MANAGING HUMAN ISSUES IN OFFSHORE PROJECTS: COMMUNICATION, COORDINATION, CULTURE AND CONFLICT MANAGEMENT

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BACKGROUND: The offshore outsourcing industry is estimated to be close to $300 billion and is said to be growing at the rate of almost 20% (Daga and Kaka, 2006). The major motivation for going offshore is popularly understood as cost savings; yet a survey of articles published over the past 2-3 years finds several other advantages being recognized. Other advantages include availability of scarce and cutting-edge software development skills, increased responsiveness to business needs and customer service, and ability to shorten time to market (Pfannenstein & Tsai, 2004; Hayes, 2003). While offshore outsourcing is growing, the success of any particular offshoring endeavor is a complex relationship with several complexities and organic management requirements. The IST industry has begun to recognize that the soft skills of people and project management are as important to the success of offshore outsourcing as the hard skills of technical and computer system implementation (Robinson & Kalakota, 2004; Foote, 2004; Doh, 2005). Success factors for offshore outsourcing projects have been emphasizing organizational and human factors in managing projects in addition to factors such as contracts, technology, vendor selection, infrastructure standards.

ROLE OF COMMUNICATION, COORDINATION, CULTURE AND CONFLICT MANAGEMENT IN OFFSHORING: Over the period of two years, the author observed and interviewed managers involved in managing offshore software development work in three separate countries (India, Singapore and US). Offshore work is done by teams which are: (i) virtual, (ii) working across geographical and national boundaries, (iii) working across different time zones, and (iv) working amongst separate organizational, national and team cultures.   It has been established that high levels of communication has contributed to smooth and productive coordination and has in fact led to a reduction in coordination overheads. Even when communication levels were high, unambiguous goals and objectives were hard to maintain in virtual teams with homogenous members; when culturally diverse teams were formed, alignment of goals and objectives was even harder to obtain. The good news in the results of this study is that the culturally diverse virtual teams which utilized rich, transparent, specific, systematic and adequate levels of communication experienced large coordination gains and reduced conflict management needs. The research concludes with managerial prescriptions for offshoring management and discusses training and empowering.

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