The relationship between contracts, control and trust: A field study of the client-supplier relationship between HumanCapitalCare and IT&Care

Abstract

This thesis makes sense of the contract-control-trust nexus in a client-supplier relationship between HumanCapitalCare and IT&Care. The relationship between contracts, control and trust will be analysed from both a rational and a relational perspective. This research takes an interpretive perspective in which sensitizing questions will be developed to come up with interview questions. The interviews were held with both employees of HumanCapitalCare and IT&Care and document analyses were conducted. This thesis concludes that the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care is shaped and changed through both rational managerial decisions (rational perspective) and relations between different actors, both human and non-human (relational perspective).
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1. Introduction

During the last years businesses increasingly outsourced support activities such as administration and IT (Grossman & Helpman, 2005; Varadarajan, 2009) to focus on their core business (Vosselman & Van der Meer-Kooistra, 2000). For example, Unilever outsourced their IT, finance, and accounting departments to low cost countries in order to focus on their core business (NRC, 2016). Outsourcing does not only relate to purchasing goods and services, but also includes finding a partner for the outsource relationship and building and investing in a viable relationship between the partner and the outsourcing party (Grossman & Helpman, 2005). These relationships, also called interfirm relationships, are supported by contracts, control structures and trust (Minnaar, Vosselman, van Veen-Dirks, & Zahir-Ul-Hassan, 2017). Since contracts are arranged in most interfirm relationships and outsourcing becomes increasingly important, it is necessary to gain deeper insights in the contract-control-trust nexus (Meira, Kartalis, Tsamenyi & Cullen, 2010).

Existing research into the control and trust of interfirm relationships has predominantly explored the relationship between contracts, control and trust from a rational perspective (Vosselman & Van der Meer-Kooistra, 2009). This perspective ignores reality is ‘more complex, unpredictable, non-linear and less controllable’ than the stable solutions considered from a rational perspective (Chua & Mahama, 2012). In addition, the rational perspective depends on assumptions from mainstream economic management control literature (Minnaar et al., 2017) which identifies employees as self-serving and opportunistic agents (Van der Kolk, Ter Borgt & Van Veen-Dirks, 2015). In contrast, the relational perspective examines contracts, control and trust in a different way: “contracts, control structures and trust are interactively shaped and changed through the associations between actors, both human and non-human” (Minnaar et al., 2017, p. 31). This perspective views contracts, control structures and trust as being generated by and intrinsically constitutive of the interfirm relationship, rather than viewing contracts, control structures and trust as results of relatively distanced managerial decisions (Zahir-ul-Hassan, Minnaar & Vosselman, 2016). Furthermore, the relational perspective focuses on change and dynamics instead of focusing on stability and predictability which is common in the rational perspective.

By using the existing literature this thesis looks at the relationship between contract, control and trust in the relationship between HumanCapitalCare and IT&Care. HumanCapitalCare is a Dutch health-care organization that outsources its IT-management to IT&Care. The core business of HumanCapitalCare is providing health and safety services in relation to occupational health within the Netherlands. IT&Care provides the infrastructure for HumanCapitalCare and develops software in order for HumanCapitalCare to provide services to their customers. Furthermore, IT&Care maintains the software and keep the software in compliance with regulation.

This study is relevant for several reasons. First of all, it is scientifically relevant to gain deeper insights in the contract-control-trust nexus in interfirm relationships. Although this relationship has been researched for several years, the relationship between control and trust is complex which creates the need to enhance our understanding (Van der Meer-Kooistra & Vosselman, 2006). Additionally, firms increasingly outsource (Grossman & Helpman, 2005) and outsource relations are supported by contracts, control and trust which makes...
it necessary to gain deeper insight in the contract-control-trust nexus. Secondly, research has been insufficient in providing a comprehensive paradigm that covers all aspects of trust (Balvinsdottir, Hagberg, Johansson, Jonäll, & Marton, 2011). Additionally, there are differences in interpretations of trust (Free, 2008; Volery & Mansik, 1998). Researching interfirm relationships is particularly appropriate for the study of trust (Balvinsdottir et al., 2011). Furthermore, most of the studies within the field of interfirm relationships take a rational perspective in which control and trust are stable solutions for control problems (Vosselman & Van der Meer-Kooistra, 2009). This is contrasted by research that examines control structures and trust as interactively shaped and changed in interfirm relationships (Minnaar et al., 2017). This study takes both a rational and a relational perspective in order to compare and contrast both perspectives. Furthermore, research is needed to explore how these different ontological views contrast and interact with each other (Zahir-ul-Hassan et al., 2016) and this thesis will explore how distanced managerial decisions (rational perspective) and network effects (relational perspective) relate to each other. Lastly, the scientific contribution of this thesis is within the unique relationship between HumanCapitalCare and IT&Care. Literature about interfirm relationships, such as joint ventures (Cäker & Siverbo, 2011; Emsley & Kidon, 2007), alliances (Das & Teng 1998, 2001) and other outsource relationships (Langfield-Smith & Smith, 2003; Thrane & Hald, 2006; Windolph & Moeller, 2012) have received considerable attention, while the client-supplier relationship is underdeveloped in literature. This thesis investigates the contract-control-trust nexus in the client-supplier relationship between HumanCapitalCare and IT&Care in order to improve our understanding of the contract-control-trust nexus in client-supplier relationships.

This study is also of practical relevance for companies within an interfirm relationship, especially in a client-supplier relationship. The findings of this study can be used by HumanCapitalCare and IT&Care in order to improve the balance between contracts, control and trust in their relationship. Furthermore, this thesis will give some directions for improvement for the relationship between IT&Care and HumanCapitalCare. Lastly, the findings can be used by other companies in a client-supplier relationship and improve their understanding of interaction between contracts, control and trust.

This research will focus on the contract-control-trust nexus in the internal client-supplier relationship between HumanCapitalCare and IT&Care. The HumanCapitalCare-IT&Care case is interesting as it provides an opportunity to investigate the contract-control-trust nexus from both a rational perspective and a relational perspective in order to compare and contrast both perspectives (Zahir-ul-Hassan et al., 2016). Furthermore, this specific interfirm relationship provides an opportunity to produce deeper insights into the performativity of contracts, control structures and trust in networks of organisations as is stressed by Minnaar et al. (2017). This thesis fills the gap by comparing and contrasting both perspectives and providing deeper insights into performativity of contracts, control structures and trust. The aim of this thesis is to compare and contrast the rational and the relational perspective and to gain deeper insights into the contract-control-trust nexus.

Granted that there is a need for deeper insight into this relationship and a need to compare and contrast the rational and the relational perspective, what is the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care, seen from both a rational and a
In order to answer this research question the following sub-questions should be answered first:

- How does the rational perspective conceptualize the relationship between contracts, control and trust?
- How does the relational perspective conceptualize the relationship between contracts, control and trust?
- What does the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care look like?
- To what extent do the rational and relational perspective manifest themselves in the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care?
- What can we learn from a combination of both perspectives?

This study takes a qualitative research method using multiple data sources with a blend of interviews and document analyses which is also suggested in literature (Hansen, 2011). The interviews will be semi-structured and will be held with employees from both HumanCapitalCare and IT&Care. These employees will represent different hierarchical levels in the organisations. Furthermore, document analysis will be focused towards contractual agreements between HumanCapitalCare and IT&Care and some documents will be used to supplement the interviews. With regard to methodology, this case study takes an interpretive perspective which “emphasizes the role of language, interpretation, and understanding in social science” (Chua, 1986, p. 613). For the purpose of this interpretive research sensitizing concepts are developed. The sensitizing concepts are formulated in the form of questions in order to keep an open mind. Furthermore, Chua (1986) argues that interpretive research seeks a scientific explanation for human intentions.

The structure of the thesis is as follows. The next section reviews literature about the rational perspective and the relational perspective in interfirm-relationships. In addition, we examine the contract, control and trust literature. The section that follows describes the case setting and the research methodology. After that, the findings of this thesis are presented. Finally, the discussion and conclusion sections discuss these findings, highlight how the case study adds to the literature and draw a conclusion.
2. Literature Review

This section will be structured as follows. The first section will discuss the central concepts within the contract-control-trust nexus, which are contracts, control and trust. In the following section the contract-control-trust nexus from a rational perspective will be discussed. Subsequently, this thesis will discuss the contract-control-trust nexus from a relational perspective including actor-network theory and trust-as-practice. The section that follows will compare and contrast the rational and relational perspective and will discuss similarities and differences between trust-as-practice and trust as a quasi-actor. The last section will summarize the literature review.

2.1 Central concepts within the contract-control-trust nexus

2.1.1. Contract

One of the central concepts within the contract-control-trust nexus in interfirm relationships is the contract. Classical contract theory defines the contract as “agreements in writing between two or more parties, which are perceived, or intended, as legally binding” (Lyons & Mehta, 1997, p. 241). The contract can differ in completeness because some contracts contain more specific clauses (Chen, 2000). Complete contracts are more legally binding, because these contracts can cover more (different) aspects of the relationship and are easier to interpret and enforce (Klein Woolthuis, Hillebrand, & Nooteboom, 2005). In contrast, less complete contract leave more room for interpretation because of fewer clauses or less verifiability and observability of the clauses (Chen, 2000). In general, relationships with more uncertainty and complexity will lead to completer contracts (Klein Woolthuis et al., 2005). Minnaar et al. (2017) warn against extensive contracting, because the cons exceed the benefits of complete contract: the decrease in mistrust is compensated by an even bigger decrease in trust.

But why do companies use contracts? Contracts are arranged because the parties involved can benefit from contracts for several reasons. First of all, contracts can help to coordinate transactions between parties by influencing the process of cooperation since management control structures and processes are described in the contract (Van der Meer-Kooistra & Vosselman, 2000). Secondly, parties can control whether the activities and outputs are in line with the contractual rules which makes it easier to control for opportunistic behaviour. Opportunistic behaviour is “a variety of self-interest seeking but extends simple self-interest seeking to include self-interest seeking with guile” (Williamson, 1979, p. 234). Opportunistic behaviour especially arises in presence of asymmetrical information, uncertainty and transaction-specific investments (Williamson, 1985). The completeness of the contract depends on the level of opportunistic behaviour in a relationship between two or more parties (Klein Woolthuis et al., 2005). One way to control for opportunistic behaviour is aligning the interests of different parties. When parties have the same interests, both parties can act in their own interest without compromising the interests of the other party (Groenewegen, Spithoven & Van den Berg, 2010). Lastly, contracts help to decrease mistrust through negotiating credible contracts (Minnaar et al., 2017). Mistrust arises when opportunistic behaviour and divergence of interest are present in the relationship between both parties (Lindenberg, 2000).
2.1.2. Control

Another important concept within the contract-control-trust nexus is control. Eisenhardt (1985) distinguishes two basic approaches to control: external measure-based control and internal value-based control. External measure-based control includes formal rules, procedures and policies to safeguard, monitor and reward desirable performance. To a certain extent, external measure-based control relies on accounting measures and accounting information (Vosselman & Van der Meer-Kooistra, 2009). In the context of interfirm relationships external measure-based controls, which are formal control structures, are codified within the contract. Within these formal control structures we can identify two different modes of control: behaviour control and outcome control (Ouchi, 1979). Behaviour control mechanisms specify how partners should act and monitor whether actual behaviour is in line with the pre-specified behaviour to ensure desirable behaviour (Dekker, 2004). Examples of behaviour control used in interfirm relationships are planning, programs, rules, standard operating procedures and dispute resolution procedures (Gulati & Singh, 1998). Outcome control mechanisms stipulate outcomes to be realized in interfirm relationships and monitor whether these performance targets are achieved (Dekker, 2004). Internal value-based control, on the other side, encourages desirable behaviour and outcome by imposing and adopting organizational goals, values, norms and culture (Vosselman & Van der Meer-Kooistra, 2009). This control mechanism does not rely on accounting measures and accounting information and can be seen as an informal form of control. Within this informal control we can identify social control mechanisms in which trust is argued to be the principal mode of control (Dekker, 2004). In the next section we will take a closer look at the central concept trust.

2.1.3. Trust

Current literature lacks a general definition of trust (Bijlsma-Frankema & Costa, 2005), because most researchers explain trust in relation to control (Free, 2008). For example, Van der Meer-Kooistra and Vosselman (2000) argue that trust is a type of control mechanism that arises through learning and adaption processes and Whitley (1999) argues that trust as a control mechanism is an economic system. However, there are some definitions of trust in literature that emphasize that actors accept vulnerability based upon positive expectations about the intentions or behaviour of others (Dekker, 2004; Mayer, Davis, & Schoorman, 1995; Rousseau, Sitkin, Burt & Camerer, 1998; Schoorman, Mayer & David, 2005) and these intentions hold under a lack of detailed information about the actions of the other parties (Tomkins, 2001). Nevertheless, these definitions are not exhaustive. Thus, trust encompasses perception, intentionality and behaviour (Mc. Evily, Perrone, & Zaheer, 2003). This can be illustrated by several forms of trust described in literature. Sako (1992) distinguishes three types of trust: contractual trust, competence trust and goodwill trust. Contractual trust is based on moral standards of honesty that are inculcated in individuals through socialisation and education (Vosselman & Van der Meer-Kooistra, 2000). Contractual trust decreases the need for control structures and contracts, because an increase in contractual trust decreases the need for preventing and reducing opportunistic behaviour. Competence trust focuses on technical and management competences of the other party involved (Vosselman & Van der Meer-Kooistra, 2006) and higher competence trust results in less ex post inspection by the buyer (Sako, 1992). Goodwill trust relates
to doing more than expected and having an open commitment which is enabled by “a norm of open commitment and reciprocity” (Vosselman & Van der Meer-Kooistra, 2000, p. 58). There is no need for explicit (contractual) agreements or predetermined professional standards that have to be met. Another distinction can be made between calculus-based trust, relational trust and institution-based trust (Rousseau et al., 1998). Calculus-based trust relies on credible information such as the reputation of an organization and information received from network relationships about goodwill and competencies of the other parties in order to assess the probability of opportunistic behaviour (Dekker, 2004). Relational trust is based on repeated interaction between two or more parties involved in the interfirm relationship (Dekker, 2004). Relational trust is mostly found in interfirm relationships with a history of prior interaction (Gulati, 1995). It will lead to a decrease in likelihood of opportunistic behaviour because of a decrease in information asymmetry and an increase in commitment to and interest in the outcomes of the relationship (Saxton, 1997). Institutional trust is based on the institutional controls the relationships are subject to, such as norms and values and legal regulations which could also lead to a certain amount of trust (Dekker, 2004).

2.2 Rational perspective
The rational perspective mainly focuses on entities instead of focusing on associations: entities are up-front (Minnaar et al., 2017). Contracts and control structures are subordinate to human beings. The contract, control structures and trust are a result of rational managerial decision-making and help to solve coordination problems and appropriation concerns which are (partially) caused by opportunistic behaviour (Dekker, 2004; Vosselman & Van der Meer-Kooistra, 2009). In order to come up with an efficient solution, managers decide rationally and negotiate contracts and control structures. These solutions are rather stable and predictable and provide order (Minnaar et al., 2017).

The literature focuses on the relationship between control and trust in different types of interfirm relationships such as joint ventures (Cäker & Siverbo, 2011; Emsley & Kidon, 2007; Groot & Merchant, 2000), alliances (Das & Teng, 1998, 2001; Dekker, 2004), outsourcing relationships (Langfield-Smith & Smith, 2003; Van der Meer-Kooistra & Vosselman, 2000) and networks of relations (Mouritsen & Thrane, 2006; Van Veen-Dirks & Verdaasdonk, 2009). From a rational perspective control and trust can have different conceptualisations. On the one hand, contracts and control structures can substitute trust: more trust leads to a lower need for contracts and control structures and vice versa (Dekker, 2004; Van der Meer-Kooistra & Vosselman, 2000). On the other hand contracts, control structures and trust can complement each other: they are mutually reinforcing (Vosselman & Van der Meer-Kooistra, 2009). Tomkins (2001) states that control might add to trust in earlier stages of the interfirm relationship. Trust can be considered to be a direct result of negotiating contracts (Vosselman & Van der Meer-Kooistra, 2009). Additionally, it is important to build trust to prevent that divergence of interests leads to mistrust in the relationship (Lindenberg, 2000). Specifically, there is a distinction between thin trust and thick trust. Thin trust is based on the contractual agreements and formal control structures which support and maintain trust within the interfirm relationship (Klein Woolthuis et al., 2005). However, some uncertainties always remain and these uncertainties cannot be covered by contractual agreements and formal control structures. Therefore a
form of self-regulating control is needed (Minnaar et al., 2017). This self-regulating control emerges through relational signalling which shows that one is committed to the relationship and one is acting co-operatively (Vosselman & Van der Meer-Kooistra, 2009). Relational signalling results in thick trust. While thin trust compensates for negative behavioural expectations, thick trust produces positive behavioural expectations regarding the behaviour of the other parties in the interfirm relationship (Vosselman & Van der Meer-Kooistra, 2009). As a consequence, thin trust is required in order to produce thick trust.

Another strand of literature focuses on the relationship between contracts and trust. Classical contract theory defines formal contracts as “agreements in writing between two or more parties, which are perceived, or intended, as legally binding” (Lyons & Mehta, 1997, p. 241). We could distinguish three different views in the contract-trust nexus. From a transaction cost economics perspective contracts are seen as a basis for trust, because it limits opportunistic behaviour (Klein Woolthuis et al., 2005). Contracts incorporate costs associated with opportunistic behaviour in order to force parties to behave trustworthily. Contracts and trust are positively related with contracts as a prerequisite for trust. Secondly, social scientists regard contracts and trust as conflicting. Contracts and trust are conflicting in a way that contracts can be interpreted as a sign of distrust (Bradach & Eccles, 1989; Neu, 1991). Furthermore, active enforcement of contracts might evoke conflict (Gaski, 1984), opportunism (Goshal & Moran, 1996) and defensive behaviour (Hirschman, 1984). Thus, contracts can create a sense of distrust which makes it less desirable to completely specify and enforce a contract (Fehr & Schmidt, 2002; Klein Woolthuis et al., 2005; Lyons & Mehta, 1997): “the drawing up of a contract reduces the level of existing trust and/or disables the development of trust” (Klein Woolthuis et al., 2005, p. 818). According to social scientists contract and trust are negatively related. The third interpretation of this relationship views contracts and trust as negatively related as well. Trust decreases the need for contracts and, to a lesser extent, formal control because trust is preceding and embedding the relationship (Klein Woolthuis et al., 2005). For example, personal relationships and the accompanied trust can prevent opportunism and can be seen as control mechanisms (Bradach & Eccles, 1989).

The dominant conceptualization of contracts and trust is that of ‘opposing alternatives’ (Knights, Noble, Vurdabakis & Willmott, 2001) in which contracts lead to a decrease in trust and trust leading to decreased contract completeness (Klein Woolthuis et al., 2005). In contrast, the results of the relationship between control structures and trust are mixed. Some found that trust and control are complements and mutually reinforcing (Tomkins, 2001; Vosselman & Van der Meer-Kooistra, 2009) or found that trust is a precondition for the contract (Ring & Van de Ven, 1994), while others found that trust and control substitute each other (Dekker, 2004; Van der Meer-Kooistra & Vosselman, 2000). There is no consensus in literature about the contract-control-trust nexus due to different interpretations of trust (Free, 2008; Volery & Mansik, 1998).

2.3 Relational perspective
Recently, a new perspective towards the contract-control-trust nexus was developed: a relational perspective (Minnaar et al., 2017). Acknowledging that particularly actor-network theory approaches might be useful for explaining the relational perspective in the contract-control-trust nexus, the central theme and the foundational
principles of actor-network theory will be presented. Actor-network theory has its origins in laboratory studies by Bruno Latour, Michel Callon and others at the École des Mines du Paris (Callon, Law & Rip, 1986). In their studies, the central theme was to understand what scientists do in practice by focussing specifically on the agency through which scientific knowledge is produced, rejected and/or reproduced (Chapman, Chua & Mahama, 2015). Actor-network theory produced some important theoretical insights. Firstly, the work of scientists is constructed socially and social does not only exist in human beings, but it is social and material mixed together. Secondly, actor-network theory analysis starts with practice in order to discover explanatory factors instead of presuming that practice can be explained by predetermined factors. So no entity has absolute essence: entities are unable to act on their own, but they act *in relation* to other actors. In this way actor-network theory advocates a relational perspective (Chapman et al., 2015). Finally, actor-network theory assumes that people are not able to objectively and independently observe reality, but that people create reality through what they believe the situation to be. These theoretical insights led to a number of foundational principles: generalized symmetry, recursivity and radical indeterminacy. Generalized symmetry means that ‘everything’ deserves explanation and that everything that we have to explain should be approached in the same way (Law, 1994). Both human and non-human actors should be treated the same way and the division between inside and outside (e.g. firm and environment) should be avoided by the principle of generalized symmetry (Chapman, et al., 2015). Actor-network theorists view a network of relationships as a recursive process rather than a free-standing structure (Law, 1994). The network is regarded as both the medium and the result of interactions and these interactions generate and reproduce into new interactions which makes it a recursive process (Law, 1992; Law, 1994). There is no clear beginning and end-state. Furthermore, network of relations are dynamic and constantly in flux and the core focus of research is to explore how the relations within a network perform and how they change within the network (Law, 1999) with a focus on the performative character of relations (Law, 1992). The last foundational principle, radical indeterminacy, stresses that interests are multiple and indeterminate (Callon & Law, 1982; Law, 1994). Interest are multiple, because each actant is associated with different interest. Furthermore, interest are dynamic and fluid and they change when new data becomes available or new challenges emerge and the form that future interests might take is not determinate (Chapman et al., 2015). Thus, interest are not only multiple but also indeterminate.

From a relational perspective “contracts, control structures and trust are interactively shaped and changed through the associations between actors, both human and non-human” (Minnaar et al., 2017, p. 31) which means that if control structures change, the other actors within the relationship should change as well. From a relational perspective contracts and control structures might be performative: they are actors that actively engage the parties in the relationship to behave in a certain way. Contracts, control structures and trust ‘act’ in a network where they help to create, maintain and modify the relationship in unexpected ways. In this network contract, control structures and trust relate to each other through the network rather than through managerial decisions. Thus, contracts, control structures and trust are actors rather than instruments and mediators in the relationship (Latour, 2005). Furthermore, from a relational perspective contracts and incorporated control structures are affected by trust-building (or destroying). Trust affects the actors in the network of associations in which contracts and
control structures operate (Minnaar et al., 2017). However, trust is not an object and cannot be conceptualised as a distinct actor that shapes and changes interfirm control alongside other actors. Mouritsen and Thrane (2006) explain that trust is a difficult aspiration since there is a normative tone around the arrangement. They refer to Brown (2002) and explain trust as a quasi-actor. Trust should always relate to other actors and can only be formed within a network of associations. Trust is related to other actors in the network, but is not an object on its own: “it is the trusting properties assigned to the object by human actors in the network that make the object important, not the inherent qualities of trust itself” (Minnaar et al., 2017, p. 32). Trust can become a quasi-actor in the network once its circulates in the network through interactions. It is a projection of an emotional value or an aspiration that is formed in the network through the interactions of different actors, both human and non-human. Trust is an aspiration that can be expressed and linked to an actor or multiple actors. When the actor or the identity of the actor changes, trust changes as well (Minnaar et al., 2017).

Another strand of literature that fits in the relational perspective is the ‘as-practice’ literature which is influenced by practice theory of Reckwitz (2002). But how to define practices? A practice is “a routinized way in which bodies are moved, objects are handled, subjects are treated, things are described and the world is understood” (Reckwitz, 2002, p. 250). These social practices are carried out by agents and they consist within the practices. One of the important contributions by Mahama and Chua (2016) is influenced by practice theory and they discuss trust-as-practice. Trust-as-practice is something different than trust as a ‘noun’ or one thing: it is many things. Trust as a practice has no static end-state, but is seen as continuously emerging over time and from the diverse routines and artefacts: ‘trials of trust’ (Mahama & Chua, 2016, p. 31). These trials of trust are not merely responses to gaps in information needs, but are expressive of history with the other party, concerns, practices and beliefs. Thus, trust is not one thing that could be defined as static, but it emerged through diverse routines, knowledge about the other party and understanding of the relationship in which histories, concerns, practices and beliefs are involved.

2.4 Comparisons

2.4.1. Rational versus relational
A rational perspective and a relational perspective differ in several ways from each other. Firstly, in the rational perspective entities are up-front which implicates that contracts and control structures are considered as subordinate to human beings, while the relational perspective prioritises associations or relations among humans and non-humans (Minnaar et al., 2017). Secondly, in the rational perspective contracts and control structures provide order and stability, while the relational perspective focuses on change and dynamics. Additionally, contracts and control result from rational managerial decision-making, while from a relational perspective contracts, control and trust are shaped and changed in a network of relations between multiple actors, both human and non-human (Minnaar et al., 2017). Also, in the relational perspective contracts, control and trust may be performative in the way that they actively engage the parties in the relationship to behave in certain ways, while in the rational perspective contracts, control structures and trust are tools used by rational managers who determine the behaviour of other human beings in the relationship (Minnaar et al., 2017). Furthermore, the
relational perspective could have unexpected and unpredictable consequences, while the rational perspective is more or less predictable. Finally, trust is conceptualized as a quasi-actor in the relational perspective (Mouritsen & Thrane, 2006), while the rational perspective conceptualized trust as a predictable consequence of managerial decisions (Vosselman & Van der Meer-Kooistra, 2009). Trust is a quasi-actor, because it is not a material object, but it relates to other actors in the relationship (Minnaar et al., 2017).

2.4.2. Trust as quasi-actor versus trust-as-practice

Trust as a quasi-actor and trust-as-practice have common ground in several aspects of their conceptualisation. First, both trust as quasi-actor and trust-as-practice affect and are affected by multiple actors, both human and non-human (Mahama & Chua, 2016; Minaar et al., 2017). Secondly, trust as quasi-actor and trust-as-practice are both conceptualized as dynamic. Trust-as-practice does not have an end-state, but it is work-in-process rather than a finished good (Mahama & Chua, 2016). Trust as quasi-actor is a consequence of interactions in the network. It changes when the actor with which trust is linked is removed or when the identity of the actor changes (Minnaar et al., 2017).

However, they are some differences as well. First, trust-as-practice focuses on trust-building, while trust as quasi-actor focuses on how trust comes into being in the network of associations (Minnaar et al., 2017). Additionally, contracts and control structures may be objects that induce trust as a quasi-object, because trust is not an object itself, while the trust-as-practice literature sees trust as a practice which refers to specific routines that are explicitly and intentionally drawn upon to enact trust or distrust (Mahama & Chua, 2016). Furthermore, in the trust-as-practice literature trust is constantly being made and re-made, while trust as quasi-actor only changes under certain conditions. Lastly, the trials of trust in trust-as-practice theory respond to history with the other party, concerns, practices and beliefs, while trust as quasi-actor sees trust as a projection of an emotional value or an aspiration that is formed in the network through the interactions of different actors, both human and non-human. Emotional values or aspirations could include beliefs, concerns, practices and history with the other party. The difference is that emotional values and aspirations leave more room for interpretation, while beliefs, concerns, practices and history with other parties is more specific.

2.5. Summary

The rational and relational perspective are two different perspectives that conceptualize the relationship between contracts, control and trust. The rational perspective conceptualises the relationship between trust and control in two different ways. Firstly, contracts and control structures can substitute trust: an increase in trust decreases the need for contractual agreements and control structures (Dekker, 2004; Van der Meer-Kooistra & Vosselman, 2000). Secondly, control structures and trust can be complementary and mutually reinforcing (Vosselman & Van der Meer-Kooistra, 2009). The rational perspective also distinguishes three conceptualizations for the contract-trust nexus. Firstly, contracts and trust could be positively related since contracts are a prerequisite for trust (Klein Woolthuis et al., 2005). Secondly, contracts and trust could be conflicting in the way that contractual agreements can be interpreted as signs of distrust (Bradach & Eccles, 1989; Neu, 1991). Lastly, trust and contracts could be
negatively related in which trust decreases the need for contracts and, to a lesser extent, formal control because trust precedes and embeds the relationship (Klein Woolthuis et al., 2005). All these different conceptualizations have in common that they try to predict the relationship between contracts, control and trust and create an stable outcome. The relationship between contracts, control and trust result from rational managerial decisions and are predictable consequences of these managerial decisions (Vosselman & Van der Meer-Kooistra, 2009).

The relational perspective prioritises the network of associations in which contracts, control and trust are interactively shaped and changed through these associations between actors, both human and non-human (Minnaar et al., 2017). Contract and control structures may be performative from a relational perspective: they are actors that actively engage the parties in the relationship to behave in a certain way. Contracts, control structures and trust act in this network of associations where they help to create, maintain and modify the relationship in unexpected ways (Minnaar et al., 2017). Trust in this network of associations is explained as a quasi-actor: trust as quasi-actor is a consequence of the interactions in the network and it changes when actors with which trust is linked are removed or when the identity of the actor changes (Minnaar et al., 2017).

But what are the differences between both? First, in the rational perspective contracts and control structures are considered as subordinate to human beings, while the relational perspective prioritises associations among symmetrical entities. Secondly, contracts and control structures provide order and stability in the rational perspective, while the relational perspective focuses on change and dynamics. Additionally, contracts and control result from rational managerial decision-making, while from a relational perspective contracts control and trust are shaped and changed in a network of relations between multiple actors, both human and non-human (Minnaar et al., 2017). Also, in the relational perspective contracts, control and trust may be performative in the way that they actively engage the parties in the relationship to behave in certain ways, while in the rational perspective contracts, control structures and trust are tools used by rational managers who determine the behaviour of other human beings in the relationship (Minnaar et al., 2017). Furthermore, the relational perspective could have unexpected and unpredictable consequences, while the rational perspective is more or less predictable. Finally, trust is conceptualized as a quasi-actor in the relational perspective (Mouritsen & Thrane, 2006), while the rational perspective conceptualized trust as a predictable consequence of managerial decisions (Vosselman & Van der Meer-Kooistra, 2009). Trust is a quasi-actor, because it is not a material object, but it relates to other actors in the relationship (Minnaar et al, 2017). For an overview of the differences between a rational perspective and a relational perspective see table 1.
<table>
<thead>
<tr>
<th>#</th>
<th>Rational perspective</th>
<th>Relational perspective</th>
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<td>1</td>
<td>... entities which are subordinate to human beings</td>
<td>This perspective prioritises ...</td>
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<td></td>
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<td>... associations among symmetrical entities, both human and non-human</td>
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<td>2</td>
<td>... order and stability</td>
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<td>... change and dynamics</td>
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<td>3</td>
<td>... rational managerial decisions</td>
<td>Contracts and control result from ...</td>
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<td>... tools used by managers who determine the behaviour of other human beings</td>
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<td>Contracts, control and trust are ...</td>
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<td>... performative in the way that they actively engage the parties in the relationship</td>
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<td>6</td>
<td>... a predictable consequence of managerial decisions</td>
<td>Trust is conceptualised as ...</td>
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<td>... a quasi-actor</td>
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Table 1 Differences between a rational perspective and a relational perspective
3. **Case setting and methodology**

This section will be structured as follows. The first section will discuss the client-supplier relationship between HumanCapitalCare and IT&Care and the setting in which they operate. In the following section the sensitizing questions will be discussed that are drawn from the literature review. The final section will discuss the research methodology.

### 3.1. The client-supplier relationship

This thesis examines the interfirm client-supplier relationship between HumanCapitalCare and IT&Care. HumanCapitalCare and IT&Care operate within the same holding which is HumanTotalCare (see figure 1). HumanTotalCare consist of two different companies: Mensely and HumanCapitalCare Company. HumanCapitalCare Company includes HumanCapitalCare, ArboNed, Bedrijfsartsen5 and IT&Care which all provide (support) services in the occupational health market. HumanCapitalCare serves the bigger companies in the market, ArboNed serves SMEs and insurance companies, Bedrijfsartsen5 provides services related to occupational physicians and IT&Care provides support services such as infrastructure and software development.

HumanCapitalCare is a service provider in the field of work, vitality and health. They advise and support employers in carrying out an integral policy for health management and assist employees in remaining employable in the long term. One of the key drivers of HumanCapitalCare is to improve long-term employability for their clients by offering services in prevention, absence and intervention ([https://www.humancapitalcare.nl/nl/](https://www.humancapitalcare.nl/nl/)). HumanCapitalCare provides services such as training in working atmosphere and fire safety, accommodating occupational physicians to their clients and providing their information systems to clients. The information systems consist of an online personal health record (my-care) accompanied with a platform for e-learning and videos to improve sustainable employability, an online organizational employability record (we-care) and an online medical record for occupational physicians (med-care). Additionally, HumanCapitalCare focuses on data protection of medical records and personal data through their ISO-certificates and high standards towards data protection and process control ([HumanCapitalCare, n.d.](https://www.humancapitalcare.nl/nl/)). The information systems and the high level of data protection are competitive advantages of HumanCapitalCare since HumanCapitalCare provides these information systems exclusively and is the only company in the health and safety services which is ISO certified. HumanCapitalCare is an aggressively acquiring company and they

![Organizational structure HumanTotalCare](image)
acquired ArboNed and Bedrijfsartsen5 in 2016 and 2017. These companies will be integrated into HumanCapitalCare in the next couple of years.

IT&Care has been a department of HumanCapitalCare for years, but it became an independent company ten years ago. IT&Care supports the services of HumanCapitalCare, ArboNed and Bedrijfsartsen5; IT&Care develops the software and maintains the information systems, provide the infrastructure and is responsible for the system administrations in which HumanCapitalCare, ArboNed and Bedrijfsartsen5 operate. IT&Care supports the separate businesses within the holding with IT-related services.

3.2. Sensitizing questions

Sensitizing concepts are developed which will guide the field study in interfirm relationships to make sense of the empirical research problem and these sensitizing concepts accommodate theoretical anchors without having a ‘heavy theoretical frontload’ (Vaivio, 2008). The sensitizing concepts will be configured in the shape of guiding questions in order to code without focusing on certain concepts. These guiding questions will help to specify interview questions for the semi-structured interviews, while at the same time keeping open-minded towards the interviews. The guiding questions for this research will be:

- What is the role of the contract in the interfirm relationship?
- Why do IT&Care and HumanCapitalCare use a contract?
- To what extent is control used in the client-supplier relationship?
- Is this control visible through the contract and/or through values, norms and behaviour within the relationship?
- To what extent is trust important in the client-supplier relationship? Which forms of trust can be found in this relationship?
- Does trust evolve in the relationship? If yes, in which way does it evolve?
- How do contracts, control and trust interact with each other in the client-supplier relationship?
  - How do contract and trust relate to each other?
  - How do control and trust relate to each other?
  - How do contract and control relate to each other?
3.3. **Research methodology**

The aims of this thesis make a case study the appropriate approach. In conducting this type of research, it responds to the call for gaining deeper insights into the contract-control-trust nexus (Minnaar et al., 2017) and the call for in-depth analysis of interfirm relationships (Caglio & Ditillo, 2008). The case study is particularly useful for these calls since case studies can be understood as in-depth and detailed descriptions of real life situations (Law, 2009). More specifically, the actual relationship between contracts, control structures and trust in the relationship between HumanCapitalCare and IT&Care is examined. This study takes an interpretive perspective which focuses on actions of different actors and the role of language, interpretation and knowledge in social science (Chua, 1986). The literature review and sensitizing questions drawn from the literature review will be used as guidelines for the interviews in order to deal with the perception of individuals about reality and to objectify this perception (Chua, 1986). The aim of analysis is to describe the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care to gain deeper in the contract-control-trust nexus and to compare and contrast the rational perspective and the relational perspective.

This study relies on the collection of documents and semi-structured interviews as data collection techniques to examine this case. The research started with an introductory meeting with the managing director of HumanCapitalCare to discuss the topic of research and who to interview in HumanCapitalCare and IT&Care. The first and most important technique is semi-structured interviews. These semi-structured interviews are conducted face-to-face with different employees within both HumanCapitalCare and IT&Care. The employees are from different levels within the organization such as the managing director of HumanCapitalCare, the managing director of IT&Care, the security officer and operational employees (see table 2). The interviews were semi-structured which means that open-ended question are used to encourage the interviewees to talk about what they themselves experienced related to contracts, control structures and trust in the interfirm relationship. The interviews lasted on average between forty minutes and an hour depending upon how much the interviewees had to say about the interfirm relationship between HumanCapitalCare and IT&Care. All interviews were recorded and transcribed and each interviewee was afterwards contacted to validate the transcripts of the interviews. It was also possible to ask follow-up questions when the interviewees were contacted for the validation of the transcripts.

<table>
<thead>
<tr>
<th>#</th>
<th>Date (yyyy-mm-dd)</th>
<th>Organisation</th>
<th>Position</th>
<th>Duration (min)</th>
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<tbody>
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<td>78</td>
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<tr>
<td>2</td>
<td>10-04-17</td>
<td>IT&amp;Care</td>
<td>Manager Infrastructure and System Administrations</td>
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</tr>
<tr>
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<td>HumanTotalCare</td>
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</tr>
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</tr>
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<td>5</td>
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<td>Industrial Hygiene Expert</td>
<td>43</td>
</tr>
<tr>
<td>6</td>
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<td>Regional Director</td>
<td>35</td>
</tr>
<tr>
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<td>51</td>
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</tr>
<tr>
<td>9</td>
<td>01-05-17</td>
<td>HumanCapitalCare</td>
<td>Managing Director</td>
<td>40</td>
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</tbody>
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*Table 2 Overview of interviews*
The collection of documents was also an important technique for data collection. During the research, the collection of documents led to about 100 pages of written documents pertaining both to the overall interfirm relationship and, specifically, the relationship between contracts, control structures and trust in the interfirm relationship. These documents can be found in table 2. It was not possible to get notes of the meetings of the board and lists of decisions made during these meetings.

In combination, the documents and the interview transcripts were used to cross-validate what was said during the interviews and what appeared in the documents. This cross-validation made it more reliable to draw conclusions regarding the relationship between contracts, control structures and trust in the interfirm relationship. The process of data analysis consisted of three flows of activity: data reduction, data display and conclusion drawing in accordance with Miles and Huberman (1994). These three flows of activity were interwoven in the process of data collection and data analysis. We started analysing from the first day of data collection (Schwartz-Shea & Yanow, 2012) which made it possible to incorporate new insights into the next interviews. The data was analysed manually because the amount of interviews fitted manually coding best.
4. **Field study: the development of the relationship between HumanCapitalCare and IT&Care**

In the first section the relationship between HumanCapitalCare and IT&Care will be discussed. This section will be subdivided into general introduction, contractual agreements, control and trust. In order to explain the relationship between contracts, control structures and trust in the relationship between HumanCapitalCare and IT&Care, we first need to introduce the relationship between HumanCapitalCare and IT&Care. The following section will be devoted to the acquisition of ArboNed, because the acquiring of ArboNed by HumanCapitalCare influenced the relationship between HumanCapitalCare and IT&Care. The last section will focus on the contract-control-trust nexus from both a rational perspective and a relational perspective.

4.1. **The relationship between HumanCapitalCare and IT&Care**

4.1.1. General introduction

The communication between HumanCapitalCare and IT&Care proceeded in several ways such as meetings, mails, phone calls and small-talk at the coffee machine. The small-talk at the coffee machine helped employees of IT&Care understand the processes and changes going on in HumanCapitalCare.

> *I am well informed about most things going on, mostly because of small-talk at the coffee machines. Coffee machines are always a great source of information. So, there is communication about what is going on most of the time.* – Product Owner & Information Analyst IT&Care

Furthermore, there were several forms of formal meetings within the relationship. First of all, there were meetings with the board of directors which included both directors from IT&Care and HumanCapitalCare. These meetings were designed to talk about the future direction of the firms and other important decisions that had to be made. However, there were some problems with these meetings:

> *There has not been put forward a list of decisions from the board of directors or whatsoever in order to explain what are the most important decisions made during the meeting. I have to hear it from the technical director of IT&Care or else I will hear nothing about it.* – Manager Infrastructure & System Administrations IT&Care

> *We could improve our decision-making processes. We often have meetings in which it is not clear if we are working about representation, judgement or decision-making. Furthermore, we do not add lists of decisions to our board meeting minutes ... So, we have been together for the meeting, but we always have to ask ourselves if we actually made a decision.* – Technical Director IT&Care

The lack of a decision list made it difficult for the managers and directors within IT&Care to explain developments within HumanCapitalCare and future directions for IT&Care to their employees. However, in the management meetings of IT&Care the technical director always communicated about the main lines of the board
of directors’ meeting in order for the management to understand the business of HumanCapitalCare. This should help to align HumanCapitalCare and IT&Care. Additionally, there are several teams with key figures from both HumanCapitalCare, IT&Care and HumanTotalCare that focus on specific topics and problems involved in these topics. The working groups develop and coordinate courses of action for the operational levels within the organizations. It also helps to align the course of action for both HumanCapitalCare and IT&Care, because employees of both organizations are involved in these working groups. One important person in aligning HumanCapitalCare and IT&Care is the managing director of IT&Care, because (s)he is involved in meetings of the board of directors, in management meetings within HumanCapitalCare and IT&Care and in developing the strategy of the holding, HumanTotalCare. (S)he could help to align the processes of the two companies, because (s)he is aware of the main lines within both companies.

Lastly, employees within both HumanCapitalCare and IT&Care communicated with each other through mail and phone calls. At lower levels in the organizations mail and phone calls became a larger proportion of communication. The industrial hygiene expert explained:

*The contact was quite informal. Just like colleagues so to say. It could be an email or a quick call and sporadically we arranged a face-to-face meeting … The face-to-face meetings increased in times of change, but when things returned to a quiet babbling brook, face-to-face contact decreased.* - Industrial Hygiene Expert HumanCapitalCare

At higher levels within the organizations mails and phone calls were used in order to discuss emerging problems and ideas. Furthermore, mail was used by employees of HumanCapitalCare in case of problems with infrastructure and system administrations as was explained by the Regional Director of HumanCapitalCare. However, there is a disadvantage about using mail and phone calls:

*You could formally type an email with a question, but making a phone call or walking in their office to drop your question is a way which leads to better communication and personal contact … I prefer personal contact. Why? Because twenty percent is verbal communication and the other eighty percent is non-verbal communication. Non-verbal communication is lacking in videoconferences, emails and phone calls … the content, characteristics and the outcome of personal contact differ from phone calls.* – Security Officer HumanTotalCare

Within the relationship between HumanCapitalCare and IT&Care communication flows through different channels of communication which affect the alignment between the two organizations. At operational level within the organization, mail and phone calls are most important, while at higher hierarchical levels board and management meetings become more important.
4.1.2. **Contractual Agreements**

The contractual agreements between HumanCapitalCare and IT&Care consist of three separate contracts: a license contract, an end-user license and a data processing agreement. The three contracts focus on different aspects of the relationship between HumanCapitalCare and IT&Care. The license contract covers the licenses of the different software applications such as my-care, med-care and the RIE manager. These software applications are developed by IT&Care and subsequently integrated into HumanCapitalCare in order for HumanCapitalCare to use the software applications for their occupational health services.

*There is a license contract in such a way that HumanCapitalCare get to exploit the software of IT&Care for their customers and for their own use.* – **Technical Director IT&Care**

The license contract is comprised of several articles: (1) object of agreement, (2) reimbursement, (3) obligations of the licensor, (4) obligations of the licensee, (5) duration and termination, (6) consequences of termination, (7) confidentiality, (8) fines, (9) liability, (10) final provisions and (11) choice of law.

The end-user license focuses on the use of software and products. It describes the rights and obligations of both parties with regard to software and products. HumanCapitalCare is the final user of the software developed by IT&Care. The end-user license incorporates fourteen articles: (1) definition of concepts, (2) objects of the end-user license, (3) accessibility, (4) personal data processing, (5) obligations of the client, (6) obligations of IT&Care, (7) intellectual property, (8) fees and payment, (9) confidentiality, (10) duration and termination, (11) forces beyond control, (12) liability, (13) termination obligations and (14) final provisions. The essential aspects of the end-user license are:

*The end-user license includes how data is stored, how it is managed, which laws and regulations comply, how to handle intellectual property. That kind of things.* – **Managing Director HumanCapitalCare**

The end-user license can be found in the appendix of the license contract. Additionally, the license contract refers to the end-user license several times. Both are connected, because changes in the end-user license affect the license contract as well. Some examples of this interconnectedness are:

*The obligations of licensor towards licensee and their customers with regard to the use of the software follow from the end-user license and the accompanying modules as described in appendix II.* – **License Contract**

*If the licensor changes the end-user license and the accompanying modules, applies that the latest version of the contract automatically comes into force between both parties after coverage by licensor to licensee.*

- **License Contract**
The data processing agreement concentrates on the exchange of medical and personal data between HumanCapitalCare and IT&Care, but it also includes how to deal with data leaks and how to secure data. The data processing agreement consists of twelve articles: (1) general information, (2) medical data and security, (3) procedures for data leaks, (4) personal data and security, (5) procedures for data leaks, (6) processing personal data by IT&Care, (7) security measures, (8) the use of a subcontractor, (9) audit with regards to ‘Wet Bescherming Persoonsgegevens’, (10) liability, (11) termination of the agreement and (12) choice of law and disputes. The data processing agreement is explained by the security officer:

... The other contract is the data processing agreement. It has to be arranged with regard to ‘Wet Bescherming Persoonsgegevens’. So you are the person responsible when you process the goal and the magnitude of data. We ask this data from our customers and the data should be stored somewhere and when we contract a third party, in this case IT&Care, we have to arrange a contract in which is explained shortly what should be processed and what are the agreements with regard to this data. – Security Officer HumanTotalCare

The data processing agreement is tied to the end-user license, because the data processing agreement can be considered as a part of the end-user license.

The contract specifies what is absolutely essential and mostly regards privacy issues, because IT&Care is a data processor for HumanCapitalCare which deals with the personal data that is acquired by the occupational physicians and client contact. It is in our database, our systems and our infrastructure. So, from a legal perspective, from the ‘Wet Bescherming Persoonsgegevens’, a data processing agreement is a fixed part of the end-user license. – Technical Director IT&Care

The contractual agreements between HumanCapitalCare and IT&Care are specifically designed to comply with laws and regulations and the certificates for ISO and NEN. The processes that should comply with the certificates are tested by the external auditor. The external auditor tests whether the processes are in line with ISO27001, ISO9001 and NEN7510 guidelines.

For the relationship it is essential, because we are audited by the external auditor for this. If you do not let the contracts be valuable, it is impossible to externally account for what you do. You have to guarantee certain things into detail in order to show that you organised it well. – Managing Director HumanCapitalCare

The legal team of HumanCapitalCare inspects the contractual agreements to comply with laws and regulations and upcoming changes in these laws and regulations. The legal team is up-to-date about the exact details of the contract, while employees only know the main topics of the contract assuming they know about the existence of the contractual agreements in the first place.
We have a legal team which focuses on the magnitude of the contracts and all contracts should be closely looked at as part of new laws and regulations. At the 1st of July the occupational health regulations change … which means that all contracts with IT&Care might have to be revised. - Managing Director HumanCapitalCare

However, the contractual agreements between HumanCapitalCare and IT&Care play a minor role in the relationship between them. Firstly, most of the employees did not know about contractual agreements between HumanCapitalCare and IT&Care.

_Not that I know, not between HumanCapitalCare and IT&Care infrastructure for sure. We do not have a contract._ – Manager Infrastructure and System Administrations IT&Care

The managing director of IT&Care, the regional director of HumanCapitalCare and the industrial hygiene expert of HumanCapitalCare also did not know about the contractual agreements between HumanCapitalCare and IT&Care. Furthermore, the contractual agreements between HumanCapitalCare and IT&Care are mostly for the form.

_The contract is made at higher organizational levels and the contract is form-oriented. At the moment that IT&Care does not deliver what it should deliver, it will not have legal consequences for IT&Care. HumanCapitalCare will not claim money from IT&Care. It would be like the government giving fines to themselves._ – Security Officer HumanTotalCare

In conclusion, the role of the contract is mostly for compliance with laws and regulations and for conformity of their certificates, while the contracts play a minor role in the relationship between HumanCapitalCare and IT&Care in practice. Most employees did not know about the existence of these contracts.

4.1.3. **Control**

After discussing the contractual agreements between HumanCapitalCare and IT&Care, this section will pay attention to the role of control in the relationship between HumanCapitalCare and IT&Care. HumanCapitalCare relies heavily on the external audit done yearly by the auditor. The external audit is done in order to comply with ISO-certificates and focuses on activities concerning the processes of HumanCapitalCare and IT&Care. The product owner explains:

_We have our yearly audit in which the auditor examines our processes and software with certain tests. The auditor also checks the robustness of our software to fulfill the requirements of the certificates._ – Product Owner & Information Analyst IT&Care

However, the technical director explains that the focus on external audits should be shifted towards a focus on internal audits, because internal audits are done only seldom by HumanCapitalCare:
We should improve our enforcement of procedures by auditing ourselves. We should not trust the external audit of an external party, but we should invest in internal audits. Internal audits are done rarely, while they could be control mechanisms. – Technical Director IT&Care

Furthermore, HumanCapitalCare rarely uses performance indicators to monitor the performance of IT&Care in order to hold them accountable for their activities:

We do not have agreements about the accessibility of systems or the availability of these systems. No, we do not have them. Most of the time we communicate afterwards: we had a result of 99.97 percent availability this month, but we do not have agreements like service-level agreements which specify our targets with regard to performance. – Manager Infrastructure & System Administrations HumanCapitalCare

There have been performance indicators in the past which were calculated monthly and then reported towards HumanCapitalCare. However, the technical directors explains:

We do not do that anymore, because it was difficult to get these indicators calculated and measured. Additionally, the need for it was low. So, the performance indicators came to a halt and nobody asked about the facts and figures after we stopped calculating our performance. – Technical Director IT&Care

So, internal audits are rarely performed by HumanCapitalCare and there are no performance indicators anymore to control IT&Care. In addition, the technical director explains that the final acceptance test of products is performed by IT&Care itself. Despite the lack of internal audits and performance indicators, HumanCapitalCare could test the performance of IT&Care. As said before, external auditors are important for HumanCapitalCare to control IT&Care. Secondly, HumanCapitalCare could verify the software and products of IT&Care by getting feedback from their customers and employees associated with customers such as advisors.

The software and products are checked, but this is done by implementing the software and products. The advisors get feedback from the customers: hey, this feature does not work or we expect it to work differently ... we correct it along the way. All feedback will be corrected along the way. – Industrial Hygiene Expert HumanCapitalCare

Feedback options are also facilitated by the service desk. The service desk helps to process feedback of customers and employees of HumanCapitalCare about the products of IT&Care. This also is an opportunity for HumanCapitalCare to check the products of IT&Care and its fit with the wishes of the customer. Lastly, IT&Care is controlled by HumanCapitalCare through a financial control.
I have a monthly budget and I am held accountable for this. I get reports about our income and costs and these are compared with the monthly budgets. The monthly budget is composed of a part of the revenues of the other companies within the holding. The CEO wants this control mechanism in order to control IT&Care financially. – Technical Director IT&Care

The different forms of control help HumanCapitalCare to control IT&Care. However, there is some criticism about the way HumanCapitalCare controls IT&Care. For example, controlling afterwards might be too late, because damage is already done:

I have one example ... Someone just ordered a package for about 20.000 euros soon before he left. The package was ordered, paid, but it was not used and is not used for six months and counting. We found this out later. It is absurd that someone could sign and order for 20.000 euros ... Everyone can just order. This was checked afterwards and then it is too late. This could not happen if you had more control within the organizations. – Manager Infrastructure & System Administrations IT&Care

Suppose the project is to build a house and you have to judge the house. One house complies with regulations, while the other does not. You should rebuild the second house in order to comply. You should have done this in the process before building, because rebuilding is inefficient and costs much more time and money. – Security Officer HumanTotalCare.

Thus, control should be done before the process is started in order to prevent people from making mistakes or doing the wrong things. One way of control suggested by the manager infrastructure and system administrations is by implementing rules and procedures in the relationship between HumanCapitalCare and IT&Care.

In conclusion, HumanCapitalCare relies heavily on the external audit done by the auditor and internal audits are rarely performed by HumanCapitalCare. Despite the lack of internal audits and performance indicators, HumanCapitalCare could test the performance of IT&Care by getting feedback from customers, employees and the service desk. Lastly, IT&Care is controlled by HumanCapitalCare through a financial control.

4.1.4. Trust

The last concept in the contract-control-trust nexus that influences the relationship between HumanCapitalCare and IT&Care is trust. The interviews highlight the importance of trust in the relationship between HumanCapitalCare and IT&Care. One of the employees of HumanCapitalCare states:

It is impossible to capture all contingencies in rules. In the end, it is about trust, proactive behavior, drive and working together. These are the most important aspects and you do not capture it all in contracts. It will not work ... trust is the foundation for working together. If you do not trust each other, you can make as many rules as you want, but it will not work. – Managing Director HumanCapitalCare
The technical director of IT&Care affirms the importance of trust:

Yes, we mostly act out of trust in the relationship ... My trust in HumanCapitalCare is built by two things: the personal relationship with the people of HumanCapitalCare and the conversations you have with them, but also the successes we have reached together. – Technical Director IT&Care

Especially relational trust is shown by the technical director of IT&Care and the managing director of HumanCapitalCare. Relational trust is based on repeated interaction (Dekker, 2004) which includes ‘proactive behavior, drive and working together’ and ‘successes we have reached together’. These quotes show that repeated interaction leads to an increase in trust.

One example that shows trust in the relationship between HumanCapitalCare and IT&Care is:

We do not have agreements about the accessibility of systems or the availability of these systems. No, we do not have it. Most of the time we communicate afterwards: we had a result of 99,97 percent availability this month, but we do not have agreements like service-level agreements which specify our targets with regard to performance. It is purely about trust. – Manager Infrastructure & System Administrations HumanCapitalCare

Additionally, laws and regulation with regard to the certificates are important for both companies which keeps both companies in line with each other. The certificates such as ISO 27001, ISO 9001 and NEN7510 force both companies to work a particular way with regard to data protection of medical and personal data. These laws and regulations with regard to the certificates lead to an increase in institutional trust. Institutional trust is grounded in the certificates and the contractual agreements between both parties.

The certificates encompass the whole organization. We always act within the certificates and we are always aware of these requirements. – Product Owner & Information Analyst IT&Care

The requirements of the certificates could lead to an increase in trust, because both HumanCapitalCare and IT&Care have to act professional with regard to these certificates.

However, there are a few problems with trust in the relationship between HumanCapitalCare and IT&Care. Firstly, there were problems with regard to keeping commitments:

We had some problems with commitments. It did not always go the way we thought it would. The developments of the software advanced too slow. Products were not delivered in time, user guides were not ready for use. That kind of things. – Managing Director HumanCapitalCare

Secondly, there was a problem with regard to communication between HCC and IT&Care. The product owner and information analyst explains:
At the moment trust is less, because there is confusion of tongues. Most of the time confusion of tongues affects our relationship of trust. The fact that they have done some commitments. For example, one week they say we want this and the next week they want something else. This decreases our trust in HumanCapitalCare. But it is the other way around as well ... we do not communicate enough about what we are doing internally, about the techniques. The technique is not visible for the business-user. In conclusion, the business waits too long for features and they do not understand the work beyond the surface and IT&Care does not communicate enough. – Product Owner & Information Analyst HumanCapitalCare

Both problems could have an influence on trust in the relationship between HumanCapitalCare and IT&Care. First, the issues with regard to not keeping commitments could lead to a decrease in trust between HumanCapitalCare and IT&Care which is also confirmed by the product owner and information analyst. Additionally, the problems with regard to communication make it difficult for HumanCapitalCare to understand the competences of IT&Care, because they do not know what IT&Care does beyond the surface. IT&Care is ‘a black box’ for them:

When you had a wish or an idea, it disappeared in a black box and we had no idea when it came out of the black box ... I wished we had an idea about when it came out of the black box or when it would be realized ... Then you could have peace with it or choose another way which leaves you with some concrete steps. But when it stays in the black box and you have to ask over and over, but nothing comes out, it is likely that you think after five times: we will see! – Industrial Hygiene Expert HumanCapitalCare

Another employee explained the communication problem as well:

It was one big black box and what happened until now is that IT&Care played a technical card when they were cornered. A whole story came about why it was technically impossible for them and then everybody dropped out. When there was a question from the business about the software, the technical director gave a technical oration about what went wrong and why it could not be achieved which was really complicated. Most people dropped out and thought: okay, never mind. – Managing Director IT&Care

The black box of IT&Care could lead to a decrease in trust, especially in competence trust (Sako, 1992) because HumanCapitalCare is not informed about the competences of the management within IT&Care. These two problems lead to a decrease in trust, but trust remains the most important concept within the relationship between HumanCapitalCare and IT&Care. Additionally, the problems with trust did not increase control structures or contractual agreements in the relationship between HumanCapitalCare and IT&Care. This could be due to the
fact that HumanCapitalCare and IT&Care are integrated in the same holding which makes it less important to have control structures or contractual agreements.

In conclusion, the relationship between HumanCapitalCare and IT&Care is significantly influenced by trust. Trust is the most important concept in the relationship between both. This trust is based on repeated interaction between both, the certificates that force both companies to act in a specific way and institutional trust due to the contractual agreements and certificates. However, there are some problems with regard to commitments and communication that decrease (competence) trust in the relationship between HumanCapitalCare and IT&Care.

4.2. The acquisition of ArboNed

This section will discuss the influence of the acquisition of ArboNed by HumanCapitalCare on the relationship between HumanCapitalCare and IT&Care, because ArboNed had an impact on the relationship between HumanCapitalCare and IT&Care:

HumanCapitalCare always acquired smaller companies and integrated them, but with the acquisition of ArboNed this became impossible. ArboNed was too big and had too much of an impact on the relationship between HumanCapitalCare and IT&Care, but they did not consider it or, at least, did not know that it would have such an impact on HumanCapitalCare itself. – Managing Director IT&Care

The acquisition had consequences for several aspects of the relationship. Firstly, the most important influence of ArboNed was the change in coordination between business and IT:

The acquisition of ArboNed changed the coordination between business and IT completely. At first, we coordinated a roadmap for longer periods, per quarter, with the management of HumanCapitalCare. Within the management were two working groups of HumanCapitalCare who determined what the software should do. This is all changing which makes it difficult to make concrete agreements. We try to find out how the business product back log [Added: priority list from the business about the software] from the business, from product development should guide IT. We are in the middle of the process to get it organized. Interviewer: Does it involve agile working? Yeah, absolutely. That is the process in order to run it smoothly. – Technical Director IT&Care

Thus, ArboNed had an effect on the coordination between business and IT and led to a new way of working for software development: agile working. The way of working which is chosen by IT&Care is SCRUM:

Agile working encompasses working with a development team that develops the software. The development team develops software in small steps and delivers demos to the management. When the development team finishes four to six products a week, the management can determine which four to six products to build next ... which makes the amount of workload for the development team just enough to
keep them busy in order to work effective and efficiently. The business product backlog is the queue of products that are waiting to get picked up by the development team. For agile working it is important to keep the business product backlog short, because an increase in business products backlog leads to longer periods before products are finished. The product owner is important in assessing the value of products to be developed in order to prioritize the backlog. By building the most important (most valued) products first, customers value increases. – Agile working / SCRUM video

Agile working in this case means an increase in value for HumanCapitalCare, because the most important products are built first. Furthermore, the business product backlog helps to prioritize the different products:

We are going to work with SCRUM which is an agile form of working in which the business-IT alignment is organized clearly. We developed portfolio-boards in which the management balances which things should be done first. We have sprints of x weeks and in that x weeks we do not change priorities. So, if things have to be changed, it should be done in the portfolio-board and we discuss it and prioritize it. – Managing Director IT&Care

Agile working could be seen as a new way of control, because HumanCapitalCare is more up-to-date about what IT&Care is developing due to demos that IT&Care gives every few weeks:

People from the business will be more involved in the development team with agile working, because the development team delivers products and demos every two weeks. – Technical Director IT&Care

We build, then we will develop a demo, people can respond and then we adjust the demo. – Managing Director IT&Care

Because HumanCapitalCare gets the demos it is actively involved in the software development and can control the products developed by IT&Care. Additionally, HumanCapitalCare is more up-to-date about the internal processes of IT&Care, which could lead to an increase in competence trust. Competence trust increases when the knowledge about the technical and management competences are clear for HumanCapitalCare (Vosselman & Van der Meer-Kooistra, 2006). Furthermore, the communication between HumanCapitalCare and IT&Care improved because of agile working.

Secondly, ArboNed led to an increase in professionalization in the relationship between HumanCapitalCare and IT&Care. For example, the board meetings of HumanTotalCare which include employees from both HumanCapitalCare and IT&Care became more professional according to the technical director. This could also be seen in agile working in which there are opportunities for HumanCapitalCare to control the work done by IT&Care. One of these opportunities are the demo-meetings in which IT&Care presents the demos of some products and the portfolio-board meetings.

Lastly, ArboNed influenced the amount of resources available for developing software:
The ambitions of HumanCapitalCare are really high, but before the acquisition of ArboNed it was budget-wise impossible for IT&Care to keep up with the ambitions of HumanCapitalCare. The acquisition of ArboNed was essential for IT&Care, because we could scale up our teams in order to catch up with software development. There have been some frustrations about this between HumanCapitalCare and IT&Care. – Technical Director IT&Care

As said before, there were some problems with commitments:

We had some problems with commitments. It did not always go the way we thought it would. The developments of the software advanced too slow. Products were not delivered on time, user guides were not ready for use. That kind of things. – Managing Director HumanCapitalCare

These problems could be solved with an increase in resources, because IT&Care had resources to scale up their team in order to catch up with software development. The upscaling of their team should lead to delivering products and user guides in time. As a consequence, there could be an increase in trust, because IT&Care should be able to meet the commitments made.

In conclusion, ArboNed influenced the relationship between HumanCapitalCare and IT&Care in three ways: (1) a different business-IT alignment which led to agile working, (2) an increase in professionalization in the relationship and (3) an increase in resources to develop software.

### 4.3. The contract-control-trust nexus...

#### 4.3.1. ...from a rational perspective

The relationship between contracts, control structures and trust is partly the result of rational managerial decisions. The contractual agreements between HumanCapitalCare and IT&Care were developed for two specific needs. Firstly, to comply with laws and regulations with processing of medical records and personal data and, secondly, to meet the requirements for their certificates such as ISO-27001, ISO-9001 and NEN7510. The contractual agreements between HumanCapitalCare and IT&Care lead to an increase in institutional trust. Institutional trust is grounded in the certificates and the contractual agreements between both parties. Additionally, the contractual agreements could serve as a form of control, because these agreements include clauses that specify the duties of both parties and liabilities when there is breach of contract.

If one party falls short in complying with the requirements from the data processing agreement, the ‘Wet Bescherming Persoonsgegevens’ and/or other laws and regulations with regard to data processing, this party is liable for all the damages the other party consequently suffers. – Data Processing Agreement

The contractual agreements direct the behaviour of both parties by specifying their requirements and liabilities, although these agreements are not exhaustive. It was a management choice to not capture all contingencies in the contracts in order for them to build trust in the relationship between HumanCapitalCare and IT&Care.
It is impossible to capture all contingencies in rules. In the end, it is about trust, proactive behavior, drive and working together. These are the most important aspects and you do not capture it all in contracts. It will not work … trust is the foundation for working together. If you do not trust each other, you can make as many rules as you want, but it will not work. – Managing Director HumanCapitalCare

So, the management decided to specify requirements and liabilities for the contracts which are aligned with the certificates of HumanCapitalCare and IT&Care and laws and regulations. However, it does not capture all contingencies, because trust should be the foundation of the relationship.

The contractual agreements, control and trust between HumanCapitalCare and IT&Care affect the behaviour of human beings. The contractual agreements and (institutional) trust influence the behaviour of human beings with regard to control; human beings focus on trust, while they do not have the urge to control each other:

We do not have agreements about the accessibility of systems or the availability of these systems. No, we do not have it. Most of the time we communicate afterwards: we had a result of 99,97 percent availability this month, but we do not have agreements like service-level agreements which specify our targets with regard to performance. – Manager Infrastructure & System Administrations HumanCapitalCare

The contractual agreements that are specified to apply to laws and regulations and the certificates influence the behaviour of human beings which is in line with the rational perspective. The rational perspective specifies contracts, control and trust as tools used by rational managers to determine the behaviour of other human beings in the relationship (Minnaar et al., 2017).

4.3.2. …from a relational perspective

The most important driver for change in the relationship between HumanCapitalCare and IT&Care was the acquisition of ArboNed by HumanCapitalCare. After the acquisition of ArboNed the contact between HumanCapitalCare and IT&Care intensified.

In my function as product manager, I had a lot of contact with IT&Care. Not in a structural way, but frequently. Especially after the acquisition of ArboNed we had intensive contact … - Industrial Hygiene Expert HumanCapitalCare

Furthermore, the acquisition of ArboNed led to a new way of working, agile working, that had several effects for the relationship between HumanCapitalCare and IT&Care. Firstly, the alignment between business and IT changed:

We are going to work with SCRUM which is an agile form of working in which the business-IT alignment is organized clearly. – Managing Director IT&Care
Secondly, agile working led to more knowledge for HumanCapitalCare about the internal processes of IT&Care and more feedback moments in the development process such as demos. Agile working influenced the relationship between HumanCapitalCare and IT&Care, because agile working led to new control structures such as demos, feedback moments and monthly meetings and at the same time agile working became performative with regard to trust. Discussions about internal processes between HumanCapitalCare and IT&Care in these feedback moments and monthly meetings increased trust. Agile working was not the only change caused by ArboNed. ArboNed led to professionalization of IT&Care:

We noticed that IT&Care needed to professionalize rapidly, because IT&Care always have been the ‘baby’ of HumanCapitalCare. They covered IT&Care in love, while ArboNed had a more business-like attitude towards the relationship between both ... the culture in the past have been about covering up when things went wrong ... within ArboNed we focus more towards a corporate attitude. – Managing Director IT&Care

This business-like attitude became visible in the relationship between HumanCapitalCare and IT&Care in their control structures. The interactively developed control structures included demos, feedback meetings and monthly meetings. The demos and feedback meetings supported HumanCapitalCare to inspect the progress IT&Care made with software development. In addition, monthly meetings between key figures of IT&Care and HumanCapitalCare made it possible to check each other’s progress and to run the day-to-day operations. The role of the managing director of IT&Care is crucial since (s)he was appointed to align the interests of both parties and is involved in most meetings within the holding and IT&Care.

I have meetings all day long. I have staff and management meetings about IT within IT&Care. Within ArboNed I discuss with key figures about research, data science, business intelligence. At holding level I am involved in the meetings of the board of directors. Additionally, I speak with employees from the different regions such as managers and regional directors. – Managing Director IT&Care

The acquisition of ArboNed made control structures more important in the relationship between HumanCapitalCare and IT&Care. However, the control structures became performative in the way that trust increased due to the new demos, feedback meetings and monthly meetings. HumanCapitalCare had to trust IT&Care to show new demos in a few weeks and let them do their jobs in between the demos and feedback meetings.

I did an appeal to the trust of HumanCapitalCare. I said it is important to give us some space to show HumanCapitalCare what we can do within IT&Care. We are doing everything we can to get things right, but we want HumanCapitalCare to focus on directions instead of details and solutions. – Managing Director IT&Care

The acquisition of ArboNed shows that the relationship between contracts, control structures and trust changed, because ArboNed became an actor that influenced the control structures and trust in the relationship
between HumanCapitalCare and IT&Care. Furthermore, the consequences of the acquisition of ArboNed were unexpected and unpredictable; management did not expect changes in the relationship between contracts, control structures and trust. Moreover, the new way of working could be seen as a control structure that was performative in changing how actors behave, understand the processes and trust each other:

*I think it [Added: it = agile working] improves the trust in each other which was already our intention. But not just trust, but also having faith in the technical capabilities, but I do not think that HumanCapitalCare trusts that our IT-people know how they engage in the overall process and the how they engage in the end product and they are right. This new way of working creates understanding within IT&Care about what they are engaging in and how these end products are used by the clients ... It is a different way of thinking and it is the contemporary way of software development. We should change.* – Managing Director IT&Care

Trust becomes a quasi-actor, because it related to ArboNed, control structures and resources in the relationship between HumanCapitalCare and IT&Care. ArboNed became an actor that led to changes in control structures to which trust was assigned. Furthermore, the contract became less important after it was signed, because the contract focused on laws, regulations and certificates. Contracts have to be in place to comply with these laws, regulations and certificates, but in the actual relationship contracts became less important due to a focus on trust and control.
5. Discussion

The first section discusses the theoretical implications of this research. The following section will debate the managerial implications of this field study. The final section will be devoted to the limitations of this research.

5.1. Theoretical implications

This section will discuss the main concepts, the rational and relational perspective and the common ground between practice and theory of these main concepts and perspectives. First, the contractual agreements between HumanCapitalCare and IT&Care are as complete as possible in order to comply with laws and regulations and their certificates. However, the contractual agreements play an minor role in the relationship between HumanCapitalCare and IT&Care in practice. This is contrary to literature about the rational perspective in which complete and exhaustive contracts are expected to decrease trust (Groenewegen et al., 2010).

Additionally, before the acquisition of ArboNed control was visible through external audits, feedback of customers and employees partly facilitated by the service desk and a financial control. External audits and the financial control can be seen as outcome controls that stipulate outcomes to be realized and monitor whether targets are achieved (Dekker, 2004; Ouchi, 1979). Feedback of customers and employees focuses on behavioural control to check whether HumanCapitalCare and IT&Care act as they should (Dekker, 2004). However, the role of control changed after the acquisition of ArboNed, because agile working changed the control structures. ArboNed became an actor that led to agile working that included new control structures which changed control and trust in the relationship between HumanCapitalCare and IT&Care. These changes in control were not the result of isolated rational decisions, but were unexpected consequences of the acquisition of ArboNed which is in consonance with the relational perspective (Minnaar et al., 2017).

The new control structures that came into being after the acquisition of ArboNed led also to an increase in trust; control structures became performative in the way that trust increased due to the new demos, feedback meetings and monthly meetings. HumanCapitalCare had to trust IT&Care to show new demos in a few weeks and let them do their jobs in between the demos and feedback meetings. The performativity in the relationship between HumanCapitalCare and IT&Care in which actors actively engage the parties in the relationship to behave in a certain way is consistent with the relational perspective of Minnaar et al. (2017). In this relationship we could recognize several forms of trust, such as competence trust (Sako, 1992) and relational trust and institutional trust (Rousseau et al., 1998). For example, institutional trust was visible through the contractual agreements and certificates in which institutional trust is grounded.

There is one essential difference between the literature and this field study. Existing research into the contract-control-trust nexus explored this relationship from a rational perspective or a relational perspective, but none of them discussed the possibility of a combination of both perspectives in the contract-control-trust nexus. This thesis recognises both a rational and a relational perspective in the contract-control-trust nexus in the client-supplier relationship between HumanCapitalCare and IT&Care. Some changes in the relationship between contracts, control and trust are the result of isolated rational decisions of farsighted actors, while other changes are unexpected consequences of actor in the network of associations. This thesis differs from existing research.
because it combines both perspectives instead of ruling out one over the other perspective. A combination of both perspectives could help us to understand changes in the relationship between contracts, control and trust in an interfirm relationship which could not be explained with only one perspective.

5.2. **Managerial Implications**

The relationship between HumanCapitalCare and IT&Care changed after the acquisition of ArboNed. Agile working increased the importance of control structures in practice and it also improved trust between both parties. However, communication at operational level between HumanCapitalCare and IT&Care is limited. HumanCapitalCare and IT&Care should improve communication at operational level to be on the same page in both organizations. This alignment of interest could lead to an increase in trust. Additionally, the relationship between contracts, control and trust could be improved when both HumanCapitalCare and IT&Care anticipate how decisions impact the relationship between HumanCapitalCare and IT&Care. The management should keep in mind that changes in the relationship between contracts, control and trust are not only the results of rational managerial decisions, but are shaped and changed in a network of relations between multiple actors.
6. Conclusion

This thesis departed from the following research question: *what is the relationship between contracts, control and trust in the client-supplier relationship between HumanCapitalCare and IT&Care, seen from both a rational and a relational perspective, and what insights does a combination of both perspectives add?* In order to answer this question the sub questions will be answered step-by-step.

The rational perspective conceptualises the relationship between trust and control in two ways: contracts and control structures can substitute trust and control structures and trust can be complementary. The rational perspective also distinguishes three conceptualizations for the contract-trust nexus. First, contracts and trust could be positively related since contracts are a prerequisite for trust. Secondly, contracts and trust could be conflicting in the way that contractual agreements can be interpreted as signs of distrust. Lastly, trust and contracts could be negatively related in which trust decreases the need for contracts and, to a lesser extent, formal control because trust precedes and embeds the relationship. All these different conceptualizations have in common that they try to predict the relationship between contracts, control and trust and create an stable outcome. The relationship between contracts, control and trust result from rational managerial decisions and are predicable consequences of these managerial decisions.

The relational perspective prioritises the network of associations in which contracts, control and trust are interactively shaped and changed through these associations between actors, both human and non-human. Contract and control structures may be performative from a relational perspective: they are actors that actively engage the parties in the relationship to behave in a certain way. Contracts, control structures and trust act in this network of associations where they help to create, maintain and modify the relationship in unexpected ways. Trust in this network of associations is explained as a quasi-actor: trust as quasi-actor is a consequence of the interactions in the network. It changes when the actors with which trust is linked are removed or when the identity of the actor changes.

HumanCapitalCare and IT&Care have a client-supplier relationship in which IT&Care supports the services of HumanCapitalCare. IT&Care develops the software, maintains information systems, provide the infrastructure and is responsible for the system administrations in which HumanCapitalCare operates. The contractual agreements between HumanCapitalCare and IT&Care serve two purposes: (1) to comply with laws and regulations with processing of medical records and personal data and (2) to meet the requirements for their certificates such as ISO-27001, ISO-9001 and NEN7510. Control was visible through external audits, feedback of customers and employees and a financial control. New control structures such as demos and feedback meetings came into being after the acquisition of ArboNed as a result of agile working. Trust was the essential concept in the relationship between HumanCapitalCare and IT&Care due to repeated interaction, the certificates that forced both companies to act in specific ways and institutional trust due to the contractual agreements and certificates.

The contractual agreements between HumanCapitalCare and IT&Care result from rational managerial decisions. These contracts are aligned with the certificates and laws and regulations and also serve as a form of control, since the contractual agreements include clauses that specify the behaviour of both HumanCapitalCare...
and IT&Care. However, the contractual agreements do not capture all contingencies, because HumanCapitalCare and IT&Care prefer trust to be the foundation. In this way contracts are a tool used by rational managers to determine the behaviour of other human beings in the relationship. The rational perspective is manifested in the development of the contractual agreements and its role in practice. On the other hand, the relational perspective was visible in the relationship between HumanCapitalCare and IT&Care as well: ArboNed became an actor that led to agile working and agile working subsequently changed the control structures. These new control structures included demos, feedback meetings and monthly meetings and they came performative which led to an increase in trust. This shows that the relationship between contracts, control structures and trust changed because of a change in actors. Furthermore, the consequences of the acquisition of ArboNed were unexpected and unpredictable; management did not expect changes in the relationship between contracts, control structures and trust. Thus, both perspectives could be recognized in the relationship between HumanCapitalCare and IT&Care.

But what can we learn from a combination of the rational and the relational perspective? Contracts, control structures and trust could be the result of both rational managerial decisions and network effects. We could recognize both perspectives which shows that it is possible to have it both ways in an actual relationship. A combination of both perspectives might help to explain changes in the contract-control-trust nexus in an interfirm relationship that cannot be clarified by one perspective. The contractual agreements between HumanCapitalCare and IT&Care were the result of rational managerial decisions. These rational managerial decisions could also affect the network of associations in the relationship between HumanCapitalCare and IT&Care. For example, rational managers decided that trust was most important in the relationship. Although ArboNed affected the control structures and trust in the relationship, trust remained important in the relationship. Therefore, it might be the case that rational managerial decisions influence how actors change and shape contracts, control structures and trust in the relationship. Future research might provide deeper insights in how rational managerial decisions and networks of associations relate to each other in the contract-control-trust nexus. Additionally, future research might provide deeper insights in the contract-control-trust nexus by developing a view that incorporates both perspectives into one. It could also help to provide relevant conceptual knowledge about the actual relationship between contracts, control and trust in an interfirm relationship.

This field study has some limitations. First of all, this study included the acquisition of ArboNed and its effects for the relationship between contracts, control and trust. The implementation of agile working was still going on during the time frame of this study. A longer period of research could have led to different results with regard to changes in the relationship between HumanCapitalCare and IT&Care. Additionally, the time frame of this study made it challenging to include interviews, document analyses and observations. In this research it was decided to exclude observation, although observations would have led to additional information to cross-validate the results. Another limitation could be that this research focused on the distinctions made by Eisenhardt (1985) between external measure-based control and internal value-based control and by Ouchi (1979) between outcome control and behavioural control, while we could distinguish several other forms of control such as those of Simons (1995) and Merchant (1982). This could have impacted the results of the research because the sensitizing
questions were developed in accordance with the literature review. In addition, the interviewees were mostly from higher hierarchical levels in both HumanCapitalCare and IT&Care. One interviewee has been involved in the operational level, while the other interviewees were managers and directors. This could affect the results because of differences in opinion and interpretation between higher and lower hierarchical levels. Finally, the managing director of IT&Care and the regional director of HumanCapitalCare have been employees of ArboNed in the past which might affect their opinion about the relationship between HumanCapitalCare and IT&Care. Additionally, they might know less about the relationship between HumanCapitalCare and IT&Care. These interviewees might affect the results of this research.

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7. References


