliers and customers (Paganini & Padro, 2017), to take actions towards transformative change (de Haan & Rotmans, 2017). However, the progress of the digitalisation and the opportunities it may offer comes about in a twofold way. Pagani and Padro (2017) argue about the effect of the digitalisation, where the digital resources are optimising existing and new activities between the actors, supporting new bonds between them. That said, the business interactions create value not only for the innovation process but also the network of relationships (Törnroos et al., 2017). To understand how to shape and create organisational networks enhances the opportunities for influencing the moulding of more effective markets (Mountford & Kessie, 2017).

4.4 Bringing agents and networks together

Figure 11 summarises agency and network theories relevant for this research, allowing us to view agents, i.e. actors carrying out activities under the agency agreement and delegation, delivering specific knowledge-demanding tasks that are subject to altering the network and relationships within them on the principal’s behalf.

Both principal and agent are perceived to hold superior knowledge: the principal, privy to the strategic knowledge about the corporation and the agent, is a holder of function-specific (tacit) knowledge and is resident or non-resident to the principal organisation. However, an imbalance of knowledge and information between the parties, is to root dilemmas for differing attitudes towards risk, conflicts of interests, opportunism and control, constraining the trust in the principal agent relationship with a possible harmful effect on the joint undertakings. Embedded with uncertainty over the outcomes and the temporary nature in time, the arrangement may lead to variations in the agent’s interest to deliver the task at hand. Predicament is multiplied with the number of knowledgeable agents that are resident and non-resident to the principal organisation (Bendickson et al., 2016).

Bendickson et al. (2016) continue with the limitations of agency theory in addressing the dual roles of principal and agent, using agency theory to focus on the single relationship of two parties, yet in the event of multi-party agencies, many-to-one relations fall short. The availability and speed of sharing information and experiences through social media introduces not only the principal-agent
relationship but also makes the behaviours of the principal and the agent open for discussion. Furthermore, technology-enabled entrepreneurship and value driven interests suggest visions for the future of the principal-agent relationship, but also how the agency agreement as an arrangement is to evolve, in parallel to the contractual positioning between the parties. Considering the changes in the economy and technology landscape, there is a need for exploring and developing theories that are more useful for the current times (Bendickson et al., 2016).

The emergence of the new value systems involve an enhanced command for new learning and the establishment of new relationships and networks with limited predictability. Digitalisation, along with the future-oriented strategic nets, are described as involving radical and unpredictable change in relation to the current value creation systems (Möller et al., 2005; Tönnroos et al., 2017), challenging the companies’ value systems for social and global demands. Instead, actors are to adjust themselves towards the uncertainty involved in parallel to seek not only an understanding of the forces shaping up but also the forming of new strategic nets and new actors within (Möller et al., 2005). The development of novel products and services suggest the enhancement of network-moderating capabilities by the companies for creating and managing the strategic nets for identifying and evaluating fresh, potential partners with an inviting agenda (Möller et al., 2005), as well as the ability to reconfigure themselves and to establish new relations and cooperation with new actors in case of losing and terminating relationships with existing actors (Fonfara et al., 2018; Mouzas & Naude, 2007).

Pagani and Pardo (2017) explain the digitalisation supporting the creation of new bonds between actors, where actors without a prior connection were able to establish bonds anew. However, the impact the digital technologies have on the established relationships was unclear, despite the acknowledgement of digitalisation progressively transforming the relationships of the business actors. That said, instead of focusing on the single aspect of the influencing factors on the evolution and development of the principal and agent relations and transforming business networks in the midst of the adaptation of the new value systems, an interdisciplinary approach is suggested.
Fig. 11. Agency and network theories summarised.
5 Research design

The fifth chapter introduces the methodology of this research, starting from the research philosophy, continuing on to explain the research design and data collection approach, and how the data is analysed and presented.

5.1 Research philosophy

This research follows the philosophical assumption of the interpretivist perspective on how individuals understand and represent their experiences, as well as actions in their work and life experiences while trying to make sense of it (Chauvel & Despres, 2002; Elliot et al., 1999; Cresswell, 2013; Alvesson & Deetz, 2011), and producing “a pieced-together set of representations” (Denzin & Lincoln, 2005, p. 4). There are multiple realities arising from the different and imperfect situations resulting in subjective meanings and interpretations, where the formulation of objectives is limited through questioning the views and experiences of the individuals (Chauvel & Despres, 2002; Goldkuhl, 2012). Therefore, the information collected, and experiences recorded must be spoken for as the data cannot speak alone (Moustakas, 1994; Kärreman & Alvesson, 2004). By summarising the collected experiences and data, making it possible to find larger meanings for the sense making and lessons learnt (Cresswell, 2013), the ‘writer-as-interpreter’ attempts to make sense of what the writer has learnt (Lincoln & Guba, 1985).

Ontologically, the interpretivist assumption is that the world is not given (Orlikowski & Baroudi, 1991) but is produced through actions and interactions through multiple realities (Cresswell, 2013), epistemologically through subjective, human experiences (Cresswell, 2013). The phenomenological approach is used in describing the research phenomenon that the individuals of interest have commonly (what) and personally (how) experienced (Cresswell, 2013; Savin-Baden & Major, 2013). The ontological position is to seek understanding, through semi-structured interviews, of the views and behaviours of a certain group of individuals and their efforts for the sense-making of the world that is uncertain and transforming.

5.2 Research design

This is a qualitative research presenting personal experiences of a selected group of experts with an effort to represent and make sense on their role in their
professional setting of a corporation transformation. The research follows the principles of the inductive approach, exploring the realities of the multiple experiences lived and their interactions with others (Creswell, 2013), with the human understanding and observations on stories behind the facts experienced (Jebreen, 2012; Randall & Mello, 2012). The inductive reasoning approach is utilised in order to acquire more knowledge of the closed and selective experiences. There is a further effort to collect rich data for the possibility of theory development as well. The approach offers flexibility within its methods, instead of having built up, but working back and forth through themes, databases and sources in setting up the theme and information structures for the research (Creswell, 2013).

The researcher’s interest and motivation for the research topic has been presented, continuing with the analytic lens and research rigour in designing, collecting and analysing the data (Caelli et al., 2003; Liu, 2016). Figure 12 (Appendix 2) illustrates the researcher’s view of the inductive approach applied in building up the conceptual understanding of the research phenomenon and the progress of the research to address the research problem of the study.

![Fig. 12. Illustration of the inductive theory-building approach (Appendix 2).](image)

The research phenomenon and theory-building approach can be divided into three parts: definition, development and alignment.

The first part of the definition concentrated on the process of narrowing down and creating a focus on the research phenomenon and theory development. The first phase started in 2012 with the emphasis on outsourcing; however, due to the researcher’s demanding working life situation, the research was put on hold until 2017. The research phenomenon was reappraised in order to include the relevance
of the current climate of the corporation transformation, adding automation as another transformation context in addition to outsourcing.

1. The identification of the research phenomenon started from the critical view of outsourcing with an interest to understand the “dark side” of the undertaking, and to view how and why companies pursued the approach despite variability in terms of outcome. However, as time passed, the initial research phenomenon and approach had turned partly obsolete. Yet, the years in the field of corporation transformations offered a new angle for the research.

2. In finding focus, the researcher read and utilised empirical news articles, reports, and analyses on the outsourcing phenomenon, but also on transformations more generally, trying to create an understanding of the overall trends of both.

3. After a few discussions with transformation practitioners and business executives on the research, it was possible to narrow down the phenomenon and find the relevance in automation as a transformative trigger.

4. The unfolding events from the empirical experience and discussions enabled a closer definition of the research phenomenon and relevant theories for the study.

The second part of the approach focused on the development of the research themes from theory perspective, leaning on the findings of the definition phase.

1. For the research phenomenon, the corporation transformation was defined, addressing the question on how the corporation transformation was perceived by a selected group of experts, transformation agents.

2. Prior to the actual interviews, there was an opportunity to interview a few international technology experts and leaders that offered further guidance on formulating the direction of the research and eventual interviews.

3. The interview structure followed the transformation life cycle, from start to end, following the structure of the agent and network theory models.

The third phase was to align the earlier phases together in a more structured format to present the data, but also to explore new themes from a theory-building perspective.

1. The initial findings from the semi-structured interviews offered insights to adjust and update the empirical but also theoretical perspective of the research.

2. The formulation of the final analysis of the interview data, findings, conclusions and suggestions for further research.
At the beginning, the focus was on empirical articles to understand the phenomenon and the theoretical discourses around it. The corporation transformation had presented its relevance in business research and practice as an outcome of digitalisation and the application of advanced technologies (Hess, 2017), therefore offering a wide range of topics and viewpoints to study. To narrow down the research topic and phenomenon, test interviews were conducted. The nature of the interviews were open discussions, themed with the knowledge on the phenomenon at that point. The discussions were not recorded or documented formally, but information was collected using notes to get ideas for narrowing the research topic. As the inductive approach allows collaboration with participants (Creswell, 2013), there were a few informal test interviews and discussions conducted in a similar manner to adjust the direction of the research, but also to develop the theoretical model for the research.

The interaction with the research participants offered a reflection point for the relevance of the research and called attention to the unpredictability of the business environment, with a likely impact on the livelihood of the business and the company in the value chain, and also to reflect on the readiness of the companies in reorganising their activities (Ogbonna & Harris, 2003). Collaboration with participants presented its value in how to possibly anchor the research for finding topics that are generally known, leading to topics that are less well known or spoken about. Allowing participants to present and argue their perspective offered a selection of rich data on their views of the events in a company (Doz, 2011), and created an image of the environment that the transformation agents are operating in. That said, the research phenomenon is presented through events of outsourcing and automation that are familiar to the wider public. Outsourcing was selected because it is utilised as a common practice in transforming corporations’ strategic focus and operating models, but also for its applicability across industries, operations volumes and business sizes. From the emergence of the software in the 1980s (Rifkin, 1995), outsourcing practices extended to automation, presenting an outlook on modern work and how the corporations and businesses keep rearranging themselves over and over again.

Within the research, the formation of a transformation may be viewed as layers of strategy, goals and transactions, an environment and a structure, where the transformation agents are carrying the transformative roles and activities needed to achieve the transformation agenda and direction (Figure 13). The network refers to the networks that the transformation agents are operating in, the corporation’s internal and external networks but also the networks that the agents have
established and are establishing further. The transformation agents are carrying out tasks and activities, presenting certain behaviours at different levels of the transformation layers, utilising their networks and relationships, and creating transformation. The transformation as such is a constant in terms of process and progress, yet formally, it has a beginning and an end as an undertaking.

Two main theoretical approaches, agency and network, were selected as the theoretical lenses for the research. The purpose with agency theory was to present the relationship and the arrangement that transformation agents have with their principals, i.e. corporations, but also the duality of the role as a principal and as an agent. A further objective was to observe the professional agents, if agents are prone to self-advancing behaviour as argued within the agency theory (Ambos et al., 2019; Cuevas-Rodrigues et al., 2012; Dai et al., 2016; Miller & Sardais, 2011). Furthermore, there was an objective to discuss the possible principal’s opportunism and the likely impact on the transformation, but also on the relationship between the principal and the agent. Network theory offers the platform or the framework that the transformation agents are operating within, describing the actors, utilizing the links and resources and through that, changing the resource ties, activity links and actor bonds (Figure 10).

5.3 Data collection

In designing the qualitative data collection strategy, the phenomenological approach was considered relevant for highlighting the participant’s personal experience of the research phenomenon. The semi-structured interview approach was applied, utilising a theme-based questionnaire with options for clarifying
questions (Tuomi & Sarajärvi, 2018). Themes were predefined, with sufficient flexibility for modifications when required (Robson, 1995). However, the basic structure for the interview themes is solid, allowing room for manoeuvring as needed (Hirsjärvi & Hurme, 2011).

The transformation agents’ – i.e. an expert – perspectives were selected to view the corporation transformation in action for first-hand experiences. A selection of a specific group of transformation professionals presented an opportunity for novel observations on the phenomenon as well as new knowledge, for the benefit of the evolving number of transformation undertakings in multiple ICT organisations and corporations on a global scale. Furthermore, the objective was to understand the social constructions, behaviours, attitudes of the individual actors, and how the individual actors transform to make transformation happen (Mergel et al., 2019).

The data collection is explained in brief in Table 1. The number of interviewees was set to between 20 and 25 (Creswell, 2013, p. 157) against the general 15 participants (Hirsjärvi & Hurme, 2011, p. 58). According to (Glaser & Strauss, 1967), ten interviews were thought to suffice in order to produce adequate analysis of the patterns and differences of the research topic.

**Table 1. Data collection approach.**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of interviews conducted</td>
<td>21</td>
</tr>
<tr>
<td>Timing of interviews</td>
<td>Aug 2018, April – Aug 2019</td>
</tr>
<tr>
<td>Interview locations</td>
<td>Finland, USA, UAE, Germany, Belgium.</td>
</tr>
<tr>
<td>Interviewed nationalities</td>
<td>12</td>
</tr>
<tr>
<td>Duration of the interviews</td>
<td>45 – 100 minutes</td>
</tr>
<tr>
<td>Interview methods used</td>
<td>Face-to-face meetings, phone calls.</td>
</tr>
</tbody>
</table>

Figure 14 illustrates an overview of the interviews in detail with their locations, timing, duration and method, and if the interview is considered as an actual or a pre-interview for the research.
It is worth highlighting that the nationalities of the experts interviewed are not mentioned in the empirical section to protect the anonymity of the person in question. The geographical locations were chosen for flexibility and the possibility of interviewing several informants in person in the cities that host various corporation offices.

As the corporations are multinational in terms of their employees, the informants interviewed represent a variety of different nationalities and cultural backgrounds. That said, the informants may have been nationals in the interview locations, but also expatriates of various nationalities but living in the above-listed countries. Also, the listed locations offered access to international business travellers whose travel schedules were aligned for the benefit of the interviews.

The interviews were conducted primarily face to face, but also Skype virtual meeting tool were utilised.

The interviews were conducted primarily between April and August 2019. However, two interviews conducted in August 2018 were also included in the empirical material for the specific roles and positions of the informants and their significance for the research phenomenon and the context. Three interviews from the initial stage of the research in 2012 were utilised not only for their relevance for the research, but for offering a reference point for the prospective fieldwork with the interviewees.

<table>
<thead>
<tr>
<th>Expert categorization</th>
<th>Location</th>
<th>When</th>
<th>Duration</th>
<th>Method</th>
<th>Pre interview</th>
<th>actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Transformation Expert 2</td>
<td>Belgium</td>
<td>May, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Transformation Expert 4</td>
<td>Belgium</td>
<td>May, 2019</td>
<td>85min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert Manager 2</td>
<td>Belgium</td>
<td>May, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIO 1</td>
<td>Finland</td>
<td>July, 2018</td>
<td>100min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIO 2</td>
<td>Finland</td>
<td>July, 2018</td>
<td>65min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Director 2</td>
<td>Finland</td>
<td>July, 2018</td>
<td>65min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Director 3</td>
<td>Finland</td>
<td>July, 2018</td>
<td>65min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert 1</td>
<td>Finland</td>
<td>May, 2019</td>
<td>45min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert Manager 1</td>
<td>Finland</td>
<td>Aug, 2019</td>
<td>75min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert 2</td>
<td>Finland</td>
<td>July, 2019</td>
<td>70min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Manager 2</td>
<td>Finland</td>
<td>Aug, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Transformation Expert 1</td>
<td>Finland</td>
<td>Aug, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Director 1</td>
<td>Germany</td>
<td>June, 2019</td>
<td>70min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Transformation Expert 3</td>
<td>Germany</td>
<td>June, 2019</td>
<td>85min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Director 4</td>
<td>UAE</td>
<td>Nov, 2012</td>
<td>45min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert Manager 4</td>
<td>UAE</td>
<td>June, 2019</td>
<td>80min</td>
<td>Phone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Manager 3</td>
<td>UAE</td>
<td>Nov, 2012</td>
<td>45min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Manager 4</td>
<td>UAE / Finland</td>
<td>Nov, 2019</td>
<td>90min F2F</td>
<td>Phone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIO 3</td>
<td>USA</td>
<td>May, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expert Manager 3</td>
<td>USA</td>
<td>May, 2019</td>
<td>90min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Business Manager 1</td>
<td>USA</td>
<td>May, 2019</td>
<td>75min</td>
<td>F2F</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fig. 14. List of experts interviewed.
The information collected during the interviews is presented in anonymised form of the individual events, people and corporations. Any information gained during the interview was subject to the non-disclosure agreement.

Bansal et al. (2018) discuss the researchers’ role and the impact on the research itself, where the qualitative researchers cannot be removed from the context. Instead of the research subject and the researcher being separate, they are linked with the people participating in the research to form deeper insights; in this process, the interviewer can act as a co-expert, being broadly familiar with the subject in question (Döringer, 2020). In this study, the researchers’ background and expertise in various transformation undertakings in the ICT industry corporations, on a regional and global scale, provided a similar empirical experience and thus also contributed to creating a shared understanding of the research phenomenon.

**5.3.1 Semi-structured expert interviews**

In focus in the empirical work of this research was the collection of data from a specific field and on a specific phenomenon, which underlined the importance of expertise on the topic not only on a theoretical but also a practical level. The selected informants can be considered as experts who have acquired particular knowledge about a topic or action (Meuser & Nagel, 2009), factual-based knowledge of the processes involved, people behaviours, and strategic and operative decisions (Mergel et al., 2019) with the evolving experience and knowledge (Bogner & Menz, 2009).

The interview approach was selected for the benefit of the variance of transformation experiences that are reaching beyond technical knowledge to implicit (Bogner & Menz, 2009; Mergel et al., 2019), being able to adjust to variable situations and cases in transformation undertakings. While considering the personal experiences of the transformation agents, there was no intention to cover their personal career development as such, but to capture their viewpoints and observations of the full life cycle of the transformation in a corporation setting. Therefore, the emphasis was to capture data from the transformation agents in a number of organisations and companies that have undergone strategic transformations on a global scale.

The chosen approach offered more leverage in addressing the range of topics to be discussed, and also considering the semi-structured interview approach, allowing the interviewees to express their thoughts freely in a dialogue-type setting. The interview was structured to follow the basic life cycle of a transformation
undertaking, offering a topical logic for the discussion, with an opportunity to address specific areas of the cycle more thoroughly than others based on the expert knowledge and experience.

The interview approach was selected for the data collection as it offered an opportunity to address both positive and negative experiences that are not necessarily linked to a single employer or corporation. Individual, corporation/company and transformation-specific events and viewpoints were discussed and anonymised for analysis and presentation purposes. The interview approach demonstrated the feeling of ease for the discussion as the interview focus was not defined to address the experts’ current or any specific employer, but it did allow the experts to choose themselves how to anchor their experiences to an exact event, time or a company.

The corporation transformations, despite their focus and scale, share similarities when considering the transformation cycle from start to end. However, what is interesting is how the transformation agents, with their full diversity in professional backgrounds and seniority, age, gender and length of time of career, perceive the transformation as a whole for the similarities and differences in various corporations and geographical locations.

### 5.3.2 Interview design

In designing the interview approach for data collection, theory-generating expert interviews (Bogner & Menz, 2009) were deemed appropriate for addressing the experts with specific knowledge, experience, and a position in the decision-making process for specific area of responsibility. The theory-generating approach seeks interpretative knowledge that is subject to the experts’ own points of view supporting the theoretical approach development (Bogner & Menz, 2009). The interpretive knowledge is considered implicit, consisting of agreed practices and actions, highlighting the importance of the analysis for identifying personal views and perceptions, whether professionally or privately nuanced (Döringer, 2020).

In theory-generating interview design there are no specific guidelines and techniques, but the approach can be applied flexibly and adaptively (Bogner & Menz, 2009). Therefore, in defining the interview themes (Hirsjärvi & Hurme, 2011; Kärreman & Alvesson, 2004) knowledge is utilised, where the corporation transformation is the phenomenon of the research object and the point of view the network changing agents, the actors carrying out the transformation agenda and their personal experiences (Creswell, 2013).
The interview framework is structured into seven (7) different transformation process-related themes (Figure 15), following the flow of the transformation process from the start to the end, and incorporating the theoretical concepts as outlined in the theoretical framework of the study (Figure 11). The questions are formulated to be open-ended for the experts to share their real-live experiences and perceptions of the research phenomenon (Mergel et al., 2019).

In the first theme, the purpose is to establish the basics, introducing experts’ working and professional history for the level of seniority as well as the experience on the transformation undertaking generally and on outsourcing and automation specifically. The information on the role and seniority is utilised in categorising the experts (Figure 17) for analysis purposes. Attention was given to clarifying specific terminology during the interviews in order to ensure a common understanding for the definition of transformation.

The second theme is the transformation. The purpose is to introduce the subject and to discuss the transformation vehicles of outsourcing and automation from the past and future perspectives. This continued to the subjects of business ethics and values, and if and how they were incorporated in the transformation undertaking.

The third theme is divided into two sub-themes: transformation in action and the role of knowledge and people. The purpose was not to evaluate the correctness of the process or the process but simply to capture the observations and experiences related to the process in which the informants were engaged in their employer organisations. The first sub-theme addresses the observed causes and triggers for transformation, how the transformation is carried out and by whom, and what happens during the transformation undertaking. The second sub-theme concentrates on the use of knowledge in the overall process, and what is the interplay of internal and external knowledge to the organisation when considering the course of action from the start to the very end of the transformation process.

The fourth theme addresses the people aspect of the transformation, the behaviours of the transformation agents while carrying out the defined and delegated mandate on the principal’s behalf. The change and uncertainty the transformation creates within the operating environment of the corporation often
results in various reactions and a possible impact on the undertaking of the assigned tasks, roles and expectations. The uncertainty may become amplified when the continuity of the employment relationship can be questioned. Therefore, the purpose is to address the commitments and agendas while working under uncertainty, with the possibility of conflicting agendas of professionalism and self-preservation. Secondly, the role of rewards and incentives will be examined, along with their possible impact on the execution of the transformation agenda at hand.

The fifth theme has a focus on the various relationships within the corporations. The purpose is to understand the role of relationships within the transformation undertaking; on the dual roles – being a principal but also an agent to the organisation, and the possible conflict of agendas. Further attention is given to how the internal/external relationships are changing or have changed, and what happened to the established outsourcing relationships. The question about the sustainability of relationships is addressed, and their potential to transform to something else, like towards automation relationships.

The sixth theme discusses the aftermath of the transformation efforts, with consideration given to what is the role of the people – the driving force for the transformation – in the future.

The seventh and final theme focuses on the informants’ personal stories about themselves, also offering an opportunity to engage in dialogue on matters not discussed during the interview but which the informants wanted to be included in the discussion. Discussions and comments were part of the recorded interviews under the non-disclosure agreement and used as the interview material.

Figure 16 illustrates the construct of the interview design utilised in the research. The actual interview questions and the objectives of the questions are
shown categorically for clarity purposes. The same interview construct is applied in all expert interviews (Appendix 3).

![Fig. 16. Semi-structured interview guide.]

### 5.3.3 Sampling and recruitment

The purposeful sampling (Jebreen, 2012) approach was utilised (Table 5). The experts were selected for their experience as a transformation agent in the corporation transformation, therefore to able to provide rich and most relevant information (Mergel et al., 2019). There was no minimum or maximum years of industry experience predefined; rather, the emphasis was on working experience in an active role carrying out corporation transformation initiatives. Both roles were included: being an employee of the corporation or acting as a hired external agent for a corporation (principal). A further criterion considered was the experts’ employment history within the ICT industry in Fortune 500 companies.

The informants represent different domains, functions and seniority in their organisations; subject matter experts, (middle) management and senior management. The subject matter experts are engineers, specialists, and analysts specialised for a specific domain; the (middle) management are mostly domain expert managers, with or without direct or indirect staff management responsibility. The senior management represent senior directors, heads of specific functions, senior executives, with operative, function, cost centre, budget, regional, product, customer or relevant responsibility related to the transformation initiative, without the immediate responsibility for strategic direction of the corporation.
The external consultants are categorised into the same group as the senior directors and transformation executives. The domain categories considered represent human resources, finance, logistics, sourcing, process development, IT, technology development related functions, business strategy and corporation development.

The experts selected and interviewed represent different geographical locations, cultural backgrounds, heritage on a global scale, and multinational corporations. The same logic is applied regarding the backgrounds of the experts for their education, professional careers, gender and nationality.

In recruiting experts for the interviews, approximately 45 experts were identified and further 14 candidates were suggested later on as the interviews progressed. At the initial stage of the interviews there was wider interest in participating in the research with a sufficient number of preliminary candidates. However, as things progressed there were quite a few cancellations, despite the information provided on the nature of the research, highlighting voluntary participation, in addition to the ensured confidentiality of the discussions and non-disclosure agreement. Some direct arguments were made regarding concerns about participating due to possible ramifications from the candidates’ employers and the possible negative impact on employment relationships. In such cases, it was mutually agreed to entirely cancel their participation in the research.

In selecting the informants, the target was to formulate a “fundamental reality of an organisation” (Chauvel & Despres, 2002, p. 218), reflecting the construct of a multinational corporation for the diversity of the informants selected. That said, the multiculturality of actors, genders, education, professional careers in years and experience in general, as well as cultural identities were considered (Doz, 2011; Ambos et al., 2019) in the selection process.

The essential criterion (Figure 17) was first-hand experience of the research phenomenon, as active participants through professional roles, and in some cases being the object of the undertaking themselves (Mountford & Kessie, 2017). The experts represent principal and agent organisations, with experiences from both aspects during their professional careers.
5.4 Data analysis

As a starting point for the data analysis, the theory-driven perspective is utilised (Figure 11), describing the relevant theories and themes as the basis for the interviews and data collection. The data analysis follows the approaches of Creswell (2013) and Moustakas (1994) representing phenomenological research and data analysis. Figure 18 is an illustration of the process in analysing the data after the task of transcribing the recorded interviews.

The interview data was organised to follow the theory model in Figure 11 and the questions that were also linked to the theoretical themes. Also, the pre-categorisation of personal experiences and observations of the informants was carried out in parallel. Figure 19 presents the grouping of the interview data into the meaningful units that are utilised in explaining the transformation agents’ personal experiences and behaviours related to the research phenomenon. In comparison to Figure 11, some of the relevant themes are combined and presented.
jointly, as the segregation of the data into separate narratives was difficult without repetition in presenting the data. In developing the narrative, the purpose was to portray the essence of the experiences and observations with an elucidating statement, for the effort of finding and interpreting the substance behind the stories – the ‘how and what’ transformation agents were attempting to share. In the selection of the narratives and statements, the purpose was to represent the recurring messages that offered an insight into the transformation agents’ view on their role and behaviours in the course of the corporation transformation.

Fig. 19. Data grouped into units for analysis and narrative purposes.
5.4.1 A key to the expert coding

The transformation agents are renamed based on their designation as shown in Table 2. The descriptions characterise the informants’ level of seniority and the field of domain they were operating in at the time of the interviews. Any connection to the present situation (interviewee and title) is coincidental.

Furthermore, the current business role of the experts is not directly relevant to the research, but their experiences, views and observations that they have gathered in the course of their professional lives were.

Table 2. A key for acronyms utilized in the empirical analysis.

<table>
<thead>
<tr>
<th>Full description</th>
<th>acronym</th>
<th>numbering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief x Officer</td>
<td>CxO</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Senior Transformation Executive</td>
<td>STE</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Senior Business Director</td>
<td>SBD</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Senior Business Manager</td>
<td>SBM</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Expert Manager</td>
<td>EM</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Expert</td>
<td>E</td>
<td>1.2.3.4...</td>
</tr>
<tr>
<td>Agent</td>
<td>A</td>
<td>-</td>
</tr>
<tr>
<td>Principal</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>o</td>
<td>-</td>
</tr>
<tr>
<td>Automation</td>
<td>a</td>
<td>-</td>
</tr>
<tr>
<td>Both outsourcing/automation</td>
<td>a/o</td>
<td>-</td>
</tr>
</tbody>
</table>

The letter ‘P’ is a reference to a principal, top management or senior management role that acts as a principal for an undefined number of agents in a corporation. Some transformation agents carry the dual role of principal and agent; in the hierarchical organisation structure existing as an agent to the levels above and principal to the levels below. The dual role is referred ‘P/A’ – ‘principal/agent’. The letter ‘A’ refers to an agent, considering both internal and contracted external agents to the corporation. Any segregation between internal and external agents is mentioned separately.

The quotes from the informants are coded as ‘o’ for ‘outsourcing’ and ‘a’ for automation, or ‘o/a’ being applicable to both approaches.

The acronym CxO refers to the top management positions of Chief x officer. The x may refer to e.g. E – Executive, T - Technology, O – Operations, F- Finance.

To summarise: ‘SBD2/P/o’ after a quote indicates the following: ‘senior business director 2 has stated something in the role of principal on outsourcing’.
6 Empirical analysis

In this chapter and the following sections, the analysis of the transformation agent interviews is presented in the accordance with agency and network theories summary (Figure 11).

Analysis is divided into three sections: knowledge asymmetry, risk and opportunism, in accordance to agency theory, with a dedicated sub-chapter on the analysis from network theory perspective at the end of each section. At the end of each section, key findings are summarised and are presented in Table 8.

Each of the three sections are divided into sub-chapters following Figure 11, with a few of the sub-chapters presented jointly to avoid repetition of the key findings in the analysis. The analysis approach applied is described in Figures 14 and 15. The perspective utilised in presenting the analysis is transformation agents (TA or TAs). The top management of the corporation is referred as principal(s) unless otherwise stated.

6.1 Knowledge asymmetry

Agency theory explains elements of corporate governance: management, managers and their role, relationships, and the controlling and rewarding mechanisms of its members. A principal is considered to be a dominant entity, not only for the position as a strategic manager, but as an authority to lead and contract seen as necessary for the direction of the firm. The knowledge withheld by the principal is associated with the ability to analyse information, ensuring the process of strategic decision-making and resulting in execution. To accommodate the knowledge gap against the strategic intent in the organisation, the principal enters into an agency agreement with the purpose of acquiring critical, non-resident knowledge relevant to the principal’s agenda and for the profit maximisation of the firm.

In this sub-chapter and sub-categories, the difference between knowledge and information is discussed in terms of how the asymmetry appears in principal and transformation agent co-operation and for its impact on the transformation undertaking.

6.2 Strategic and superior information holder

In this research, the principal was considered the strategic and agent as superior domain-specific information holder. A similar consideration was applied to TAs
resident in the corporation and the external TAs representing transformation expert, consulting companies and corporations.

The role of knowledge and utilisation of the internal and external expertise were discussed, acknowledging the strategic and subject matter expertise’s role in the success of the corporation transformation. TAs acknowledged the principal(s) as the holders of the strategic knowledge, with the mandate to assure the strategic direction and relevance in the market for value production as well as to ensure the profit maximisation of the corporation. The principal’s opportunity and access to the strategic information was recognised as being privy to the state of the organisation and the corporation. This was assumed to offer the principal an opportunity to adjust their mindset towards the transformation undertaking and how to address the message forward to the organisations and people within. A senior transformation officer explained that:

“The others had already made the change, so we had to respond to the new technologies and the actions of the competition, applying new enterprise resource systems, taking cloud-based services into use, so it is what the others were doing.” (STE1/A/a/o)

TAs referred to the principal’s varying level of interest and understanding of the specific knowledge and information, which was considered relevant for the transformation undertaking. Despite the principal’s interest in acquiring novel thinking and ideas, the readiness to accept advice that was conflicting with the principals’ understanding was perceived to fall short, being paradoxical considering the initial intent. TAs’ frustration was multiplied by the engagement with the external TAs that resulted in ideas and solutions that were already stemming from the resident knowledge and expertise in the corporation. One chief x officer summarised:

“Due to the old structures, prevailing old practices and models to get past major obstacles and difficulties are faced by jumping into something new. There is a need for company leaders to jump out and see the company outside in, try to forget what is known in order to rethink their business and operations anew.” (CXO2/P/a)

Considering the comprehensiveness of the corporation transformation, TAs explained the fluctuating level of (strategic) knowledge and understanding through the principals of the objectives of the firm and what the expectation for the transformation outcome is – ‘what does the success look like?’ The concerns
expressed suggested lack of trust in principals’ credibility and ability to manage if the strategic direction is not clear at the time of uncertainty. This was further perceived to prompt to directing instead of leading people by the principal. A senior business director explained that:

“It is about the mission and vision of the company. The main objective and goal, we have found often, is that these are not very clear to everyone, including the senior management who are leading these things. It is rare that any enterprise has prepared itself for difficult times, instead everybody thinks that they are going to be successful and keep delivering all the time.” (SBD1/A/g)

Instead, the results suggested variability in their efforts to evaluate the options for transformation initiatives, and also for their requirements, impact and outcome. TAs commonly described a low consideration of the TAs advice and operations expertise for specific areas (in this research) of outsourcing. While outsourcing was acknowledged as a common practice, views were split among the TAs for its design, benefits, and in some cases over all utilisation. However, common ground was found in the principals’ overly optimistic expectations for cost savings, quality of work and service, as well as efficiency in outsourced operations. Data indicated on the lack of principals’ interest in understanding what the outsourcing signified for an organisation when transferring internal functions, operations and people to external entities. Instead, the effort was to establish, manage and maintain the relationship with the outsourcing supplier, with suggestions for lower consideration of the people who were subject to the outsourcing impact. Senior business manager shared that:

“All the data was known, money was burnt in the investigations and doing due diligence. There was a real effort made with the analysis, but still the outsourcing did not work. I think we had capable people onboard doing the research and the decisions, yet it did not work. I guess, all is easier in power points.” (SBM4/A/o)

TAs described the principals’ understanding of outsourcing as a salvation method to address those functions that the company perceived as problematic or costly to maintain, or solving the issue with internal efforts has not produced the desired outcome. To engage in an outsourcing undertaking under the principal’s delegation, TAs’ arguments suggested a professional dilemma between the fulfilment of the principal’s expectations and the given frames for designing and executing the outsourcing process. The dilemma appeared to be nuanced with conflicting views
and interest on how the outsourcing undertaking should be taken forward, having the aspect of time and results conflicting. Whereas the principal’s interest resided in the short cycle of implementation with the delivery of financial results in a similar manner, TAs’ views were on the long term, despite the entrance into the outsourcing arrangement that would take more time and the benefits for cost and quality would take longer to cumulate, too. The pressure for short cycles and fast results in adopting the transformation practices appeared not only demotivating but suggested a lack of interest to acknowledge the TAs’ advice for the benefit of the organisation. It was like the TAs felt that they were not allowed to carry their TA mandate on the professional level they were capable of and moreover hired for, suggesting ineffective utilisation of TA expert resources and poor leadership by the principal. Frustration was amplified when the undertaking of the outsourcing failed, and the failure was perceived as the outsourcing suppliers’ failure, not the principal organisation’s. Despite the conflicting interests and views between the principals and TAs, the latter acknowledged their role and obligation to deliver the transformation assignment as given and agreed. A senior transformation executive shared:

“You need to know what you are going to transform, and have an idea, upfront, about what you want to achieve. A plan that can be adjusted during the transformation. Otherwise, it is not going to work. If the transformation or the change is worth it, it needs to be investigated. Also, if you transform something that the other company cannot absorb, your transformation is doomed.”

(STE2/A/o/a)

The engagement by the principal for producing and creating the ‘buy-in’ among the TAs was described as important for the transformation effort. However, the opportunity was poorly utilised and understood by the principals. Instead, the success rate for onboarding the critical group of TAs was perceived as low and troublesome, considering their role as the active operative drivers for the transformation activities. A senior transformation expert explained that:

“If you go for a transformation, either you take the people with you, or you simply fail with any transformation after some time, because people simply fall back on their old habits, the old mode of operations, into anything old. As a transformational leader, you really have to stand there, and convince the people that you are telling the truth, convince them it makes sense to follow
this route. For me, it is the very thing that if you want to have a transformation, it is about having a leader, because people have to follow this.” (STE3/A/g)

There was a strong sense of pride among the TAs about their role and relevance to the organisation, requesting greater recognition from the principal for the importance of their expertise at the time of transformation. The group of TAs interviewed were high-level professionals with the experience of several undertakings and domain expertise, and the ability to manage and lead transformations on a multinational and global scale. TAs considered transformations as a career and a transferable skill, not bound to a single organisation or industry, yet lacking the recognition as a profession, or as subject matter experts like in any other fields. That said, along with the progress of the digitalisation of the various operations and functions with the corporations, TAs foresaw their group of professionals to be in demand. A senior transformation executive continued:

“Most of the management have more of a helicopter view of everything. The transformation team is always following the details and those details are not recognised by the management. You have open communication with the management, whether they like it or not. There are things and situations when you need to say no to the management, on things that are not going to happen. If we in the transformation team agree with facts and costs, and that something is not possible, it will not happen. If it is not possible, it is not possible, so management should understand that.” (STE2/A/a/o)

The key findings identified and collected discuss the principal’s inconsistency in relation to knowledge, for having an interest in seeking new information and knowledge yet finding it challenging to accept it if conflicting with the initial knowledge and understanding, despite offering new avenues to explore for the benefit of the corporation and transformation agenda. Furthermore, the financial pressure that the transformations are embedded in suggest the impatience in learning if the selected transformation approach is really functional and fit for purpose in delivering the desired results. Lastly, it is considered a somewhat automatic approach to adopting outsourcing as a vehicle for transforming an organisation with little consideration for other options, if the outsourcing really is fit for purpose and delivers the benefits desired.
6.2.1 Decision-making authority and knowledge-based asymmetry to influence

In general, TAs accepted the principal’s role as a decision-maker in a corporation. However, the governance, process and practice of decision-making was questioned. There was a fair acknowledgement of the challenges involved with strategic decisions for substance and timing, yet the data indicated the principals’ complacency towards expert advice. Instead, there were suggestions of the principals seeking their own benefit over the company, which was not only criticised but argued as a hindrance to the company’s transformation success. A senior business manager explained that:

“When there is something major on the way, despite having no knowledge whatsoever, they (top management) become subject matter experts who wishes to leave their fingerprints, ignoring the fact that they have actual experts within their teams. The higher the position the strategic top manager is in, more difficult it usually gets.” (SBM1/A/a/o)

The results suggested the existence of the complex linkage between the power to make decisions, the role of knowledge in decision-making, and the effort to seek and utilise knowledge for the process of decision-making. Most of the strategic decisions made by the principals were perceived as outcomes of the rigorous analysis of information and engagement with the solid sources of expertise and consultation. However, there were suggestions about the practices where the decisions were strongly nuanced by politics, “it is decided” faceless decisions and financial incentives. Furthermore, there were arguments about the principals’ ineffectiveness to see past the failures of the past transformation undertaking, and to consider radical changes when there are similar failed or sequencing transformation undertakings in particular. A senior business director commented that:

“In a hierarchical organisation, the high-level management are more enabled to drive their ideas through. It is quite unfortunate that the person who understands the subject the best is not the one making the decisions, especially when personal agendas are involved, and chances to influence are limited. I had no say in the case other than just to do what I was told. I just managed to piss off my manager totally, with my questions.” (SBD3/A/o)
In setting up and managing the transformation in an organisation, a separate transformation team was commonly formulated consisting of a variety of managers and employees from the organisation to lead and manage the undertaking, but to offer transformation expertise too. Contracting external transformation advisors was described as common practice but also a necessity. TAs perceived the utilisation of the external knowledge and expertise as an opportunity but in parallel, it was seen as problematic. The external advisors’ roles were perceived as dual, as agents and principals at the same time, but serving two masters of the customer: the principal and the employer, which suggested there were questions about their integrity and position as advisors. External TAs were considered as profit-making entities, with a responsibility to generate financial value for their respective organisations, in parallel to themselves. TAs had already raised their concerns over the risk related to the decision-making, where the power to make decisions and the sufficient level of knowledge to make them are not in balance. The principal’s power to enter into large contracts without understanding the ramifications of the outcome was fairly argued to lead to costly endeavours that were complicated to exit from. TAs’ dissatisfaction was amplified by the agreements of the endeavours becoming more costly compared to allowing the principal organisation to produce if given a change. A senior business director shared that:

“There were insane system platform undertakings, and insane amounts of money were burnt. The sincerity of the consultants was questionable. It was mostly like ‘in fashion’ or something that was supposed to be sold to the customers or just to milk companies and take the benefits from their ignorance.”
(SBD3/A/a)

In the early stages of the transformation, the picking of low hanging fruit for the creation of positive momentum for the achievable objectives and targets was perceived as important, especially for the financially-driven targets. However, the pressure for the financial performance and time-pressured results were suggested as a barrier in exploring innovative ideas and approaches. Despite the broad experience of transformation, unexpected situations requiring the development of new solutions were not uncommon. However, the principal’s tolerance for accepting the approach of trial and error was unfavoured, and considered time consuming and costly. It appeared to be more acceptable to deliver a wrong solution or a solution with lower quality and to fix it later. Similarly, the principal’s interest in considering the lessons learnt from the past (e.g. outsourcing) was argued limited and seen as tedious and time consuming. The chief x officer explained that:
“Sometimes the first choice selected is not the best one, but you need to try in order to understand if that choice was the best one or not. Upon discovering that the selected choice was not optimal after all, yet by fine-tuning you might still reach the target.” (CxO3/P/a)

Automation was considered as a complex undertaking, suggesting more time and effort were invested in the due diligence process in order to understand the needs of the organisation, and also the offering and options available in the market. However, there were cases indicating not only hasty but poor due diligence and understanding of the scope and the impact of the decisions made by the principal. There were automation cases shared where the undertaking derailed from the start, leading the system experts to resign from the very beginning, and with an outcome of the full team exiting upon completion. In another event, a manufacturing plant was at the verge of a halt situation upon the termination of the team responsible for the automation software of the production lines. A senior business director stated that:

“Nobody knew anything prior except the person who made the decision, without asking from anyone. The decisions were mostly political, about 60-70%, and the rest were solid reasoning and due diligence. But when the decision is made, you just buckle up, make sure the work gets done and hope for the best.” (SBM1/A/o)

Knowledge asymmetry in the principal and agent joint undertakings for the strategic objectives and how the objectives were achieved was acknowledged. TAs promoted more active engagement of the in-house, domain-specific experts for scope, time, cost and effort but also for the feasibility of the undertaking as being savvier and familiar with the context in question. It was commented further that the way corporations were organised emphasised productivity and moderation in changes, seconding the opportunity to innovate. Despite the corporation’s vast resources, it was argued that the utilisation level was not up to scratch in comparison with peer corporations and the start-up scene.

“In the case of automation, it does not mean that you run your processes with fewer people; it could be that you have more people involved, yet you are more cost-effective; you will go down as the automation runs certain steps of the process automatically, but you still need people to monitor, oversee and manage certain steps. The workload may shift, but not to disappear.” (STE2/A/a)
In summary, the key findings suggest the imbalance of power and insufficiency in knowledge to reside at the principal’s end that may turn into costly and complex endeavours to exit from. Further suggestions were made to have the decisions nuanced with political and financial incentives in such situations. Secondly, with the decision-making power the principal is in possession of, this suggests a variable interest in allowing the knowledgeable TAs to pursue ideas that may produce benefits for the transformation undertaking. The tolerance for quality in transformation effort appeared equally limited, which was perceived as costly and risky but undermined the TAs’ professionalism and knowledge. Lastly, the utilisation of the TA corporations was perceived as challenging. Despite acknowledging their expertise and their dual role as agent and principal, the profit-making entity was an open question for integrity.

6.2.2 Knowledge in transforming networks

In the efforts for defining the transformation strategy and the associated decisions, the strength of the network and bonds between the actors were described to offer leverage, freedom to act and influence on the other actors in the network. Both internal and external networks were described as vital not only for the resources the relationships they offered, but also to the access to the actors with authority, who were outside the TAs’ networks in the course of the transformation undertaking. TAs explained the utilisation of the networks and the bonds with individual actors in seeking sponsors and for the purpose of lobbying on transformation-related activities that were subject to decisions due to the altering effect of the arrangement of the internal networks. However, the practice was accounted for as politics too, which had more negative connotation associated, receiving both neutral and rejection among the TAs. Similar practices were observed between TAs evaluating their networks of TAs for the strength of relationship, and their position in the overall network. The more enhanced the familiarity among the TAs was, the greater the opportunity to directly or indirectly influence other TAs, and the transformation activities were perceived as amplified. A senior transformation officer explained that:

“The art is to know who the influencer is. You influence them prior to meeting them and they become your supporters, not game changers. I’ve learnt to co-operate with these people, and you see it everywhere.” (STE4/P/g)
A principal’s enthusiasm to transform the corporation networks through outsourcing was questioned for the underlying motives of cost-saving intentions and for the limited understanding of the network management and the cost associated. The development and ramp-up of new outsourcing actors were not perceived as cost-effective for being a resource-heavy investment by the outsourcing corporation. Also, any time constraint was argued to elevate the risk to increase the investment in resources, and the unpredictability of the undertaking outcome. Furthermore, the management of the newly-established outsourcing relationships formed a challenge due to the volatility of knowledge and the maintenance of quality due to the high rotation of resources. TAs also observed varying commitment between the actors in sharing information and knowledge within the network, diluting the value of the newly established relationships. A senior business director commented that:

“In the large software projects and outsourcing, the problem is that there is a huge knowledge imbalance. It is a huge handicap if the other party knows more than the other. Typically, when you are outsourcing to a company, the other party understands the process in question, the cost, KPIs and opportunities much better than the not-so-knowledgeable principal. And if this agent is not sincere, this will create a situation from the very start that the relationship is doomed to failure. In practice, it is just the milking of the principal by the agent. I’ve seen this so many times.” (SBD3/A/o)

Further discontent was addressed at the oversight of in-house resources in the corporation in considering other choices of vertical integration by relocating the function to a low-cost location. Vertical integration was preferred for the availability of the knowledgeable resources in various locations due to the geographical presence of the corporation, in addition to the ability of the internal networks of expert actors to support the transfer of activities to a new location under the principal organisation’s umbrella with minimum downtime in operations.

Outsourcing as a transformation vehicle for the corporation was also perceived as a transforming activity in alienating the established relationships between the actors and extracting knowledge from the corporation. One senior expert shared that:

“Relationships have a strong influence, especially when there is a transition period going on and the clear structures and guidelines of how things are supposed to work are missing. The relationships and networks replace the
organisation. It may appear on the surface that you have an organisation, yet the relationships below run the organisation and this can falsify the order and personal relationships to distort how things are done, like organisation structure and decision-making.” (E1/A/o)

How modern corporations have been managing their internal networks and resources were described as outdated by the TAs. The hierarchical structures and layers of managers were not only perceived as a hindrance for the exchange of ideas and knowledge but also as structures fortifying the established mindset of how the resources are to be arranged around the activities in a corporation.

TAs’ arguments suggested a change in work, how the actors and activities are arranged, and how they are connected to the other entities in value production. There were interrelated networks of actors described as having been organised around the common value production process where anyone was free to join and leave, without a formal contractual framework for the centralised, hierarchical structures of the corporations or companies. Instead, formal compensation for the worth of each actor was based on trust and their level of contribution for innovation and financial value produced, which in turn resulted in the financial contribution to the independent actor. These actors maintained control over their own resources, allowing for enhanced freedom to interact with other actors in the relationship and the network creation process. One senior business director explained that:

“More and more, we are moving towards a world where we all are a company of our own. These normal jobs that we are used to have are from the past. I believe that we all are going to be principals and agents by definition. That's the world that we are walking into. So, whenever there is a transformation the principal who is connecting all these agents needs to be clever enough to connect all the right agents, and minimise or maximise the utilisation of different agents to lead to success.” (SBD1/A/g)

In altering the established networks in a corporation, TAs actively utilised existing actor bonds and sought new ones for the benefit of seeking influence for decision-making in certain transformation activities. However, the practice appeared to receive a two-sided tone in terms of its reception for its lobbying and political nature among TAs. Secondly, the management of the network and decisions related the outsourcing undertaking were suggested to be financially motivated, which were insufficient for due diligence for their cost efficiency and optimality with further references to the lack of understanding for the ROI for the investment made.
Lastly, TAs referred to the emergence of novel networks with independent actors that were considered to challenge how the networks are formed and maintained, without a formal network management and governance.

6.2.3 Risk

Agency theory presents the principal and agent as entities with different attitudes towards risk. The principal’s risk is associated with profit maximisation that includes the agency agreement with an agent for carrying out activities and decisions demanding specific knowledge and information on the principal’s behalf. The formed relationship is subject to monitoring and controlling if the agent is acting as having the best interests of the principal in mind. Contrary to the agent, the principal is advantaged in leveraging the risk involved, whereas the agent’s risk is associated with the employment with the principal, therefore limiting the risk mitigation efforts.

In this chapter, the risk in association to the principal and agent relations is discussed and the impact to the agent’s (the TAs’) agency agreement in carrying out a transformation undertaking. Further attention is given to uncertainty and the temporary nature of the task and its possible influence on TAs’ commitment and behaviours. Lastly, an agent’s perspective on the principal problem is addressed and the risk associated in transforming the corporation networks.

6.2.4 Differing attitudes towards risks (P/A)

A transformation in its variations may result in uncertainty over the outcome, as the tolerance for the state of affairs varies on the individual level. The effective management of the transformation highlights the understanding of how uncertainty affects people and how to address prevailing and raising concerns in an organisation. TAs explained the crippling effect of uncertainty, surfacing from the concerns about personal status and their future in the corporation, where productivity was declining at the basic performance level, and motivation plummeting among those people who were not even affected by the transformation activities and possible reductions of any kind.

To mitigate the distress experienced, trust was presented as a method for engagement with the purpose of entering into a dialogue with the members of the organisation, in addition to alleviating the transformation undertaking, allowing for opinions highlighting discomfort or resistance for the changes ahead to be
expressed. A goal, the TAs argued, was the creation of a safe haven, an environment where disagreement was allowed and discussed, therefore setting up the foundations for more effective management of the transformation. Trust was described as a form of communication where principals made an effort to practice unconventional methods in communicating the present status of the corporation to the organisation. Efforts as such were perceived as extraordinary and acts of empathy in mitigating the risk of motivation declining and impacting on the transformation activities. Despite the non-altering effect on the transformation agenda, such consideration was described by TAs as important encouragements and acknowledgements from the principal supporting TAs in carrying out the principal delegated mandate. A senior transformation executive explained that:

“I always ask for trust, which is a combination of respect and knowledge. I understand that they are uncertain and do not know where the road is going. In my experience, if you have trust, it is a basis for small success.” (STE4/P/g)

To cope with the uncertainty and unresolved situations, TAs explained the risks linked to transparency and communication. An automation case was shared where a selected function was the subject of the automation and outsourcing, with a negative headcount impact on the principal organisation. The undertaking included a knowledge transfer between the principal and supplier organisations, by the resources subject to reductions. As an outcome, relevant knowledge and expertise was transferred in part not only to the first tier of the automation and outsourcing effort, but also to the second tier of suppliers, leading to an unsuccessful transformation undertaking. As an outcome, the automating/outsourcing corporation faced major difficulties in operating and managing the automation arrangement and relationship. One senior business manager stated that:

“As an agent, if I see an organisation is trying to outsource in order to solve their internal problems, I take distance as this is a recipe for disaster. Do not outsource the wrong kind of problems. When outsourcing A, do not expect that to also solve problems B and C.” (SBM2/A/o)

TAs commonly shared their personal growth path for developing a thick skin and tolerance for transformation, as change is constant. It was also referred to as the “storm – form – perform” phase. However, despite the confidence among TAs in their survival skills over the transformation, for some there were lingering concerns about their personal situation. The situation of not knowing was an obvious cause for stress and worry. Upon gaining a sense of knowledge about the decision and
outcomes on a personal level, whether being positive or negative, the information enabled the adjustment of one’s mind accordingly to the task but also to the future. However, the mental adjustment of overcoming and turning personal discomfort into pragmatism and performance was described as turning transformations into more tolerable experiences. Professionalism and years of experience working with transformation undertakings were described as enablers for accepting the temporality and survival in the situation. Transformations were considered as a part of doing business and not to be taken personally. Instead, TAs often recommended participating in the undertaking as early phase as possible for gaining experience and learning how to adjust the mindset accordingly.

It is worth mentioning that during the discussions with TAs, there were limited indications of the uncertainty affecting to TAs’ actions. Instead, TAs appeared to be tuned towards the pragmatism of the uncertain situation and to be seeking information on the plan ahead for the transformation undertaking. An expert manager shared that:

“I would say that after a few exercises it gets better. I do not take these personally, despite any emotions that the transformation might raise in me, I can explain myself out of this feeling and carry on with what I need to, even if I do not believe in it at all. It is a kind of professionalism. Also, I do believe in the messages on change being painful and necessary for the company to survive. These changes are part of the business.” (EM2/A/o).

Overall, TAs’ perceptions and attitudes towards risk was practical by nature. In the discussions with TAs, risk was associated with the transformation on a personal level, suggesting a low level of concern. Instead, the concern was felt over the people who were subject to being impacted. The years of experience and professionalism were described as building tolerance for change but also the ability to overcome possible uncertainties. Despite the occasional concerns about their own future, information of any kind regarding their personal future was considered welcomed, even negative, allowing them to focus on the future ahead.

To mitigate against the negative impact and the associated emotions, TAs suggested enhanced communication and transparency, emphasising trust in the principal’s actions, not only towards TAs but also the overall organisation. Also, the principals to demonstrate acts of empathy, seeking extraordinary ways to keep TAs and the organisation informed of the overall situation, and maintaining the momentum of the transformation in terms of its actions and progress.
6.2.5 Control and verify

The volume of data available on corporations’ operations and financial performance has increased, often spreading to a large number of systems which present a challenge for understanding and utilising the data effectively. TAs described information system landscapes where the complex legacy systems were running in parallel to novel ERP (enterprise resource planning) systems, involving demanding manual, human interaction steps in the process. As a consequence, the integrity of the data was questioned, especially in the event of human interaction and influence on data entry and management. The human factor raised concerns about the likelihood of inaccurate numerical data in the monitoring of the overall operations and decision-making in the corporation. Furthermore, the openness of the process exposed the opportunity for the manipulation of the data.

The sense of urgency, targets, and solid, non-manipulative measuring practices were perceived as the basic elements in creating a push for the benefit of completing the transformation. However, business cases utilised for the transformation planning were argued to reflect an optimal situation in a world without disruptions due to time (duration), cost (transformation budget and savings), and business benefits. The dilemma of the sequential projects launched with insufficient monitoring and control, especially at the end stage of the completion for measured results, led to questioning the principal’s interest in ROI (return on investment) on the transformation effort. One senior transformation executive argued that:

“You get what you measure. It would be essential that in the early phases of the transformation there would be a definition of ‘what success looks like’ and have a few relevant metrics attached to this success vision, and the measurement of these metrics would be indisputable.” (STE1/A/a/o)

TAs explained the principals’ prevailing thinking that extreme pressure for urgency and time would deliver better results. Due to overly optimistic time and cost pressures, urgent to very urgent was the prevailing status, resulting in an increased number of reports and updates in various forms, with management escalations and priorities. TAs explained the demands for a continuous flow of reporting, which was suggested to endanger the performance of the actual transformation activities within already tight schedules, as overlapping the ongoing transformation initiatives. Under these volatile demands, TAs called for meaningful urgency that
was understandable with meaningful monitoring and controlling practices. One senior transformation expert explained that:

“The top management, they run the report from the ERP believing that the date the system offers is the truth. It is not. As there are several entities entering and managing the data, numerous errors occur. By excluding the operative experts, with the insights into their domain, the essence of the data is missed.”

(STE1/A/a)

TAs’ arguments spoke of the absence of the corporate governance for supervision and control over the several parallel transformation initiatives. TAs explained that organisational turmoil takes the attention away from the bigger picture as the units and unit leaders were more engaged in immediate matters of daily operations. There was a described risk of losing a holistic understanding over the transformation scope and scale and how to manage the resources involved in the most effective manner. Despite self-directing, autonomous professionals, the engagement for monitoring was appreciated for the benefit of progress and performance follow-up. One expert manager explained that:

“If a company wants to save costs, it is always a compromise on something: people, loyalty, cost, it can be many things. If you are going to outsource, some minimum standards should be maintained within the organisation as your partner will take 5-6 months to learn. Yet, if you are going for cost cutting, you will go to the lowest level of the partners, who will also argue against the case. After a few months, you will already have compromised a lot.” (EM4/A/o)

TAs explained certain misunderstandings about the opportunities and benefits, but also the risks associated with the outsourcing and automation by the principals. In the case of automation, the prevailing thought was the possibility of headcount reduction upon automating the selected functions, leading to cost reductions and increased efficiency. Instead, TAs explained the opposite, where the workload was shifting to the other end of the end-to-end process. Hence, there are opportunities for increased productivity, enabled by the automation, supervised by the function resident and specific experts. Automation was described as removing tedious manual tasks, yet not removing the need for specific knowledge and resources to manage the process, and also reading and analysing data into a meaningful format. Yet, to manage that successfully, in-house knowledge about the process and content was considered essential, and therefore a leakage of the related intellectual capital was considered risky and short-sighted.
As for outsourcing, the importance of well-defined expectations for the arrangement, how to measure and control the performance of the supplier and by whom was underlined. TAs explained the risks of the outsourced services where the number of transactions was high, as having control over the performance and quality became difficult. TAs continued to explain the misconceptions related to the outsourcing agent enablement, which often turned into a continuous process of training instead of actively managing the newly established arrangement, as the turnover of resources was high. That said, the aim of the principal organisation’s cost efficiency through leaner operational structure and cost was perceived as somewhat unrealistic. TAs suggested that the outsourced domain-specific experts were still in demand after the outsourcing, not only for interpreting the data for more realistic decision-making but also managing the relationship of the outsourcing partner in the principal organisation. A senior business manager explained that:

“There was an impression of a motivation to advance savings and for senior management to claim the benefits of their ‘good’ decision. We were told to fix it or get rid of it. There were no savings to be found, no break-even and lots of money was lost. It was pushed through during the defined year, by force. After two years in operation, it was still negative compared to the point we started initially, and the agent was paid in advance in order to demonstrate the savings.” (SBM4/A/o)

To summarise, the utilisation of the complex process of manual systems that were open for human interactions were considered a risk, not for the data integrity overall, but as a risk in decision-making due to the possible errors in the data. The risk was elevated for monitoring and controlling the progress of the transformation, as well as effectiveness, as the reported data was the subject of debate in terms of its correctness and reliability. In addition to the robust monitoring and controlling practices, TAs called after a more holistic transformation governance with effective utilisation of the dedicated resources against the transformation agenda.

Lastly, prior entering into the transformation through outsourcing and automation, there is a must for the robust due-diligence and goal definition for the undertaking for the purpose and expectations, but also for the benefits and risks associated. Despite the adaptability of both approaches and opportunities offered, the importance of identifying the fit to the organisation in question, considering the expert resources to be retained, was underlined.
6.2.6 Agency problem and temporality of the agency

In discussions with TAs, the formation of one’s own group of professionals that were able to accept ambiguity and the fluctuating nature of their job with embedded uncertainty was quite apparent. Hence, TAs praised their ability to enjoy the combination of predictable and unpredictable elements in their work, in a career that has a tendency to offer a stream of surprises. The idea of managing regular day-to-day operations was considered undesirable, as most of the TAs had worked for 10–20 years in transformative roles in various corporate settings.

TAs displayed a practical approach to the temporality of the transformations. While the concern about their personal situation and the future was nominal, opportunities to influence the direction of the transformation was considered a parallel opportunity to influence their own. However, this does not diminish the occasional consuming experience of having to perform under pressure, which appeared to be more prevalent and strongly experienced among the less proficient TAs. The TAs themselves formally acknowledged the role and career of a transformation agent as a profession like any other. The recognition of TAs in different corporations varied not only in terms of their career profile and rewards attached, but also for the engagement and investment in the TAs from the corporate perspective. The formal enablement of the TAs and the TA teams appeared to be low, as TAs were considered to be seasoned and skilled professionals from the start. A senior transformation executive shared that:

“If you have a good transformation team, the team will earn their pay back and will be cost effective. The business managers see too many things in the short term and not in the long term. You can transform, but for your transformation to be effective (cost benefits), it can take two to three years. Whereas the business managers are looking at 3-6-9-12 months. The challenge is the difference in viewing the time window between the business managers and transformation team.” (STE2/A/a)

In the course of the discussions, TAs’ interest in building up a solid co-operation and trust-based relationship with the principal commonly appeared, not only for information and knowledge sharing, but to influence the transformation at the early stages of the undertaking. In addition to the enhanced transformation governance, further expectations on the principal were forward-looking leadership.

It is worth mentioning that principal-initiated acts of terminating a relationship with a TA were very few. An exit process was triggered by TAs themselves. The
reasons given were the deterioration of personal commitment to the organisation, misaligned views on the transformation objectives, and the loss of believing in the transformation undertaking as an agent in the corporation in question. However, despite the TAs’ occasional frustration, professionalism prevailed. Personal values and commitment to professionalism were explained as cornerstones in making the best efforts for the transformation objectives, despite the unpleasantness of the transformation undertaking. An expert manager argued that:

“'At work, we are resources, that’s it. Sometimes, often the work that you need to do is something that you do not believe in, do not want to do, but the reality is you just need to do it. If you can distance yourself from the situation, work will be easier. And if you believe in the business case, the work can even be motivating, and you can find the feelings of success when completing major projects. These are skills that improve over time and you can use them elsewhere. Very much transferable skills.'” (EM3/A/o)

The key findings suggest limited appearance of the problem of agency in this research. It is however worth mentioning that the inclusion of principals in the research may have offered a different understanding of the phenomenon.

The temporary nature of the TA’s role and work was recognised as part of and natural to their profession. Instead, most of the TAs commended the feature as a benefit, offering a window on the strategic business undertakings of a corporation with unique experiences. However, leadership was commonly seen as a deal-breaker along with the communication for TAs to evaluate their relationship and their future in the principal organisation. Despite their professional interest in remaining as members and agents for the transformation, TAs’ arguments implied the value-based connection with the principal. If the connection was missing exit was not uncommon, but in some cases it was an unavoidable reality.

Lastly, the termination of TA contracts by the principal seemed low. The exit process was primarily initiated by the TAs themselves where the value base between TA and principal were not aligned, and if the TA’s commitment towards the principal organisation and the transformation undertaking was eroding. Despite the dissenting feelings and opinions, the professionalism in completing the given mandate indicated no failure.
6.2.7 Principal problem

The transformation of a large multinational corporation is a complex undertaking with few success stories to share. Despite not turning into total failures, the achievement of the set targets and objectives, even partially, was considered a small success.

One impediment to the transformation was described as the ‘principal problem’, where principals’ own interests motivated by the rewards and personal career progression were more important than the interests of the organisation and corporation. The unrest led by the changes in the principal organisation were described to amplify the situation not only as a risk to one’s own position but as an opportunity for self-betterment in the organisational hierarchy. Change or replacement of the principal(s) resulted in no change, according to the TAs. As described, principal personal interest-driven practices were argued to prevail, cascading down the hierarchy, suggesting a silent acceptance of the action as the ramifications in case of inter-reference at the time of transformation may have been severe. The principal rivalry was argued to extend beyond the corporation, continuing further down to the principal’s peers into the companies and corporations operating in similar and the same markets and industries. One chief x officer argued that:

“It is like a CEO competition. The people under CEO do not matter. CEOs are reflecting themselves to the other CEOs and that is also something that kind of triggers.” (CxO1/P/a/o)

The organisational unrest and how the decisions impacted on the members of the organisation were different. The results indicated differential treatment in outsourcing cases where former employees were terminated and transferred to the outsourcing supplier. Despite the several outsourcings carried through, with the termination of employees and transfer to the outsourcing suppliers over the course of 15 years, there are organisations where the management layer for the outsourced functions grew by 60%. That said, arguments justifying outsourcing decisions by cost-saving factors with improved operational efficiency were not well received among TAs. A senior business manager explained that:

“When there is something major on the way, despite having no knowledge whatsoever, they (top management) become subject matter experts with an ambition to leave their fingerprints. It is really difficult to influence the
situation, especially when the manager causing the mess is high in the organisational ranking” (SBM1/A/a).

Discussions with TAs indicated a principal problem being experienced. The problem was associated with the principal’s opportunism, which was considered as a risk for the transformation. The further analysis of the principal problem is discussed in the following sub-chapter: 6.3. Opportunism.

However, there were arguments presented on the rivalry between the CxOs which were described as acting as a trigger for certain actions, but also as a comparison point for ‘haves and have nots’ between the respective organisations. For rather obvious reasons, such behaviours were perceived as a risk to the organisation and corporation in question.

Lastly, the principal’s interest in self-preservation was observed, resulting counteractions in terms of fortifying the principal hierarchy, despite the declining number of employees to manage. Such behaviours were considered as delivering not only counterproductive messages for the transformation teams and efforts, but also the principal’s leadership and business practice ethics.

6.2.8 Risk in networks

Considering the risk within networks, between different actors, principals and agents, data suggests an elevated risk between actors with less transparency and fewer opportunities to influence. The level of familiarity and engagements between the actors suggests an association of risk in actor bonds and joint activities. Table 8 summarises the level of risk perceived by the actors, between TAs and principal(s), and other TAs, both internal and external to the principal corporation they are contracted with. Figure 20 illustrates TAs’ perceptions of the risks associated between the actors in the network. The risk-neutral level indicates an elevated risk between the actors but is perceived as a manageable. Whereas neutral suggests no clear appearance of an identified risk.

<table>
<thead>
<tr>
<th>Agent</th>
<th>Principal, int/ext.</th>
<th>perceived risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent</td>
<td>Agent, ext.</td>
<td>Risk - Neutral</td>
</tr>
<tr>
<td>Agent</td>
<td>Agent</td>
<td>Neutral</td>
</tr>
</tbody>
</table>

Fig. 20. Perceived risk level between actors in the corporation networks.
The suggested risk between principals and agents was associated with the volatility in the principal’s efforts in terms of communication, transparency and leadership. It was argued that turmoil and uncertainty caused by the transformation demanded more focus and corporation governance from the principal to level out with the members of the organisation. A lack of cohesiveness in these three areas was also considered a risk for the success of the transformation. On the other hand, TAs themselves perceived their agent-principal relation as more neutral, despite the occasionally experienced uncertainty, as having more power to influence their status and career independently of the principal organisation. Risks in managing networks and resources within were associated with knowledge, how the knowledge was utilised and accepted, by the principal. Despite the interest in new information and how to apply it for the benefit of the transformation, the readiness of the principal-actors to accept the rearrangement of the network and resources within it appeared to be restrained. One expert manager explained that:

"My line manager was not too pleased about me having a good relationship with other managers at the same level as his, and above his level, and them using me as a subject expert for certain questions." (EM1/A/o).

TAs explained the wide-ranging networks of relationships which were formed between the senior business actors in the course of their professional careers in different companies, some extending beyond the business engagement to free-time interactions. The strength of bonds between the actors was suggested to have an influence on the strategic decision-making of a corporation, especially when operating in niche markets and industries. Consequently, the external actors were offered an opportunity to influence and transform a corporation’s internal resources and activities through channels that were not subject to the corporation’s formal governance’s control. TAs expressed their concerns about the risks involved, in the form of contractual relationships. There were case samples shared where ill-equipped principals entered into contractual agreements for solutions that were badly suited to the demands of the corporation in question. One senior transformation executive shared that:

"In the large transformation cases, politics are always present, it tends to slow things down and make things more difficult. There are cases where the projects were stumbling and failed as the debate went on about who was whose friend (top management) and whose approach is to be followed. I do not remember any large-scale transformation where politics were not present." (STE1/A/a).
Interest in managing the network and actor relationships appeared low on the principals’ side not only for resource management but also for business development. Instead, based on the decision about the network transformation, the results suggested the principal’s interest in rapidly transferring activities to a chosen supplier with low regard for the planned relationship. Fading relationships and control over resources were considered part of the process, whereas TAs presented more interest in retaining the relationships after the reconfiguration of the network for the benefit of retaining relevant subject matter expertise in both organisations. A senior business director explained that:

“The whole agenda was decided and to whom (which company) the outsourcing was to be assigned. There was no intention to grant the outsourcing to another shortlisted company.” (SBD3/A/o)

Actor bonds were described as a second currency in a corporation, offering an opportunity to influence resources and activities without a formal, associated hierarchical position and power. The richness of the global networks and bonds between various TAs and domain experts were described as valued resources for support for and knowledge of the transformation undertakings. The formed networks were described as significant in offering the pulse of the organisation, but also to offer informal channels for dialogue and gathering information not otherwise available. Time and cost pressures were argued to constrain the development of the relationships between TAs and the members in the network. Remote work, despite the technical solutions for connecting and communication purposes, was disapproved of as limiting human interaction. Indeed, remote work was considered to drain motivation and opportunities for creating new bonds and strengthening existing ones. A senior transformation executive shared that:

“For a transformation there is a curve; every transformation starts with giving information and a vision of the future and it might be that people will get really motivated about that. Then people see transformation adding complexity, changing their habits, moving out of comfort zones and frustration grows, and you need to manage that, motivate people. Uncertainty impacts a lot and affects motivation and can work against the transformation.” (STE3/P/a/o)

The key findings suggest an elevated risk between the actors where there is less transparency and opportunity to have an influence. The level of familiarity and engagement between actors suggests lower risk for network management and joint activities. Secondly, TAs’ perceptions of risk in the principal-agent relationship
were associated with low enthusiasm for communication, transparency and leadership, which were considered fundamental when an organisation is impacted by turmoil. Lastly, TAs’ perceptions of risk in agent-principal relationship appeared to be low, as TAs considered having more control over their personal status and career, despite the occasional uncertainty experienced.

6.3 Opportunism

In agency theory, an agent is considered as an opportunistic entity in the principal-agent relationship. It is argued that the knowledge imbalance between the principal and the agent promotes the agent’s opportunism and self-interested behaviours. The principal is to establish rewarding but monitoring and controlling practices to mitigate the agent’s opportunistic behaviours. However, agency theory commonly focuses on the agent’s opportunism, overlooking the principals’, in the light of profit maximising, especially when driven by personal interests.

In this third sub-chapter, opportunism and its forms of appearance are presented, offering TAs’ views and observations on the impact of their mandate in corporation transformation undertakings.

6.3.1 Profit maximising

Embarking on a corporation transformation is a major undertaking with its complexities and uncertainty for the outcome. The changes and turmoil embedded in it may distract attention from the ongoing business, causing a risk for the corporations’ competitive position in the market. In addition, the acknowledged low success rate of corporation transformation suggests enhanced pressure on the design and execution not only among the principals but within the TA teams carrying the transformation activities forward.

How the corporation’s performance, especially the key performance figures, were reported suggested a dilemma in definition and fulfilment of the long- and short-term targets. Primarily, the results indicated a consistent effort in building up a business case and a plan for what and how to transform a corporation. However, TAs explain the activities that suggested the principal’s interest in advance-seeking behaviours and risk-taking, having business cases adjusted in order to achieve a certain outlook, despite the conflict with the reality of the situation. One senior business director explained that:
“You have charismatic people who sell something that does not exist, and it is hard to observe this until it is too late; they’ve taken all the benefits and then disappeared. The organisation is made redundant – demolished just for the purpose of one person advancing their agenda. These are things that one hopes top leaders are able to identify and observe.” (SBD1/A/o)

The pressure for fast cycles was described as immense, with pressure to report results at the very early stages, with low interest in the completion of the undertaking and to report the actual results instead of those projected. TAs’ perceptions were that too much emphasis was given to the achievement of quick wins. Instead, the perception on the principals’ interests was described as short-term for fast cycles and results, with a limited acceptance for the results to materialise in full that could demonstrate the actual value of the transformation approach taken. The observed practices suggested not only the immense pressure for results and profit, but for fulfilling the principals’ agendas presented above. A senior transformation executive argued that:

“They think that the transformation is going to bring you cost benefits, but that is not true. Before you start, you need to investigate whether it is worthwhile or not, what is the impact on the people, is it truly cost effective. Do I hand it over to another company? Is that cost effective? More structure, more thinking to be involved. If something is going smoothly and is cost effective, why change it? I know, many companies want to change it, it is like a trend, like with outsourcing, everybody wants to outsource.” (STE2/A/o)

In the discussions with TAs on transformation success stories, there were arguments about values and ethics, where the company values were lived through the transformation process, and people were considered important. TAs demonstrated their understanding of the changing business environment that the corporations were operating in and the pressure of the complex decisions that were not favoured in the organisation. Nevertheless, principals are expected to demonstrate interest in and ability for leadership and empathy at times of uncertainty, despite their challenging roles as profit maximisers of a corporation. Instead, how TAs and employees were commonly introduced to the transformation suggested a secondary interest, in some cases disregarded by the principals not only towards TAs but the people in the corporation. A senior business director argued that:

“Then there is money, profitability, followed by the quarterly results, and following up the bonuses were the other triggers experienced for the
transformation. It is quite often that the money drives the actions, meaning that something is done in order to retain the owners, competitiveness or some other reason of existence.” (SBD2/A/a/o)

In short, the key findings suggest the principals’ interest for risk-taking in business case definition and volatile integrity in the process of profit maximisation. Whereas TAs consider values and ethics as key contributors to successful corporation transformation, therefore calling for the principals’ interest for leadership and empathy in times of uncertainty.

6.3.2 Self-interest and advance-seeking behaviours

Politics in its all forms were mostly perceived as negative and disapproved of, regardless of the commonness of the practice in seeking advantage either for personal gain or for the benefit of larger groups. Notwithstanding this dislike, the ability to utilise politics in a positive manner was considered a beneficial skill to learn and to be utilised. However, during the transformation, politics were described as more brutal than at other times, due to the intensified lobbying on an individual level for personal status retention or professional advancement in the organisation. TA arguments suggested that up to 60% of the decisions were influenced by corporation politics, embedded within the power game at the principal level where the benefits of the corporation and organisation were suggested to appear as secondary. An interest in having one’s name in the history books of the corporation, and principal’s keenness for survival with the achieved status, superseded the benefit and interest of the organisation and the transformative actions.

The insufficiency of solid data management systems and tools for analysing data for the decision-making processes was argued to offer too much manoeuvring, allowing the manipulation of the data to support the cause of the selected principals, if so decided. One senior business director argued that:

“In several companies there are political battles and unfortunately there is a person behind them who is driving their own benefit instead of the company’s. This person is creating confusion by sharing the wrong image and information on important, relevant matters, calculating and depending on when the execution happens according to their plan, and whether the next position will be somewhere higher up in the organisational hierarchy. The problem is that it
is difficult to see, as it is done in such a purposeful manner and over the long term.” (SBD2/A/g)

Large ERP information system landscape projects, where an external TA was offering and providing services to a corporation, were considered risky due to the knowledge imbalance between the principals and TAs. Large international transformation agents (corporations themselves) were more knowledgeable and experienced due to the variance of similar cases offered to other companies and corporations, and were therefore advantaged to capitalise on the situation for their benefit. After all, external TAs were profit-making entities, therefore, errors from the misfortunes of the corporation decision-making were subjects for the external agents’ opportunity for further business and profit-making, suggesting they had no interest to intervene. An expert manager explained that:

“They look at each other in terms of what kind of benchmarks they have. The thing is that I’m seeing a lot of companies with an interest in showing the magic quarter of the “ABC” report and that is the Holy Grail. But you can appear very nicely up there even if your processes are really screwed up” (EM2/A/o).

In the discussions with TAs, there were limited, observable self-interest and advance-seeking behaviours. Instead, the focus was on their work and accomplishment of their contracted mandate yet acknowledging the opportunities transformation may offer for their career advancement. The exceptionality of the circumstances enabled TAs to reach beyond their normal career scope and to showcase their skill and knowledge for the pursuance of new career developments. While others were able to gain a strong professional foothold and long career in a corporation, for the most the professional advancement was through the employment in various companies and corporations. Nevertheless, the enormity of the human impact of the transformation results suggested a balancing act of commitment to the professionalism in parallel to the survival and retention of the employment among some TAs, too. One expert manager explained:

“If I know there is room for improvement, I will not disclose that. Instead, I do it myself later, without anyone asking, therefore showing initiative and capitalising on this for my own benefit. It is a kind of survival, but you can also call it diplomatic.” (EM4/A/o)

It is worth mentioning the detection of the role of translators in a corporation with no association to language. In the course of the interviews there were references to
domain experts and their utilisation for interpreting the domain- and function-
specific data into a meaningful format to assist in the strategic decision-making.
Interrelation was offered as a positive note. However, in due course there were
suggestions on the interests of the translator to influence the message shared and
possibly coloured by a risk of skewed information. It was commonly acknowledged
that there was a range of knowledge residing within the middle management layers
of the organisation, offering them the opportunity of power and therefore leverage
over their own existence within the corporation.

If the translation was knowledge-driven for a specific motive or unintentional
event, it was not explored in this research. However, discovery of the arguments
suggest the existence of the ‘translators’ in the organisations and their significance
to the agendas and dynamics in a company or a corporation, and are therefore a
potential avenue for further research.

A summary of the key findings, TAs considered politics as negative during the
transformation. However, they did favour the skill of utilising politics and lobbying
for the benefit of the common good, whereas politics on the principal level was
perceived as a power game for seeking personal advancement and financial benefits.
Secondly, the knowledge imbalance between the principal and the external TA
companies was described as difficult, for the principal was not fully equipped to
evaluate the value and nature of the offering and to trust the external TAs
recommendations, e.g. in ERP-related questions. Lastly, there was a limited amount
of TA self-interest and advance seeking behaviours observed. Instead, TAs focused
on showcasing knowledge and professionalism and seeking career advancement in
their own right.

6.3.3 Principal and agent rewards

The presence of immense pressure was considered common during a corporation
transformation for producing a successful turnaround with improved financial
performance and operational efficiency. The pressure was linked further to rewards,
especially the principals’ rewards. Turbulence that some corporations encountered
was suggested to create and allow informal management and control structures to
emerge as resulting behaviours that were not considered possible at other times
during the transformation. There were suggestions of the principals pushing TAs to
bypass the rules and processes for the benefit of principal’s targets and rewards.

However, the results indicated disperse practices in terms of how TAs and
principals were rewarded on their performance of the transformation activities in
the corporations. Even TAs themselves were divided as to whether they should be rewarded for their work. For some, a regular salary was a reward as TA work was like any other, therefore not subject to rewards, while for others, rewards were a recognition of exceptional performance in exceptional circumstances. One senior business director argued that:

“The challenge is that the higher you go in the organisation, the bigger the bonuses and the influence they have. I had a 50% bonus, above me, it was much more, options and more, like 100%-150%. Of course, they have an impact on how people behave. Yet, at the operative layer of the organisation, the expert level, people more want to work on areas and functions of interest, have an interesting jobs and careers. However, the higher you go within the organisation, it gets more cynical, and numbers matter. If you have a target of having to save 5 million from something, let’s outsource these people and then we can show on paper that we can save 5 million this year. And after that it doesn’t matter what the end result is, as long as you reach your target.”

(SBD3/A/g)

TAs referred to the well-defined targets to benefit the transformation and on the other hand, to falsify actions taken in intensifying the role of politics. In defining the transformation targets and the corresponding rewards, full alignment and cascading down the organisation starting from the principal was preferred. Deviations were perceived as risks of pushing the transformative actions in a direction that serves the purpose of a smaller group of individuals, instead of the organisation and company that is going through the transformation. A senior transformation executive shared that:

“If you have a top management and transformation team whose targets are not aligned, you will end up having unpleasant situations where the top management pushes in one direction because of the linkage to their bonuses and the transformation team in another.”

(STE1/A/a/o)

Nevertheless, rewards were favoured if the definition of the incentives was clear, undisputable, and with measurable targets that were not subject to interpretations or manipulation at any stage of the transformation. The incentives and monetary benefits were perceived to act as motivators into action, offering an opportunity for being recognised, and being fairly treated. However, the majority of the TAs noted the absence of rewards prior to the work commencing, and available upon completion on rare occasions as an exception, not as the norm.
In parallel to the personal interest in rewards, a social aspect was introduced, an opportunity to be rewarded and celebrated as a team. Team celebrations were perceived as being particularly important for maintaining existing relations with other TAs but also for forming new relationships.

Regardless of the interest and keenness on rewards, TAs commonly stated that the presence or absence of rewards had no impact on their motivation and to their commitment towards their role and work. An expert manager argued that:

"Whether you achieve the target or not, that is critical. It is also very motivational as the KPI (key performance indicator) is what you are measured by. By delivering the targets, I demonstrate that I can succeed in the company, it is motivating me to push even harder. When I achieve this target, I get a bonus. In the company, the ability to deliver the targets is your currency, and the relationships you have. These are the elements that you can gain power with. It is not directly money, but this is how the game is played.” (EM3/A)

As a summary, granting rewards to TAs appeared to be an exception to the practice, whereas for the principal it was the norm. Rewards were argued to have a distorting effect on the transformation activities with a risk of increased politics and behaviours not considered possible outside the transformation. Secondly, definition of the targets for rewards should be clear and undisputable, not subject to interpretation and manipulation in due course or at the end of the reward cycle. The same targets should be cascaded to all levels and members of the transformation undertaking for the benefit of alignment and the common agenda.

6.3.4 Dual roles

The duality of roles in the hierarchical organisations were considered common, an arrangement where an individual was a line manager for some and subordinate to another line manager, being a principal and an agent in parallel. On the other hand, involvement in separate undertakings in addition to the individual’s nominal role increased the dual roles where an individual was a member of a hierarchical structure and a member of a project organisation related to the transformation or any other temporary arrangement. Despite the risk of conflicting messages and information sharing by the principals above, dual roles were often described as an opportunity in many ways. TAs explained the access granted to a number of progress and specific domain controlling boards, with career advancing opportunities through new learning and newly-established relationships.
Furthermore, such positions offered a chance to share transformation and specific knowledge relevant to the progress of the undertaking, and also the decision-making. That said, the TAs’ perception of dual roles appeared to be an opportunity for doing good at the individual but also at a wider team and organisational level. A senior business director stated that:

“I think this is getting more common and it is not going to change. You just need to find the balance that with the internal principal-agent relationships you will have, or you have.” (SBD1/A/o)

Dual and multiple roles were a concern for the centralisation of information and power. It was argued that dual roles introduce conflicts of interests, through being privy to certain information that was strategic at a business or operations level, granting an opportunity for the dual role holder to set an agenda of their own choosing. Especially at the principal and external agent interface, the arrangement was argued as disrupting for conflicting interests and a difference in knowledge for the joint undertakings. One senior transformation executive explained that:

“Typically, the person has a line organisation responsibility with other added responsibilities. What happens quite often is that the quality of work suffers in either or both areas of designated responsibility and on one’s personal agenda. At the end of the day, the agenda that ensures the achievement of the maximum amount of personal incentives and possible promotion wins.” (STE1/A/g)

Dual roles were explained to increase the number of reporting lines, which observably had a chance of conflict between the project and hierarchical organisation arrangements, as the work delegations were often defined and arranged by two sets of rules. During the transformation this was argued as cumbersome, as the level of monitoring and control was often amplified with demands for updates and reports. There were suggestions about the volume of control taking over the time for actual transformation work, hindering the progress of the actions.

The external transformation agent organisations were perceived as taxing due to the duality of their roles, being principals and agents to their respective organisations, and agents to their customers. External TAs were expected to support their customers in a controlled manner in conjunction with the agreement between the principal-customer and principal-employer, the external TA company, while still acting and observing opportunities to advance the principal-employer business opportunities, as profit-making entities themselves. The results indicated such
positions as being strongly politically nuanced and risky from the corporation perspective, as offering momentum for opportunism and advance seeking on a large scale in financial and operational measurements. This was argued to reflect the attitude towards the external TAs at the lower hierarchical levels as well.

Other than the fact that the majority of external TAs were commended for their work ethic, there were references to the hubris for monitoring and control, i.e. taking liberties from their duties just because they could.

As key findings, dual roles and even multiple roles were experienced as common, due not only to the hierarchical structures of a corporation, but how the work is arranged for fixed and temporary roles. That said, TAs’ opinions on their own levels and experience were positive, entitling them to opportunities to influence the decision-making through various boards, but also being able to channel specific knowledge that may have an impact on the decision-making process, which was not known before, whereas the external TAs and their dual role was experienced as difficult in terms of the idea of serving two masters and the opportunity of financially-driven conflicting interests.

6.3.5 Delegated autonomy to work

TAs’ freedom to act during a transformation appeared to have links to the company culture in the multinational corporations. However, TAs’ arguments suggested the culture of the geographical location of the corporation office had an influence on and overruled the intended and more united corporate culture, especially during the transformation. Also, the sense of urgency and criticality of the transformation overall, and the status and progress of the undertaking was described to have had an impact on the level of autonomy from strict control to intrapreneurship. Nevertheless, the freedom experienced before was explained in most of the cases to vanish and work turning into projects with a focus on execution and fulfilment of the desired results during the transformation. One expert manager explained that:

“Every person is therefore limited to their own process and the respective domain process. In smaller companies there is more freedom to act and change. Even I wish I could do it my way, but I have to follow the management mindset, what they want me to do. I’m not independent in that way.” (EM4/A/g)

Discussions suggested an interest in developing principal and TA relationships for the benefit of improved mutual understanding. While TAs portrayed principals’ behaviours as having low maturity in leadership, there were indications of the
principals’ lack of understanding of what to expect from TAs in term of their role and mandate, but furthermore, how to lead and manage the group of transformation experts in an optimal manner. More importantly, TAs were shifting away from the command and order culture and favouring autonomy, with coaching elements and seeking solutions against the transformation success definition in co-operation with the principal. TAs themselves commonly perceived their role as strategic and directly linked to supporting the corporation strategy, and to be acknowledged and invited as active contributors and experts to the transformation undertaking in its earlier stages.

It is worth mentioning that TAs with years – and often a few decades – of experience and several undertakings behind them discussed their ability to distance themselves and to focus on the short- and long-term horizon execution of the transformation strategy. That is, to suggest their ability to distance themselves from the unpleasantries of the uncertainty and the nature of the transformation activities and to focus on their mandate for action instead. A senior business director argued that:

“*At the operative layer of the organisation, the expert level, people want to work more in areas and functions of interest, have an interesting job and careers. However, the higher you go within the organisation, it gets more cynical and numbers matter.*” (SBD3/A/o)

To summarise, the level autonomy appears to have a connection to the corporate culture with nuances of the geographical location of the corporate office. Secondly, TAs tend to try to avoid the command type of working culture, favouring the trust and freedom to act approach instead, with more close co-operative elements with the principal for better relationships and undertaking experience for both parties.

### 6.3.6 Opportunism in networks

The results suggest overlapping elements between agency and network theories (Figure 21) in terms of how agents and actors utilise the networks for their activities
and how resources are utilised for the benefit of fulfilment of the transformation activities.

Fig. 21. Opportunism in networks overlapping agency and network theories.

The results suggest the significance of the networks and relationships within them during the transformation. TAs described the practice of seeking sponsorship and lobbying with the aim of influence over certain issues. The early engagement and familiarisation of the key influencer actor improved the chances for successful results. That said, the understanding and knowledge of the other actors and their relationships with other actors enabled the utilisation of the relationships in the network in a most effective manner. An expert manager explained that:

“It is the second currency in a company, extremely important, as not all topics are linked to the positions based on the organisational hierarchy, but through relationships you are able to influence between hierarchy levels, even without the formal power of making decisions.” (EM3/A/g)

TAs’ utilisation of the networks and relationships were perceived as positive, as the utilisation was linked mostly to achieving common good within the frames of the transformation agenda, whereas external TAs seek advantage for their agendas through their network of high-level principals in the corporations was considered opportunistic. How and for what purpose the established networks and relationships were applied suggests whether the utilisation was considered opportunistic or not. A senior transformation executive explained that:
“I’ve observed “sunflowering” to the level where a misunderstanding by a superior manager was quoted as turning the sunflowers in a totally different direction, not even following what the initial intention was. “Sunflowering” is one of the worst things that a company can have.” (STE3/A/g)

However, a common denominator for the networks and resources utilised was knowledge, but also power. While TAs on numerous occasions referred to their networks as sources of information with the opportunity to leverage the resources within, knowledge-driven power to have an influence was also observed, while in the corporation’s internal networks the knowledge-driven power was linked to the principal’s ability to influence decisions that may favour the opportunistic behaviours and self-interested agenda of the principal. In the principal’s external network and relationships with the external TA, the knowledge asymmetry was suggested to advance the external TAs’ interests over the principals’, particularly when the size of the network was limited due to the geographic location or the niche of the business or industry in question. One expert manager argued that:

“Relationships have a strong influence, especially when there is a transition period ongoing and no clear structure or guidelines for how things work, and relationships and networks replace the organisation. You have the organisation, the top level, yet the relationships below run the organisation. It can falsify the order and the strength of personal bonds also distort how things are done, the organisation structures and decision-making.” (E1/A/a)

In this research, outsourcing and automation were used as vehicles to observe the corporation transformation, and the results indicated mergers and acquisition as disruptors of the earlier formed networks and relationships but also as enablers in the formation of new ones. Both phenomena were argued to produce advance-seeking behaviours and opportunism through the existing networks and relationships, in parallel seeking to establish new relationships in the network of two companies that were rapidly and forcefully transforming. Whether the turbulence experience leads to further opportunism within the transforming networks is a suggested avenue for further research.

Key findings suggest agency and network theories overlapping in terms of how agents and actors utilise the networks for their activities and how resources are utilised for the benefit of fulfilment of the transformation activities. Secondly, the purpose of and how networks and formed relationships are utilised suggests whether the actions are opportunistically nuanced or not. That is to say, whether the
purpose is to benefit the transformation agenda as a whole, or to serve a purpose of a single actor or a small group of actors. Lastly, the identification of knowledge is a common denominator for the appearance of opportunism within the network, whether being knowledge asymmetry for the principals’, internal and external TAs’ benefit or disadvantage in seeking to influence or to be influenced in the course of corporation transformation undertaking.
Table 3. Summary of the analysis key findings.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal's paradox of having access to information and interest to seek new knowledge, yet the ability to accept the information that may collide with the initial knowledge not necessarily there.</td>
<td>An imbalance of power and level of knowledge in decision making by the principal. Some of the decisions were described as politically nuanced and driven by the financial stimulus.</td>
<td>Networks and bonds between actors are utilized for sponsorship and lobbying transformation related activities. Considered as a necessary skill to utilise without a negative connotation of politics and personal interest pursuance.</td>
</tr>
<tr>
<td>Principal's expectations for outsourcing as a transformation vehicle not fully realistic.</td>
<td>Principal's low tolerance for knowledge intensive trial and effort in seeking solutions for unprecedented situations. Instead, preference for low quality solutions which are subject for corrections later on.</td>
<td>Justification of financial incentives behind outsourcing decisions perceived insufficient considering principal's low interest to explore other options than outsourcing, like vertical integration.</td>
</tr>
<tr>
<td>Low consideration for the variety of other options than outsourcing.</td>
<td>A pressure for short and fast cycles overtaking the interest to learn if the specific knowledge demanding, designed transformation approach is functional and delivering desired results.</td>
<td>The dual role of external TA:s: acting as principals and agents towards their customers and own home organizations. The predication of the dual role as a profit-making entity questioning the integrity.</td>
</tr>
<tr>
<td>6.2. Risks</td>
<td>6.2.2. Control &amp; verify</td>
<td>6.2.3 Agency problem and temporality of agency</td>
</tr>
<tr>
<td>6.2.1. Differing attitudes towards risks (P/A)</td>
<td>Multiple, manual systems considered risky for errors and having data open for human interaction, and manipulation.</td>
<td>TA:s appear as an own group of seasoned and experienced professionals with tolerance to ambiguity, fluctuating nature of the job with embedded uncertainty.</td>
</tr>
<tr>
<td>Trust, and creation of an environment of trust.</td>
<td>Integrity of the data in the decision-making process questioned.</td>
<td>The idea of managing regular day to day operations was considered undesired.</td>
</tr>
</tbody>
</table>
### Summary of the analysis key findings.

| TA's approach towards risk practical, with a high tolerance for ambiguity and uncertainty for the personal future. | Excessive reporting, monitoring and controlling practices with manual systems described to deteriorate efforts needed for the transformation itself. Meaningful transformation governance suggested. | No clear indication on the existence of agency problem. TA's keen to establish a close relationship with a principal not only for the information and knowledge sharing but for the benefit of the transformation governance. |
| Misconceptions in transformation through outsourcing and automation suggested for the cost efficiency in losing critical knowledge and volatility in the productivity within the transformed processes. | TA exit the principal organization by their own right. Conflict of values, lack of commitment to the principal organization and undertaking were listed as reasons for exit. Professionalism prevails in the exit process. |

#### 6.2.4. Principal problem

**Principals' own interests motivated by rewards and personal career progression seconding the interests of the corporation.** CxO rivalry has a corrupting effect to other entities in the organisations and entities engaging with principal company. Principal's self-preservation at a time of turbulence; a retention of principal hierarchies in parallel to declining employee numbers due to termination and transfer of employees to outsourcing suppliers.

#### 6.2.5. Risk in networks and relationships

An elevated risk between actors with less transparency and opportunity to influence on. Level of familiarity and engagements between the actors suggests a lower associated risk in actor bonds and joint activities.

Risk between principals and agent’s relationship associated to volatility in principal’s effort for communication, transparency, leadership, and corporation governance.

TA's perceived agent-principal relation more neutral, despite of occasionally experienced uncertainty, as having more power to influence on their status and career independent from the principal organisation.
### Summary of the analysis key findings.

<table>
<thead>
<tr>
<th>6.3. Opportunism</th>
<th>6.3.1. Profit maximising</th>
<th>6.3.2. Self-interest &amp; advance seeking behaviours</th>
<th>6.3.3. Principal &amp; agent rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pressure for performance and successful transformations suggesting principal’s interest for risk-taking in business case definition and integrity.</td>
<td>Politics during transformation perceived negative, yet ability to utilise politics, lobbying for the benefit of the common good was considered as positive. Politics on principal level was perceived as power game for advancing own agenda for career and rewards.</td>
<td>Utilization of rewards during corporation transformation appeared common on principal level and mostly absent on TA level. Rewards were observed as risk with a distorting effect to transformation activities, increasing risk of politics and behaviours not considered possible outside the transformation.</td>
<td></td>
</tr>
<tr>
<td>TA:s emphasises values and ethics as important elements for the success of corporation transformation.</td>
<td>Knowledge imbalance between principal and external TA was considered in external TA:s’ favour, embedding a potential risk in joint undertakings.</td>
<td>Utilization of rewards during the corporation transformation appeared common on the principal level and mostly absent on TA level. TA:s observed a risk for a distorting effect of the rewards in transformation activities, increasing the risk of politics and behaviours not considered possible outside the transformation.</td>
<td></td>
</tr>
<tr>
<td>Principals are expected to demonstrate interest, leadership and empathy at the time of uncertainty despite of their challenging roles as profit maximisers.</td>
<td>Limited self-interest and advance seeking behaviours observed among TA:s. Instead, focus was on showcasing knowledge and professionalism, and progression with own right. A role of translator detected. Translator role appears as interpreter of specific data or domain information. Translators were argued to reside in the middle level of the organization. A risk of skewed information suggested.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summary of the analysis key findings.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>---------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.3.4. Dual roles</td>
<td>6.3.5. Delegated autonomy to work</td>
<td>6.3.6. Opportunism in networks</td>
<td></td>
</tr>
<tr>
<td>On TA level, dual roles were considered mostly as positive entitling an opportunity to influence on through various boards into the decision-making, and to channel specific knowledge into the decision-making process.</td>
<td>Level of autonomy appears to have a linkage to the corporation culture and the nuances of the geographical location of the corporation office.</td>
<td>Agency and network theories overlapping in how agents and actors utilize networks for their activities and how resources are utilized for the benefit of fulfilment of the transformation activities.</td>
<td></td>
</tr>
<tr>
<td>External TA:s' dual role taxing for serving two masters, principal-customer and principal-employer and for the opportunity of financially driven colliding interests.</td>
<td>TA:s shirk away from command type of working culture, favouring trust and freedom to act approach, with close co-operative elements with principal for better relationship and undertaking experience.</td>
<td>How and for what purpose established networks and relationships were applied suggests if the utilization was considered opportunistic or not.</td>
<td></td>
</tr>
<tr>
<td>Knowledge identified as a common nominator for the appearance of opportunism in the network, also how networks were utilized either in positive or negative connotation.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7 Discussion

This chapter presents the results of the research, starting with answering the research question.

7.1 Summary of the results

The objective of this research was to study corporation transformation through transformation agents and their experiences in carrying out the principal delegated mandate for the transformation undertaking in the context of the outsourcing and automation. Further attention was granted to the agents’ views on their relationship with the principal during the time of organisational turmoil and uncertainty.

The research question that this research is seeking to find answers to is:

How is the change of a corporation – its transformation – carried out through network changing agents?

- How the network changing agents are perceiving outsourcing and automation as corporation transformation vehicles?
- How transformation agents assessed their role in the course of the corporation transformation lifecycle?

The answers presented in response to the research question are based on theoretical and empirical understanding, with the latter leaning on the data collected during the expert interviews. The results contribute to the understanding of the agents and how their behaviours and actions advance the transformation of the networks in a corporation. In addition, they offer an insight into the dynamics of TAs’ and principals’ interactions, and a reflection on the principal’s influence on the agent’s actions and commitments.

Figure 22 summarises the key findings impacting the TAs’ behaviours and actions in carrying out corporation transformation-related activities. The inner circle summarises the research-relevant agency theory framework (Figure 6) of opportunism, risk and knowledge asymmetry. The middle circle illustrates the corporation transformation interacting parties of the principal and the transformation agents that are internal and external to the principal organisation and who are contracted for their specific knowledge of the corporation’s transformation undertaking.
Additionally, there are external transformation agents, referred to as free agents, that act independently without the membership of a larger organisation by their own choice, enabled by their specific experience and knowledge to act independently. The latter group of transformation agents existed before, offering their domain-specific expert services to the companies that need them. However, transformation of the work and the rearrangement of the company’s internal networks, and the process of acquiring resources in the future may not fall into the traditional category of hiring, but instead to strategic sourcing of skills in demand. As an outcome, a novel group of professionals offering knowledge not necessary privy to the principal organisation on a larger scale is suggested to emerge.

The outer circle illustrates the conceptualisation of the elements directly influencing the TAs’ mandate in the corporation transformation undertaking, the principal problem, transformation governance, network and relationship arrangement.

Fig. 22. Governing corporation transformation and networks.
7.1.1 Principal problem

A variance against the initial theory framework were observed, suggesting nonconformist views to the agency problem, opportunism and risk. In observance of the agent opportunism, there was little indication of such behaviours. Instead, agents presented professionalism and commitment to their role with the interest of seeking advancement in their own right, and their ability to deliver results against the agency agreement. The opportunism noted suggested a subtle balancing act of displaying their own relevance for the skill and knowledge, with a parallel interest in producing common good through the related actions.

In agency theory, the agent is presented as an opportunistic entity (Eisenhardt, 1989; Stroh et al., 1996) that is subject for principal monitoring and control. However, the consideration for principal opportunism appears to be more restricted (Zarkoodi et al., 2015; Shapiro, 2005; Payne & Petenko, 2019; Miller & Sardais, 2011; Ghosal, 2005; Dai et al., 2016; Dobbin & Jung, 2010). However, the data indicated the need to leverage the interpretation of the agency problem towards the principal problem and to view the principal equally as an opportunistic, own rent, and profit-seeking entity in a corporation, subject to monitoring and executive self-restrain (Dobbin & Jung, 2012).

In organisations facing turbulence, the financial risk in the rewarding practices was transferred to the managers in the form of variable pay, which was proportionally more substantial in comparison to normal times, with the assumption of the use of variable pay to promote the organisational performance (Stroh et al., 1996). However, the definition of the rewarding system and strategy that are exempt from manipulation, and which are optimised for long and short-term incentives with associated costs, motivation and performance was recognised as a complex task (Pepper & Gore, 2015). In a worst-case scenario, the reward system skews the activities, corresponding in an ill-logical manner to the initially intended outcome (Cuevas-Rodriguez et al., 2012).

The results indicated the transformation being led by the principal’s interest in risk-taking in (Shapiro, 2005) a transformation business case definition, motivated by the lavish incentive schemes that suggested conflicts of interests between the principal’s personal and the corporation’s agendas. The larger the earnings of those at the management and principal level, the more risk-taking is involved as the performance of the company is directly linked to the financial benefits of the management (principals) (Cuevas-Rodriguez et al., 2012). Also, the application of aggressive accounting techniques allowed the reporting of the results in advance.
for sales and profits, but also the manipulation of the bottom line (Dobbin & Jung, 2010).

These narcissistic tendencies (Doz & Wilson, 2018) and the decision-makers’ conflicting interests may influence the organisation’s agenda dominating the organisation’s direction and interests (Gaba & Joseph, 2013). That said, the ill-defined rewarding scheme but also the flawed monitoring practices of the principal’s actions, were considered to form a risk to a transforming organisation and corporation, where excessive speed and advancement of the transformation outcomes may have presented a false reality for the direction of the decisions and actions, offering a flawed picture of the effect of the undertaking in question.

While Jensen and Meckling (1992, p.4) argue that decision-makers deliberately seek out knowledge in maximising their object functions, the results indicated the opposite: a paradox where the principal demonstrates an interest in new knowledge yet falls short in their ability to acknowledge the presented information for being new or conflicting with the principal’s initial knowledge base, therefore causing a hinderance in adopting it going forward. Emerging new technologies and digitalisation are placing a substantial emphasis on the knowledge and demand for specialisation, where the organisation’s ability to attract and retain the best human workforce is crucial (Hess, 2017). This is focusing the principal’s interest on the agents and their personalities and profiles (Zogning, 2017) not only for the retention of resources but overall, for the benefit of the organisation’s competitive advantage (Bendickson et al., 2016). The knowledge asymmetry and the availability of specialised but also critical knowledge may present an emerging, potential risk to the principal with an unrealised powershift between the principal and agent (Sharma, 1997; Turner & Muller, 2003), corporation leaders and transformation, but technology experts, too.

7.1.2 Transformation governance

Corporation transformation is a temporary phenomenon necessitating the establishment of the temporary management and governance structures in the organisation. Transformation-associated turbulence in the organisational environment (Shapiro, 2005) places its own demands on the principals’ skills and interest in the leadership in guiding the corporation through it. Leadership style is argued to influence the behaviours of subordinates (agents) in terms of their commitment but also their experience as members of the organisation (Mayer & Schoorman, 1992). The expectations for leadership, ethical business practices, with
transparent communication, were presented not only as cornerstones but as basic elements in the governance of a transformation. Despite the loyalty and commitment presented towards the principal organisations, there were actions taken to exit the agency agreement if the principals’ values towards the other members in the organisations and transformation governance conflicted with the values of the TAs.

Advancing technologies are testing how principals and agents are arranged to operate together and how the arrangement is governed. In parallel to adapting to the requirements of the new technologies in a knowledge-driven society and the value creation process, there is pressure to remain vigilant to the emerging demands and trends in the market. However, results indicated the principals’ shortcomings in actively managing the resident organisation stemming from knowledge, despite the interest in utilising the resources in the most effective and optimal manner in an organisation (Turner & Muller, 2003). While agents’ interests lie in the delivery of the temporary assignment as professionals (Turner & Muller, 2003), the results presented an interest in engaging more actively into joint activities with the principal in an equal manner. Considering the limitations of the principals for their knowledge and experience in specifying an agency agreement, the criteria for agents in terms of their skills and ability to deliver (Shapiro, 2005) offer an opportunity for TAs to showcase their preferred professionalism alongside the principal, if so allowed (Cuevas-Rodriguez et al., 2012).

In order to monitor the progress of the transformation, sets of solid controlling practices are to be defined and established. However, the observed practices indicated the volatility in the management data for its integrity, not only for the human aspect of the process but also the interests in influencing the quality and nature of the data that is to be translated into the progress and success of the transformation undertaking. Dalziel et al. (2011) and Knapp et al. (2011) discuss the principal-originated governance issues, where the dominant principals’ extract value from the other are driven by their own self-interest. Despite the need for the establishment of the control mechanisms for the temporary organisation and joint undertaking in order to mitigate the potential opportunism (Turner & Muller, 2003), the results indicated the presence of paralysing control towards the TAs with the risk of derailing the focus from the actual transformation activities itself. In parallel, those controlling suggested a need to be controlled themselves, for their potentially misbehaving self-interest activities (Shapiro, 1987, 2005).
7.1.3 Network and relationship arrangement

How agents and actors utilise networks and relationships from the perspective of agency and network theories appear to overlap and complement each other in fulfilling the corporation transformation agenda. Corporations are presented as an internal network of multiple agent relations, where agents are reporting to multiple principals in their efforts to manage and control resources for the principals’ profit maximisation (Ambos et al., 2019), and where actors may influence the strategic network development and therefore the strategic decisions of a corporation (Ambos et al., 2019; Freytag et al., 2016).

Networks and relationships were recognised as significant in offering channels for influence despite the hierarchy in the organisation. TAs described the established networks as carrying heavier weight in terms of criticality in actions and support, whereas newly-acquired relationships were involved in lobbying and sponsoring, seeking influence on selected topics. Network theory recognises the complex and long-term relationships to enable companies to cope with the increasing technological dependence on each other (Håkansson & Ford, 2002). However, results indicated risk in established networks and relationships for their association to the knowledge asymmetry and opportunism, and for their strength in the selection and decision-making process of the external agents. The risk was highlighted and seemed particularly unsettling in niche business areas and in markets of limited size, as well as in the principals’ interest in considering a variety of options in transforming the established network of resources and actors.

The role of knowledge in forming and transforming networks was evident, yet exposed a knowledge asymmetry and a balancing act of the authority and power between principal and agent. The volatility for and interest in applying new knowledge between the actors appeared as a hindrance in transformation undertakings, where the difference in roles and interests between the actors prevent the change from materialising, despite the acknowledged need for transforming activities (Freytag et al., 2016). However, holding the specific knowledge appeared as an equalising factor, levelling the actors’ opportunity to influence other actors, allowing them to seek and evaluate new potential ties and collect relevant information about them (Engel et al., 2017, p.39), suggesting the construct of an organisation as a hierarchy obsolete (Ambos et al., 2019; Kostova et al., 2016). Overall, the formal structures and internal networks that the corporations are constructed on were perceived as a hindrance, not only for the leadership and
communication, but also for the active engagement of resources and innovation for the transformation undertaking.

Transformation enables adaptation into new conditions and actors to engage with other strategic business actors (Fonfara et al., 2018). However, disruption of the bonds and activities between the actors were considered unfortunate where the loss of knowledge and experience was perceived as counterproductive in managing the future relations and the transformation of the network. Despite the arguments favouring the re-establishment of the relationships afterwards (Fonfara et al., 2018), the termination of relationships was experienced to cumulate further in the tiers of actors eroding the quality of the network.
8 Conclusions

Chapter eight summarises theoretical contributions to agent and network theories, managerial implications, and conclusions of the research. An evaluation of the research is presented, as well as the limitations to the research along with suggestions for future research avenues.

In the context of the managerial implications, instead of referring the corporation leaders as principals, the term ‘top management’ is utilised.

8.1 Theoretical contribution

The goal of this research was to seek understanding of the behaviours of a defined group of experts that were mandated to carry out specific knowledge-demanding tasks on behalf of the top management of the corporation. The mandate was to transform the corporation in the context of outsourcing and automation and was embedded with uncertainty for the outcome for the corporation but also for the experts in question.

This research advances the understanding of principal and agent relationship when an organisation is experiencing turbulence and is transforming, and of how the agent behaves in carrying out the principal’s delegation of corporation transformation under uncertainty, offering further insights into the principal from the agent perspective.

There are further contributions to how professional actors influence the transformation of the corporation networks and the role of knowledge in transforming corporation networks in a technology-driven knowledge society.

Theoretical contribution (1) is related to the principal problem. Agency theory traditionally considers the agent as an opportunistic entity, seeking own rent and advancement at the cost of the principal (Eisenhardt, 1989; Nilakant & Rao, 1994; Sharma, 1997). However, the principal problem, where the principal seeks to advance their own benefit and profit maximisation over the organisation, is less focused on. This research has indicated principals as entities in seeking to advance own interest and their inclination for immoral actions when the organisational turbulence dilutes the existence of the corporation governance practices (Zardkoohi et al., 2015). Also, the principal’s attitude towards risk indicates behaviours and actions that are morally questionable as a business practice, but as a senior business and strategy leader in an organisation.
Theoretical contribution (2) corresponds to the agent, who is in possession of specific knowledge, that has led to the agency agreement with the principal. The knowledge imbalance between principal and agent is argued to play to the agent’s advantage, getting the principal to trust in agent’s sincerity in acting in the best interests of the principal, or to impose monitoring and controlling practices. That said, this research contributes to the understanding of viewing the agent as a non-opportunistic professional who, instead of seeking their own self-interest, acts as a safeguarder of the organisation’s agenda (Miller & Sardair, 2011), with an interest in utilising opportunistic activities (politics and lobbying) for the benefit of common good instead (Zardkoohi et al., 2015). Additionally, contributing to the understanding of the professional agent that is presenting enhanced tolerance for risk and ambiguity, due to the ownership of a transferable skill that is not linked to a single principal, but being able to explore other opportunities if the values the principal is demonstrating are in conflict with the agent’s values over the course of the corporation transformation.

Theoretical contribution (3) is linked to the role of knowledge in shaping the agency agreement between the principal and the agent. Advancing technologies are enabling a creation of specific knowledge-equipped experts that are released from the traditional contractual relations with the principal, therefore allowing them to act as free agents. As some of the expert professions are more limited in their availability, how to attract and retain within current or in novel agency agreements may challenge the principal to reconsider their approach (Bendickson et al., 2016). Theoretical contribution (4) is related to the formation of networks and relationships when advancing technologies are challenging in terms of how the actors are arranged in the value creation process of a corporation and, in this research, corporation transformation. Pagani & Pardo (2017, p.5) explain further on the transformation, where the purpose of the application of the digital technology is to introduce new bonds between the actors that are entering into the existing network. However, the role of knowledge among actors that are limited in supply, forces the organisations to reconfigure their networks and relationships within, especially when the actors themselves may shirk from the formal relationships and bonds with the formally arranged networks of corporations.

8.2 Managerial implications

This study highlights the managerial implications for management and leaders of companies of various sizes and industries, and is not limited to the ICT industry.
In this research, empirical data was collected through the interviews of the transformation agents in the corporation transformation setting and their perceptions of the phenomenon in the context of outsourcing and automation. The results presented a committed group of professionals that took pride in their role and work, but also recognised the responsibility they have not only for the top management of the corporation, but to the employees within the organisation to deliver the transformation undertaking with high integrity and quality. The TAs’ mandate and their role presented themselves as a balancing act for the top managements’ expectations and the TAs’ pursuance of professionalism in the course of an uncertain undertaking.

Transformation is an opportunity and a positive story if presented as such with integrity. It was suggested that it requires effort from top management to engage and connect with the organisation at the significant moment of make-or-break right from the start. The engagement was described as demanding open, meaningful leadership and communication, explained in the realistic and even blunt manner in which the decision for the transformation was taken and what to expect, allowing the employees to adjust themselves to the situation. Effort as such was perceived as the top management’s commitment and attempt in encouraging the organisation to achieve the highest performance and increasing the chances for the improved success rate of transformation activities, as well as presenting interest in levelling up the objectives of the transformation and considering how success looks like – statement for the organisation.

However, the data indicated the top managements’ variable understanding of the strategic intent and the objectives and targets of the transformation – how does success look like, discounting trust in the management in their ability to lead through the turbulent times of transformation. The purpose of the success statement was to describe in a clear and unifying manner the desired state, enabling the members of the organisation to understand the expectations for their actions and behaviours in achieving the transformation success. The statement was to include a holistic evaluation of the company’s abilities regarding its offerings in the value-creation process, but also the compatibility of its resources, operations, people, knowledge, and expertise if compliant for the purpose. Lastly, explaining and sharing how the delta after desired state and existing corporation resources corresponds to the transformative actions with an outlook on the organisation and company in question, as some of the company’s resources may become subject to re-evaluation of their role and purpose against the desired state. As the processing of the delta may result in turmoil among those affected, the process demands the
utmost respect, and an ethical approach to business and people-managing practices. Also, in parallel, to develop a risk strategy in mitigating risks associated to each success statement area should be adopted. The objective of the proactive risk management is not only anticipating potential internal and external elements disrupting the transformation activities and undertaking, but to keep organization functional and executing the corporation strategy.

Despite the uncertainty and organisational turbulence, the creation of an environment that promotes trust, innovation and commitment was not only recommended, but considered elementary in transformation governance and in leading through the undertaking more rapidly. Turbulence and the pressure of the exceptional situation illustrated the need for a pronounced focus on the meaningful leadership under the uncertainty of new leadership models to be implemented and practiced on a daily basis. Top management’s effort in gaining the attention of employees on an emotional level was considered as a neglected success factor. Outside the transformation, good and bad prevailing leadership practices were repeated during the transformation with limited effort to seek an appropriate situation or novel approaches.

In monitoring and controlling the progress of the transformation, there were various targets and metrics defined which, it was argued, were unrealistic and unreasonable in terms of their design, which pushed for poorly defined cost savings targets and ad hoc results. Instead, there is a demand for indisputable, transparent metrics and measurements, which are non-manipulative in reporting, and are cascaded throughout the transformation-relevant entities and individuals starting from the top management, for the benefit of alignment and avoidance of conflicting goals and agendas. Any interference in the metrics was considered to deteriorate the credibility of the transformation undertaking as a whole. Additionally, there is a need to understand the return on investment (ROI) of the transformation and the top management’s interest and patience to allow the transformation actions to materialise. The expectations for quick results and profit were perceived to be exceedingly strong, contradicting the consideration of the success rate of the transformation of ±25% overall (Jahn et al., 2020)

The corporations’ management were denounced for the lack of innovative thinking in designing the transformation approach. In lieu of this, leaders were considered as a bottleneck with a focus of retaining their achieved status in the company. The lucrative incentive schemes – mostly available to the limited group of management – were argued to distort the transformation undertaking, as they provided a focus of delivering the incentives to the maximum level.
The data indicated a need to discuss and define whether the role performed by transformation professionals is seen as a profession with a domain-specific emphasis, or as a group of transformation generalists and leaders, with a specific mandate that allows them to manage and lead transformation undertakings in full, from start to finish. Despite many decades of experience in working as transformation experts and leaders, TAs referred to the low level of recognition they get for their work despite it being considered as a needs-based role stemming from the organisation’s transformation agenda. Few of the TAs were able to explicitly make a career as a transformation expert acting as an internal or external transformation agent for a corporation. The situation was considered illogical considering the amount of the company transformations taking place and yet to take place. The transformative effect that the advancing technologies have on corporations and how they are to be arranged in the future will require experts not only from the technical field, but also experts who are able to lead and guide others through the process. Leading transformations and working as a TA is an expertise that is gained through years of experience in participating and learning by doing. This expertise is tacit knowledge to the TAs themselves and is not owned by the companies. TAs suggested that the volume of the transformation undertakings would increase in the near future, and their demand in parallel.

It was argued that the utilisation of transformation experts and their knowledge of previous transformations, and the related success and failure stories, required openness from top management to engage in dialogue with the TAs in discussing the best solution for the organisation in question, as well as having the courage to consider inside knowledge and proposals stemming from the organisation, in addition to the large, external transformation consulting companies. TAs suggested that the proposal of an externally recognised transformation expert company would not necessarily offer the best solution for the company in the present situation they are in. Instead, the utilisation of the internal domain-specific experts in evaluating the external proposal may prevent harmful decisions from being made, without the specific knowledge that the top-level management in decision-making may not otherwise have available at that moment.

Overall, the corporation transformation reveals a need for the top management and leaders to re-evaluate the corporation governance in terms of how to transform and adapt to the new situation, during and after the transformation. Also, more focus should be addressed to the leadership and communication in terms of how to build trust in the organisation, as well as how to adapt the governance models that complies with the advancing technologies, in terms of promoting the active
adaptation and learning in the organisation, but also fostering innovation and culture that cultivates innovation in the form of tolerance of errors and acceptance of the amount of time that innovation process may take.

There were further suggestions for the need to assess the organisations’ structures, and how the corporations are arranged in the future considering how the technology changes the work and how and where the work is done and by whom. That is to suggest that instead of considering the hierarchical approach of power structures, to follow the knowledge, how the knowledge and expertise is arranged and is arranging. There were suggestions that future employees should be responsible for various roles and also to be prepared to work as entrepreneurs serving various principals, which is referring back to the ownership of knowledge. This indicates how to secure the knowledge and expertise relevant to an organisation and the company, and how that reflects the networks and relationships established as well as the contractual arrangements.

8.3 Evaluation of the study

Reliability and an ethical approach in any research are inseparable (Tuomi & Sarajärvi, 2018). In analysing the data, the interpretative approach was applied. Within the process of interpretation, the researcher seeks to find the underlying meanings of the data they observe with an intent to produce new information and knowledge (Willig, 2014). The process amplifies the sound ethical practices demanding integrity from the researcher in respecting the original data and the source, but also ethical and scientific research practices.

In this research, the ethical practices followed comply with Creswell’s (2013) approach to ethical issues in qualitative research. Firstly, prior to conducting the interviews, guidance for the ethical and legal questions and approvals that the research may require was sought from my supervisors, but also from the University of Oulu’s legal advisors regarding the procedures and documentation to be used in conducting interviews, which are confidential in nature. In the beginning of the process, the purpose of the study was explained to the participants and how the data would be utilised, as well as how the participants’ identity would protected along with how the information they shared would be anonymised. Due to the sensitive and confidential nature of the research topic, consent to participate was collected in writing, along with a mutual non-disclosure agreement. Lastly, emphasis was given to the participants’ freedom to withdraw from the research and interview process despite the written consent and non-disclosure agreement, without
specifying any reason for the withdrawal, and the fact that their interview data would be deleted in full.

In collecting the data, the physical process of the data collection and processing was explained, as well as the respecting of the participants’ participation as voluntary, therefore not subject to any pressure or deceit in data collection and representation. In cases where the participant did not wish to comment on certain questions or topics, the issue was not pursued further – instead, we moved on to the next topic. At the end of the interview, the participants were reminded of their right to withdraw from the research.

In analysing data, I remained objective and truthful to the data findings, and respectful to the identities of the participants and case information provided, through the use of anonymisation.

In reporting the data, I communicated clearly, without falsification, and disclosing information that could have harmed the participating individuals or the organisations they are linked to. Lastly, published and shared the research with the reference sources used, but was also transparent about the research funding, without risking the integrity of the research and avoiding any biased arguments on the research and research findings.

In evaluating the quality and reliability aspect of this research, Savin-Baden and Major’s (2013) approach to critical questions is applied. The three questions are How do you view it? How will you (and others) know if you have accomplished it? and What strategies will you use to ensure it? In the evaluation of the quality of the research, a set of core quality aspects are considered which are authenticity, relevance and plausibility. From the authenticity perspective, the reality is constructed by several independent entities though various experiences and social interactions. Relevance, where the context of the research and realities, stories as social events and/or social functions, are aligned (Esin et al., 2014). The effort to verify the quality of the research if accomplished is not a straightforward, mechanical process, as there is a debate on what quality is within qualitative research. The documentation is perceived as an approach of written evidence that offers an opportunity to demonstrate the quality of the research (Savin-Baden & Major, 2013). Validity is argued to exist as a standard approach in showcasing the quality of the research, along with reliability. The validity is described as an effort to design an experiment in a manner that measures the subject variables, whereas the reliability of the variables are measured when repeated. Further measures for the quality are described as honesty and integrity. Honesty refers to the acknowledgement but also the acceptance of honesty being defined by the people
In collecting the data, the physical process of the data collection and processing was explained, as well as the respecting of the participants’ participation as voluntary, therefore not subject to any pressure or deceit in data collection and representation. In cases where the participant did not wish to comment on certain questions or topics, the issue was not pursued further – instead, we moved on to the next topic. At the end of the interview, the participants were reminded of their right to withdraw from the research.

In analysing data, I remained objective and truthful to the data findings, and respectful to the identities of the participants and case information provided, through the use of anonymisation. In reporting the data, I communicated clearly, without falsification, and disclosing information that could have harmed the participating individuals or the organisations they are linked to. Lastly, published and shared the research with the reference sources used, but was also transparent about the research funding, without risking the integrity of the research and avoiding any biased arguments on the research and research findings.

In evaluating the quality and reliability aspect of this research, Savin-Baden and Major’s (2013) approach to critical questions is applied. The three questions are How do you view it? How will you (and others) know if you have accomplished it? and What strategies will you use to ensure it? In the evaluation of the quality of the research, a set of core quality aspects are considered which are authenticity, relevance and plausibility. From the authenticity perspective, the reality is constructed by several independent entities though various experiences and social interactions. Relevance, where the context of the research and realities, stories as social events and/or social functions, are aligned (Esin et al., 2014). The effort to verify the quality of the research if accomplished is not a straightforward, mechanical process, as there is a debate on what quality is within qualitative research. The documentation is perceived as an approach of written evidence that offers an opportunity to demonstrate the quality of the research (Savin-Baden & Major, 2013). Validity is argued to exist as a standard approach in showcasing the quality of the research, along with reliability. The validity is described as an effort to design an experiment in a manner that measures the subject variables, whereas the reliability of the variables are measured when repeated. Further measures for the quality are described as honesty and integrity. Honesty refers to the acknowledgement but also the acceptance of honesty being defined by the people and the contexts, suggesting the researcher has a clear mind distinct from their own views in evaluating and interpreting the data, whereas integrity is the researcher’s
right-mindedness in addressing the interpretations with solid reasoning based on the data that is accordingly documented (Savin-Baden & Major, 2013). In this research, the researcher’s honesty and integrity are demonstrated in the course of the actual work by making an effort to present the researched phenomenon as it is without the alteration of the reality discovered or shared by the individuals participating in the research, as well as sharing openly what the research is and what it is not and what it means for the experts to join or exit from the research.

The strategy, ensuring the quality within the end-to-end research process, considers the methodological coherence, experience over time, and audit trail. In the research techniques, there is consistency in the research question and methods, but also in the data and analytics process that is explained in the chapter on research methods. In the case of the experience of the research topic, the researcher has many years of person experience of the research phenomenon, offering an insight into the subject in an enhanced manner compared to the traditional due diligence. Lastly, maintaining the audit trail and the description of the end-to-end research process, with storing and record keeping on the research relevant notes, over all research design and methods, data collection with design, informants, raw data, and any documentation related to analysis, interpretation, and final stages of the research findings and conclusions. The audit trail may prove its relevance in tracing back on information, but also a chain of events related to the research process with indications on the timelines associated (Savin-Baden & Major, 2013).

8.4 Limitations and avenues for future research

There are limitations in this study, which lead to the suggestion of opportunities for the future research in the area of the company transformations prompted by the advancing technologies and ramifications that the phenomenon has for the networks of actors and activities that are arranged around the value production process.

First, The World Economic Forum (2020) report on the future of work indicated that 43% of businesses are reducing their workforce and 41% are expanding the utilisation of contractors in their efforts to adapt to advancing technologies. Despite the interest in re-educating the workforce to comply with the new work expectations, there will be some groups of employees that will be extracted outside of the economic equilibrium, forcing them to rediscover themselves. Therefore, the nature of the impact and the work impacted, how the work is arranged along with the employment relations and contracts, especially in
the area of specific knowledge and expertise, has been referred to in the research, yet not explicitly addressed.

Secondly, the change in work structures and careers have an impact on leadership models, how to lead people in times of turbulence and create meaningful career projections for the workforce in an era of uncertainty. Considering the discussions on the change of work, change of employment and career, the aspects of leadership and how to develop leadership models and skills were observed as limitations.

Third, there is the consideration of the collection of empirical data. The data collection approach was designed and executed with a consideration of a diverse base of expert interviews in a number of geographic locations, reflecting the corporate structures. A case study in one or more companies may have offered further in-depth opportunities to analyse the impact of the transformation in actual outsourcing and automation cases. The chosen approach presents further limitations in evaluating the actors in a single network, opposing the number of different networks applied in this research.

In addition to the limitations of this study, there are further research avenues that are prompted from the empirical data analysis.

One is the reward and incentive system, and to what extent management rewards are actually encouraging and rewarding the top management’s risk-taking that benefits the corporation transformation, and the overall agenda. Is the reward system turning the top management’s agenda toxic by increasing opportunism, at the cost of the organisation and the strategic intent of a corporation? Eisenhardt (1988) argues for the monitoring and controlling of agents’ behaviours, to design a routine job where behaviours are easily observable or measurable based on the outputs produced. However, work is projected to change along with advancing technologies, and the applicability of behaviour and outputs-based control on agents’ activities and actions may create variations that are subject to reconsideration. How and if the technological advancement has an impact on principal-agent relations is reflected in the current understanding of agency theory.

Corporation transformation is a heavy undertaking, presenting a challenge on how to measure and control the outcome as a whole, how to define ROI for the transformation. Also, how to demonstrate the benefit or the madness of the undertaking in a more structured manner and enable strategic management to form a more objective view and understanding of what lies ahead, prior to embarking on the transformation journey.
List of references


135


143


The Economist, (2013). Welcome home: The outsourcing of jobs to faraway places is on the wane. But this will not solve the West’s employment woes. Retrieved from https://www.economist.com/leaders/2013/01/19/welcome-home


Appendices

Appendix 1. Key concepts of the study.
Appendix 2. Personal, inductive research process described.
Appendix 3. Interview structure.
Appendix 1. Key concepts of the study

Automation
‘Automation starts with a baseline of what people do in a given job and subtracts from that.’ Deploying computers to the tasks of humans as the codifying of these tasks is progressing (Davenport & Kirby, 2015, p. 60). Automation technology is continuously transformational as it ‘advances constantly and changes the story of the work – who works and how people will work’ (Hess, 2017, p. 1.). Digital transformation strategies are important, as they ‘reflect the pervasiveness of changes induced by digital technologies throughout an organization’ (Charias & Hess, 2016).

Within this research, automation is utilised as a generalised description covering the concepts of AI – artificial intelligence, a new set of technologies that perform tasks that require human intelligence (Bothun & Lancefield, 2017); cloud robot, automation systems; any robot or automation system that relies on either data or code from a network to support its operation; IOT – Internet of Things – how RFID and inexpensive processors could be incorporated into a variety of robots and physical objects to allow them to communicate and share information; Industry 4.0 – 4th industrial revolution; Big Data – Data that exceeds the processing capacity of conventional database systems (Kehoe et al., 2015, p. 398-400).

Outsourcing
Outsourcing is ‘the make or buy decision; a way for an organization to reduce cost and investment, while focusing what they do well’ (Ellram et al., 2008, p. 2); ‘a practice of operations shifting a transaction previously governed internally to an external supplier through a long-term contract’ (Quelin & Duhamel, 2003, p. 648); An undertaking where ‘A firm converts an internal function to a service produced from an outside party’ (Amaral et al., 2006, p. 222).

Outsourcing is considered an activity where a company (principal) seeks to predict and align its strategic direction to the external market forces by transferring selected internal functions partially or in full to an external supplier (agent), with an agenda to increase the focus of its core activities and refocus the value creating efforts. Offshoring on the other hand is presented as a form of rearranging firms’ operations with a geographic dimension by relocating firms’ activities from a home nation to a foreign nation (Contractor et al., 2010; Schmeisser, 2013).
In this research, outsourcing is being referred to in a similar context to offshoring – with an idea of dissolving an operation or functionality of a company by transferring this activity to a near market or overseas to a low-cost location. Backsourcing, backshoring (Figure 2), is described as bringing back “once offshored manufacturing capabilities”, “transfer of production capabilities from foreign countries back to home country” (Kinkel, 2012, p. 697, 698).

Network
Business networks are described as connected exchange relationships where the members of the networks influence one another. The connections and relationships within the networks are argued to imply ‘an idea of business exchange occurring in and across space and through time’ (Törnroos et al., 2017, p. 11). Möller and Halinen (1999, p. 417) argue on the “net management capability” referring to the ‘firm’s capability to mobilize and coordinate the resources and activities of other actors in the creation of the value creating nets’ within the networks. Within the industrial network model there are “three key constructs of actors, resources and activities where actors do not have to be firms, they can be any type of organisation or even individual” (Möller & Halinen, 1999, p. 416). The actors within the network create activity links, resource ties and social bonds between other actors, act, strategise and invest for establishing an economic position not only for themselves but to the (organisation) network they represent within the economic process and networks they are or wish to be a member of (Törnroos et al., 2017).

Within this research the networks considered represent the construct of a corporation’s internal networks, relationships and actors within, who are operating in the economic and value-creating process involving change and transformation of the corporation’s network internally and externally.

Corporation
In a corporation, ownership and control are separate (Jensen & Meckling, 1976; Fama & Jensen, 1983). A corporation is described as “a set of contracts among factors of production, with each factor motived by self-interest” (Fama, 1980, p.289); the existence of which is explained by the “divisible residual claims on the assets and cash flows of the organisation which can generally be sold without permission of the other contracting individuals” (Jensen & Meckling, 1976, p. 9). Corporations are considered ‘complex structures and processes, scoring low in direction setting, coordination and control, innovation and external orientation’
156

(Aghina et al., 2014, p. 6). The purpose of the corporations is to produce value with their long-term interconnected organisations and arrangements (Slack & Lewis, 2008; Ritter & Gemunden, 2003). Some modern corporations have emerged with their sheer size and monetary power to a scale where they can challenge independent nations and their governments (Rothkopf, 2012) if desired.

Corporations own and control units in domestic and foreign locations producing value activities between the entities (Dunning, 2001; Dicken, 2003; Ghoshal & Bartlett, 1990). The corporation governance structure defines how the relationship between the headquarters and regions (regions are different in size of geographical areas, groups of countries) or subsidiaries operate together and how tight the relationship is (Henley Business Review 2013; Aghina et al., 2014). The governance model defines the level of rigour and the headquarters’ wishes to control and implement chosen procedures, e.g. financial targets and strategic objectives. The corporation’s organisation structures, the relationships between the layers of management, employees, and different functions are forming corporate networks, principal – agent relationships, which are needed for a corporate to function. Externally, there is a wider range of contracted alliances varying from upstream towards suppliers and downstream to customers for various purposes, too.

**Top management - Business manager**

A business manager is a representative of a corporation overseeing the “multifunctioning business and operations; managing the company in line with the shareholders’ wishes” (Bender, 2004, p. 522); a professional manager who is vested by the shareholders of the corporation to control the (corporation’s) assets (Moldoveanu & Martin, 2001, p. 2). The business manager represents the group of management that defines the corporation strategy, therefore overseeing the execution of the strategy implementation and fruitfulness of it by taking corrective actions. Business managers’ responsibilities are to ensure the value creation towards its shareholders as well as proving the relevance of the chosen strategy in the form of value creation and contracted business exchanges with external stakeholders; “a firm’s very existence depending on the managers’ perception on what is to be produced internally, what is to be acquired from the external market and the organisational competencies required to support the required transformation” (Choudhuri et al., 2009, p. 507).

In the context of the research, business managers represent the management layer responsible for the strategy definition of a corporation and overseeing the
fulfilment of this strategy, and are extracted from the day-to-day operations of transformation activities, and are referred to as top management.

Transformation
Transformation is described by Anthony (2016) as “doing something completely differently and in a good way” in terms of the operational side of a company. Whereas Warui et al., (2015, p. 193) elaborate the concept more broadly as a process of redesigning, where an organisation develops and implements changes or programmes ensuring the organisations’ ability to respond strategically to the new demands and needs of a market. However, in the light of “digital disruption” Hess (2017) presents a wider view of transformation; ‘embracing new ways of working, new structures and mindsets, new behaviours, new ways of making decisions and faster data – driven adaptation, innovation and resilience’. The concept of time and speed within transformation is crucial (Hess, 2017) having links to the speed of technology advancement, too. In addressing the digital transformation, Solis (2017) defines the effort as “the realignment of, or new investment in, technology, business models, and processes to drive new value for customers and employees and more effectively compete in an ever-changing digital economy”.

In the sportswear industry, Nike has been able to develop a sports shoe that has 80% less components compared to traditional ones through automation. This has enabled the reduction of production costs and waste. Manufacturing is no longer location-bound when increasingly, the production process can be robotised and relocate closer to the actual retail markets. As a result, a new threat to traditional footwear industry countries in Asia and Latin America (Thomasson, 2015) has emerged.

Principal and Agent
Principals and agents appear in agency theory structure as those ‘who are engaged in cooperative behaviour yet [have] differing goals and attitudes towards risk’ (Eisenhardt, 1989, p. 59). In the context of this research, in the agency relationship, a principal (a corporation) contracts and engages with an agent, an external contracted supplier for a specific service or activity, or an employee through an employment contract, to perform selected activity, involving delegation of some decision-making authority, on the principal’s behalf.

A principal can limit divergences from their interest by establishing appropriate incentives and by incurring monitoring costs designed to limit and control the aberrant activities of the agent (Jensen & Meckling, 1976); the principal hires or
retains an agent due to the specific talents, knowledge and capabilities that benefit the increase the value of an asset (Moldoveanu & Martin, 2001, p. 5; Serrat, 2017). An agent is “an entity that has a lower opportunity cost of time of effort” (Hamman et al., 2010, p. 1826) that enters into a contractual relationship with a principal to carry out activities on behalf of the principal against an agreed compensation.
Appendix 2. Personal, inductive research process described.
<table>
<thead>
<tr>
<th>Main Category</th>
<th>Themes</th>
<th>Sub Themes</th>
<th>Theory Linkage</th>
<th>Question</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting the scene</td>
<td>1 Introduction</td>
<td>Key definitions</td>
<td>Review of the terminology used within the literature for agent/principal/dual role/metamorphosis/transformation/renaming/automation</td>
<td>Would you please state your name? What is the field/dual role of your expertise?</td>
<td>Purpose of the first question is to warm up and collect the basic information on the interviewee's professional role/field/dual role within the transformation understanding. Also, to collect information on the level of experience on renaming/automating. Also, to ensure the common understanding of the terminology.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overall introduction, Field of expertise, Industry, Transformation Experience (Date, Initiator)</td>
<td></td>
<td>How would you define your security role currently and what is being involved in the transformation understanding of renaming/automating?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Metamorphosis</td>
<td>Transformation</td>
<td>Overall thoughts on the phenomenon</td>
<td>What thought the transformation means in you, specifically the concepts of renaming and automating? Why?</td>
<td>A warm up question, as we are going to get an overall idea on the time and possible direction, level of the discussion.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Considering your experience on transformation, and how these are being carried out, how you value and action into the organisation?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Transformation in action</td>
<td>The Shift &amp; Knowledge in action</td>
<td>Knowledge萃取</td>
<td>What observations you have on the triggers for the transformation?</td>
<td>Triggering event: Influence of internal &amp; external forces</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strategic information holder, Decision making authority</td>
<td>What was the role of experience and knowledge in the overall transformation, considering the decisions, how it was carried out, management, utilisation of internal/external knowledge?</td>
<td>Purpose is to understand the role of internal/external knowledge over time. What was the knowledge utilised in the process of transformation and its end. More over, which actions influenced the most in terms of knowledge.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strategic information holder, Importer information holder, Knowledge-based authority to influence, Decision making authority</td>
<td>In what extent do you think various aspects are being considered prior taking the decision on carrying forward the chosen transformation path?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dual role, Differing attitudes towards the transformation</td>
<td>What was the role of internal/external agents during the transformation?</td>
<td>Commitment: Professionalism – politics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dual role, Differing attitudes towards the transformation</td>
<td>How would you describe the management of the transformation compared to ‘normal’ situations?</td>
<td>Idea is to understand overall if the exception situation and management under uncertainty influenced on the behaviour of the management or the employee, themselves. Furthermore, how was it to work/cope under the circumstances as an agent, dual role holder.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>4 People</td>
<td>Behaviors</td>
<td>Transformations also about change and uncertainty. How the uncertainty impacts on the management/employee behaviors, relation/commitment to work based on your observations?</td>
<td>How uncertainty, exceptional situation impact to people, reactions, cause change in behavior</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Differing attitudes towards risk, Temporary nature of agency</td>
<td>What is the role of urgency in transformation? How does it show?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Profit maximisation, self interest</td>
<td>What is the role of politics, opportunism, risk aversion, or professionalism as a whole?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dual role, profit maximiser</td>
<td>What is your observation on the individuals holding a dual role and their role/participation in the transformation?</td>
<td>Interest/opportunities-risk aversion/different attitudes towards risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Participation in the transformation or not?</td>
<td>How valid the dual role holder position and what was their role in the transformation or not?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Temporary nature of agency, profit maximisation, self interest</td>
<td>Have you experienced something more than one company transformation. How were those people different from the ones experiencing for the first time, considering their commitment to work, self-preservation?</td>
<td>Impact of the commitment and behavior: one vs several</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Incentives</td>
<td>What role does the incentive/rewards play in influencing the transformation?</td>
<td>Extra monitoring/control/standard to fit?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rewards</td>
<td>In what extend the rewards changed the behaviors of people?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rewards</td>
<td>How much the interest of own benefit drove the transformation?</td>
<td></td>
</tr>
</tbody>
</table>

Figure 12. Interview theme structure with questions (1/2)
<table>
<thead>
<tr>
<th>Main Category</th>
<th>Themes</th>
<th>Sub Themes</th>
<th>Theory Linkage</th>
<th>Questions</th>
<th>Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationships</strong></td>
<td>5</td>
<td>The role and strength of relationships</td>
<td>Dual role, profit maximiser, self-interest</td>
<td>Corporation, firms are being described as a set of relationships and agreements, internally and externally. In what extent, you have observed how these relationships impact on, driving the transformation overall?</td>
<td>Strategic information holder vs. knowledge symmetry</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Principal problem, Agency problem, dual role</td>
<td>Within the snail's pace management, there can be a strong opposition or the CEO, that can present an agenda over the others, yet, no one objecting for the fear of being unseated, therefore staying silent despite the disagreement on the agenda. In what extent this is relevant during the transformation undertaken? How common is this, if any?</td>
<td>Pursuing for personal power. Superiority of knowledge / experience on the transformation over the others.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>profit maximiser, self interest</td>
<td>Who are the men making the decisions on the changes list within the network?</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation Impact</strong></td>
<td>6</td>
<td>Aftermath</td>
<td>What's next?</td>
<td>Agency problem</td>
<td>How remarkable do you see the value linkage being within the transformation efforts (contribution)? In what extent is a risk a just part of the road? People, Loss of network, Relationships, Knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Risk</td>
<td>In what extent you think that transformation begins to possible to achieve, in some organizations have turned the transformation efforts to be more of a norm rather than an exception?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Superior information holder, knowledge based asymmetry to influence</td>
<td>According to one research in the middle management and employees should be allowed to be more involved in the decision making and therefore create more commitments to the organization, especially during the time of uncertainty. What are your thoughts on this?</td>
</tr>
<tr>
<td><strong>Personal story</strong></td>
<td>7</td>
<td>You</td>
<td>Your role</td>
<td>Temporary Nature of agency</td>
<td>How was your role during the transformation different from the others? The broad questions opportunity, risk aversion, professionalism, commitment, delivering the agenda that impacted other people?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Knowledge based Asymmetry to influence</td>
<td>Considering if what we have discussed and your past experiences, what should be changed or relaxed having the future transformation efforts in mind?</td>
</tr>
</tbody>
</table>

Figure 12. Interview theme structure with questions (2/2)
109. Brahman, Paskaran (2019) Cultural practices in the project based construction companies: its impact on information system implementation
111. Torvinen, Hannu (2019) It takes three to tango: end-user engagement in innovative public procurement
112. Xu, Yueqiang (2019) Open business models for future smart energy: a value perspective
113. Salehi, Hamed (2020) The use of ETFs and protective option strategies by delegated asset managers
114. Hatami, Akram (2020) Keep Others in mind: a way to proceed with ethical decisions under uncertainty
115. Pohjoiseno, Timo (2020) Value co-creation in health care logistics services
116. Gomes, Julius Francis (2020) Exploring connected health business ecosystems through business models
118. Heikka, Eija-Liisa (2021) Communicating value in knowledge-intensive business relationships
120. Teirilä, Juha (2021) Studies on integrating solar and wind power into electricity markets
121. Beyer, Bianca (2021) Executive compensation and corporate insiders' personal traits

Book orders:
Virtual book store
http://verkkokauppa.juvenesprint.fi
Sari Sarome-Nykänen

CORPORATION TRANSFORMATION THROUGH NETWORK CHANGING AGENTS IN THE CONTEXT OF OUTSOURCING AND AUTOMATION