

## **Masking, claiming and preventing innovation in Cross-border B2B relationships: Neo-colonial frameworks of power in global IT industry**

### **Abstract**

This paper analyzes the role of innovation in cross-border business-to-business (B2B) relationships within the born-global information technology (IT) industry to unmask the assertion that some nations, such as India, are simply ‘less innovative’ than others. We reveal a dark side in B2B relationships that masks, claims and prevents innovation. The dark side in innovation in the Indian IT industry is often manifested via three mechanisms of power; namely, a) masking the true ownership of innovation, b) preventing innovation by dominant organizational structures in multinational enterprises (MNEs), and, c) finally, the institutionalization of these practices in MNEs. We show when and how the dark side effects in (dis-) innovation are institutionalized in the business system itself through neo-colonial influences and trace power imbalances across multiple interfaces, such as headquarters – subsidiary or service provider – client. We discuss the theoretical contributions and managerial implications of our findings.

**Keywords:** culture; dark-side; innovation; neo-colonial; masking; preventing

## 1. Introduction

With an increase in business-to-business (B2B) offshore outsourcing, several emerging market economies are now transitioning from receiving low-end/low-value transactional work through to high-end and high-value work, including the setting up of the world's largest global innovation hubs outside of the Anglo-Saxon and Western nations in emerging market nations (McKinsey, 2011; Un & Rodríguez, 2018). However, despite the emergence of regional innovation systems and global innovation hubs in emerging markets (Lazzeretti & Capone, 2016; Malik, Sharma, Pereira, & Temouri, 2020a), innovation has a dark side that multinational corporations (MNCs) often exploit. For example, a study of clinical trials shows that institutional diversity blocks knowledge sharing that in turn hampers innovative activity (Brunetta, Marchegiani, & Peruffo, 2019) while others highlight challenges in ensuring support and cooperation between different stakeholders, including government, industry and universities (Burgos-Mascarell, Ribeiro-Soriano, & Martínez-López, 2016).

While the above development is a reflection of the innovative capabilities of emerging market nations, the dark side of innovation has been a systemic issue that is widespread globally, wherein individuals, firms and institutions, by deploying a range of social, coercive, institutional and structural mechanisms, seek to gain credit for innovations that should be credited to someone else (Burrell, 2015; Glusac, 2020; Sherman, 2015). There is evidence, for example, of women who were prevented from rightfully claiming their inventor status for several inventions ranging from the popular game Monopoly, through researching on the 'dark matter' to even receiving a Nobel Prize (Glusac, 2020). While such historical issues that have left people bereft of their deserved recognitions should have gradually disappeared from civil society, there is evidence still of ongoing social engineering mechanisms, such as class, status, culture, gender and language, for framing and claiming innovations.

Despite the challenging nature of work in the global informational technology (IT) industry, which involves undertaking high-end knowledge work by software engineers and IT professionals, and often leading to numerous types of innovations (e.g., product, process and business model innovation, the identity of the creators of such innovations in both the developed and emerging markets is often masked under the larger umbrella of the employing MNEs, or what is also referred to by some as ‘invisible’ innovations (Kumar & Puranam, 2012). Further, given that the nature of offshoring involves B2B relationships between the client and service provider or between the parent firm and the subsidiary operation, there is a disproportionate power imbalance between the client and the service provider or between the parent and subsidiary operation. Hence, it is not surprising to see emerging research on the dark side of innovation and creativity, on users, teams and market intermediaries despite the role of innovation as a driver for business growth (González-Romá & Hernández, 2016; Noordhoff, Kyriakopoulos, Moorman, Pauwels, & Dellaert, 2011).

As a result, the dark side in B2B relationships has emerged and is often manifested in different forms. The real contributors and talents involved, such as the invisible innovation champions or champions of innovation, in the development or co-development of innovations are often subsumed under the larger MNE and work that they undertake for clients globally (Kumar & Puranam, 2012). In some extreme cases, even in end-to-end new product innovations, employees from the emerging markets do not get acknowledged as innovators (Kumar & Puranam, 2012). Furthermore, with increasing competition for offshoring of high-end technology services, emerging market service providers are being forced and exploited by clients from Western/Anglo-Saxon nations to deliver new ideas, processes and productivity improvements as part of the service contracts (Nath, 2011; Taylor, D’Cruz, Noronha, & Scholarios, 2014). This incessant pressure is often also associated with declining billing rates for service providers, shorter contract terms and an ongoing pressure to

deliver more with less, which also shifts the focus away from the innovative capabilities and outcomes of these outsourced teams in the emerging markets (Bathini & Kandathil, 2019; Taylor et al., 2014).

Interestingly, this new dynamic has also led to a duality of outcomes of the dark side of B2B relationships, wherein, on the one hand, the service providers are faced with a number of adverse outcomes, such as work intensification and unethical people management practices, on the other hand, this pressure has led to the creation of several of new process and product innovations, all of which end up in the clients' kitty, with no reference to who created these innovations. These innovations are often glossed over with the much-disputed argument (e.g., Kumar & Puranam, 2012; Malik, 2009) that some nations, such as India, are simply 'less innovative' than others, possibly due to their different 'culture'. Krishnan (2010) argues that a lack of a proper ecosystem to support innovation, and the excessive reliance on creative improvisation (referred to as 'jugaad'), has prevented the adoption of systematic innovation, which is essential for successful innovation. Thus, firms in BRIC (Brazil, Russia, India, and China) primarily focus on incremental rather than radical innovation.

Still, others use the term 'frugal innovation' to describe the systems and processes used by organizations in emerging economies to develop low-cost products and services suitable for their markets (Prahalad & Lieberthal, 2003; Weyrauch & Herstatt, 2017) and show that even MNEs, such as Bosch and 3M are using "frugal innovation to develop products that are high in technology but low in terms of cost to meet the requirements of the market conditions in India, and similar low-income economies" (Ojha, 2014, p.4). Others highlight the importance of India's efforts to develop frugal innovation as an "area of potential learning for Europe" (Pisoni, Michelini, & Martignoni, 2018), potential of frugal innovation to enable more sustainable development (Rosca, Reedy, & Bendul, 2018) and foster innovations in client organizations with outsourcing of IT services (Susarla & Mukhopadhyay, 2019).

In this paper, we extend this growing body of research on the unique nature of innovation by firms in the emerging markets and the factors that promote or inhibit this by identifying the dark side in B2B relationships via three mechanisms of power that drive innovation in the Indian IT industry; namely, a) innovation is happening, but its true ownership is masked (the Western headquarters or clients claiming innovation for themselves), b) innovation is prevented by dominant organizational structures and rules of practice in MNEs, and c) if such practices become embedded in the system, (non-) innovation is institutionalized over a period of time. We also show when and how the dark side effects in (dis-) innovation are institutionalized in the business system's broader frameworks. We understand these aspects of the global IT industry as neo-colonial and trace power imbalances across multiple interfaces such as headquarters – subsidiary or service provider – client. We understand these interfaces as different cultural interfaces influenced by power and cultural aspects, thereby moving beyond the simplistic national cultural argument of 'Indians being less innovative'.

We begin this paper with a discussion on the theoretical background of innovation in international multinational enterprises (MNEs), with a particular focus on the offshore outsourcing context, which presents a fertile setting for examining the neo-colonial discourse on product, process and business model innovations. Next, we review the neo-colonial discourse in IT and BPO industry with a specific reference to the dark side of innovation in the Global IT industry. Next, we describe our research methodology consisting of 14 cases from the Indian IT industry, followed by our data analysis and results, which show evidence of a systemic neo-colonial and power-based framing by the multinational clients that prevent the claiming of innovations by Indian IT services providers. Finally, we discuss our findings' theoretical contribution and managerial implications, with the limitations of our study and some useful directions for future research.

## **2. Theoretical background and conceptual development**

### *2.1. Innovation in international Global Value Chains (GVCs)*

Contextual challenges of global supply chain MNEs point to several challenges in managing their subsidiary operations or dealing with other B2B firms. Some of these tensions translate into barriers and excesses experienced by the MNE's subsidiaries from the headquarters. Kannothra, Manning and Haigh (2018) highlight the tensions in hybrid firms in global supply chains to balance community-focused growth with client-focused growth. While community-focused growth goes through a slower path, client-focused growth commands a faster trajectory, thereby accentuating the tensions in hybrid firms. This research further found that clients' nature and location, managerial endowments, and an entrepreneurial mindset can be critical barriers or enablers for resolving the tension. Pouder and John (1996) also identify hot spots and blind spots in firms' geographical clusters pursuing growth and innovation. They argue the initial growth of hotspots of clusters of firms and innovation plateaus due to a range of factors, such as institutional isomorphism, cognitive bias and homogeneity of managerial mental models, thus creating blind spots and affecting growth and innovation outcomes. Brunetta et al. (2019), in a study of clinical trials over five years, found that institutional diversity blocks knowledge sharing, which then adversely affects innovative activity.

While there is emerging evidence of the role of the triple and quadruple helix in supporting regional innovation systems and global innovation hubs (Lazzeretti & Capone, 2016; Malik et al., 2020a), eliciting support and cooperation between different stakeholder factions (university, government and industry) is challenging (Burgos-Mascarell et al., 2016). A recent account highlights the tensions and paradoxes MNEs face concerning headquarter-subsidary (HQ-SUB) relationships, Ambos, Fuchs and Zimmermann's (2020) study of Latin-American dual-purpose organizations found broadly tensions manifest in two forms:

*coordination* and *strategy* tensions. While the latter occurs due to balancing the dual logic of economic versus social logic, the former results firstly due to differences in the value the HQ adds and the subsidiary's perceived economic burden. Second, there is an ongoing tension between standardization and adaptation between the HQ-SUB relationships. Finally, tensions may arise due to the differences in regional synergies and local operations. This last point is critical as a power play by the HQ becomes evident in lack of support and neglect for supporting locally driven innovations by the subsidiary. Bolzani, Marabello and Honig (2020) also highlight the importance of the role of leaders, local workers and migrants to effectively deal with contextual embeddedness and in balancing the tensions to gain legitimacy in the case of transnational hybrid enterprises.

In a similar vein, Huybrechts and Haugh (2018) note the importance of firm's inter and intra-organizational networks to balance the tensions between innovations and field level stability in hybrid organizations. Chandra (2017) highlights the importance of a temporal evaluation of international entrepreneurial opportunities, highlighting the role of time in evaluating international entrepreneurial opportunities. Undertaking interviews of 15 entrepreneurs from Australia, Chandra (2017) identifies three rules: *simple*, *revised* and *complex* that unfold at different times of an entrepreneur's journey. There is a constant negotiation with different contextual factors. While the above account highlights that weak institutional, structural, cognitive and lack of resource endowments harm innovation in MNEs' subsidiary and networks, the following section dwells upon this phenomenon in greater depth in the offshore outsourcing IT services industry.

## 2.2. *Offshore outsourcing of IT services*

Over the last few decades, offshore outsourcing has become a predominant mode of organizing and acquiring IT services. Hence it is not surprising to see the global market for IT, and business process management was estimated to be at US\$ 1.4 trillion (NASSCOM,

2020), with global IT outsourcing alone to be more than \$300 billion (Chang, Gurbaxani, & Ravindran, 2017) for 2018. Indian IT industry's revenue alone is estimated at US\$ 177 billion (NASSCOM, 2020) in 2019. Offshore outsourcing of IT services to external providers has become popular because MNCs not only see its economic benefits but also as a means to foster innovations in their client organizations (Susarla & Mukhopadhyay, 2019).

In this context, the firm's knowledge-based view shows that external knowledge sources and IT for knowledge absorption jointly influence process innovation performance (Grant, 2016 a; von Krogh, Wallin, & Woerter, 2017). Grant's (2016 a, b) seminal work on a knowledge-based view of the firm highlights the importance of integrating common and specialist knowledge to an organization's production function (Grant, 2016b) for delivering a range of business and innovation outcomes. This work was extended further in examining how firms in the Indian IT industry integrate common and specialist knowledge for delivering innovative outcomes (Malik & Nilakant, 2016; Malik, Froese, & Sharma, 2020b). However, others show that offshore outsourcing has the dark side in the B2B relationships since it is fraught with risks such as contractual disputes and dysfunctional outsourcing relationships, which may be particularly severe in the case of sharing of intellectual property rights in software development outsourcing due to opportunism and underinvestment problems (Chen, Bharadwaj, & Goh, 2017). Moreover, as firms source more complex and strategic IT projects that are harder to codify to a low-cost offshore location, achieving the collaboration needed to complete these projects successfully becomes very difficult because of the complexity of the context and the multiple overlapping organizational and national boundaries that separate the participants (Levina & Vaast, 2008). These boundaries also lead to a pronounced imbalance of resources among onshore and offshore contributors, which results in status differences that could further inhibit collaboration and innovation (Levina & Vaast, 2008). In this context, it would be helpful to explore the dark side's phenomenon in



innovation by offshore outsourced partners as this is an area that has received relatively less attention from researchers in the past.

### *2.3. Neo-colonialism in offshore BPO and global IT*

As Jack and Westwood (2009, p.3) observe, colonialism has created “Western and Eurocentric discourses (knowledge systems and associated institutional practices)” in international and cross-cultural management (CCM), and both disciplines might be therefore considered “a contemporary form of cultural imperialism” (ibid.). Thus, a CCM context can be defined as neo-colonial (or ‘newly-colonial’) if one observes discourses, structures, and practices similar to those that characterize colonialism (e.g. Banerjee and Prasad, 2008). These need not necessarily be linked to an actual colonial past (de L’Estoile, 2008). For instance, Germany was never a colonizing nation, but, still, one finds neo-colonial elements in German MNCs offshoring and outsourcing to India (Mahadevan, 2017). Furthermore, it seems that some industries, such as global IT and Business Process Outsourcing (BPO), might be particularly prone to neo-colonial structures, discourses and practices (Ravishankar, Cohen, & El-Sawad, 2010). Root causes identified are the nature of the business structure, which involves a mono-directional flow of knowledge from the centre to the periphery, which is accompanied by headquarters-subsidary or customer-provider hierarchies. Therefore, it seems relevant for a critical CCM to investigate the patterns of how the dark side of power and language discourses (Beeler & Lecomte, 2017) as related to such neo-colonial aspects of BPO and global IT present themselves.

### *2.4. The dark side of innovation in Indian IT industry*

Using examples from several product and process innovations from the Indian IT industry, we can argue for making a case for restoring the lost identities and voices of the hidden champions and finding ways of bringing practices on the part of the clients who have

been putting undue pressure on several offshoring service providers. We understand the conditions mentioned above as neo-colonial and highlight how power imbalances and language framing in multiple interactions mask the true ‘ownership’ of innovation. These neo-colonial frameworks involve the cultural categories to which ‘innovation’ or the (dis-)ability to ‘be innovative’ is ascribed. For instance, a lack of innovative thinking or capability to be innovative is often categorically ascribed to the nature of the Indian educational system or a different cultural mindset: the inferior nature of ‘Indian culture’ (see critique in Kumar & Puranam, 2012). For example, Kumar and Puranam (2012) debunk the myth that Indians are not creative and innovative. They argue that much of the innovation that Indians undertake is in the spirit of *frugal solutions* and is subsumed as ‘invisible’ or simply hidden under the broader umbrella of an MNC.

In this context, when the West thought of offshoring their low-end call centre and other transaction processing jobs to India, innovative ideas were implemented by Indian professionals, who are often low-paid but are highly skilled and talented. It is no surprise that such talent created new products and services through predictive analytics in what is typically described as a ‘dead-end’, out-of-college entry-level call centre job. These employees working for both domestic and MNC IT and BPO services, through their skills and ability to work under resource constraints, were able to generate alternate and novel ways for adding value through jobs that were essentially perceived to be ‘dead-end’ jobs. There are numerous stories wherein low-end BPO, and transaction processing jobs in a call centre were turned into strategic revenue-generating jobs. Such stories often go uncelebrated on the broader business discourses though what is evident is when the value-add generated was evident to the West in these low-end jobs, this led to middle- and strategic levels of outsourcing to offshore locations such as India.

In CCM, this self-image of the West can, for instance, be found in the observation that

Western countries tend to score higher on those cultural dimensions which are assumed as more favorable to an innovative and ‘forward’ thinking, such as high-performance orientation, low power distance and individualism (Primecz Romani, & Topçu, 2015). This perception has also been highlighted by some in Kumar and Puranam’s work (2012, p. 5), wherein business leaders often blamed the “regimented and rote-based Indian educational system” for stifling innovation and creativity. What is not clear, however, is then, how could engineers from such an educational system have fueled Silicon Valley’s ‘innovation engine’ (Kumar & Puranam, 2012: p.5) and how could they become a significant part of the research and development teams of the most innovative IT companies in the US? Surface level explanations from the West suggest that the Western environment extracts the innovativeness of Indians, but such an argument does not match the recent and large scale establishment of global innovation hubs in India by MNEs operating in India (Malik et al., 2020a).

Within such Western notions, it is often argued that Indians are hardwired into a structured way of thinking and problem-solving and that their subservient service mindset reinforces compliance instead of challenging the norm. This discourse can be traced back to colonial and imperialist legacies that claim a West’s superiority over the East. As numerous studies suggest, modern MNCs and International Business itself replicates these structures and practices and can, therefore, be understood as neo-colonial or neo-imperialist (Banerjee & Prasad, 2008; Boussebaa & Morgan, 2014). Thus, even studies and reports applauding ‘reverse innovation’ as a new global trend need to be understood within this framework as they still presume the flow of knowledge from ‘West’ to ‘East’ to be the normality of global business (e.g., Frenkel & Shenhav, 2006). There are many examples where such innovations have been given numerous labels such as ‘reverse innovation’, *jugaad*, or frugal innovation.

Inherent in such framing is a general reluctance to connect ‘innovation’ as a universal concept. Instead, there appears to be an attempt to classify India’s innovations as those meant

for poor or emerging economies. Furthermore, many eminent scholars note that the benefits large multinationals reap from the unique, innovative approaches and the increased incidence of reverse diffusion from emerging markets, such as India (Cappelli Singh, Singh, & Useem, 2010; Govindarajan & Trimble, 2012; Kumar & Puranam, 2012; Radjou, Prabhu, & Ahuja, 2012). For example, Govindarajan and Trimble (2012) identify many innovations from emerging markets, including India, which have found application in developed markets. Similarly, reverse innovations such as the Logitech mouse design from China; Proctor and Gamble's "un-P&G" approach; Gatorade's formula was inspired by a traditional formulation from the sub-continent given to people suffering from dehydration and cholera in Bangladesh; business model innovation at India's Narayana Hrudayala hospital's for low-cost open-heart surgery; and GE's low-cost cardiogram equipment are successful innovations developed in emerging markets that are being integrated into multinational firms' business models (Govindarajan & Ramamurti, 2011; Govindarajan & Trimble, 2012; Immelt, Govindarajan, & Trimble, 2009).

Interestingly, most of these innovations are labelled as suitable for emerging nations, and MNCs mainly aim to deploy these in emerging market economies such as Brazil, Russia, India, China and South Africa (BRICS). There is an established trend of Indians setting up successful technology firms (Sun Microsystems, Hotmail, Ethernet) or currently leading the world's largest IT and product development firms (Sundar Pichai, CEO Google, Satya Nadella CEO, Microsoft, Rajiv Suri, CEO Nokia, Shantanu Narayen, CEO Adobe, Francisco D'Souza, Ex-CEO, Cognizant, and Tiger Tyagarajan, President and CEO, GENPACT) is a testament of their technological prowess, managerial talent and competence to be innovative.

While the above nature of innovation and leaders debunks the myth that Indians are not innovative, the constant differentiation of these innovations in the East and its unsuitability for nations in the West is prevalent in framing such innovations. Some commentators might

even argue that the innovativeness of Indians is not witnessed in the Indian ecosystem, and it is positive, enabling and fostering a Western environment where the Indian talent has flourished. The neocolonial discourse of Indians wherein they are noted as being ‘less’ innovative based on different inherent cultural traits is given substance on organizational level: It is the Western customer or Western headquarters that dominate interactions, and therefore, they possess the capabilities to claim innovation for themselves and even believe in themselves as being more innovative. Ultimately, this results in the ‘true’ ownership of innovation being masked and the ‘more powerful’ entity or actor claiming the credit.

Thus, Western MNCs offshoring and outsourcing to India replicate neo-colonial and neo-imperialist power imbalances on both structural and discursive levels and via organizational practices. When we speak of power in this paper, we understand it as involving discourse, structure, rules of practice, and interpersonal power relations (Clegg, 1989). We view structures, rules of practice and interpersonal power relations as intersecting flows of power. In interpersonal interactions, individuals might have the agency to resist, subvert and change an unequal power structure, with the link between structure and agency being provided via practice rules. Hence, when presenting and discussing our findings, we also examine if it may be possible to enable Indian development engineers and, if so, what it takes to empower individual actors at the Indian site and how HRM or CCM might play a role?

From this perspective, we examine the following three patterns in the dark side of B2B relationships that emerge from our material. Firstly, and due to organizational dominance and neo-colonial structures and frameworks, Indian developers at an inferior offshoring site, e.g. a subsidiary or a third-party service provider, do not have the power to claim their innovations for themselves. Instead, Western headquarters, that is: a superior organizational entity, or the Western customer, who are advantaged in terms of power, might claim innovation for themselves. Secondly, innovation in India might be prevented by an HR

department that has been instructed or assumes to have to hire submissive development engineers. This can be understood as a self-colonization process or at least as submission to dominant structures and practices. If such a practice becomes embedded in the system, the dark side effects in (non-) innovation might be institutionalized, and this is the third power implication of how innovation is distorted. When related to power frameworks, our research suggests that dominant structures and rules of practice outweigh individual agency. Table 1 summarizes the key themes, dimensions and relevant literature used in this paper.

< Insert Table 1 about here >

### **3. Methodology**

This paper focuses on the processes for managing innovation processes and outcomes in Indian IT firms using qualitative case study methodology (Yin, 2003), as part of a larger project on managing people, skills and capability development for sustaining growth in the Indian IT industry over two periods; a) pre-GFC (Global Financial Crisis between 2005 and 2006), and b) post-GFC (2010 and 2011). A total of 14 case studies (ten from the pre-GFC period and four from the post-GFC period) were conducted in India's IT services (IT services as well as low- to medium-end transaction BPO and knowledge process outsourcing) as well as IT product development companies. This study employed a maximum variation, purposive sampling approach (Eisenhardt, 1989; Miles & Huberman, 1994; Yin, 2003) and utilized the following criteria in our sample: enterprise size, ranging from large (1001–3000) to very large organizations (more than 3000); ownership, reflecting multinational (MNC), Indian-owned MNC, joint venture ownership; nature of services provided, including IT product development, IT project software services and BPO (Banerjee, 2004; Ethiraj, Kale, Krishnan, & Singh, 2005). Tables 2 and 3 provide the descriptive details of the case organizations.

< Insert Tables 2-4 about here >

Interviews were conducted from various interviewees to overcome single respondent bias and allow thick descriptions of the context. A total of 110 interviewees (80 from the pre-GFC period and 30 from the post-GFC period) (see Table 4 for details) of a vertical slice of organizational hierarchy from each company and includes: country heads, human resource and training managers, project, product or process managers, business development managers, employees, and quality or business excellence managers. Interviews ranged between 90-120 minutes, and the extent of participation and data varied from each of the participating case organizations. All interviews were transcribed and subsequently analyzed using both *a priori* constructs from the literature on human resource management practices, new management practices and organizational capabilities, and allowing open coding to include new themes emanating from the data. Such an approach allows flexibility in the data collection and analysis process. The second period included questions on the GFC's impact on managing people, especially examining any reductions in workforce and portfolio of services and use of discretionary resources for sustaining growth and capability development.

Analysis was first undertaken at a within-case analysis level analyzing in-depth, the influences of various people management practices and organizational capabilities in affecting growth of these enterprises. The case study protocol employed for conducting semi-structured interviews enables cross-verification of data from different interviewees and its semi-structure format ensures flexibility in data collection process. This approach is critical when researchers analyses or encounter new information during the interview process. Owing to the different nature of key organizational capabilities studied, in line with earlier research, a purposive maximum variation sampling strategy was considered to be appropriate (Malik & Blumenfeld, 2012; Malik, Sinha, & Blumenfeld, 2012). The case study protocol had specific questions on the firm's ability to engage in innovation as it used a priori concepts of quality management capabilities, a firm's learning and market orientation, all of

which have been noted in the extant literature to be key organizational capabilities that are needed for innovation and growth (Malik & Blumenfeld, 2012; Malik et al., 2012; Sinkula, Baker, & Noordewier, 1997).

Additionally, given these forms operated in a B2B context, the study examined the specific influence of clients and the parent organization in an international business context on the nature of work organization and ongoing business requirements and deliverables expected of the subsidiary operation and or the third-party service provider. This paper follows an abductive approach via an iterative process of manual theoretical coding of the first-order concepts followed by second-order and aggregate dimensions themes (Gioia, Corley & Hamilton, 2013; Malik et al., 2017). Such an analysis ensures that interviewee voices closest to the data (first-order concepts) were aggregated to second-order theoretical themes and aggregate dimensions from the literature on the dark side of innovation in firms' sample. Figure 1 presents the data structure. Next, the data structure requires mapping of the relationships between the key second-order themes and aggregate dimensions.

< Insert Figures 1 and 2 about here >

Figure 2 captures the nested relationships between second-order themes of structural, relational and interpersonal influences and preventing, masking, and claiming innovation outcomes that were either implemented or prevented by the case organizations. This approach is essential to uncover the covert and overt exercise of power and control by the case organizations, its leaders, and these services' users. The themes identified below are presented with accompanying quotes from respondents in these organizations. The sheer volume of the rich data available and the size constraints for reporting the findings prevent us from providing further details; hence, we include only those themes for which replication could be claimed in the data set, as summarized in Figures 1 and 2.



## 4. Data analysis and findings

We structure our analysis around the manifestation of the dark side in B2B relationships which involve the structural, rule-based and interpersonal influences of power on innovation in the IT industry. Within each analysis level, we highlight if and to the extent to which it prevents, masks, or doubts individual agents' innovation capability. We also present evidence of creative and active developmental agency that exists in the space between the structural and rule-based influences through the interpersonal interactions that occur at an individual agentic level.

### *4.1. Structural influences*

In his seminal work, Pfeffer (1981) notes that the structural base for power in organizations depends on the division of labor and a collection of tasks, wherein the more straightforward and the less complex tasks are less critical (and attract less power) than more complex tasks. In the latter group of tasks, people who perform these tasks often exercise power over those performing less complex tasks. This aspect is central in the rational choice decision-making models wherein the work focuses on goals and workers focus on achieving congruence and consistency with the goals. The central discourse in the rational choice models of decision-making argues that power is inherent in organizational forms through the structuring of work and focuses on achieving the norm of optimization, organizational efficiency and effectiveness at all times, and knowledge and informational requirements in such approaches are extensive and systematic for achieving consistency and congruence with the goals (Pfeffer, 1981).

Lazzeretti and Capone (2016) show that innovation networks work closely and effectively with homogenous groups of institutional stakeholders who tend to exercise substantial structural and dispositional power over other outgroup stakeholders. However, with passage

of time, these strong and homogenous enterprises' networks to work with other heterogeneous enterprises and collaboratively innovate. Such transitions can be facilitated by expert power, human agency and trusting relationships, which evolves over time, as was found in Malik et al.'s (2020a) study of global innovation hubs, though traversing these transitions is complex and challenging (Burgos-Mascarell et al., 2016), often due to existing structural impediments and network homogeneity (Brunetta et al., 2019; Lazzeretti & Capone, 2016; Malik et al., 2020a).

In this context, the Indian IT industry's evolution is primarily premised on structuring work, mainly at the low-end and, thus, less complex. Moreover, by implementing popular frameworks of quality management and standardization approaches, this work was further streamlined on a continuum of less to relatively more complex tasks at offshore subsidiary and third-party service providers' sites in India. Compared to what is retained by the parent firm or contracting clients, such work is relatively simple. Inherent in such structuring of work is the parent firm's perception and clients regarding the inability of Indians to undertake high-end complex work, at least in the initial phases of the offshore outsourcing phenomenon.

#### *4.1.1. Skill and task allocation continuum*

The principles of consistency, congruence, and alignment central to this approach are evidenced in the high levels of modified Taylorism in the IT and BPO industry.

*You see what happens is that there are some kinds of jobs that we categorize and classify them into various kinds [of processes]. We call it a P1, a P2, a P3 or a P4 [process]. Now, when I look at XIIth standard [Year 12 schooler] or less than graduation, we would look for putting these people into P1 processes. If he is a graduate, we would look at a P2 process. If he is a doctor we would normally look at a*

*P3 or a P4 process. It's more the nature and the complexity of the job that determines the group of people we are looking to hire. For example, a P1 process would be typically a data entry job, he doesn't need to apply his mind, he sees an image and inputs the data. Like name, address, telephone number etc. In higher levels there is not one but a series of documents that he has to scan through each of these documents and pick up the relevant errors – applies his mind. [VP- Insurance, Indian MNC]*

Often associated with Taylorist designs, employees experience pressure to work harder from the clients and their employer to deliver predictable and better service. Weak involvement-focussed and weak institutionalized systems act as deterrents for effective knowledge integration in knowledge-intensive firms (Grant, 1996b; Malik et al., 2020b).

*Everything is metric-driven; without that, people won't survive. Whether it is internal utilization, or it is the number of days to turn around the proposal, or how many hours we take to create a training program for someone and so on. [Six-Sigma Leader, India MNC]*

*...So they have the fire burning inside them to excel and go back to the customer with better solutions, they are constantly speaking to our customers and showing them something that is at a higher level. The customers too, get interested too as they get to work on a higher level and the benefits of upskilling are huge. [Quality Management Lead of a large IT BPO firm]*

It is further argued that most offshore development centres are expected to deliver on pre-cut tasks from the headquarters simply. There is no need for them to display any open-mindedness in their delivery of work.

*Back in US the focus is on design, customer needs analysis and developing solutions – all this is a very creative and innovative process; what we do here is very different, and*

*we do not need to know what they are doing there. [HR Head of a small IT product firm]*

#### 4.1.2. *Doubting innovation – Are dead-end jobs best for India?*

There are several instances where even in low-end (and lower dollar billing rate) transaction processing tasks and medium to higher-level complexity jobs, employees have implemented improvements and innovations.

*Organization X has actually become de-facto R&D center for Dell and HP. We do the work that the computer company would do. All innovations currently Organization X is doing is for other companies. So we are a contract research organization for some of the largest computer manufacturers, which means that they need to sell computers for how we say buses in India, we need to define a platform for it. We need to define a platform for it; this is what is what Organization X will do in future. It doesn't matter who sells it for us, we need to control the basic architecture and the platform. Innovativeness will come in how many platforms we can actually define the agenda for various markets. Which why they are now a platform company rather than a product company. [Business Development Head of a large IT Product firm]*

The problem lies in the parent firm's framing and the client's side, who often doubt India's innovative capacity.

*...much of it is task-based– there are very few product companies. Someone else decides and has thought through the solution. They have broken it down into smaller parts and then executed at a micro-level in a tight task format. Rather than giving the entire project to India, bulk is still task-based. It depends here how much you can pull rather than what is pushed to the site. That happens and varies from within and between companies, and even within a stream of work, there is variation. It boils down*

*to where your HQ [Head Quarter] and is there is a certain energy and information in the hallway, and people are more aware of what's happening. ...There are key people who sit there information happens in the break-out rooms and corridors.... For example, at IBM and GE the level of geographical information sharing is very strong. IBM has filed a bunch of patents out of India. GE to a lesser extent. Per capita, India will always have less, but people are doing. Are we capable of doing it? Absolutely! It is more about what kind of work we are **allowed** to undertake. It requires a lot of training, but it is doable here in India. [Product Division Head of a large IT Product firm]*

*People would like to grow in terms of technical competence, but there is a limit to which people can technically grow. So you get more of the execution work, and most of the innovation work happens in the US. Our ability to share and learn will increase with local OEMs, e.g. an architect to architect diffusion and spill over and relationship building and talking- I would say this is one of the challenges we face. [HR Head of a large IT Product firm]*

The role of strong Indian leadership was highlighted at the subsidiary or third-party service provider in breaking the perception of a low-cost, dead-end jobs destination and allowing firms and their employees to continue to innovate (Malik et al., 2020a), but again, overcoming this mindset requires the significant exercise of human agency.

*If your local leadership has that mindset... You need to have strong local leaders. There is always some scepticism about what India can do. If those guys only want to push their low hanging jobs, and when you want to expand, and each group is servicing some aspects of the development, we end up becoming a low-cost centre. The other groups also stop pushing the critical blocks here. Once you get into that mindset and these are a bunch of tasks I can assign these many people to the tasks- it becomes*

*a frustrating experience. [HR Director of a large semiconductor firm]*

#### 4.2. Rule-based influences

##### 4.2.1. Control-oriented and workflow standardization

The abovementioned Taylorist work design is further strengthened in the workplace through rule-based and highly process-driven workflow evident in implementing quality management systems for standardization of work through quality approaches such as Lean and Lean Six Sigma (Malik, 2009; Malik et al., 2012). While such a work design allows for knowledge integration efficiency, it adversely affects the effectiveness, scope and transformational nature of new knowledge acquisition and integration (Grant, 1996b; Malik et al., 2020b).

*We've been using different methodologies such as Six Sigma and Lean to integrate these with our needs analysis to streamline it, break it into smaller pieces and improve our needs analysis. We have constantly looked at better ways of improving our information gathering tools from the shop floor level using methodologies such as Six Sigma and LEAN. For example, there is a process A, B, C, D & E –, this is what we need to follow, these are the guidelines that we need to give to operations people on various standards for each of the processes. We have to put it in a standard format. We have learned from our mistakes and put in revised standards. [VP- Insurance Services of a large BPO firm]*

The focus has been extensively on predictable service delivery to the parent company or the client firms. This focus on goals and consistency is also evident in the excessive focus Indian IT firms have through client specifications evident in their service level agreements (Malik, 2009; Malik & Nilakant, 2011).

*For example, if you see our US process, 100% focus is on the script because that's*

*provided by the client. If you see a UK process, we may have some generic training also. So that really depends on the client's involvement. So clients may be very specific, this is the kind of training [we need to provide] and some clients may not be that stringent on the kind of training which we give. It really depends on the client. Some clients are very strict, and they may come down and do the training for an initial period, and some other clients they don't come in, and they are not that much involved.*

**[Voice Business Head of a small BPO firm]**

*There nothing is in your hand, and [the] client drives that; lead management is with him, suddenly he comes up and talks about the reduction in the rates and all that. So we have taken a strategic decision at the organizational level that we will not do any program which is purely on the basis of performance and not for kind of fixed rates.*

*There are programs currently we have some programs which are fixed as well as variable both but that is okay with us because at least we can drive that but if performance is in favor of the client and he ruled us so it [is a] call which took that we would not get into that. **[Process leader a Medium BPO firm]***

#### 4.2.2. Masking innovation

The dark side in B2B relationships emerges when the above nature of work organization and the interactions employees have within the socio-technical system of workflow masks several opportunities for process innovations undertaken by employees of the subsidiary third-party service provider. These innovations often end up in the customer's kitty.

*There has to be a business impact for sure. The business impact depends on what our conditions and agreements with the customer are. Sometimes it is shared, sometimes there are some projects that are only at the customer end. We have something called at the customer for the customer. There are BBs who go to the customer's place and fixes*

*these projects, and wherever there are process improvements, these go to the customer's kitty. In the end, it is the customer who is the ultimate beneficiary. [Six*

**Sigma Black Belt Leader of a large BPO firm]**

*...so there are numbers of such initiatives that have been implemented, where we use SS and quality. Identify how can we improve the process and advise our client about the process improvement. Based on our advice, clients change the process, and once they change the process, we make necessary changes to the process. In the last year, we would have given close to about 245 ideas on process improvements. [VP- Content*

**Solutions of a large BPO firm]**

*The benefit is that the customer sees the maximum benefit as the process is simplified before transition, second the value to the customer is immense, you land up giving value added to the customer, this is our differentiator. [VP- Content Solutions of a*

**large BPO firm]**

#### *4.2.3. Preventing innovation and lack of trust*

In addition to the transfer of innovation and ideas to clients, as noted above, another manifestation of the dark side in B2B relationships is the further prevention of opportunities for undertaking innovation by structuring work and the nature of rule-based interactions. In most cases, it is prevented by client specifications, but in some cases, the employer does not trust its employees' skills, and in some extreme cases, it may even actively prevent innovative people from coming into the system. For example, at a product development firm, the subsidiary does not want to risk its product architecture by hiring Indian talent and follows a psychometric assessment in its selection procedures. The presence of certain control-oriented and efficiency-focused human resource management practices can also preclude employees through deliberate control-oriented designs and prevent them from



engaging in innovative activities (Malik et al., 2020b). By employing DISC (*dominance, influencing, supporting and compliance*) profiling, for hiring developers, this organization would focus on hiring less dominant and influencing personality types and more on hiring supporting and compliant personalities. Accordingly, this may change for other roles.

*If we are looking for a trainer we probably look at somebody who is got a high 'I', we don't prefer people who have got high dominance in their psychological profile and probably compliance should be above average. In terms of influencing we are looking for somebody who is perhaps to become a trainer or something then we look at that....*

*The more you do DISC profiling, the more you want other people to participate in it and use it. We got lots of request for running this program here. Similarly we run an MBTI program for everyone here, I trained for some groups who are saying look let's now find these ...courses where we need to train people on, these are the clear problems that you need to focus on. So it sort of helps. [HR Head of a small offshore IT Product firm]*

Some organizations simply did not want to take the risk by entrusting people to experiment and develop any further solutions that may affect the consistency and product functionalities. The lack of trust in software programmers' abilities was also a significant deterrent in preventing people from engaging in innovative activity.

*We encourage people to undertake new things to try out new things but within the boundaries and not affecting the project work. It cannot be that my innovation says we do not have to do business requirements analysis or we don't have to do design. This approach convinces you to see that the risk associated with such innovations is not acceptable. See innovation cannot come like that, you have to have a certain level of knowledge and certain level of skills and competencies before you can think of innovating the best practices. If you say I am going to rewrite Newton's laws from the*

*beginning it does not make sense. It's about how doing this will make it better. It can be radical but that is fine as long as you understand the risks involved.*

**[Organizational Development and Change Leader of a large semiconductor firm]**

Even in instances where there are opportunities, standard development protocols and clients' specific standard operating procedures and other quality management frameworks come into play (Malik et al., 2012).

*...see, I really think also that the standards all these are there as a motherhood document....as a reference document. We say that you'll have to do that and these are always ...to bypass the ways and you have to go in a specific way, even that is why the process, the template is completely client driven. So your actual work doesn't come into picture. No matter to whatever extent and length you go and find out try to increase the clients... [the clients would say] "I am not [happy], I'm happy the way it is", so, I need you to go and execute this in this way. **[Head of HR, large IT product development firm]***

There appears to be a perception of risk hovering in project leaders' minds that if they allow enough leeway for people to be innovative, there is likely to be some trade-offs on the project/product performance.

*See, innovation needs chaos; that is not acceptable. What we say is that innovation needs planned chaos. Planned increments or planned steps. But it's not that innovation means CI [continuous improvement]. Innovation has to happen, and innovation has to be thought through. See, we are dealing with real clients for whom we have to supply real products and services. By saying that I am innovative and then there is a huge risk of impacting a particular client I don't think that any company would support that. But innovation is there in terms of how we can do things better. Continuous PI, If I am*

*saying that I am going to develop a tool which is going to improve something or reduce the process time or risk, or increase the productivity, then consider that, but innovation does not mean that we will do whatever we want. [Learning and Development*

**Director of a large IT Services Firm]**

Indeed there were several instances where employees were given a push-back to contribute from outside their direct domain and realm of work.

*In some cases, if it related to your domain, and if it affects a lot of blocks then that is changed. When it boils down to changing something that is not related to your block, you get a push back. You can still give your input then other people from different blocks may assess and see if it makes sense in their workflow. Within yes, across gets harder. Moreover, every form has its legacy which has been developed over a long terms so there is some resistance. But if your suggestion causes a lot of changes then maybe it is pushed back. [Head of a Microprocessor Product Division]*

#### 4.3. Interpersonal influences

As mentioned earlier, in interpersonal interactions, groups of individuals (senior management team and technical experts) exercise their individual and collective agency to resist, subvert and ultimately change an unequal power structure (Malik et al., 2020a). The link between structure and this nature of agency is provided via rules of practice. We note several signs of good HR and management practices in the cases that altered the dominant mindset through interpersonal interactions and the exercise of active innovative and developmental agency (Boon et al., 2009). The opportunity to develop and apply complex high-end skills must be negotiated by the leaders' interpersonal skills and interactions with clients and parent firms.

*There is focus on optimization and process efficiencies- innovation strategy is of*

*working smarter. We are not coming to India only because of cost arbitrage- that is not the overarching goal now- **it was 2 years ago**. In terms of delivery, we bring in the process efficiencies. ... Fundamentally every new chip requires R&D- every new chip has R&D. Nobody has been given instructions or a list of 10 things to execute- we are given problems- so when we are engaging in creative problem-solving we are doing innovation and R&D so in that sense our center is highly engaged in R&D. The push for problem-solving is a high requirement of our work and we encourage people to ask good questions and only then we know that you are doing a good job. [Business Head of a large semiconductor firm]*

However, not all forms of individual or collective agency are active and developmental. Some elect to conform (or stay neutral and maintain status quo) or simply engage in active deviant behavior and resist any change as they believe, it is tough to change the mindset of people who have a successful services model that is easy enough to sustain given India's ample supply of technical talent.

*Parent company is also not asking high-end innovation in the tasks that are offshored. So the nature of this work is a walk in the park for people coming from top institutes, and they can perform these tasks fairly easily. If you want to build the next Google, 1 out of 10 is going to die. For a company which is giving you x% return and to take this idea and risk in an environment where 1 out of 10 will die...[is not going to work]. It is not that you do not have the manpower to undertake the innovative work it is the lack of appetite for risk among the small to large IT firms in India. There are a lot of opportunities in the software- you need a PC and some infrastructure- the issue is once you have made a product, how do you market it...the money can go down the drain. In services model, there is a guaranteed return- if one guy shuts shop, there is another client to service: it's like a mutual fund- there is a steady return. If you are investing*

*through a mutual fund, then there is some amount of return. So you should be able to place your bet on a few winning stocks- people don't take that risk. However, these services companies have got into this mutual fund mindset. [HR Director of a large semiconductor firm]*

## **5. Propositions**

Our findings depart from the above extant literature giving rise to several new and testable propositions that may require further research and validation at a meso- and micro-level of analysis. We contribute here by extending and providing a much more nuanced explanation for future ex-post facto research designs. The themes emanating from our qualitative research over a sustained period gives strength to the future research propositions that we suggest in this section. Specifically, our findings show that the nature of workflow and the extent to which an MNE has control over its subsidiary's work processes and design determines its innovative activity (Malik et al., 2020 a, b). Hence, we propose as follows:

**P1a:** *IT MNE subsidiary's operations that adopt a highly structured workflow or a control-oriented environment focusing on standardization of work processes prevents innovative outcomes.*

**P1b:** *IT MNE's subsidiary's operations that adopt a commitment and empowerment-based work design can promote higher levels of innovative outcomes.*

Next, as mentioned above, institutional partner network homogeneity (Brunetta et al., 2019) in the case of MNEs engaging third-party service providers, the nature of engagement, whether it is time and materials or a fixed price contract, can impact the nature and extent of innovative activity. Time and material contracts are generally longer-term in their nature relative to fixed-price contracts, and such contracts are likely to have a disproportionate influence and control over the service provider and their innovative activities (Malik et al.,

2012). Accordingly, we propose P2a:

**P2a:** *IT MNE's time and materials service level agreement with a third-party service provider is more likely to claim and mask innovative activities that the provider delivers directly or incidentally to the agreement's specifications.*

Interactions with a diverse set of clients over shorter periods allow the service provider to remain creative and realize higher billing rates through the freedom afforded by limited control from the client and through its creative exercise of agentic resources (Malik et al., 2020a). Accordingly, we propose P2b:

**P2b:** *IT MNE's fixed price and term service level agreement with a third-party service provider is likely to prevent innovative activities that the provider undertakes that are not directly or incidentally related to the agreement's specifications.*

There is also evidence in our research of a lack of interpersonal trust and a work environment that promotes risk-taking and empowerment in a B2B relationship, as was noted in recent research by Malik et al. (2020a). This is likely to prevent innovative activity, which leads to the following proposition:

**P3:** *The absence of a work environment that promotes interpersonal trust between MNEs and their subsidiaries or third-party service providers is likely to prevent the growth of innovative activity*

Finally, the importance of micro-level factor such as the exercise of specific types of personal agency (Boon et al., 2009) was deemed critical in preventing an enterprise's innovation agenda in our study. Earlier studies point to the critical role of human agency (positive and innovative developmental agency) as a resource in fostering innovative activity (Malik et al., 2020a), which results in the following proposition:

**P4:** *MNEs' subsidiaries or third-party service providers that promote the exercise of*

*active innovative and developmental human agency, rather than a passive and deviant human agency, are more likely to create new routines, processes and products, and therefore, higher levels of innovation outcomes.*

## **6. Discussion and implications**

Our research is relevant from a critical CCM and dark side in B2B relationships perspective because it shows how national cultural explanations (e.g., a presumed ‘cultural’ difference described in this paper) regarding the capacity to be innovative is actually a perpetuation of the dark side of innovation in B2B relationships when examined through the lens of neo-colonial imbalances of power and is not an insight about CCM as such. Our findings suggest that these powerful influences are manifested in MNE subsidiaries and third-party service providers in structural and interpersonal forms. Several factors and related power mechanisms, as outlined above, constitute the actual realities of how innovation is *masked, prevented* and finally, how (non-) innovation is *institutionalized*. While these are cultural factors to be considered from a critical CCM, they involve our understandings of ‘how things work’ of ‘how the world looks like’ on multiple collective levels, which are also framed by a neo-colonial discourse and the structures and practices it imposes on the workings of MNC subsidiaries and third-party service providers. Second, and on a deeper level, our paper highlights the need for a differentiated perspective of what constitutes the borders of ‘culture’ in multinational companies or global value chains (Malik et al., 2020a). Rather than believing in simplistic national cultural explanations, researchers and practitioners alike should examine ‘cultural complexity’ (Sackmann, 1997) and related multiple cultures, such as professional and organizational culture, hierarchy, function and tenure, critically and distinct from the melding and pressures that are infused through neo-colonial power tactics. Concerning offshore outsourcing, a recent development suggests a temporal evolution of innovative activity, and wherein there is a recent emergence of global

innovation hubs in India (Malik et al., 2020a).

### *6.1. Theoretical contribution*

This paper introduces an organizing theoretical framework that connects the multiple levels of influences that constitute the dark side of innovation in B2B relationships. We show that these influences are systemic and operate at multiple levels of macro and meso-level analysis. For example, at a macro-level, there is a belief and evidence of network homogeneity driving structural control (Lazzeretti & Capone, 2016) and supporting innovation within the homogenous network. Further, institutional diversity dampens innovative activity (Brunetta et al., 2019), it becomes challenging for emerging networks to showcase their innovative activity. A further and broader societal framing by the West is that Indians are not innovative and that the innovation Indians carry out is of an inferior nature – namely frugal and does not apply to other nations, even though we have seen extensive evidence of reverse flows of innovative products and services from emerging market economies such as India to other parts of the world (Malik et al., 2020 a, b; Malik & Nilakant, 2016). This is a critical contribution as most frugal innovations were primarily classified as innovations coming out of emerging and poor economies and for their markets. Frugality is a characteristic that exists in every country and its application to developing innovation results in developing highly functional products and services that are essentially fit for the purpose that has low complexity and removing all non-essential components. The essence of this idea has been in existence for a long time in advanced nations such as Japan and has found its application in large MNCs such as GE that have applied Lean Management principles and removed Muda (waste) from many products and processes.

Next, at a meso-level, the implementation of certain structural factors and engaging in a discourse that is power-laden requires employees to work in a particular manner that stifles their creativity and innovation, albeit temporarily, through the structuring of tasks and work



process control ultimately leads to a dark side of innovation through such structural impediments. There is also evidence at an individual level of how lack of trust and power-laden language use reinforce certain work types. Nevertheless, the evidence, ironically, suggests that individuals' innovative agentic resources and capacities, despite all odds, continue to create more ideas in the face of structural, interpersonal and relational adversity (Malik et al., 2020a).

## *6.2. Managerial implications*

To address this dark side of innovation in B2B relationships, including the role of people management practices in CCM, people managers at weaker sites need to be enabled to 'speak up' for other organizational members and to shape structures and practices, for instance: reward and appraisal, which contributes to unmasking the true owners of innovation in the global IT business. Similarly, even at the first step of hiring people, the recruitment and selection practices must also not differentiate by hiring people who are more compliant, less dominating, less influencing and more submissive in their personalities. Our research suggests that much of the hiring, even in large IT product development firms, focuses on hiring people with the above personality traits who often face the consequence of being performance managed for exhibiting experimentation and exploration behaviors.

Finally, given the increasing evidence that India is leading in terms of foreign direct investments in global innovation hubs (GIH) of nearly a thousand MNCs, leaders and managers of MNC subsidiaries and third-party providers should provide support and gain legitimacy, and thus stop the masking, prevention and institutionalization of innovation outcomes. Appropriate steps would need to be taken to unbundle the systemic power episodes embedded in structural, interpersonal and relational approaches that have reinforced the dark side of innovation in B2B relationships. Among strategies that HR managers can implement include developing reward and recognition programs for employees to celebrate

their success widely. This would help improve and consolidate employees' and teams' existing innovative outcomes capabilities. Additionally, requiring Indian employees to register their inventor status through patents and intellectual property applications would further challenge the neo-colonial circuits of power and its adverse framing. Finally, increasing clients' and parent MNE leaders and managers moral intensity may help bring light to the dark side of innovation in B2B relationships.

## **7. Limitations**

Although we present rich and in-depth insights from qualitative case studies of MNCs operating in India and several third-party Indian IT service providers catering to offshoring of services to MNCs and other overseas clients over a long period, our findings may not be generalizable to other industries and cultural settings due to various socio-economic and institutional differences. However, we believe that our theoretical framework is fairly generalizable due to its applicability across national boundaries and diverse cultural contexts. Additionally, our data, although collected over some time, are cross-sectional and can benefit from a targeted longitudinal case study design, incorporating interviews from clients and end-users of these innovations to assess the benefits and drawbacks of such an approach when our societies are still battling with issues of racial, societal and regional segregation. Future research is needed on contrasting the dominant, totalitarian and monopolistic Western models of a few winners take-all with the new democratization of data and technology in emerging markets using open systems for the democratization of data and services. India, for example, is questioning the West's models through its high-volume and low-cost Unified Payment Interface (UPI), a significant innovation that democratized data and service access for its citizens using a range of interoperable digital financial services (Jain, 2021). Can the West deliver and perhaps emulate India's innovative success story of having a public digital infrastructure of scale? If so, how? If not, what could be the barriers? People, culture or their

dominant neo-colonial mindset?

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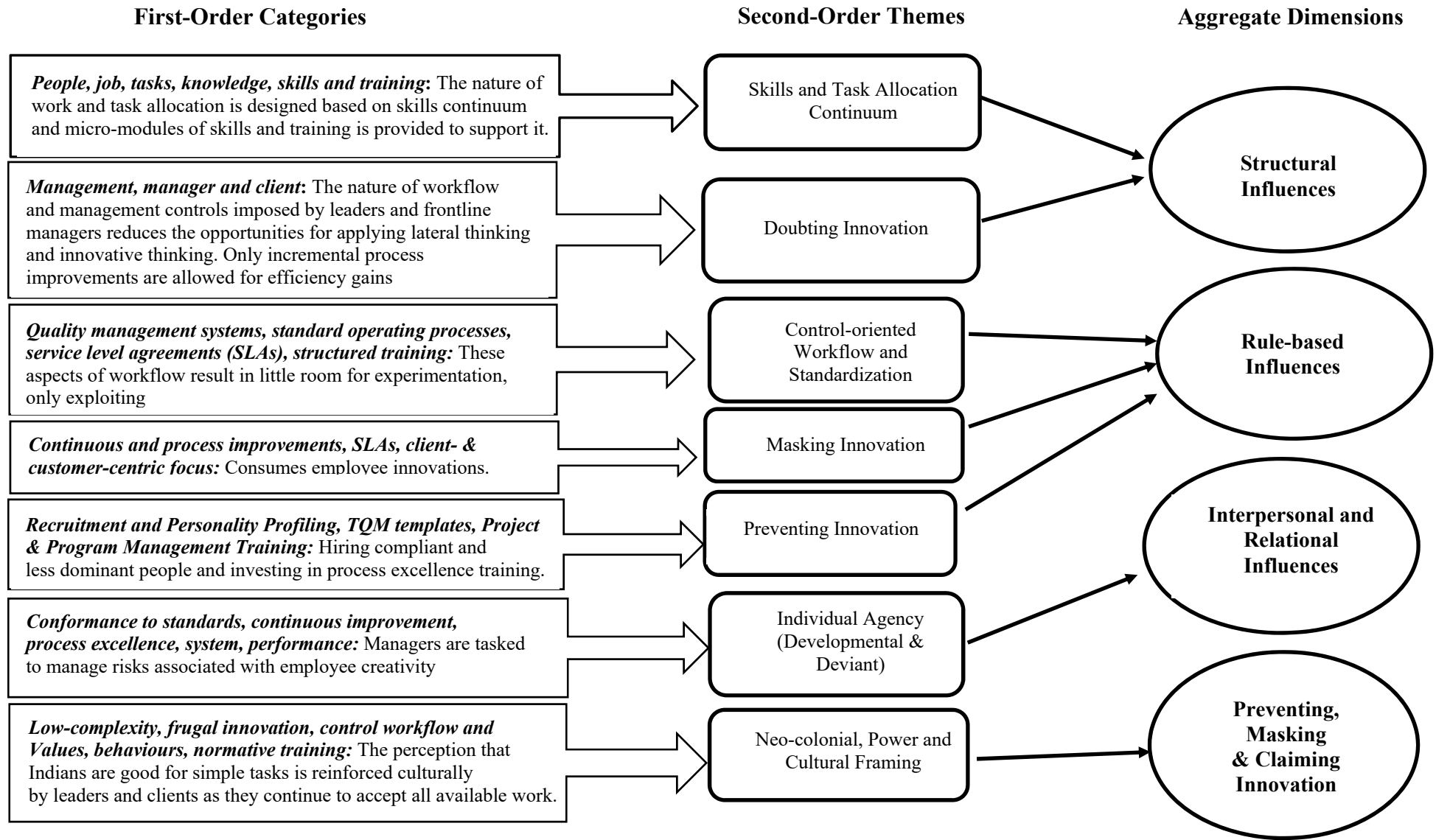
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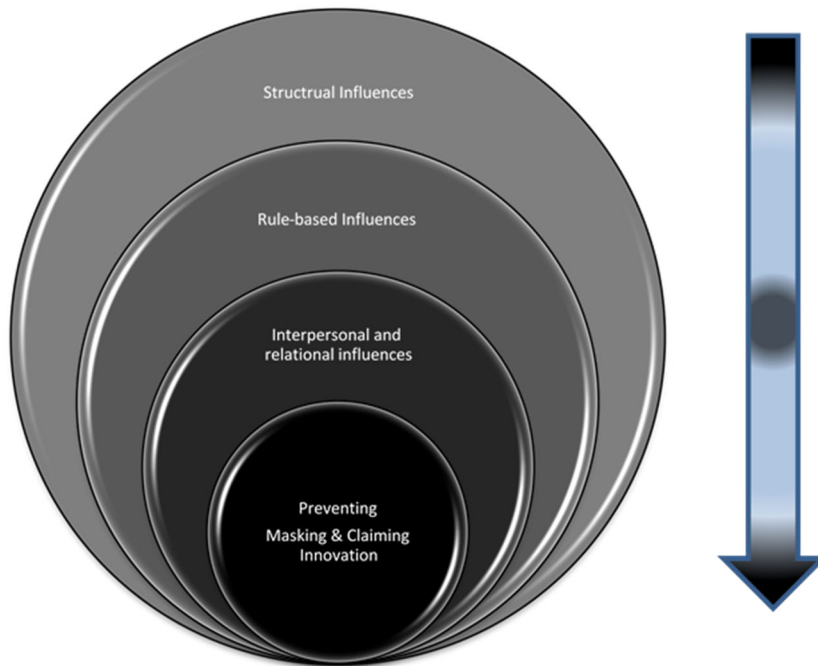


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**Figure 1.** Data structure



**Figure 2.** Innovation in emerging markets: A nested hierarchy of Neo-colonial influences



**Table 1.** Key themes, dimensions and relevant literature

S. No.	Key Themes	Dimensions	Theoretical references
1	Structural influences	Division of labor Skills and tasks continuum Doubting capabilities Power-laden discourse Mono-directional flow of knowledge	Allison, 1971; Grant, 1996; March, 1976; Malik et al. 2020a; Pfeffer, 1981; Ravishankar et al., 2010
2	Rule-based influences	Control-orientation Standardization (ISO-9000 & TQM) Masking and preventing innovation Lack of trust Psychometric profiling	Clegg, 1989; Malik et al., 2012; Malik et al. 2020a
3	Interpersonal and relational influences	Developmental, deviant and innovative agent resources Low trust and language discourse	Boon et al., 2009 Beeler & Lecomte 2017

**Table 2.** Descriptive details of case organizations: Pre-GFC (Global Financial Crisis)

No.	Firm size	Site visited	Ownership	Services	Business model	Competitive strategy	Work organization
1	26000	Gurgaon	US-based MNC	CC & BPO	TP & C	HD	Taylorist
2	900	Mumbai	Indian	CC & BPO	TP	SD	Modified Taylorist
3	250	Gurgaon	UK-joint venture	CC & BPO	TP & C	SD	Taylorist
4	70	New Delhi	Indian	Medical transcription & BPO	TP	MS & SD	Taylorist
5	35000	Bangalore	US-based MNC	IT, BPO and consulting	TP & C	HD	Modified Taylorist
6	40000	Bangalore	Indian MNC	IT, BPO, product development	Mostly TP	HD	Modified Taylorist & team
7	2700	Bangalore	US-based MNC	IT products	C	HD	Modified Taylorist
8	800	Bangalore	Indian	Diversified IT services	TP & C	SD	Modified Taylorist & team-based structure
9	150	Hyderabad	US-based MNC	IT product firm	C	SD	Modified Taylorist
10	36	Bangalore	US-based MNC	IT services	C	SD	Modified Taylorist

**Table 3.** Descriptive details of case organizations: Post-GFC (Global Financial Crisis)

No.	Firm size	Site visited	Ownership	Services	Business model	Competitive strategy	Work organization
11	47000	Mumbai	Indian MNC	CC & BPO	TP & C	SD	Taylorist
12	1150	Bengaluru	US-MNC	IT Products	C	HD	Modified Taylorist
13	40,000	Bengaluru	US MNC	IT Software Services	TP&C	HD	Taylorist
14	70	New Delhi	UK-MNC Bank	Knowledge Process outsourcing	C	MS & SD	Taylorist

*Note: Legend For Tables 3 and 4- Firm size: Number of employees. Call centre and business process services (CC & BPO), Competitive strategy: HD=highly differentiated, SD=Slightly differentiated and MS=Mass services. Business Model: TP= Third-party & C=Captive*

**Table 4:** Details of interviewees

<b>Pre-GFC Firms</b>	<b>CEO/ Country Manager</b>	<b>HR Manager</b>	<b>T&amp;D Manager</b>	<b>Project Manager</b>	<b>Quality Manager</b>	<b>Employees</b>	<b>Business Development</b>	<b>Total</b>
1	-	2	1	3	2	2 **	-	10
2	-	1	2	2	1	2	-	8
3	1	1	1	2	1	6	1	13
4	1*	-	-	2	1	6	1*	10
5	-	2	-	2	1	1	-	6
6	-	1	1	3	1	-	-	6
7	-	2	1	1	1	1	-	6
8	-	2	-	2	1	1	-	6
9	1	2	-	3	-	2	-	8
10	1*	1	-	2	-	3 **	1*	7
<b>Sub-Total</b>	<b>4</b>	<b>14</b>	<b>6</b>	<b>22</b>	<b>9</b>	<b>24</b>	<b>1+(2*)</b>	<b>80</b>
<b>Pre-GFC Firms</b>	<b>CEO/ Country Manager</b>	<b>HR Manager</b>	<b>T&amp;D Manager</b>	<b>Project Manager</b>	<b>Quality Manager</b>	<b>Employees</b>	<b>Business Development</b>	<b>Total</b>
11	-	3	3	-	1	2	1	10
12	1	1	-	2	-	3	1	8
13	-	2	2	2	1	2	1	10
14	-	-	1	-	-	1	-	2
<b>Sub-Total</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>30</b>
<b>Grand Total</b>	<b>5</b>	<b>20</b>	<b>12</b>	<b>26</b>	<b>11</b>	<b>32</b>	<b>4+(2*)</b>	<b>110</b>

*Note. \* are only counted once as the CEO/Country Manager was also the business development (BD) manager; \*\* Informal discussions.*