MASTER'S THESIS

Leaving your IS-supplier: A case study within SME and family business context

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Abstract

This thesis investigates the termination process of information system (IS) outsourcing partnerships within small and medium enterprises (SMEs). Through an exploratory single case study involving interviews with key stakeholders from two partnering SMEs, it examines the signals preceding partnership termination. The results indicate that the partnership's foundation in personal relationships, events preceding termination, and the absence of boundary spanners significantly influence communication effectiveness. It highlights that different organisational tiers employ distinct dissolution communication strategies, with direct communication being more effective, particularly in the absence of boundary spanners. Moreover, it emphasises how severed personal connections can erode interorganisational trust, particularly impacting family businesses. This research contributes to understanding IS outsourcing partnership terminations by examining the roles of strategic motives, collaboration structure, and partnership performance. It underscores the importance of effective communication strategies and the impact of trust within the signalling environment, especially in family businesses. Recommendations for further research include examining the impact of boundary spanners, institutionalising trust, balancing personal and professional needs in family businesses, and addressing mismatched expectations between customers and suppliers. Practical recommendations include aligning strategic goals, using direct communication for critical issues, building trust through organisational processes, ensuring continuity of boundary spanners, and managing the influence of personal relationships in family business decisions.

Key words

IS outsourcing, Partnership termination, SME, Family business, Institutionalized trust, Signals.

Contents

Summary

IT sourcing partnerships encompass domains like Information Systems (IS), Software Development, and Infrastructure Management. Organizations might source off-the-shelf IS as SaaS or on-premise solutions, configurable within standard software limits, or custom develop software to meet specific needs. Those lacking resources to develop IS in-house may outsource, especially when the system is strategically valuable. Outsourcing provides expertise, allowing organizations to focus on core business, while suppliers gain market insight for system improvements. Selecting and implementing an IS can significantly impact an organization, requiring alignment of system functionality and partner fit.

Literature discusses strategic IS sourcing from perspectives like resource-based views, dynamic capabilities, and governance. Despite extensive research on forming and managing partnerships, termination processes are underexplored. Partnership failures often result from unmet conditions or organizational growth. This study focuses on signals indicating imminent termination in SME IS partnerships, exploring types, recognition, triggers, and interpretations of these signals. It aims to answer the following research question:

Are there, and if so, which signals are sent and received between partners of an IS outsourcing partnership, which can be interpreted as precursors to partnership termination, within small and medium-sized enterprises (SMEs)?

Using a case study approach, this exploratory research aims to improve IS management practices by identifying early termination signals. This knowledge helps suppliers enhance services and customers manage frustrations, leading to better partnerships or smoother terminations. The study aims to identify signals within IS outsourcing partnerships in SMEs that may indicate an impending termination of the partnership. The research focuses on the types of signals, how they are recognized, who sends and receives them, what triggers them, and their interpretation and impact.

Three potential cases were identified, but only one was selected based on access to both sides of the partnership and absence of restrictive NDAs. The chosen case involves a long-term relationship between a wholesaler in bathroom fittings (referred to as Wholesaler) and a small software development company (SoftCo).

The partnership between Wholesaler and SoftCo, originating in the 1970s from founders' friendship, operated informally without formal contracts, fostering flexibility but often overlooking associated costs. This dynamic case study sheds light on the intricate nature of SME partnerships, particularly when entangled with personal relationships. Termination ensued due to several factors including leadership changes, knowledge gaps, strategic misalignments, and communication breakdowns, emphasizing the importance of clear communication and strategic alignment in both fostering and ending business relationships.

Strategic misalignment, as exemplified in the studied case, triggered partnership termination when the customer sought a new online ordering system, yet the ERP supplier lacked the requisite expertise, ultimately prompting cancellation. The foundation of effective collaboration lies in trust and information exchange; any shifts in these, especially among boundary spanners, can serve as a trigger to partnership dissolution. The absence of boundary spanners and of institutionalized trust significantly eroded the relationship, contributing to its eventual termination.

The performance of any partnership is contingent upon the fulfilment of mutual expectations and resource commitments. In instances where either partner fails to uphold these standards or reneges on commitments, the partnership's performance inevitably deteriorates. The perception of

insufficient and costly services by the customer organization served as indicative precursors to potential termination.

Partners typically employ both direct (such as formal communications) and indirect (e.g., reducing service requests) signalling mechanisms to convey potential termination. While C-level executives tend to utilize direct strategies, users often resort to more subtle, indirect approaches. As the customer organization's intent shifted from partnership maintenance to termination, a transition from voiced concerns to direct exit signals became apparent. Recognition and interpretation of these signals are pivotal; direct signals are generally more readily acknowledged, whereas indirect ones often risk being overlooked, exacerbating miscommunication, particularly in the absence of boundary spanners.

Direct strategies, particularly when deployed in the absence of boundary spanners, tend to be more effective in conveying messages. The contextual trust environment within organizations significantly influences signal interpretation, with trust diminishing notably following the departure of boundary spanners, highlighting that long-term partnerships do not inherently foster institutionalized trust. Moreover, personal connections within family businesses can further complicate the signalling environment, potentially leading to misconstrued assumptions regarding partnership stability.

This research contributes to the understanding of IS outsourcing partnership terminations by examining the interconnected roles of strategic motives, collaboration structure, and partnership performance. It underscores the importance of effective communication strategies and the impact of trust within the signalling environment, especially in the context of family businesses.

From this research, the following recommendations for future research have emerged.

- Analyse the effectiveness of direct versus indirect communication strategies in different organizational contexts and how these affect partnership dynamics.
- Explore how the presence or absence of boundary spanners affects signal interpretation.
- Research how organizations can better institutionalize trust to ensure continuity and stability in partnerships, even when key individuals leave.
- Study the specific challenges and benefits of IS outsourcing within family businesses, and how these businesses can balance personal ties and professional needs.
- Explore the specific expectations and perceptions of both customers and suppliers in IS outsourcing partnerships, and how mismatches in these expectations and perceptions can be identified and addressed, to prevent partnership deterioration.

The following practical applications have been identified.

- Regularly review and align strategic goals between the customer and supplier organizations to ensure both parties are working towards a common objective.
- Utilize direct communication strategies for critical issues to avoid misinterpretation of signals, especially when indirect signals are not effective.
- Ensure that trust is built not only on personal relationships but also on organizational processes and structures to provide stability even when key individuals leave.
- Ensure continuity of boundary spanners or have a succession plan in place to maintain the relationship quality and collaboration structure.
- Recognize and manage the influence of personal relationships in family business partnerships, ensuring that business decisions are made based on professional needs.

1. Introduction

IT sourcing partnerships exist in several domains of IT and for several business functions. An organization can for example source Information Systems, Software Development, and Infrastructure Management. Information Systems in this context means off-the-shelf systems, either as SaaS or as an on-premise solution, which can be configured to the customer's wishes within the boundaries of the offered standard software. Software Development could also refer to an Information System, or customizations thereof, if the customer has specific needs that require either building a system from the ground up or making changes that are not readily customizable. Something like mobile app development also falls under Software Development. Infrastructure Management comprises the set-up, maintenance, security, and other tasks that enable organizations to have a functioning ICT/IT infrastructure.

The sourcing and implementation of Information systems can have a profound impact on a customer organization. It usually involves matching the organization's needs with the options on offer, both in system functionality and in partner organizational fit. Depending on their resources and capabilities, customer organizations will be able to make the right choice. An information system is often used in an important business process such as an Enterprise Resource System (ERP) for purchase and sales processes, Warehouse Management System (WMS) for goods reception, storage and goods departure processes, or Product Information Management (PIM) system for the product data management process. If an organization lacks strategic resources to develop the information system themselves, they may choose to outsource/seek a partnership (Roy & Aubert, 2002). Depending on the strategic value of the intended information system, organizations can choose to outsource when the strategic value is low, or seek an outsourcing partnership when the strategic value is high (Roy & Aubert, 2002). These high-strategic-value IS outsourcing partnerships are important to the customer organization. The total outsourcing decision provides the customer with access to expertise, while keeping their own focus on their core business (Currie & Willcocks, 1998). For the supplier organization, entering in a partnership could be viewed as a simple commercial decision. However, for off-the-shelf information systems, suppliers also need input from their customer base into new developments in market demand. This aids them in further developing a system that meets and exceeds customers' expectations. Thus, treating the relationship as a partnership is also important for the suppliers.

Much has been written about the factors that could influence or should influence strategic IS sourcing decisions. Literature on forming outsourcing partnerships can be found from a resource-based perspective (Roy & Aubert, 2002), from a dynamic capabilities view (Balaji & Brown, 2005), or from the broader perspective of contractual and relational governance (Lacity & Willcocks, 2012). When making the outsourcing decision, specifically when the new partnership has been formed, the partnership management has started. Three described areas of interest when managing strategic partnerships are strategic motives, the collaboration structure and processes, and the partnership performance (Parkhe, 1993).

So, we find that initiating and managing a strategic IT partnership has been researched quite extensively. However, in light of how many strategic partnerships are unsatisfactory or fail altogether (Das & Teng, 2000), the existing literature is lacking research into the termination of an IS partnership, as remarked by Greve et al. (2010). Considering the importance of this partnership for both the customer and the supplier, and assuming the forming of the partnership was based on sound reasoning, it is likely that changes occurred in the partnership to trigger termination. For example, the conditions that were met when the outsourcing decision was made, are not upheld by the supplier. Or perhaps both organizations 'outgrow' each other in terms of size, business processes

(Gulati, Sytch, & Mehrotra, 2008), business strategy or the partnership was even created with an eventual termination in mind. How do organizations communicate to their partner that they are planning to terminate the partnership? Do they communicate in a direct manner, or do they circumvent a confrontation – how obvious are the signals that termination is imminent? Who are, and at what level within the organizations are they in contact about the planned termination? What are the contributing factors that trigger signals to be sent? How does the other partner receive and perceive the signals, what do they do with it?

To formulate answers to above questions, this paper focuses on the signals that are sent between partners that can be interpreted as precursors to partnership termination. We limit this research to partnerships that include a small to medium-sized (SME) organization as the customer organization, because they are likely to form strategic outsourcing partnerships for Information systems.

This leads to the following research question and sub-questions.

Are there, and if so, which signals are sent and received between partners of an IS outsourcing partnership, which can be interpreted as precursors to partnership termination, within small and medium-sized enterprises (SMEs)?

1. *Which types of signals should be distinguished?*
2. *How can these signals be recognized?*
3. *Who are the senders and receivers of these signals?*
4. *What triggers the sender to send a signal?*
5. *How does the receiver interpret a signal and what effect does a signal have on a receiver?*

Because this is a relatively unexplored area of research, this research is exploratory in nature. We aim to study one or several partnerships within their organizational context. As a best practice, for this exploratory research we apply case study as research approach (Yin, 2014). A case study of an Information System outsourcing partnership is conducted.

This research contributes to IT/IS management practice because it explores the signals that typically indicate an imminent IS partnership termination. For IS suppliers, knowledge about these signals and their senders can be used to improve their services and/or manage expectations for current and future customers. For IS customers, being able to recognize signals from their own organization early on may reduce frustration and costs if a system is not working (anymore) as it was intended. For both partners in the partnership, early signal detection can contribute to a better partnership cooperation or a better partnership termination.

This paper continues with a discussion of the existing literature to place this research in the theoretical context it builds upon. In chapter three, the research methodology is described. After the chapter detailing the results, the paper concludes with discussion, conclusions, and recommendations for future research.

2. Theoretical framework

The questions we aim to answer are:

Are there, and if so, which signals are sent and received between partners of an IS outsourcing partnership, which can be interpreted as precursors to partnership termination, within small and medium-sized enterprises (SMEs)?

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5. *How does the receiver interpret a signal and what effect does a signal have on a receiver?*

To answer these questions, we first examine the specifics that are associated with the SME context. What does this context mean for the relational network of senders and receivers of signals? Next, this relational network of senders and receivers is described. What kind of strategic goals do the partnered organizations have and how do they and their goals fit into the relational network? Then, ways in which senders are triggered to send a signal are discussed. The dynamics of the signals within the relational network that follow these triggers are explored. What happens on the receiver end of the signals, how are they interpreted? Finally, the way in which the goals, triggers and signals come together leading up to partnership termination is discussed.

SME context

Information systems are usually implemented in important organizational processes, which benefit from incorporation in a system. Small and medium-sized enterprises (SMEs), a definition capped at an annual turnover of €50 million/€43 million balance total and a maximum number of employees of 250 (EC, 2020), are unlikely to invest in inhouse IS development from scratch. A 2020 study among Icelandic SMEs found that as much as 79,8 percent of SMEs outsource service activities (Edvardsson, Durst, & Oskarsson, 2020). As there are many SMEs – in the EU, nine out of ten enterprises is an SME (EC, 2020) – it is also likely that standardized systems have been developed for fulfilling similar information system needs. SMEs are thus likely to outsource information systems, in order to benefit from existing expertise (Everaert, Sarens, & Rommel, 2007), to improve operations or reduce costs (Edvardsson et al., 2020). This combination of importance for the customer organization and the decision to outsource, creates a strategic IS sourcing partnership between the SME and their IS provider.

For the SME, the strategic benefits of forming a partnership are most evident; they can almost immediately benefit from the accumulated expertise of the IS provider without in-house development (Currie & Willcocks, 1998). Best practices from other IS users have already been integrated within the IS. In addition to the IS, they also acquire input into the design of their business processes.

For the IS provider, a new customer might be viewed as just that, a customer. Selling the already available system with implementation and support hours can be very transactional. However, the incorporated best practices that benefit new customers, must be 'found' among the IS users. For an IS provider, the developments that their customers' organizations go through, and the changing needs that come with it, are important feedback for their own product development. New customers are then also new partners that can provide this input to them. In turn, their product development will benefit both existing and new customers. For both the customer and the supplier, this sort of dynamic innovation (Lacity & Willcocks, 2014) can prove beneficial.

Because, as described above, the customer-supplier relationship between an SME and their IS provider is a strategic partnership, there are dependencies in the relationship. There is a dependency because the customer is more likely to be the partner that 'pulls the plug' from the partnership. The reasoning behind this dependency is that an IS supplier does not really have an incentive to terminate the partnership. Perhaps, if the customer is taking up too many resources (performance) or the IS product is discontinued (strategy), the supplier may move to end the partnership. The customer usually has more alternative suppliers to choose from. Of course, they would have to consider switching costs. There is also dependency because the supplier holds most of the expertise of the IS, so there is a dependency of the customer on the supplier in that regard.

Relational network and communication structure between senders and receivers.

Because of the relatively small size of SMEs, the strategic decision to outsource and which partner to choose, is usually made by (a combination of) the CEO/owner-manager, CFO, and perhaps someone in IT (Hang & Wang, 2012; Neirotti, Raguseo, & Paolucci, 2017). After the decision has been made to start the partnership, someone within the company will be assigned the task to deploy the IS (application manager). The users will get an explanation about the new system from this person, supported by the supplier of the IS, but are not part of the strategic decision making (Fardal, 2007). The decision to outsource is made at management level, the user support/application management is an internal organization function often supported by the IS supplier, and then there are the actual users of the system. At the IS supplier, there is a similar distinction. First, the new business or sales manager that has acquired the new customer, has had contact with the customer's management level. Second, the business consultant is the day-to-day point of contact for the application manager who wants to maximize the use and effectiveness of the information system. The consultant at the supplier and application manager at the customer are the boundary spanners, who serve as the linking pin between both organizations (Schilke & Cook, 2013). Third, the supplier user support department deals with most daily user problems. A larger customer organization would have an internal user support department, but considering their size, within SMEs these are not likely to exist, so this is mostly outsourced as well. We therefore conclude that there are three tiers within the SME IS partnership, who are most likely to communicate with each other, outlined below in Table 1:

Table 1 SME IS partnership horizontal communication.

Tier	**Customer**	**Communication**	**Supplier**
Top tier	C-level management		Sales manager
Middle tier	Application management		Business consultant
Low tier	Users		User support

In addition to the horizontal communication between same-level tiers of both partners, there is also vertical communication between tiers within the same organization about the use of the information system. Usually, this communication does not skip a tier. So, users will communicate with application management, who will in their turn communicate with C-level management, as outlined in Table 2 below.

Table 2 SME IS partnership vertical communication.

Tier	Customer	Supplier
Top tier	C-level management	Sales manager
Communication	↕	↕
Middle tier	Application management	Business consultant
Communication	↕	↕
Low tier	Users	User support

In this way, the communication between and within organization can be segmented into seven different lines of communication; three horizontal and four vertical lines.

The longer the partnership lasts, the more contact there has been between counterparts from the partnered organizations. Especially between the application manager and the business consultant (both of the boundary spanners), the relationship will be less transaction-like and more social. (Johanson & Mattsson, 1987) This pleasant partnership can even lead to 'chemistry', if there is a leadership pair between the customer and supplier organizations – increasing dynamic innovation (Lacity & Willcocks, 2014) and trust development (Schilke & Cook, 2013; Tomkins, 2001) which can benefit both partners.

Depending on the communication line and the circumstances, the regular communications between and within both partner organizations can be informal or formal, spoken or written, pleasant or not (Alajoutsjärvi, Möller, & Tähtinen, 2000). There are many distinctions that could be made but in general, the type of communication will be aligned with the purpose of the communication line.

The top tier horizontal communication serves a strategic purpose; they are usually in contact at the very start of the partnership. At this initiation phase of the partnership, the C-level/sales manager will try to quickly establish trust based on limited information (Schilke & Cook, 2013). The C-level at the customer organization will normally not interfere with day-to-day business and the sales manager at the supplier usually has no reason to initiate contact outside of some end-of-year pleasantries. In any case, the communication is infrequent and formal.

The middle tier horizontal communication is much more about working together. Both the application manager and the business consultant are invested in the information system – they want to make it work. Because they share an interest in the IS and the processes it helps manage, their relationship resembles more of a peer relationship. For the business process at the customer organization, the application manager will be more knowledgeable, and for the functioning of the IS it is the business consultant who has the upper hand in expertise. These asymmetries in knowledge balance each other out, and over time will also decrease as they get to know more about their counterparts' area of expertise. Their relationship encompasses much more frequent contact and because it also requires them to relate to the other persons points of view, it evolves into a more personal, informal communication. This is also reflected upon by Schilke and Cook (2013, p. 288): "As the managers from both organizations become acquainted, the boundary spanner's initial, calculative-based trust assessment typically evolves into a more intense, experience-based, and personal trust relationship."

The third-tier horizontal communication is likely to be transactional: a user runs into a problem and the user support helps them work through it and/or signals within the supplier organization that some bug of sorts needs fixing. No system is perfect so user support will be required now and again, but this should be quite infrequent. There is no ongoing relationship between any single user and user support, both will likely, soon after having been in contact, forget one another's existence until the need for user support arises again. Also, even though user support will communicate to a user, user support will rarely initiate communications: contact is typically triggered by a problem arising at the user. Communication is mostly carried out at a more matter-of-fact manner, not necessarily formal but transaction-like.

Regarding the vertical communications in both the customer and the supplier organization, the general communication style will be dependent on the company size and culture. As we are discussing SMEs on the customer end, their internal communications will likely be relatively informal. The size of an SME usually means the lines are short and informal. How this informality is expressed can differ per company and country. For example, in the Netherlands it is widely accepted to be on a first name basis with most of your colleagues and superiors, but this is not the case in e.g. Germany, at least not by default. Cultural differences in for example power distance will have effect on this as well (Liu & Liao, 2013). In any case, the smaller size of the company will encourage informal behaviour and communication, however this is expressed.

For the communication within the supplier organization, this depends also on the size and culture. In general, we can assume that the larger the organization, the longer the lines are between the three tiers. Perhaps there are regional sales managers or separate business units that are part of the hierarchy. So it may be that the communication between the tiers is not as obvious or even as easy. In any case, we assume that if they want to contact one another, they will be able to.

Both in the customer and supplier organizations, the vertical communication lines mentioned above are not necessarily hierarchical. For example, although it is possible that the IS application manager also fulfils a role as e.g. department head, the function of application manager does not typically encompass leadership over the IS users. The same goes for the other vertical communication lines. At the customer organization, the CEO will inherently have ultimate accountability over both application management and system users but may not be their day-to-day manager. At the supplier organization, the sales, consultancy, and support departments are likely to fall in different hierarchies altogether, where neither is led by any of the others.

Triggers

The triggers leading up to signals that are exchanged prior to ending the partnership may be influenced by changes in the strategic motives, collaboration structure or partnership performance (Parkhe, 1993).

The strategic IS partnership between the customer and supplier organization, has a common strategic goal: to have an adequate information system supporting business processes. When strategic motives change at either partner, this may affect the common strategic goal. If, as a result, the information system no longer aligns with the customer strategic goal, either partner may find that they are not benefiting (enough) from the partnership anymore. Because IS strategic alignment increases organizational performance (Wu, Straub, & Liang, 2015), it seems plausible that when either the customer organization's strategy/strategic goals, or the information system's specifications change, this would have a negative effect on organizational performance and can then also trigger a response from the customer because the performance has changed.

For the customer organization, the trigger to consider terminating the partnership can originate in several other areas. As Whitten and Leidner (2006) have found in their research, the quality of service and of the product are "important predictors of a sustained outsourcing relationship" (Whitten & Leidner, 2006, p. 607). Conversely, deteriorations of the quality of service or product, could be triggers for the customer organization to consider terminating the partnership. So, for example when the costs increase but the service quality does not, or if the scarce availability of resources at the supplier influences the product quality. This reflects on the partnership performance as well as the product performance.

Also, according to Whitten and Leidner (2006) the quality of the relationship influences the decision to continue with an outsourcing partnership, where even if the product and/or service quality are deemed insufficient, the relationship quality may mitigate this. Changes in the relationship quality may therefore be an important trigger for an organization to consider terminating the partnership. For example when at the customer and/or supplier organization, the most influential relationship – the relationship between the boundary spanners (Schilke & Cook, 2013) – is altered negatively, this may directly impact the relationship quality. So, if either or both boundary spanners are not as readily available to their counterpart, or if they leave their position or the organization altogether without adequate replacement, this could trigger a reaction from one of the partner organizations.

Although a customer-initiated partnership termination is more likely, there could also be situations where the supplier organization is triggered into sending signals to end the partnership. For example, if the customer is requiring supplier resources that the supplier wants to allocate differently/more profitably, this may trigger them into sending signals to they customer.

Signalling

Signals about the intention to terminate a partnership can be given in many ways, the signals may be verbal (spoken or written) or non-verbal (posture, gestures). Signals can be actions that mean something, like no longer purchasing the suppliers' products or no longer making use of services. The lack of communication or actions could in itself also be a signal (Alajoutsjiärvi et al., 2000), if communication or action was frequent before. In looking for exit strategies that can be labelled beautiful exits, Alajoutsjiärvi et al. (2000) have constructed a typology of dissolution communication strategies for when partnership termination is intended. They distinguish between four exit strategies and one voice strategy. By using the dimension of other- and self-orientation, ten different dissolution communication strategies are identified, see Table 3 for their typology. The voice strategy refers to the communication strategy that is used when partnership termination is not the intended outcome of the sender, but depending on the reaction from the receiving partner it may be the outcome.

Table 3 - Typology of dissolution communication strategies (Alajoutsjiärvi et al., 2000)

		Other-oriented	Self-oriented
Indirect	Disguised exit	Pseudo de-escalation	Cost escalation signalling
	Silent exit	Fading away	Withdrawal
Direct	Communicated exit	Negotiated farewell	Fait accompli Attributional conflict
	Revocable exit	Mutual state-of-the-relationship talk	Diverging state-of-the-relationship talk
	Voice	Changing the relationship	Changing the partner

These strategies can incorporate several types of signals given off by the terminating partner. For example, if a partner does not convey the actual message but instead only hints towards the intention of termination, this is an indirect, disguised way of terminating the partnership, which combined with other orientation can mean that the sender does not want to hurt the receiver. In contrast, a partner deploying a more direct, self-oriented communication strategy would be more explicit about the wish to terminate, perhaps by drawing up a letter stating their reasons, to terminate the partnership officially and irrevocably.

The effect of the signals is also influenced by the way the receiver(s) interpret them. The receiver's frame of reference and alertness to signals, which itself has been influenced by the partnership, influences how the receiver will receive and interpret the signals (Connelly, Certo, Ireland, & Reutzel, 2011).

Partnership termination

Even though a partnership is more than a simple supplier-customer relationship, partnership termination is most likely to be initiated by the customer. As it is generally accepted that customer acquisition requires more supplier resources than customer retention, a supplier will usually want to keep the status quo, whereas a customer may want to change suppliers because of e.g. changing needs in process management.

Because of the existing lines of communication between the aligned tiers of the partners and between adjoining tiers within the individual organizations, it logically follows that signals about the functioning of the partnership and leading up to termination of the partnership, are exchanged through the existing lines of communication. So, a user, who mainly communicates with the partner user support (horizontal communication) and with the own application manager (vertical communication), is most likely to give off signals to either or both of them.

Also, "in many cases there is more than one individual involved in a relationship from both partners, and those individuals may use different disengagement strategies." (Alajoutsjiärvi et al., 2000, p. 1281). Because they are different individuals and they are also at different tiers within the organization, their reasons for termination and their choice of signalling can vary.

In Table 4, we summarize the relationship between the tiers at the partnered organizations, their goals/focus areas, possible triggers for signal exchange and possible vertical and horizontal signals.

Table 4 Relationship between tiers, potential triggers and signals.

Tier		Goals / focus area	Triggers	Signals	
Customer	Supplier			Vertical	Horizontal
C1: CEO/Senior management	S1: Sales manager	Partnership performance Strategic alignment	• Cost escalation • Strategy misalignment	C1->C2 Dissatisfaction about cost escalation	C2->S2 Increased scrutiny regarding invoices
C2: Application manager	S2: Business consultant	Cooperation structure	• Change of quality of cooperation	C2->C1 expression of dissatisfaction	C2->S2 expression of dissatisfaction C1->S1 expression of concern
C3: User	S3: User support	Product performance	• Change of system useability	C3->C2 Complaints about system S3->S2 User support demand has increased	C3->S3 Increased user support demand C2->S2 Why are there problems

Of course, many possible dynamics of triggers, signals and responses exist, a few typical examples are given below.

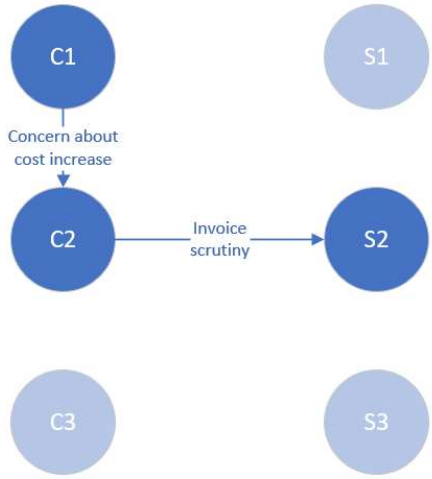

Figure 1 Possible horizontal and vertical signalling triggered by cost escalation.

For C-level management, **performance**/efficiency and costs are important. They are most likely to notice when costs exceed the budget, or when their organization suffers because of poor performance. For example, if a warehouse management system (WMS) does not function properly and shipments are sent out with delays, customers will take their business elsewhere. A possible set of signals within and between the partner organizations, initiated from the top tier, is illustrated in Figure 1. The trigger in this example is cost escalation.

Also, if the system no longer aligns with the organization's **strategic goals**, C-level management will want to re-align them. Given their relatively formal relationship with the supplier organization, how does this influence their signalling? Also, does the top tier signal directly to their supplier counterpart or will they first signal vertically? A possible route of signals within and between the partnered organizations is depicted in Figure 2. The trigger has been a strategic change in the customer organization, with effects and triggers within the customer organization as well as towards and within the supplier organization.

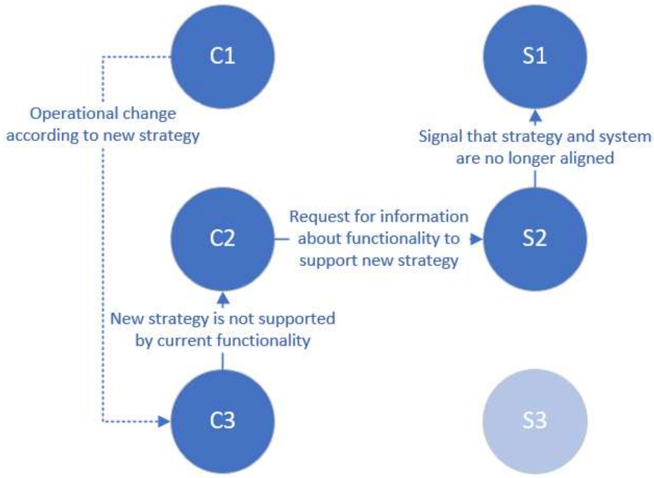

Figure 2 Possible horizontal and vertical signalling triggered by strategic misalignment.

For application management, it is important that the system is up to date, that it runs smoothly and supports the intended business process(es) as well as possible. They are most likely to notice if the business process is not supported anymore. Also, because their relationship with their counterpart at the supplier organization is important for them, the relationship quality and **structure of cooperation** is an important part of how content they are. For example, if the business consultant were to leave the supplier organization and they are replaced by someone that does not 'fit', this can influence the perceived quality of trust and cooperation (Schilke & Cook, 2013). Potential signals that are sent are depicted in Figure 3. The trigger in this example is a change in quality of the relationship/cooperation.

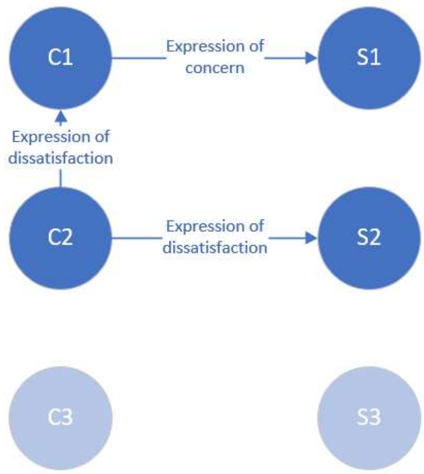

Figure 3 Possible horizontal and vertical signalling triggered by decreased relationship/cooperation quality.

For users, reliability and ease of use are important. They are most likely to complain when the system use is cumbersome, and it takes more time than necessary to carry out their work. In other words, the quality of the system **performance** is most important to them. Possible signals that are sent in this context are shown in Figure 4.

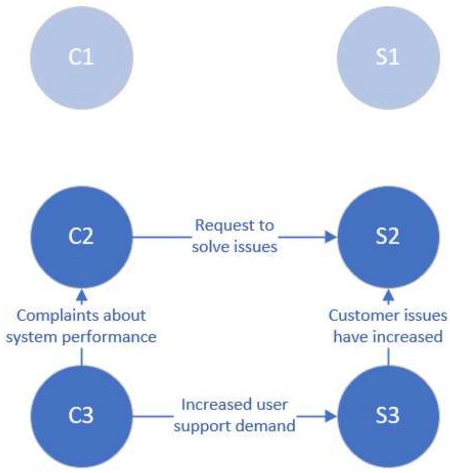

Figure 4 Possible horizontal and vertical signalling triggered by decreased system performance.

Research area

Although the forming and maintenance of strategic partnerships has been extensively researched, the same can not be said for the (near) termination of strategic partnerships. As we are interested in the process that occurs in the lead up to partnership termination, we want to know what happens in the partnership to trigger (near) termination. We are specifically interested in the (near) termination of an IS-partnership in an SME-context. The triggers leading to signals that can be seen as precursors to termination of a strategic IS-partnership in an SME-context, as well as those signals themselves, have not been extensively researched.

Therefore, we inductively develop theoretical ideas, without limiting the line of questioning too much. This can be done by exploratory research. We now describe the methodology used.

3. Methodology

Research method

As we concluded in the previous chapter, this research area has not been extensively researched. Therefore, we inductively develop theoretical ideas, without limiting the line of questioning too much. This can be done by exploratory research. The aim of the research is to explore which signals are sent and received between partners of an IS outsourcing partnership, which can be interpreted as precursors to partnership termination, within the context of small and medium-sized enterprises (SMEs).

The information that is needed are insights into the senders, receivers, triggers, and signals that are part of a partnership termination process, from within an IS sourcing partnerships. Because of the exploratory nature of the research, the precise nature of the information that is needed to answer the research questions is not set in stone. Instead, the exploration of the context of partnership termination can produce many different ideas and insights. The iterative and interpretative nature of explorative research will lead to insights.

The information that is needed will need to come from within an existing context of a (former) partnership. The people involved in the termination of a partnership are needed to provide insights. It is best to have multiple sources from both the customer and the supplier organization to be able to triangulate. The different tiers that exist in organizations should be represented where possible, because they represent different points of view on the partnership. For example, at a customer organization, system users who are very content with the user support provided, may very well have a different opinion or experience than a CEO who only sees the invoices for that support. At the supplier side, the CEO/CFO could view a partnership as highly lucrative because a high number of hours is being spent and invoiced on the account, while the supplier's consultants might get annoyed with a customer who needs continuous support on even the simplest task.

To explore the research subject of partnership termination within its context, the case study method is applied. The case study method is particularly suitable for this research, because it explores the subject within its real-life setting (Yin, 2014). The direct contact between the researcher and the research subject allows for observations and explorations. The research will be qualitative, drawing from interviews, internal documents, and the researcher's interpretation.

The exploratory, inductive and qualitative nature of this research follows the research mode of engagement known as neo-empiricism (Johnson, Buehring, Cassell, & Symon, 2006). The inter-subjectivity that emerges from the interaction between the case actors and the researcher, aims to understand, describe, and explain the behaviour of those actors within the case context.

Technical design

The research is set up as a single, holistic case study. A single case study is appropriate when the research subject that has not been extensively researched before. The holistic approach refers to the single unit of analysis that is considered in the research: the (former) partnership (Saunders, Lewis, & Thornhill, 2019).

To select a case, a convenience selection will be made. Time constraints limit the possibilities for preceding surveys that could identify optimal case organizations. Instead, organizations that the researcher already has access to via their professional network, will be approached for participation. It is important to identify a partnership of which both partners are willing to participate.

The types of cases that are selected for this research ideally have the following properties:

- A partnership between an SME customer organization and an IS supplier organization, which has been terminated or has come close to being terminated.
- Access to relevant stakeholders at both the customer and the supplier organization
- A recent partnership (near) termination process, so that stakeholders can recall details about the process and documents are accessible easier.

In a case study, a multi-method approach is often applied, to achieve better triangulation between multiple sources. For this specific research, the following are sought:

- Interviews with key informants from (former) partner organizations.
- Document analysis.

The interviews will be semi-structured interviews, to allow for an open-minded approach. The participants will all be informed about the general interview subjects but there is no predetermined question list that needs to be completed. This interpretivist approach to the semi-structured interview will allow the interviewer to cover the general subjects in the order that they naturally emerge throughout the interview and can depend on the information that is shared during the interview (Saunders et al., 2019).

This way, the interviewee will be able to share information that they perceive to be relevant to the case, without being directed into a predetermined path. This perception part of their experiences regarding the research subject, is an important part of this research, as it is linked to whether a trigger, signal, or interpretation, was perceived by either part of the communication. It is important that the interviewer does not allow their own preconceived ideas to influence the course of the interview, but instead only follows up with questions that arise from the interviewees own statements and responses. (Saunders et al., 2019) However, because the case selection is taken from the researchers' professional network, and their area of expertise has common ground with the research area, it is difficult to eliminate all influence of the researcher. On the other hand, the fact that there is common ground with the research area can also add quality to for example the line of (follow-up) questioning and result interpretation.

The document analysis will include any written correspondence or minutes of meetings between or within the case organization(s), relating to the subject. Because of the nature of the research subject, the document analysis can contribute to the integral documentations of the perceived signals, triggers, and interpretations, without having to rely on the interviewees' memory alone. Also, the data gathered from documents can be analysed in similarly to the interviews.

We aim to document the identifiable events that arise from the interviews and document analysis. An event would be an identifiable moment in time that a signal was sent, triggered by something, with an intended receiver, an intended content, and a goal that the signal is trying to achieve. An event would also be an identifiable moment in time that a signal was received, with an interpretation of the content and goal. An event of a sent signal can but does not always have a linked event of a received signal. Also, a received signal might not be linked to any purposefully sent signal.

The data gathered through interviews and document analysis are registered as events, and combined into a timeline of events, which also includes the triggers, signals, and interpretation of those signals during the time period covered by the timeline. We aim to find patterns in the events that might help us to better understand the process of partnership termination and the triggers and signals that are involved.

The timeline of events will then be the basis for a second (group) interview with the interviewees, to validate the gathered information with the interviewees. This gives them the opportunity to correct mistakes that were made either by themselves or by the interviewer, while also having the possibility to add nuance to any statements.

Data analysis

The interviews will be recorded, to be able to transcribe the interviews. In addition, during the interviews, notes will be taken to help the interviewer to record any insights or ideas that arise from the interview.

From the transcribed interviews and the notes taken during and after the interviews, a timeline will be construed.

Any emerging ideas that arise from the document analysis can be applied to the interviews and vice versa. It may be that the documents confirm insights retrieved through the interviews, or it may be that the documents provide insights that differ from the insights retrieved through the interviews.

Credibility, transferability, dependability, ethical aspects

Where the positivist research mode uses this part of the report to describe the research's internal and external validity and reliability, the neo-empiricism research mode uses the criteria: credibility, transferability and dependability (Johnson et al., 2006). We will use these criteria here as well.

The qualitative nature of the research has implications for the way in which we can ensure the quality of the data and the quality of the research as a whole. The way in which credibility, transferability, dependability, and the ethical aspects of the research are dealt with is described below.

Credibility

To increase the credibility of the research we aim to use multiple information sources. Both by accessing multiple stakeholders within the two organizations within the case study, and by conducting document analyses, we aim to triangulate the research data. By using the multi-method approach often found in case study research, this triangulation can be attained.

Regarding the interviews, it is important that the interviewees feel free and uninhibited to speak about their experiences. They may be inclined to give socially desirable answers because they are worried of it getting back to other respondents or their boss/manager. Because of this, the first contact with both organizations will be to ensure that the organization's owner or manager approves of their participation without reservations. Then with each participant, a short (15 minutes) introductory conversation via MS Teams will be held to make first contact, explain the research subject, explain the confidentiality agreement, answer any questions that may arise. The in-depth interviews themselves are preferably held in person, to make the interviewees feel most at ease to share their experience. For the same reason, the location for the interview is determined together with the participants, to ensure they are at ease. In this way, we aim to attain the trust and rapport that can help ensure the credibility criterion, for as far as the limited time available for the research allows for trust and rapport building.
In addition, the information collected through documents and interviews with stakeholders will be presented to the organizations for validation. In this way we make sure that the researcher's interpretation of the data is aligned with the participants' intentions. After all, the researcher's interpretation may be influenced by their own preconceived ideas about the case since they are themselves working in the area of expertise of information system implementation.

Transferability

A single or even a few exploratory case studies are not generalizable to the entire population of similar cases, because the context is very case specific. In this specific research, the case selection (via the researcher's own network) could further impact on transferability because it is taken from a subset of all available cases. By providing a detailed account of the case context, however specific, as well as detailing the research design, we aim to clarify the specifics of this case and this research. In this way, other researchers can judge the case context and research design and decide if it is transferable to another research setting.

Dependability

The nature of interpretivist semi-structured interviews and the associated interaction between the interviewer and interviewee, as well as the interpretation by the researcher, makes it difficult if not impossible to fully replicate them reliably. Because of emerging information, the focus of the research is likely to shift during the research. A well-documented research process will aid the reader in assessing the dependability of the research and results.

Ethical aspects

Because the case selection process involves the researcher's own professional network, it is important that there is no conflict of interest. The researcher should not be inhibited in the research process, because of any professional connections between their own organization and any of the case organizations. For this reason, the professional network will be used to find relevant cases, but any case that involves an organization that is professionally connected to the researchers' employer, will not be selected. The main way this is ensured, is that the researcher asks current information system supplier organizations of their employer, for any new accounts that they have recently signed, and to see if that new customer and their former supplier are available as a case.

The case organization as well as the individual participants to the research, will be asked for their consent to record their interview responses and other information they make available. Their anonymity and confidentiality of their response will be an integral part of the research. At any point, all participants are free to decide to withdraw their participation from the research and/or to request the researcher that they no longer make use of information they have given.

4. Results

Case selection

Ideally, any case(s) that are part of this study, are an exact fit to the requirements listed in the previous chapter. It should be an SME context, at least for the customer side, and on both sides of the partnership there should be access to relevant stakeholders and information. The case selection process has led to several potential cases, of which one has been selected for this research. The shortlist of cases, which were found through the researcher's professional network, consisted of three partnerships. The context in all three cases is a partnership between an SME type customer organization (three different organizations) and three different IS providers. The reasons for (not) selecting them are as follows:

- Option 1: The SME had recently switched to a new ERP provider and had therefore also recently decided to terminate their existing partnership with their previous partner. The reason this case was not selected for the research is that the person responsible for the termination decision at the customer organization was not available for interviews. Because of this, there would only be access to the supplier organization which would not allow for the desired combination of information sources of both customer and supplier side.
- Option 2: The SME had recently switched to a new ERP provider and had therefore also recently decided to terminate their existing partnership with their previous partner. The reason this case was not selected for the research is that it was made clear that much of the decision-making process was protected by an NDA, which the customer organization was not willing to lift for research purposes. This would mean limited access to information.
- Option 3: The SME had recently decided to switch to a new ERP provider and had therefore also very recently decided to terminate their existing partnership with their previous partner. The reason this case was selected is that there was no issue with access to both sides of the partnership. They also did not have any NDA or similar restrictions in place.

The case partnership that was selected has the following properties that affect the research. First, neither side of the partnership could provide documentation for document analysis. Most if not all communication about the partnership termination was verbal, so the research depends heavily on recollection of events by the participants. The second limitation is that the customer organization had not yet finished the transition to the new ERP provider. This means that they are still dependent on the services of their – soon to be former – ERP provider. Therefore, they were reluctant to participate in for example a group interview or even to have their views shared with the ERP provider as to not affect the service. The third limitation is that since the partnership termination, the new ERP provider organization had acquired the previous ERP provider company, including their products and personnel. So, for the supplier side of the partnership, this meant that they also were hesitant to participate in a group interview because it may affect the new relationship between the customer organization and the new ERP provider. They were going to continue to support the old ERP solution but will also be trained in support of the new ERP solution. So, it is quite likely that they would be in contact with their former customer while supporting the new solution. Neither side of the old partnership wanted to strain the new partnership by sharing too much about their respective viewpoints regarding the old partnership.

At the customer side of the partnership, three key figures were available for interviews: the owner, the head of purchasing and the head of administration. Because of the SME context, their titles do not reflect their complete set of responsibilities. In any case, these three were the contact persons that had regular contact with the ERP supplier.

At the supplier side of the partnership, two key figures were available for interview: both main developers/consultants/support staff. The ERP supplier organization is quite small, with a total of about eight employees; the role of developer, consultant and support was combined, the consultant role being the least prominent. Both people with this combination role were available. The founder of the company was not interviewed, because by the time of the research, he had sold his company and was not available.

Although access to relevant stakeholders was not a problem at first, some other limitations arose during the research process. The communication between the customer and supplier organizations, was mostly verbal via telephone. The information gathered in the interviews is therefore based on memory of the interviewed persons. The written, formal document of cancellation of the contract by the customer organization was not made available for document analysis. Because the communication was verbal, no e-mail communication was present for sharing. Besides the written, formal document of cancellation, the interviewees have indicated that there was no written communication about any signals that alluded to a termination of the partnership.

As previously explained, because the supplier organization has been bought by the new supplier organization, the relationship between both case organizations is not a straightforward 'former partners' relationship. Because of this, it was not possible to triangulate the results in for example a group interview with all respondents. Instead, the results were provided in writing to both organizations, with the request for validation and a request of an organization-group interview, in which the three and two stakeholders of the customer and supplier organizations respectively, would be able to discuss and reflect among themselves. The supplier organization was available for this group interview, to validate the results. The customer organization, however, has given the feedback that due to new sensitivities, they would not participate in any validation or reflection, neither in writing nor in a group interview. A summary of the conversations and interviews can be found below in Table 5

Table 5 - Conversations and interviews

Organization	Wholesaler					
Function	Administration		Purchase		CEO	
	Date	Duration	Date	Duration	Date	Duration
Pre-interview introduction	23-6-2022	30 minutes	24-6-2022	30 minutes	14-6-2022	15 minutes
Interview one-on-one	12-7-2022	50 minutes	12-7-2022	90 minutes	12-7-2022	40 minutes
Group interview	-	-	-	-	-	-
Organization	SoftCo					
Function	Consultant1		Consultant2			
	Date	Duration	Date	Duration		
Pre-interview introduction	18-7-2022	30 minutes	18-7-2022	30 minutes		
Interview one-on-one	28-7-2022	70 minutes	11-8-2022	65 minutes		
Group interview	3-11-2023	60 minutes	3-11-2023	60 minutes		

Results

The researched case revolves around the partnership between the customer organization: a wholesaler in bathroom fittings with 25-30 employees, and the supplier organization: a small (eight people) software development company. We will refer to the customer organization as Wholesaler and to the supplier organization as SoftCo. We aim to understand the partnership termination process in this specific case related to the discussed theoretical ideas of the research theme: signalling. The below account of the case timeline provides the context and connections to the theoretical concepts. These concepts are senders, receivers, triggers, and signals. The identified triggers and signals, as well as other relevant operational struggles, are shown in Figure 5.

Timeline

The business partnership between Wholesaler and SoftCo had started in the nineteen seventies, when SoftCo was founded. There was an existing connection and personal friendship between the founder of SoftCo and the owner of Wholesaler at the time. We will refer to this owner of Wholesaler as Owner1. SoftCo was founded by one man with a computer, who started software development behind a desk in Wholesaler's offices. As Wholesaler expanded, so did SoftCo, taking on more accounts in similar businesses and continuously improving the system to suit customers' needs. The trust that existed between both owners on a personal level, was reflected in the business partnership in the fact that no real contract existed between the companies. Also, changes and customizations in the system were added on as needed, with neither party being too worried about costs. During the process leading up to partnership termination, this intertwined relationship was part of the *signalling environment* (Connelly et al., 2011) and influenced the signals and their interpretation. We will discuss the effects of the signalling environment later.

In 2013, Wholesaler's Owner1 died. Ownership of the company was transferred to his wife, but directorship was taken on by an employee who had at that point been with Wholesaler for 23 years and had already fulfilled the role of general manager for the preceding three years. This Director1 had a clear perspective on how the business should function and in what way their software system should support that business. Under his leadership, several more tailor-made changes to the software were made by SoftCo. The same trust that had existed between Owner1 and SoftCo, seems to also have existed between Director1 and SoftCo.

About five years later in 2018, Director1 decided to leave Wholesaler for a similar position in a different company. This was not related to any issue with the system, on the contrary he introduced the same system at his new employer. The knowledge about the system and all the tailor-made changes, had however not been anchored at Wholesaler. So, when Director1 left, the employees were left with a knowledge gap. The specific working methods that were used, as well as the underlying business processes that had been the basis of certain system customizations, had not been sufficiently anchored with Wholesalers employees. This meant that SoftCo was often consulted upon. However, SoftCo also did not have intimate knowledge of the business specific processes of Wholesaler, or the exact way in which they applied the SoftCo solutions within their processes. The lack of a boundary spanner with sufficient knowledge of the processes and the systems, also affected the *signalling environment;* in the way that if either the sender or receiver supposes the other part to have prior knowledge, which they do not have, the *signal*, its *interpretation* or both could be affected.

When Director1 left, directorship passed naturally to another senior employee, who had been Wholesaler's CFO up until then. However, Director2 did not have the same affinity for software systems and did not manage to continue the development path that his predecessor had laid out. At some point, he suggested to change the software system to one that he knew from a previous position at another company. Wholesaler's then owner (Owner1's wife) put a stop to that initiative, because of the longstanding business and personal relationship between Wholesaler and SoftCo. Here we see that business decisions were affected by the personal relationship of the owners.

At SoftCo meanwhile, the founder had decided to step down from daily operations, leaving his son in charge. For SoftCo employees, this did not really affect their day-to-day work, as the founder had not been involved anymore in that for some time already.

Up until Wholesaler's Owner1 had died in 2013, he and SoftCo's founder had had a strong personal, and by extension business relationship. It is possible that the changes in both (family) businesses, caused by the death of Wholesaler's owner in 2013 and the retirement of SoftCo's owner, affected the existing trust and friendship that can positively influence cooperation between family businesses (Hadjielias & Poutziouris, 2015), again forming the *signalling environment* that influences the signals and their interpretation. These two men had been personal friends for decades, which had positively affected their trust in their businesses' strategic partnership. As boundary spanners between their respective organizations, they had exuded positive energy and joy during the continuous development of their cooperation (Andersen & Kumar, 2006).

Early in 2020, the son of Wholesaler's Owner1 became owner and director (Owner2) of the company. Director2 resumed his previous role as CFO. With the renewed presence of a founding family member as owner/director, the ambition level and future plans were also changed. This change in strategy proved to be the trigger to several organizational developments and signals. We identify this moment as *Trigger1* on the timeline in Figure 5. In previous organizations where Owner2 had worked, he had been part of developments to improve customer experience. The website and online ordering possibilities needed a big overhaul, to remain competitive in the changing market. Options of expanding the business by adding more store locations were also part of the ambitious new leadership. At that point, Wholesaler had two warehouses with showrooms and was looking to expand. The software should be able to support the more complicated stock and order management that this would entail.

Soon, the discussion about the suitability of SoftCo's solution was started again, this time by Owner2. It seemed difficult to get accurate reporting from the system, which was needed to get the insights into the business that he needed to plan the company's future. At Wholesaler, this triggered the head of purchasing and the head of administration to be in more regular contact with SoftCo, trying to understand and improve the reporting. Internally within Wholesaler, this triggered signals to each other and to other colleagues, that the system seemed so complicated to them. At SoftCo, the increase in questions was not taken as a sign that something was wrong with the system itself, but rather as a confirmation of their existing beliefs that the employees were not knowledgeable enough to understand the system and were trying to familiarize themselves.

In September 2020, the CFO resigned, and the financial reporting was outsourced to an external accountant. At this point, it became clear that, in part due to the knowledge gap, it seemed almost impossible for the employees to reliably get the needed financial information from the system without support from SoftCo. Apparently up until then, Director1 and later Director2 had been able to more or less work with what was available, but it was complicated and needed extensive knowledge about the workings of the system and various kinds of manual bookings in the financial system. The main problematic situation that the new accountant now encountered, was that the reporting from the trading part of the system, did not seem to match the reporting from the financial administration. This situation triggered communication from the Wholesaler accountant towards SoftCo. The accountant was asking information from SoftCo to help explain the differences between both parts of the system. SoftCo explained that several discrepancies were to be expected due to process management choices that had been made by Director1, the impact of which had not been explained to his successor or other colleagues. This knowledge gap affected the useability of the system.

Still, Owner2 wanted to improve the website to better cater to their customers' needs. Internally within Wholesaler, the head of purchasing, head of administration and Owner2 questioned if they should remain with Wholesaler, so both on user level as well on C-level. When Owner2 informed SoftCo about the misalignment between his/Wholesalers' ambition and the SoftCo solutions, he used an *other-oriented voiced signal (Signal1).* These signals were given over a period of time, between beginning 2020 and September 2020. SoftCo wanted to do what they had always done, which was to solve their customers' problem. So, around October 2020 a start was made by SoftCo to develop a website that should fit Wholesaler's needs. Wholesaler's Owner2 voiced the ambition to have the website up and running by January 2021. No one at SoftCo had at that point said anything to indicate that this was unrealistic. In hindsight, one of the interviewees at SoftCo mentioned about this situation that they should have managed those expectations and should have said that 3 months was not enough. It seems that SoftCo did not want to disappoint Wholesaler. The agreed upon plan was that the website development was done in parallel for Wholesaler and two other SoftCo customers. Because the backbone would be similar for all of them, it should be quicker and less expensive to develop.

The deadline of January 2021 was not met. Then, during the January and February 2021, Wholesaler voiced concerns that progress on the website was insufficient. Both the head of purchasing, who participated in the testing process, and Owner2 gave this feedback to SoftCo. They were unhappy with what was being delivered. The envisaged advantage of parallel development led to inflexibility in customer specific needs. At that point, the website project was cancelled by Owner2, around February 2021. This was a *direct, self-oriented signal (Signal2)* that has the properties of the *Revocable exit* strategy. This project cancellation was, at least on Wholesaler's part, clearly intended as a signal that the SoftCo solution was not the way forward. Because *Voiced* and *Revocable exit* communication strategies are close together (Alajoutsjiärvi et al., 2000), mainly differing on the *intent* of the signalling party, the actual signals that are sent are similar. In this case, SoftCo did not identify the signal as an exit-indicator but as another voiced signal, where SoftCo was given a chance to improve. In hindsight, both at SoftCo as well as at Wholesaler, the failure of the website project was seen to be the straw that broke the camel's back.

Owner2 had tried to remain with SoftCo, in part also because of the longstanding relationship between the two companies and the personal relationship between both owners' families. However, when the website project failed, this was another sign that SoftCo was not going to be able to support Wholesaler's ambitions. In spring of 2021, Owner2 started the search for a new system and partner. This information was not shared with SoftCo. From then on, Owner2 changed focus from trying to stay with SoftCo, to finding a better partner. Another *self-oriented direct signal* from the *Revocable exit (Signal3)* strategy that Owner2 had sent was that he indicated that he felt SoftCo lacked consultancy capabilities. This signal was identified by SoftCo in the same manner as the *voiced signal* that was sent prior to the website project. So, during the first half of 2021, there were some plans from SoftCo to build out their team, attract a commercial manager of sorts, to try and course correct. SoftCo's founder also returned from retirement to be involved in the business, trying to support his son who did not have much experience in the software business.

However, communication between Owner2 and SoftCo's founder was even more difficult than with SoftCo founder's son. Where the founder's son was lacking subject matter expertise and had promised developments that they could not deliver, SoftCo's founder himself was stubborn in discussions about costs, which then further antagonized similarly stubborn Wholesaler's Owner2. Costs had not really been an issue before, when Owner1 and Director1 were in charge. The trust that had existed between them and SoftCo prevented this discussion. Apparently, this trust did not transfer to Owner2, who made it clear to SoftCo's founder that it was unacceptable to him that SoftCo was invoicing costs for something they did not deliver (the website). The relationship between SoftCo's founder and Wholesaler's Owner2 was strained.

On the other hand, up until September 2021, the cooperation between Wholesaler's key employees and SoftCo's developer/support staff had not really been affected from a quality point of view. Yes, the website project had been cancelled, but support for system use and comprehension was still requested and provided as before. New developments or small tailor-made changes, however, were not requested anymore. This *signal (Signal4) of an other-oriented, indirect, silent exit strategy* was *triggered* by the intent of Wholesaler to find a new partner (*Trigger3*). At that point, SoftCo did notice that contact became less frequent, but did not interpret this as a signal that Wholesaler would terminate the partnership. Rather, they interpreted it as a signal that the people were getting better in finding their way around the system.

After finding a new partner in September 2021 (*Trigger4), i*n October 2021, Wholesaler officially cancelled the partnership contract with SoftCo. This was clearly a *self-oriented, direct signal* from the *communicated exit strategy (Signal5)*. SoftCo's founder referred to a contract with a much longer period of advance notice of termination on the customer side. The situation led to a quite emotional response on the part of SoftCo's founder, who tried to leverage the long-standing relationship between him and Wholesaler's family. When Owner2 did not change his mind, SoftCo's founder instructed his employees to not take any support calls from Wholesaler, and even threatened to cut them off from their system completely, which was hosted by SoftCo. After some interference of a lawyer who disputed the validity of the contract that SoftCo's founder was referring to, the support was reinstated within a couple of weeks.

For Wholesaler, it had been clear that since the website project was cancelled, partnership termination was inevitable. Signals that they had sent since then, both direct and indirect, were given in that context. However, the development/support team at SoftCo was quite surprised that the contract was cancelled. They had not seen it coming.

After the cancellation of the SoftCo partnership, and the beginning of a new partnership with their new supplier, something unexpected took place. Wholesaler's new partner (NewPartner) and SoftCo had come to a sales agreement, meaning that SoftCo was sold to NewPartner. For NewPartner, this was a strategic acquisition that brought the customer base and employees of SoftCo into their company. It also meant that continuity for Wholesaler was anchored, because even though the SoftCo contract was cancelled, the timeline for migrating to NewPartner, which had been planned for January 2022, had now become less rigid.

Incidentally, as of 2023, Wholesaler is still working with the SoftCo solution and has not yet migrated to the NewPartner solution. SoftCo's former employees are now part of the NewPartner team but still operate as a separate unit, supporting all of SoftCo's former customers, including Wholesaler, on the SoftCo solutions. SoftCo's founder and his son are no longer involved in the business.

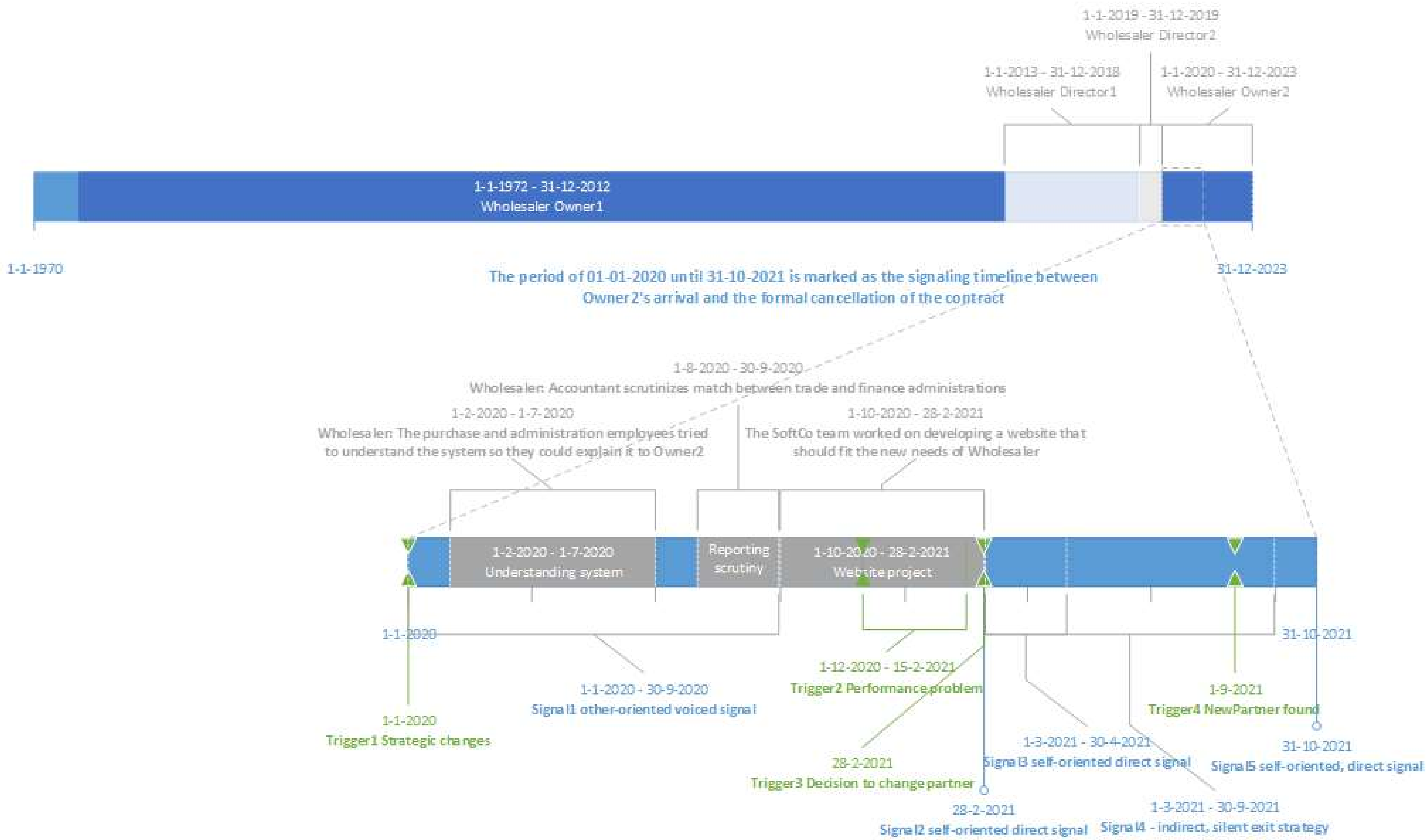

Figure 5 - Partnership timeline and Partnership termination signalling timeline.

5. Discussion, conclusions, limitations, and recommendations

Discussion

This research aims at providing insight into the triggers leading to, and the signals that are exchanged between partners of an IS outsourcing partnership in an SME context, which can be interpreted as precursors to termination of that partnership. In the previous chapter we have reviewed to what extent the theoretical ideas of signals, trust, and boundary spanners, could help to understand the researched partnership termination process. In this chapter, we discuss how the findings of this specific case could contribute to the existing literature. Four concepts are explored: triggers, communication of senders and their signals, receivers and their interpretation of the signals, and the signalling environment.

Triggers

The signals that are sent during the partnership termination process, may be triggered by changes in the strategic motives, collaboration structure or partnership performance (Parkhe, 1993). Reviewing the impact of changes in these three areas on the triggers that lead up to signals that can be seen as precursors to partnership termination, we find the following.

Regarding strategic motives:
Any organization may decide that a strategy change is needed, for example to keep up with changing market demands, to stay competitive or for financial reasons. When organizations are working together in a strategic partnership, a strategy change in either or both organizations can alter the level of strategic alignment between them. In the SME IS-outsourcing context, the partnership's strategic goal would be to jointly achieve their common objective: to support business processes by adequate information systems. For the customer organization, the focus will be more on improving their specific processes and realizing cost and competitive advantages. And for the supplier organization, the focus will be more on the learnings that they can take from their entire customer base, to improve their solution for their entire target market, leading to improved turnover and competitive advantage. For both the customer and the supplier, this sort of dynamic innovation (Lacity & Willcocks, 2014) can prove beneficial. The partnership is more valuable than the sum of its parts as neither of the partners would be able to achieve the common objective on their own (Vergauwen, Roberts, & Vandemaele, 2010).

When a customer organization makes a strategic change in their business process for example to keep up with changing market demands, their IS-needs may change. If their supplier cannot or will not change with them, the alignment is affected because they are no longer working toward their former common objective. When an IS-supplier organization changes their strategy, for example by changing from a custom-built solution provider to a standardized solution provider, their target market may change to no longer include their current customer base. Then, the common objective that aligned the organizations' interests and strategies, is no longer there.

In this research, we find that the customer organization changed strategy. Due to new management and insights, they wanted to change some processes to make their organization more future proof. This encompassed amongst other things, a new online ordering system for customers. Although at first, they started a project to launch such a website together with their ERP supplier, they found that the ERP supplier was not a suitable match for this initiative. The ERP supplier did not have the expertise to launch a website that met the needs of the customer organization. Due to escalation in the communication process, the failure of the website project led to the CEO cancelling the entire partnership with the ERP supplier.

Regarding collaboration structure:
Between two organizations in a strategic partnership, effective collaboration is necessary. Trust, and the information needed to build and sustain trust, is important to effective collaboration (Tomkins, 2001). Both sides of the partnership will invest resources in building and sustaining the relationship. According to Whitten and Leidner (2006) the quality of the relationship influences the decision to continue with an outsourcing partnership, where even if the product and/or service quality are deemed insufficient, the relationship quality may mitigate this. Changes in the level of trust, the amount of information exchanged, or the relationship quality may therefore be an important trigger for an organization to consider terminating the partnership, when they are also already unsatisfied by the product and/or service. For example when at the customer and/or supplier organization the most influential relationship – the relationship between the boundary spanners (Schilke & Cook, 2013) – is altered negatively this may directly impact the relationship quality. So, if either or both boundary spanners are not as readily available to their counterpart, lose their trust or do not share information, or if they leave their position or the organization altogether, this could trigger a reaction from one of the partner organizations, because it changes the *collaboration structure*. In this research, we find that the boundary spanners that had previously supported the relationship and collaboration between both organizations, were not there anymore. The trust that had existed between them, was not institutionalized between the organizations (Schilke & Cook, 2013). Any mitigating effect that their relationship and its quality might have had, was therefore not present in this case. We see that this only negatively impacted the relationship, when the IS strategic alignment was decreased. Up until then, the cooperation between both organizations was mostly satisfactory.

Regarding partnership performance:
Partnered organizations with a common strategic objective, can be expected to work together toward that common objective. The performance of the partnership in an IS-outsourcing context, can be defined as a good cooperation that is supported by clear expectations and mutual agreed time and resource investments to support their combined efforts (Vergauwen et al., 2010). When expectations are not met anymore, or when either partner does not keep their end of the agreement in terms of time or resource commitment, this is likely to cause the partnership performance to deteriorate. Therefore, the partnership performance is very much related to changes in the other two areas that we discuss above, the strategic motives and collaboration structure. Because if the common objective is not there anymore, a partner may decide to change resource allocation. Or, when either partner disinvests collaboration resources, this can negatively impact partner performance. In this research, we find that the supplier organization felt that the customer organization did not have the necessary expertise available to be an effective collaboration partner.

We see that we can not see the areas of strategy, collaboration, and partnership performance as isolated areas. They are connected to one another. For example, when strategic alignment is decreasing and the collaboration structure is not able to mitigate this, the performance of the partnership as a whole is likely to suffer. As Whitten and Leidner (2006) have found in their research, the quality of service and of the product are “important predictors of a sustained outsourcing relationship” (Whitten & Leidner, 2006, p. 607). As such, deteriorations of the quality of service or product, could be triggers for the customer organization to consider terminating the partnership. So, for example when the costs increase but the service quality does not, or if the scarce availability of resources at the supplier influences the product quality. This reflects on the partnership performance as well as the product performance. Another example of partnership performance decrease is when either of the partners does not keep to their end of the deal, either in the services they perform or in the expertise they develop.

In our research we see that the customer organization perceived the services that they received were insufficient and costly – in short, the service quality deteriorated, which was a trigger for the customer organization to give signals about partnership termination. This confirms that if service quality deteriorates, this can negatively impact the sustainability of the relationship, and so the partnership performance.

We find that this research confirms the relevance to a successful sustained strategic partnership, of the three areas that Parkhe (1993) describes: strategic motives, collaboration structure and partnership performance. We find that problems or changes in these three areas, and the effects of them on triggers that lead up to signals that can be seen as precursors to partnership termination, are related to one another. A change in one area can be mitigated or aggravated by the others.

Communication of the sender and their signals

Any communication between people or organizations will comprise of a sender, a message and a (intended) receiver. Because the signal is sender-initiated, we discuss the sender and their signals together. A message of partnership termination can be brought across through different kinds of signals. Alajoutsjiärvi et al. (2000) have synthesized a typology of termination communication strategies that describe various kinds of signals. As we discussed in chapter two, they distinguish eight exit/termination strategies and two voice strategies. Of these, the voice strategies do not intend for termination, but do take termination into account as an option if the voice strategy is not effective (enough). The other strategies are divided into indirect strategies (disguised exit and silent exit) and direct strategies (communicated exit and revocable exit). These four exit strategies as well as the voiced strategy can have a self-oriented or an other-oriented approach. Within this research, we have found several different communication strategies were used at different points in time, as will be discussed further below. The sender in all cases was the customer organization because they were no longer satisfied with the relationship quality and overall partnership performance. This confirms findings of Holmlund and Hobbs (2009) that problems in the relationship or being unsatisfied with the supplier or the relationship performance, are typical reasons for customer organizations to initiate ending the partnership. Additionally, the three main reasons for supplier-initiated relationship ending: lack of profitability, contract breaches by the customer or mutual agreement (Holmlund & Hobbs, 2009) were not present in this case. It may however be that the reasons for supplier-initiated relationship ending would not be the same in an IS strategic partnership, because the cases that Holmlund & Hobbs investigate were a service-oriented relationship with volume-based contracts and discounts. This would need to be researched further.

Within the customer organization, we see a distinction between two types of senders: the user level, and the C-level. The user level of the customer organization did not use direct signals at all. All direct signals that were sent by the customer organization, were sent by the C-level (owner). The indirect signals that were sent by the customer, were sent both by the users (less frequent use of service) and C-level (relationship cost escalation). The C-level signals were intended for the C-level receiver. The user level signals were intended for the entire supplier organization.

What we see is that C-level is more prone to using direct, formal signals. This can in part be explained by the accountability that comes with ownership of a company: you are responsible for more than just your own relationship with the partner organization. If trust decreases or was misplaced, this can cause a more risk-averse response from C-level/owner, because more is at stake

(Tomkins, 2001). The C-level organizational tier will typically also have less frequent contact with a supplier organization, making the existing communication less personal, thus making it easier to be more self-oriented and direct. For the users and application management tiers, maintaining a good day to day working relationship with their counterparts at the supplier is important, because they depend more on them. Hurting their partners' feelings would negatively affect that relationship, which is why an indirect approach is more likely.

The theoretical implication of the different communication strategies used by users/application management/ C-level tiers, is that the different tiers use different communication strategies, characterized by the accountability of the C-level tier and by the nature of the operational cooperation.

In addition to different tiers using different strategies, we also see different communication strategies are used over time. At first, when the customer organization had recently changed their business strategy as the new owner came into the company (changed *strategic motives)*, *other-oriented, voiced* signals were sent from the customer organization towards the supplier organization. They were trying to *change the relationship* so they would not need to leave the partnership. However, for them partnership termination was a potential outcome if the improvements would not be made. A reason for applying this voiced strategy this can be found in the longstanding partnership and personal relationship between the two organizations, where partnership termination would not be a logical first step to take. After all, the value of the existing relationship is not something to take lightly and replacing a partner is also costly and resource consuming. This longstanding (personal) relationship is part of the signalling environment.

When *performance problems* occurred, a *self-oriented, direct* signal from the Revocable exit strategy was sent by cancelling the website project. A reason for using the revocable exit strategy can be that the customer was still keeping the option of repairing the relationship, open.

The customer organization realized that the partnership no longer provided the needed *strategic alignment,* that they were unsatisfied with the *collaboration structure* and found that the *partnership performance* was no longer satisfactory. At this point it became clear within the customer organization that they would start looking for a new partner. This triggered the application management function of the customer organization to use an *other-oriented indirect* exit strategy, by reducing the number of orders placed for system customizations.
Around the same time, the C-level management, used a *self-oriented indirect communicated* exit strategy, when they increased the relationship costs for the supplier by requiring certain timelines to be met. This difference between the signals from application management versus C-level ties into the findings of Alajoutsjiärvi et al. (2000, p. 1281) that "different individuals may use different disengagement strategies".

Then when it was clear that the customer had found a new partner and wished to terminate the partnership, C-level returned to a *direct strategy*, while remaining *self-oriented*, when the supplier organization was informed about the termination of the contract (*fait accompli*).

We see here that the customer applied different strategies at different points in time, each time with a different intent. The intent changed from trying to maintain the partnership, via limiting resource spending, toward terminating it. The intensity of the signals changed with the intent. Starting out as an other-oriented voiced signal, trying to keep the partnership, it changed to direct signals that – if noticed by the supplier – could have still kept the partnership in place. After this, upon deciding that the partnership was not salvageable, the self-oriented indirect signals were more of a resignation by the customer, accepting that they were not going to go forward so trying to invest as little resources as possible, while at the same time sending direct signals of feedback concerning the supplier's performance. Finally, the communicated direct exit signal was the finalization of the customer's intent: to change partners.

The theoretical implication is that when one communication strategy does not have the desired effect, this motivates the sender to change their intentions to be more self-oriented and gear up the intensity of the communication strategy to achieve those intentions. Also, the choice to start out with a strategy that does not intend partnership termination but instead aims for partnership change, implies that for a long-lasting strategic partnership between family businesses, partnership retention seems to be the first choice.

Receivers and interpretation of signals

While a sender has an intended receiver and often also an intent of the signal they are giving, the intended receiver might a) not receive the signal at all, b) receive the signal but interpret it differently than intended or c) receive and interpret the signal as intended by the sender. We now discuss the (intended) receivers and their interpretations of the senders' signals.

Two important distinction made by Alajoutsjiärvi et al. (2000) in dissolution communication strategies, are the distinction between direct and indirect signals on the one hand, and the distinction between self- and other-oriented strategies.

The customer organization had used the direct and indirect strategies in their communication and believed that there could be no doubt that the supplier would recognize them as such. The supplier did recognize the direct signals. When the voiced strategy was applied by the customer, the supplier understood quite well that improvement was expected. Similarly, when the customer indicated quite clearly that they felt the supplier was lacking an advisory role, the supplier tried to add such a role to their organization. And of course, when the partnership was finally terminated, they did recognize that as well.

However, the supplier did not notice the indirect signals. They had not really noticed that customizations were being requested less frequently. Also, when the customer had complaints or demands about costs and timelines, this was communicated by the customer C-level (owner) to the supplier C-level (owner). This ties back to the more formal and infrequent communication that can be expected from the C-level/sales manager tiers' horizontal communication. The system users on the customer side and the developer/support role on the supplier side, had no knowledge about these discussions, although they were most frequently in contact with one another. The fact that the customer tried to not hurt their supplier/partner, as is implied by using an indirect strategy (Alajoutsjiärvi et al., 2000), had apparently made it difficult for their supplier to recognize and respond to the signals. Another factor that limits the effectivity of indirect signals, is the fact that the boundary spanners who usually have a good understanding of both sides of the partnership (Schilke & Cook, 2013), were not present anymore in this partnership, which could explain that the supplier did not recognize the signals as precursors to partnership termination.

Over the span of one and a half years, the disconnect between the senders' intent and the receivers' interpretation, led to increased irritation on the customer side. On the supplier side however, they were carrying on as usual, seemingly oblivious to the growing irritation on the customer's side.

We find that the only dissolution communication strategy that was correctly interpreted by the supplier, was the one that did not even really intend on dissolution: the voiced strategy at the beginning. All other signals were either not interpreted as intended (the direct, self-oriented revocable exit) or did not even reach the intended receiver (all the indirect signals). It does not seem to matter whether the signals were self- or other-oriented, at least not as far as reaching the intended receiver is concerned. Both types were sent and not received. It appears that in this situation, indirect signals were not clear enough to reach the intended receiver. The customer organization was trying not to hurt their longstanding partner but was in doing so also not getting the message across that they wanted to convey.

One theoretical implication is that, when applying a dissolution communication strategy, a sender who uses a direct strategy has a better chance of getting the message across than a sender who uses an indirect strategy. Another implication is that when boundary spanners are missing, this decreases the probability of indirect signals being (correctly) interpreted. Tying back to the tiers within customer and supplier organizations, it is likely that the people who are in regular contact with each other, will find it easier to understand one another. Related as well to the presence of boundary spanners, the effectiveness of direct or indirect communication strategies can also be moderated by the overall environment that the communication takes place in. The next part discusses the signalling environment.

Signalling environment

Having discussed the triggers, senders, signals, receivers, and interpretation, we find that these cannot be seen separately from the context in which they occur and operate. We now discuss this signalling environment.

"The signalling environment […] between organizations can affect the extent to which signalling reduces information asymmetry" (Connelly et al., 2011, p. 55). As referred to in the previous two sections, we find that the signalling environment in which the organizations that had a strategic partnership were operating, was important to which signals were sent, by whom and how, and how and by whom the signals were received and interpreted. The signalling environment in this case was affected by two important properties of interorganizational collaboration, both relating to trust. First, we discuss institutionalized trust, then we explore the context of family business partnerships.

Trust developing in an interorganizational relationship goes through various stages and is very important to a successful collaboration (Perks & Halliday, 2003; Schilke & Cook, 2013; Tomkins, 2001). Schilke and Cook (2013) define four stages that interorganizational trust goes through. When a partnership first starts, and there was no prior relationship between the organizations or its actors, trust is inferred from references or must develop quickly based on limited experience (Initiation stage). At this point, an individual (the C-level decision maker) must place trust in an organization. During the Negotiation stage, boundary spanners (Schilke & Cook, 2013) on both sides of the partnership are getting to know each other and will develop trust in one another. Then, during the Formation stage, the trust that the boundary spanners have in each other as individuals, needs to be transferred to trust of the individual in the organization that those individuals work for. The last stage that Schilke and Cook (2013) describe is the Operation stage, where the trust is institutionalized to exist between both organizations.

Exploring the context of institutionalized trust, we see that, as the customer organization changed in part already since 2013 but more clearly since 2018, the collaboration structure had changed. The boundary spanners that had been present in the customer organization, were no longer there and were not replaced. Also, at the supplier organization, there was no clear consultant role to fill the boundary spanner role on their end. This was essentially solved by the developer/support staff, who had served as boundary spanner proxies. Effectively, the boundary spanners who are so important to function as a linking pin between the partner organizations (Schilke & Cook, 2013), were not present on either side. The boundary spanner proxies on the supplier side were left without a counterpart on the customer side, negatively affecting the relationship and collaboration quality. This seems to have affected the way in which signals were interpreted.

The theoretical implication is that even in organizations with a long-term strategic cooperation, trust can still be non-institutionalized. Because, if the trust diminishes when the actors responsible for maintaining the trust – the boundary spanners – leave their positions, the trust was not institutionalized but rather existed between the boundary spanners. So, long term cooperation does not automatically mean that trust is also institutionalized. It seems that either not every partnership reaches the Operation stage (Schilke & Cook, 2013) or the Operation stage is not synonym with institutionalized trust. Perhaps also the way the partnership started, based on the trust that followed from a pre-existing personal relationship, has affected they development of interorganizational trust. When the basis was never a business-to-business relationship to begin with, it may be more difficult to develop interorganizational trust.

Hadjielias and Poutziouris (2015, p. 885) find that "past friendship contributes to trust between family members to pursue and maintain cooperation between their respective family businesses" and that non-contractual cooperation is an important aspect of family business cooperation. Connected to the development of trust discussed before, the fact that two families have a prior friendship can eliminate some of the uncertainties that are present during the stages of trust development (Perks & Halliday, 2003; Schilke & Cook, 2013).

When we look at the nature of the researched partnership, we see that both organizations were family businesses. Not only that, but there existed a long-lasting personal relationship between both families. This had on several occasions led to them prioritizing the partnership/friendship over their respective business needs. For example, the supplier had not formalized the cooperation via a real contract/SLA. From the customer side, the owner had outright stopped any initiatives to change partners, using the long-standing relation as a reason to keep the relationship, and so prioritizing the relationship instead of aligning the business and systems. The partnership that had existed for such a long time, had endured multiple management changes, but was never subject to any plans to terminate. Interestingly, it seems that the personal connection that existed between the customer-owner (Owner1) and the supplier-founder up until 2013, was not transferred at all to the relationship between customer-owner's son (Owner2) and the supplier-founder, and mainly not to the amount of trust that Owner2 placed in the supplier. Rather, this long-lasting personal connection seems to have had two effects. Firstly, the fact that it existed appears to have influenced the behaviour of Owner2, who did not respond positively when the long-lasting family ties were used as reason to keep the partnership. Secondly, on the receiver end, the relationship seems to have functioned as a filter on the exit signals from the customer, in such a way that were not interpreted as exit signals by the supplier. Almost as if the partnership were deemed 'unbreakable' from the supplier side. For example, the lack of expectation management regarding the timeline of the website project, seems un-businesslike; perhaps the supplier's choice to work like this was also affected by the assumption that the longstanding partnership was enough reason to stay, even if the timeline was not met.

The theoretical implication is that interorganizational trust, when partially based on personal connections, can diminish if those personal relationships are severed. Family businesses, which often rely heavily on personal relationships, may be particularly affected when a key individual leaves the company.

Conclusions

In this research, we have aimed to answer the following question:

Are there, and if so, which signals are sent and received between partners of an IS outsourcing partnership, which can be interpreted as precursors to partnership termination, within small and medium-sized enterprises (SMEs)?

From the literature review it became apparent that the subject has not been extensively researched. Therefore, explorative research was conducted in the form of a case study.

The following theoretical implications have emerged from this research.

- Different organizational tiers apply different communication strategies, characterized by the accountability of the C-level tier and by the nature of the operational cooperation.
- Ineffectiveness of a chosen communication strategy can motivate the sender to change their intent to a more self-oriented communication strategy.
- Partnership retention appears to be, at least initially, the preferred outcome for long lasting strategic partnerships between family businesses.
- A direct dissolution communication strategy is more likely to be received by the intended receiver.
- The absence of boundary spanners decreases the probability of indirect signals being (correctly) interpreted.
- A long-term strategic cooperation between organizations does not necessarily mean that inter-organizational trust has been institutionalized.
- If interorganizational trust is based on pre-existing personal connections, the trust can quickly diminish if those connections are severed.

Limitations

The following limitations apply to the research.

During the first interviews, the interviewees indicated that there was little written communication available regarding the partnership termination process. This affected the research in several ways. First, the intended triangulation of sources between interviews and document analysis was not possible. Second, the interviewees themselves had to rely on their recollection of events, because they also did not have written communication to pinpoint a precise timeline.

To mitigate the missing triangulation, a group interview was proposed. However, because of the continued collaboration between both organizations, neither organization wanted to participate in that. The alternative, conducting two separate group interviews, was only possible at the supplier. The customer organization had indicated that they were no longer available for input. They did however not rescind their permission for research participation, so their input from the interviews was still available. There is a risk of a one-sided account because the customer organization did not contribute to the group interview and timeline review.

From the interviews it became clear that the pre-existing personal connection between both families had had a significant impact on the organizational cooperation. However, the people who were part of that personal connection were not available. On the customer organization, Owner1 is deceased. At the supplier organization, the founder was not related to the organization anymore at the time of the research and was not available. This also meant that for the supplier organization, no C-level person could be interviewed.

Recommendations for future research

The following recommendations for future research could further deepen the understanding of IS partnership terminations, particularly in the SME and family-business context.

- Analyse the effectiveness of direct versus indirect communication strategies in different organizational contexts and how these affect partnership dynamics.
- Explore how the presence or absence of boundary spanners affects signal interpretation.
- Research how organizations can better institutionalize trust to ensure continuity and stability in partnerships, even when key individuals leave.
- Study the specific challenges and benefits of IS outsourcing within family businesses, and how these businesses can balance personal ties and professional needs.
- Explore the specific expectations and perceptions of both customers and suppliers in IS outsourcing partnerships, and how mismatches in these expectations and perceptions can be identified and addressed, to prevent partnership deterioration.

Recommendations for practical application

Although this research is based on a single case study and therefore not fully applicable to every situation, some general practical applications can be derived from it.

- Regularly review and align strategic goals between the customer and supplier organizations to ensure both parties are working towards a common objective.
- Utilize direct communication strategies for critical issues to avoid misinterpretation of signals, especially when indirect signals are not effective.
- Ensure that trust is built not only on personal relationships but also on organizational processes and structures to provide stability even when key individuals leave.
- Ensure continuity of boundary spanners or have a succession plan in place to maintain the relationship quality and collaboration structure.
- Recognize and manage the influence of personal relationships in family business partnerships, ensuring that business decisions are made based on professional needs.

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