The Effects of Culture when Transferring Knowledge in Offshoring Projects

- A case study conducted between IBM Nordic and IBM India

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Abstract

Increasingly, MNC’s transfer parts of their operation to low wage countries in order to cut costs. The theory refers to this as to ‘offshoring’. The transfer of knowledge is a critical part of a successful offshoring project. In cross-boarder projects culture will influence the work. Thus, the aim of this paper is to deepen our understanding of the effects of culture and to reveal unexplored areas in the existing theories, through that the paper contributes with implications for how cultural challenges can be dealt with in an operational context.

By connecting leading theories on knowledge transfer, offshoring and culture, a theoretical framework has been created. In order to expand the existing the theories a case study was conducted at IBM, studying two offshoring projects to India. The case study was conducted through eight qualitative interviews with six different respondents. All respondents were managers in IBM Nordic and IBM India. The interviews were conducted individually and as focus groups and carried out as discussions. The empirical data presented in the study also consists of information derived from strategy documents, provided to us by IBM.

We found a number of factors to be considered in offshoring projects, which were not part of the theoretical framework, e.g. responsibilities for governance of the project should be decided and that the HR department should be involved from the start. Furthermore we found some areas of the process, which were more influenced by culture than others, such as what creates motivation and trust.
Acknowledgement

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Thank you all!

Helene Egerkrans and Lina Weckner
'It is impossible for a man to learn what he thinks he already knows'
- Epictetus

'\textit{The eye sees only what the mind is prepared to comprehend}'
- Henri Bergson
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International outsourcing – a standard procedure?

In recent years there has been a trend amongst multinational companies (MNC’s) to offshore part of their operations to low wage countries. One of the most critical parts of this process is the transfer of knowledge. A recent study by Accenture shows that today, people, patent and knowledge constitutes for 70% of Exchange-listed companies’ value compared to 20% in 1980 (Aronsson, 2007). Due to the great importance of knowledge in today’s companies, mistakes during a knowledge transfer can have negative impact on the company.

The term offshoring is used when referring to companies who move parts of their operations to another entity within the company in a different country, this can be compared to outsourcing when a function is moved from the company to an external party. In both cases there will be a need for knowledge transfer but in the first case there will be a complicating factor – culture (Kedia and Lahiri, 2007).

There have been many previous studies on knowledge transfer (Bresman and Birkinshaw, 1999, Sulanzki, 1996, Davenport and Prusak, 1998), but very few have put the knowledge transfer process in a cross-cultural perspective (Javidan et al, 2005). Since knowledge nowadays is transferred cross-border more frequently, the effects of cultures are increasingly important to consider. Javidan et al. (2005) are some of the few who have highlighted the area under discussion; they argue that cultural differences do not automatically create problems in knowledge transfer. Further, they conclude that failure due to culture is often the result of poor management and if managed well, culture can instead have a positive impact on the transfer.

According to Radoff’s (2006) study, lack of knowledge regarding cultural differences negatively affects outsourcing. The report shows that companies offering intercultural communication education increase their productivity with 30%. The most common causes for problems between the staff in the sending country and the receiving country are: communication problems, different ways to conduct the work, different attitudes towards conflicts and different ways to come to a decision (Radoff, 2006).

One of the large participants in the market today when it comes to offshoring is IBM. Amongst other things, IBM is a provider of outsourcing services, meaning that they take over the running of their customers’ operations. The last couple of years IBM Nordic has started to transfer parts of the service that they provide their customers to low wage countries. This is in order to keep up with the international competition providing competitive prices for their clients (Respondent 1, 2007-03-23). The theory refers to this as offshoring, whereby a company sets up operations in another country and maintains control over it (Kedia and Lahiri, 2007). This is different compared to international outsourcing where a company hands over service functions that were previously done in-house, to new actors in foreign countries.

IBM Nordic is currently undertaking several projects where system development, maintenance, service and surveillance are transferred from the Nordic region to India. The aim is to transfer workload and hence reduce labour costs for the client. In all these projects, the transfer of knowledge is a very
In this paper we explore how cultures influence the transfer of knowledge in offshoring projects. Our aim is to deepen our understanding of the effects of culture by creating a theoretical framework that links prevailing theories of knowledge transfer to those of culture. Through applying the theoretical framework to the case of IBM Nordic's offshoring projects to IBM India, the study aims to reveal unexplored areas in the theories. The paper will contribute with implications for how cultural challenges can be dealt with in an operational context.

The paper will be structured as follows; the next coming chapter will have a theoretical discussion on knowledge transfer, offshoring and culture, this section will be summarised in a theoretical framework. The subsequent chapter will consist of the methodological approach taken in our research. Following that we present the findings of our research conducted at IBM. The findings will then be analysed through our theoretical framework. Finally, we will conclude our results and give suggestions for further research.
Theory

This section will present and discuss theories on knowledge transfer, offshoring and culture. The discussions will be summarised in a theoretical framework that will act as our tool for analysis later on in the paper. In the end of this section we also present the cultural differences and similarities between India and the Nordic countries in the eyes of Hofstede and the GLOBE framework.

Knowledge transfer

The concept of knowledge is widely used, therefore we would like to clarify in what way the concept will be applied in this particular paper. The definitions we have come across are rather similar at first glance but they do incorporate differences. Davenport and Prusak (1998) employ the following definition;

“A fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organisations, it often becomes embedded not only in documents or repositories but also in organisational routines, processes, practices, and norms.”

(Davenport and Prusak, 1998)

A similar definition is used by De Lang and Fahey (2000) and Javidan et al. (2005) when they state that knowledge is;

“A product of human reflection and experience. Dependent on context, knowledge is a resource that is always located in an individual or a collective, or embedded in routine or process. Embodied in languages, stories, concepts, rules and tools, knowledge results in an increasing capacity for decision making and action to achieve some purpose”

(De Lang and Fahey, 2000)

What connects these two definitions is the notion that knowledge is derived from experience and is dependent on contextual factors; moreover, knowledge is bound to people and/or organisations. However, the first definition mentions values and expertise when explaining what constitutes knowledge whereas the second definition refers to knowledge as a product of human reflection and experience. To conduct this study we would like to add skills to the definition. Skills are a way in which knowledge is shown and can be deduced from experience or education. Hence we employ the following definition of knowledge throughout this paper:

“Knowledge is a result of experience and can be located to an individual or a collective. Knowledge can be rooted in values, skills and norms as well as in routines, rules and processes.”

Knowledge is a rather abstract concept; therefore the concept has been broken down in various ways. All of the above mentioned authors have for one made a distinction between explicit and tacit
knowledge. Explicit knowledge is connected to rules, tools and processes whereas tacit knowledge is 'what we know but cannot explain' (De Land and Fahey, 2000 and Davenport and Prusak, 1998). Consequently, tacit knowledge is harder to transfer as it is hard to explain and as it is bound to the individual. Finally, the transfer part of knowledge transfer can be defined as transmission and use of knowledge (Davenport and Prusak, 1998).

The knowledge transfer process

There is a lot of literature to be found regarding the knowledge transfer process (Bresman and Birkinshaw, 1999, Sulanzki, 1996, Davenport and Prusak, 1998). However, this literature is mainly concerned with creating a knowledge transfer within the organisation as an ongoing process. This paper, on the other hand, focuses on knowledge transfer as an isolated process that only occurs once. Like knowledge transfer, theories regarding offshoring have been proven hard to find. In order to get a picture of the offshoring process we have been looking into different theories on outsourcing by the following authors; Augustsson and Sten, 1999, McIvor, 2005, Kedia and Lahiri, 2007. The main difference between offshoring and outsourcing is that in the first case the functions are moved cross-border within a multinational corporation, while in the second case the functions are moved to an external party either within the same country or to another country. The process from initiation to implementation can however be expected to be rather similar both when conducting offshoring and outsourcing. It is the context in which the process is taking place that differs and that might affect the outcome. In addition, the knowledge transfer process permeates both the offshoring and outsourcing process in comparable ways. Hence, theories concerning outsourcing are a relevant source of information when it comes to exploring the offshoring process.

In most cases the outsourcing process is mapped as consisting in multiple steps. Augustsson and Sten (1999) and McIvor (2005), amongst others have therefore created multiple steps models of the outsourcing process. The content of these steps can be summarised in five phases; (1) Internal and External Analysis, (2) Design, (3) Planning and Preparation, (4) Transition and (5) Implementation. The knowledge transfer begins in the planning and preparation phase and continues in the transition phase when the major part of the transition takes place. However the success of the transfer is directly affected by how well the previous stages have been conducted. The knowledge transfer can thus be viewed as a process in itself, running within the frames of the offshoring project it is a process within the process. Although there are no theories explaining the knowledge transfer in the context of offshoring, there are theories that bring up processes, problems and recommendations for both knowledge transfer and outsourcing projects. In order to present them we will follow the steps of the outsourcing process;

Internal and External Analysis

This is the stage that in the end will lead to a decision to outsource or not and the decision is derived through internal and external analysis. It is important already in this stage to define the aim of the outsourcing, whether it is to increase capacity, to gain new competence or to lower costs (Augustsson and Sten, 1999). This stage does not involve any transfer of knowledge.
Design
In this stage the authors encourage companies to answer three questions; What to outsource? How to outsource? Who to outsource to? (Augustsson and Sten, 1999) Furthermore, it is important to define goals early on in the project, this is in order to be able to monitor the success of the project and to get people on-board (Javidan et al., 2005). Even though no transfer takes place in this stage, the work put in here will impact the knowledge transfer.

Plan and Prepare
The planning is based on the goals that have been set and is conducted together with the receiving entity (Augustsson och Sten, 1999). In this stage, the knowledge transfer process begins and it is crucial for the coming transition and implementation stages. Bragg (1998, p 116) emphasises the importance of creating a skills database that defines each employee’s skills. From the information in the database, the manager in the supplying organisation can derive what kind of staff is required to deliver the service. The skills database is created through a review of existing documentation of employee skills and/or interviews with the managers. There should be appropriate information on each employee’s relevant skills (Bragg, 1998, p. 116).

Documenting all skills is crucial to be able to know which skills to transfer and which skills to look for in the new employees, as well as how to conduct the transfer. The skills in the database could be defined as explicit knowledge (De Land and Fahey, 2000 and Davenport and Prusak 1998), and are therefore rather easily transferred. There might not even be a need to transfer this knowledge as it could be gained by recruiting staff with a specific education or experience.

Javidan et al. (2005) suggest the involved parties to map out the cultural profiles when working in cross boarder projects. This to be aware of the cultural traits of the parties and the focus should be on the similarities and not the differences. The authors’ advice is to do this early on in the transfer process to allow discussions around how the differences can obstruct or cause difficulties during the transfer.

According to Bragg (1998, p117) it is important to transfer documentation of all the operating processes and policies early on in the process. Furthermore, he encourages the company to go through all of the documents with the supplier and the supplier should sign a receipt that they have received all the documents. The process of transferring documentation includes explicit knowledge such as organisational systems, processes, rules, and routines. Consequently, it should be easily transferred between both individuals and organisations.

Clearly the theories presented above touch upon the subject of knowledge transfer only in a perspective of explicit knowledge. Presumably, in a complex offshoring project there will be a need to transfer tacit knowledge as well. However, turning to theories on knowledge transfer we find evidence that tacit knowledge is best transferred by providing access to people who hold the knowledge (Davenport and Prusak, 1998). In an offshoring project this means that people from two different countries need to meet in order to best transfer the tacit knowledge.
Transition

In this phase the knowledge transfer starts for real and will be finalised when reaching the next coming phase, the implementation phase. As there will always be a certain amount of training involved when offshoring the first thing to keep in mind according to Bragg (1998, p 117) is not to lay off people before the training is finalised as the company might loose valuable resources and competence needed in the training process.

According to theories on knowledge transfer one of the key drivers for a successful transfer is the motivation to share or absorb knowledge in the employees performing the transfer. If people are not on-board, the outcome of the transfer will be less successful (Gupta and Govindarajan, 2000). One scenario is that the employee responsible for training feels a risk of losing his/her job when the operations are to be moved elsewhere. Consequently, they will be less inclined to share their knowledge with the receiver in the supplying unit. Likewise, if the recipients out for different reasons do not trust the expertise of the sender they will be less willing to take in the knowledge that is being transferred (Szulanski, 1999). Furthermore, the capacity to absorb new knowledge is also affected by cultural differences between the sender and the receiver (Javidan et al, 2005).

All knowledge cannot be taught by training, some knowledge will require observation in order for the recipient to attain an intuitive feel for the tasks and through that develop a certain excellence. Explicit knowledge can be transferred by formal trainings while tacit knowledge is harder to identify and transfer. Hence, most organisations have less formal trainings for this type of knowledge; instead the trainings tend to occur rather ad hoc. However, mentorship programs can facilitate the transfer process of tacit knowledge (Dayasyndhi, 2001).

Training can take many forms e.g. through workshops, theoretical trainings as well as through books and documents. The manner in which the learning is structured will influence the effectiveness in the transfer of different types of knowledge. According to Davenport and Prusak (1998) the method of knowledge transfer also needs to suit both the organisation and the national culture. Interactive workshops will provide the opportunity to transfer tacit knowledge, since it involves human contact and enables sharing of experiences. Another reason to increase the human contact when dealing with cross boarder projects is to facilitate communication when not all parties are communicating in their native language, still, this is both time and cost consuming (Javidan et al., 2005)

Some offshoring projects might involve actual transfer of staff. Bragg (1998) argues that it is important to treat the employees with respect as it involves a big change for the individual. He suggests that the employee should be entitled to private meetings with the managers in the organisation and that there should be opportunity to get all questions answered before such a decision is made (Bragg, 1998).

Implementation

For the project to proceed to this phase the knowledge transfer needs to be finalised as this is the crucial phase where the responsibility over the operations is actually moved from one party to the other. The success of the move is much dependent on how well the planning and training was carried
As shown above, when looking at knowledge transfer in an offshoring context there are plenty of resources. However, they mainly focus on mapping out what needs to be done and can sometimes lack suggestions on how to actually do it. They also seem to lack incorporation of external influences such as culture as well as suggestions on how to handle problems that might occur. In conclusion, we see the knowledge transfer as a process within the offshoring process, illustrated as two arrows in the picture below, and the black dots represent the areas of the knowledge transfer that are missing in the theories presented. Through our study of two real case scenarios at IBM (to be presented in the next chapter) we hope to fill in some of these blanks.

**Figure 1.** The knowledge transfer within the offshoring process
In an offshoring project where the knowledge needs to be transferred from one country to another, culture will have an unavoidable impact on the process. Presented below are the prevailing theories on cultural difference from which we will derive further implications on how culture affect knowledge transfer in offshoring projects.

**Theories on Cultural Differences**

When talking about culture it is hard not to mention Hofstede’s (1983) four dimensions of cultural distance. In this paper we will use these dimensions together with the GLOBE concept (Javidan et al., 2005) to discuss cultural differences’ impact on the knowledge transfer process in offshoring projects. Hofstede’s four dimensions are as follows; individualism versus collectivism, power distance, uncertainty avoidance and masculinity versus femininity. GLOBE stands for *Global Leadership and Organisational Behaviour Effectiveness* and is a research project that have looked into creating a method to better understand and predict the impact of culture in leadership effectiveness (Javidan et al., 2005). Compared to Hofstede’s four dimensions of cultural distance, the GLOBE framework consists of nine dimensions. The first six have its origin in the cultural dimensions identified by Hofstede. The following three dimensions are based upon conclusions of other studies with the objective to attain a comprehensive result about cultural varieties (House, 2002). The difference between Hofstede’s research and the GLOBE project is that Hofstede did not set out to create an index for measuring cultural differences, it was a result of his research study conducted at IBM. GLOBE on the other hand has a more managerial focus with the aim to, as stated above, provide managers with methods to better understand and predict how culture will affect the leadership in the organisation (GLOBE, 2007-05-06). Together these theories can provide both a theoretical and managerial perspective on how culture can affect knowledge transfer within offshoring projects. Subsequently a discussion will follow, presenting the two theories and deriving cultural implications on the knowledge transfer process.

According to Hofstede, a society that is characterised by individualism is a society where the individual is mainly concerned with his/her own well-being and the well-being of his/her closest family. On the contrary, in a collectivistic society the bonds between individuals are much stronger and everyone belongs to, what Hofstede refers to as, an in-group. This in-group can consist of the immediate family, the extended family or a whole community. The in-group share common opinions and beliefs and they are all concerned with the welfare of each other (Hofstede, 1983). GLOBE has two dimensions that are corresponding to Hofstede’s first dimension; they are called in-group collectivism and institutional collectivism. The first refers to whether or not people feel loyalty towards their families, organisations and employees, while the second refers to the level of encouragement from institutions for people to integrate into broader entities at the expense of autonomy and individual freedom (Javidan et al., 2005). Institutional collectivism is equivalent to Hofstede’s dimension individualism versus collectivism, while in-group collectivism focuses more on group processes and identification with the group (House, 2002).

Hofstede’s dimension of Power Distance primarily looks at how countries deal with inequality. In an organisational context the level of power distance can be derived form looking at the level of
centralisation versus decentralisation, the question being; how power is distributed (Hofstede, 1983). Just like Hofstede the GLOBE project has the dimension power distance (House, 2002) which as well measures if people in a society are divided by; power, authority and/or prestige (Javidan et al., 2005)

Hofstede describes societies that are characterised by weak uncertainty avoidance as societies where people are not concerned with not knowing how the future will look like. Such societies teach the individual to accept this uncertainty. In countries with weak uncertainty avoidance the individual will take the day as it comes, they will take risks rather easily and will not work harder then what is required at the moment. In societies with strong uncertainty avoidance there is a notion to try to control the uncertainty that lies in the future. Hofstede (1983) declares that people in these societies are more nervous and stressed and that their societies have developed institutions that can balance some of the perceived risk (Hofstede, 1983). The GLOBE project employs the same dimension and refers to it as to which extent people in the society are looking for orderliness, consistency, and structure (House, 2002 and Javidan et al., 2005).

Hofstede’s forth dimension is masculinity versus femininity, countries are masculine when there are a division of roles in society based on gender. Consequently, a feminine society is one where the division is relatively small. Examples of values that Hofstede (1983) found in masculine societies are performance, showing off, the importance of money and achieving visible results. Feminine countries employ values rather contrary to those in masculine; not showing off, putting relationships with people before money, minding the quality of life and caring for the environment and others (Hofstede, 1983). GLOBE has developed two dimensions that refer to and are connected to Hofstede’s masculinity versus femininity, namely; assertiveness and gender egalitarianism (House, 2002). Assertiveness is the degree to which people in a culture are assertive, confrontational and aggressive while gender egalitarianism is society’s level of support for gender equality (Javidan et al., 2005).

In his later work Hofstede introduce a fifth dimension, long-term versus short-term orientation. Long-term oriented cultures are characterised by of lasting commitments, persistence, ordering relationships and having a sense of shame. These characteristics contribute to a high work ethics and long-term rewards are expected. Short-term orientated cultures, on the other hand, care value personal steadiness and stability, protecting your name, respect for tradition and reciprocation of greetings, favours, and gifts (Hofstede, 1997). In the GLOBE study long-term orientation became future orientation. Future orientation is concerned with how people think of the future, whether or not they are willing to postpone benefits today in order to receive them in the future. Societies with strong future orientation will exhibit characteristics such as; long term saving, people are encouraged to work for long-term success and organisations tend to be more flexible and adaptive (Grove, 2005).

Besides the dimensions mentioned above, GLOBE has two additional dimensions: human orientation and performance orientation Human orientation relates to people’s attitude towards fairness, generosity and towards other members of society (House, 2002 and Javidan et al., 2005). A society with strong human orientation values the well-being of others, respect for others rights and the importance of belonging to a group (Grove, 2005). Finally, there is performance orientation, which
refers to whether or not society rewards people for performance (House, 2002 and Javidan et al., 2005). If a society exhibits strong performance orientation it will value training, competitiveness, formal feedback and direct communication while a society with weak performance orientation will value the opposite (Grove, 2005).

In spite of Hofstede’s work being known as the most extensive and respected research on culture it has received criticism. First, of all it has been criticised for being obsolete, since the data was collected in the 1970’s. Hofstede’s neither considers globalisation nor the coalitions of cultures in his dimensions. (Gooderham et al. 2002). Hofstede replies to this and argues that cultures have very old roots and remain fairly stable over time (Hofstede, 2002). Secondly, his study has been criticised by other scholars for generalising about national cultures and that the dimensions do not take subcultures into consideration. Finally, critics assert a weakness of the study to be that all data is taken from one single company, arguing that the sample is not representative for a whole country (McSweeney, 2002).

The Contextual Affects of Culture on Knowledge Transfer

Depending on where in the dimensions two cultures are positioned there will be more or less challenges involved when transferring knowledge. Listed below are some of the implications culture can have on the knowledge transfer process.

Motivation has been identified as a key driver for a successful knowledge transfer and what motivates people is strongly related to culture (Javidan et al., 2005). In an individualistic society it can be assumed that people will be motivated by improvements in their own situation. Hence, employees from individualistic societies involved in a knowledge transfer process can gain more motivation by being promised higher wages, better working environment or a promotion after the transfer. If a society is more collectivistic/in-group collectivistic the employees can be assumed to be rather unwilling to share or receive knowledge from people outside their in-group. People in such societies are not used to spending time with or engaging with ‘outsiders’, which can inhibit the knowledge transfer. To avoid complications regarding this it is important to create personal relations between individuals in the sending and receiving organisation. Collaboration and information sharing are encouraged in societies characterised by institutional collectivism and indicates a greater willingness to share knowledge (Javidan et al, 2005).

Knowledge transfer to an entity that is in a society characterised by a large power distance can be difficult due to the fact that people of different hierarchy might be unwilling to cooperate. It can also affect the receiver’s trust in the sender’s expertise. This can however be dealt with through top-level communication in order to create trust in the expertise of the sending entity. This credibility will then generate trust in the hierarchy levels below the top-level. A top-down approach is needed in order to get everybody on-board (Javidan et al, 2005).

Uncertainty avoidance also has its impact on the knowledge transfer process. For one, the manner in which communication is carried out can differ. Entities in societies with high uncertainty avoidance will
pursue organised, formal and structured communication while entities low on uncertainty avoidance societies will not always see the point with that. Another example when uncertainty avoidance will affect the knowledge transfer process is tied to the planning and follow-up of the project. Societies with low uncertainty avoidance can show a certain lack of respect for processes and deadlines as well as an inclination to make abrupt decisions. This may cause a lot of frustration, especially in the planning phase, and once again this can be dealt with by top-level communication where processes are discussed and agreed upon (Javidan et al, 2005).

In a relationship between two entities where one operates in a masculine society and the other in a feminine there are risk of misinterpretations. If the entities involved in the knowledge transfer have similar values there will be a greater chance for a successful transfer according to Javidan et al (2005), as masculine and feminine societies promotes different values this is important to attend to. Showing off is something that is valued in masculine societies as it shows the ability of the individual and through that it will provide legitimacy in masculine societies. In feminine societies this can perceived as the other entity is over promising and under delivering. On the other hand, feminine entity's inability to show off can cause for lack of trust in masculine entities.

Through the discussion that has been presented above it is evident that culture will have an affect on knowledge transfer in offshoring projects. It might not necessarily be negative but it will be a crucial thing to consider and deal with in the best way possible. One way of doing that is by focusing on the cultural traits that are similar instead of on the differences (Javidan et al, 2005). In this paper we perceive the national cultures to be a context in which the offshoring and knowledge transfer processes occur. This is illustrated in Figure 2 shown below. As a context, culture will affect the entire processes from beginning to start.
Implications of the Indian and the Nordic Cultures

It is inevitable that an offshoring process will involve the interaction of two cultures. The impact culture will have on the offshoring process will be linked to which two cultures that are involved and their relative distance to each other. Hence we will map out the cultural dimensions regarding the Nordic countries compared to India according to Hofstede’s and the GLOBE projects dimensions.

Looking at the Nordic countries and India from the dimension of individualism versus collectivism we find them to be rather different. The Nordic countries tend to be distinctly individualistic while India ends up in the middle of the dimension (Hofstede, 1983). As the dimension individualism versus collectivism corresponds to institutionalised collectivism we find the Nordic countries to be high up in the dimension and once again, India is found around the middle. Furthermore there is a difference regarding in-group collectivism where India shows a high level of loyalty towards the in-group and where the Nordic countries can be found around the middle (Javidan et al, 2005). Consequently, the Nordic countries have stronger ties to the state and institutions where Indians rely more on the groups that they belong to such as the family and the workplace (Hofstede, 1983).

Power distance is the second of Hofstede’s (1983) dimensions and is also found as one of nine dimensions in the GLOBE project. The Nordic countries exhibit medium levels of power distance, indicating that people in society are not to a large extent divided by power or authority. India, on the
other hand demonstrates high levels of power distance in both of the studies mentioned above (Hofstede, 1983 and Javidan et al, 2005). This indicates that there will be a higher hierarchy in Indian organisations and things such as status and position will have more magnitude.

The Nordic countries demonstrate high to medium uncertainty avoidance while India ends up in the middle of the dimension (Hofstede, 1983 and Javidan et al, 2005). Consequently people from organisations in the Nordic countries will have a greater need to plan ahead, they will be more risk averse and organisations and society will develop ways to reduce perceived risks (Hofstede, 1983). However, none of the cultures will act completely ad hoc without any thought of the future.

The last of Hofstede’s four dimensions is masculinity versus femininity that has been revised in the GLOBE project where they refer to it as assertiveness and gender equality (House, 2002). The Nordic countries are found to be strongly feminine while India is on the other side of the middle, namely a masculine society. Consequently, according to Hofstede (1983) the cultures are quite different in this respect. Yet, looking at it from the GLOBE perspective similarities can be found as both cultures demonstrate relatively low assertiveness, below medium. This indicates that both cultures are not very aggressive or confrontational. Regarding gender equality the Nordic countries are more equal than India but still, the difference is not as distinguished as in Hofstede’s dimensions (Javidan et al, 2005).

There are three dimensions employed in the GLOBE project remaining; future orientation, performance orientation and human orientation. Both cultures are relatively close to the middle in regards to future orientation and performance orientation, although in the later India is a slightly higher on the dimension. Finally, India also demonstrates a higher level of human orientation, implying that they are more generous to other people in societies than people are in the Nordic countries (Javidan et al, 2005).

According to Dayasindhu (2001) the Indian culture is overall favourable for knowledge sharing. One of the most evident difficulties with knowledge sharing in Indian culture is lack of trust to top management. Trust seems very important to achieve embeddedness in the knowledge transfer. As mentioned earlier, India has a collective culture characterised by strong social relationships that provides a favourable environment for knowledge sharing. Despite this aspect of Indian culture, knowledge transfer within Indian organisations seems to be restrained by the large power distances that characterises Indian organisations. Indians take pride in helping and mentoring younger colleagues (Dayasindhu, 2001). Concluded from the above, knowledge transfers between Nordic and Indian people will be challenged due to the cultural differences, however, there are also some similarities to facilitate the transfer.
Methodology

We have conducted our study at IBM Nordic in Stockholm, Sweden. The research has been carried out as a case study. We saw this suitable considering our focus on how cultures influence the transfer of knowledge in offshoring projects, and since we are investigating a contemporary set of events over which we have no control (Yin, 1994). The reason for conducting our study at IBM is mainly due to the fact that they are a large actor in the market when it comes to outsourcing services as well as their considerable long experience of conducting offshoring in order to cut costs for their clients.

In order to identify suitable projects and respondents for our study we have had initial contact with several key people. They were able to give us background information on IBM as well as the projects identified, further they facilitated the future contact within the company (Denscombe 2000). The two projects identified were with Client 1 and Client 2, both multinational companies with head office located in the Nordic region. Client 1 has been working with IBM since 2004 and is still in an early stage of the process with only two service lines offshore to India so far. Planning and preparations are in progress and the knowledge transfer is just about to start. Initially we were to follow their offshoring process through the skill transfer phase, due to problems in the projects the process has been delayed. The skill transfer was rescheduled to after the summer and thus out of our time frame. Instead we focus on drawing as much insight of the planning and preparation phase as possible from the case of Client 1.

The project with Client 2 has been running for longer, since 2003, and most of the transfer has been completed. In the case of Client 2 several offshoring projects are run simultaneously, thus there are projects in all stages of the offshoring process. The project we have studied was carried out during 2004 and is now completed. Considering that the two projects are in different stages of the process we hope to be able to gain a better understanding of the process. While the project with Client 2 can give us an overview of the process the case with Client 1 can provide us with deeper understanding of the planning and preparation phase, which is crucial for the knowledge transfer.

To obtain a wider picture of how culture affects knowledge transfer in offshoring projects we have created the theoretical framework presented in previous chapter. We have also conducted interviews with both Nordic employees, experienced from working with IBM India, as well as Indian employees with experience from working with IBM Nordic.

We have chosen to have a managerial perspective throughout the research looking at how knowledge transfer is prepared, conducted and managed. A managerial focus will allow for a wider perspective on the transfer. Interviewing managers will provide insight to the decisions made that in the end affected the outcomes of the projects. For Client 1 we have had four face-to-face in-depth qualitative interviews with the current Program Manager of the project (Respondent 1). His main responsibility in the project is to coordinate the project leader of the different service lines that are to be transferred. Since the project is in a preparation phase and most work is still carried out on a managerial level. Respondent 1 was preferred as he could provide us with the whole picture of the project since he had been involved from the start.
We also interviewed the Resource Manager for IBM Global Business Services (Respondent 2). She was interviewed since she has an overview of all IBM Nordics offshoring projects and their strategies of Human Resources. Moreover, we identified her as a gate opener as she had a key role in the organisation. Through her we got in contact with the people interviewed for Client 2.

To access enough information concerning Client 2 we conducted three in-depth qualitative interviews with four key individuals. Respondent 3 works as a Lead Resource Development Manager, where she is responsible for allocation of human resources to projects on the Client 2 account. Respondent 3 was able to give us a picture of how the Human Resources were handled as well as the full structure of the Client 2 operation. Respondent 4 is the General Manager of Global Business Service at IBM Bangalore he is from India but has been working in the Nordic region since 2004 when the project was commenced. The reason for interviewing Respondent 4 was to get an Indian perspective on the project. Furthermore, as he had been working in the Nordic region with the project for some time he could also provide us with great knowledge of the project. Respondents 5 and 6 were interviewed together; both were working as Project Leaders during the time of the transfer and their main responsibility was to manage the transfer of one service line each. Respondent 5 transferred sale support applications while respondent 6 transferred Web and portal applications. This interview gave us a more hands on managerial perspective of how the actual transfer was carried out.

In total we have conducted eight interviews with six different respondents, where one was for IBM in general, four with the same person for Client 1 and three with four people for Client 2. Whenever there was ambiguity in the information we had compiled during the interviews or when we needed additional information we used e-mail communication. In addition to the interviews we have used IBM’s offshoring strategy documents and other archive documentation to attain different data (Yin, 1994).

The interviews took place in meeting rooms provided to us by IBM. The rooms were separated from the rest of the office and the doors were closed. We signed a non-disclosure agreement with IBM before we conducted the interviews and received access to their documents. Combined, our intention was to make the respondents feel assured to talk to us about the projects open and honestly. Furthermore, we kept the respondents anonymous, as some of the information provided was sensitive for both IBM and their clients. All respondents were informed regarding these matters before the interviews.

The interviews were carried out with one interviewer and one scribe, immediately after each interview a narrative summary was written through revising the field notes and our own combined memory. When conducting the interviews we used a semi-structured interview method, with open-ended questions (Johannessen, Tufte, 2003). During the interviews we did not follow a ready set of questions, although we had prepared topics to base the discussions around as guidance. When creating our interview outline, we designed our structure around key areas in our theoretical framework, following the offshoring process. Initially we asked them to tell us about their work and the project they are working with. After that each interview moved on differently, but governance, training, resources, challenges, trust and motivation are topics which permeated all interviews. All interviews
were carried out as discussions and lasted from one to two hours each.

We interviewed Respondent 5 and Respondent 6 together, as a focus group, in order to trigger their memory as the transfer was carried out during 2004. The interview was still structured as the other interviews, but much of the discussion was mainly held in between the respondents (Wibeck, 2000). Since both had worked with different parts of the project with Client 2 since the start, the discussion helped them to recall the projects.

After interviewing and gathering information it is important to process the material in a transparent way in order to verify results. As mentioned above the material derived from the interviews was compiled in narrative summaries straight after the interviews. The relevant data was then rewritten according to IBM’s own strategy model for offshoring. We decided not to use the theoretical framework process as that might have caused confusion in the distinction between what is theory and what is empirical data. IBM’s strategy model was provided to us in an initial phase of our research, thus the material collected could be added to the process gradually. In between our interviews we discussed the material from the projects to find areas that we could investigate further in the following interviews. Keeping in mind that we have been conducting a case study of IBM we have not been selective in the parts of the process we will betray in the empirical chapter. Instead we have tried to use the material collected in order to give as complete picture of the projects as possible. This study has not been conducted on the request of IBM and they have not tried to influence our scope. Consequently, the paper is not biased towards any party.
Empirical study

This section will present the two offshoring projects to India, which we have studied at IBM. After a brief presentation of IBM and the clients we will follow IBM’s strategy model for offshoring to present the line of action in each of the two cases.

Background IBM

The history of IBM dates back to 1911 when the company was founded in the US. Today IBM develops and manufactures information technologies, including computer systems, software, storage systems and microelectronics, technologies which they later translate into services and consulting businesses. IBM has more than 350,000 employees and operates in 170 countries (IBM US, 2007-04-21). IBM entered the Swedish market in 1928 and only one year later, IBM Sweden received their first outsourcing contract. IBM Sweden is a subsidiary of IBM Nordic and has 3200 employees (IBM Sweden, 2007-04-21). IBM has been present in India since 1992 and has up until today expanded considerably (IBM India, 2007-04-21). In 2005 IBM India had 4000 employees, today they have 24,000 (Respondent 2, 2007-04-03).

Client 1

Client 1 is to a multinational corporation involved in a diverse range of business industries established in the early 20th century. Today it employs more than 100,000 people in 125 countries with headquarter located in a Nordic country. In 2004 Client 1 outsourced system service, monitoring and maintenance to IBM and the contract specified that 40% of the operations were later to be moved to India. The main objective was to cut costs (Respondent 1, 2007-03-23). Before IBM received the contract the client had already started to move two service lines to India. The transfer was completed in 2005 and involving more simple maintenance tasks. The contract to move the remaining eight service lines was not signed until 2007 when the move started. During the time of our interviews Client 1 has been in the second phase of the offshoring process (Respondent 1, 2007-03-30).

Client 2

Client 2 is a global mobile service and telecommunication equipment provider, with headquarters in a Nordic country. They operate in 140 countries and have been in business since late 19th century. IBM received the contract in 2003 after a competitive bidding process with other outsourcing providers. The bidding process lowered the price of the service to the extent that it was obvious from the start that the project could not be delivered on with Nordic labour costs, hence, a decision to offshore to India was taken on a top-management level right away (Respondent 2, 2007-04-03, Respondent 4 2007-05-11). When IBM was assigned to run parts of Client 2’s operations they took over the majority of employees working in these areas and made use of their competence and experience. Most of the transfer took place in 2004 and already in the end of the year there were 500 people working on the project from India (Respondent 3, 2007-04-16). Today IBM has 1200 people working on the contract out of which 600 are located in India (Respondent 2, 2007-04-03). In this project both development and maintenance of applications have been sent to India and today 85% of the application maintenance and 40% of the development is run from there. The goal is to move 70% of the development thus
transfers are continuously taking place. The project is run in an integrated solution, were a few Indian developers and project managers are working in the Nordic region and vice versa (Respondent 3, 2007-04-16).

IBM Offshoring Process

IBM has a seven-step strategy model for offshoring (Figure 3) both of the projects that we have studied have worked more or less according to this structure. The cases are introduced through the structure of the process.

**Figure 3.** The IBM process (Secher and Kastberg, 2007)

![Figure 3. The IBM process (Secher and Kastberg, 2007)](image)

**Initialisation Phase**

This is where the offshoring project is first thought of. In this stage of the process the parties agree upon the general scope for the project as well as which party will be responsible for managing or governing the offshoring project (Secher, Kastberg, 2007).

When IBM acquired the account for Client 2 the price had been pressured down due to bidding. Considering the price level of the account it was obvious from the start that IBM could not deliver on it with Nordic labour costs. The decision to offshore to India in particular was taken on a top-management level right after IBM received the contract in 2003. IBM in India was responsible for presenting the process that was being employed while the managers in the Nordic region were merely responsible for making sure that the project ran according to the process. The process involved moving both maintenance and development of different applications and this occurred through different batches or ‘waves’ (Respondent 4 and 5, 2007-05-11).

For Client 1, the idea to offshore parts of the operations was established already in the outsourcing agreement whereby the contract specified that 40% of the operations where to be moved to India in order to cut cost, mainly the cost of labour. However, the five year long offshoring contract on the remaining service lines was not signed until March 2007. The decision to offshore was a request from the client and the project was later assigned to program and project leaders. As IBM Nordic initialised the project and the utter responsibility for the governance of the project landed in the hands of IBM Nordic. The scope of the project was to transfer the maintenance of approximately ten service lines.
The initial scope of the project was decided upon through internal workshops. The aim of the workshops was to decide which service lines to move, what skills would be required in the new Indian team and a rough estimate of the needed resources in India (Respondent 1, 2007-03-23).

<table>
<thead>
<tr>
<th>Client1</th>
<th>Client 2</th>
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<tbody>
<tr>
<td>Top management decision to offshore</td>
<td>Top management decision to offshore</td>
</tr>
<tr>
<td>Reason to offshore – reduce labour costs</td>
<td>Reason to offshore – reduce labour costs</td>
</tr>
<tr>
<td>Scope: Transfer of maintenance</td>
<td>Scope: Transfer of maintenance and development</td>
</tr>
</tbody>
</table>

The scope was decided upon through workshops.

The Definition Phase

In this phase the scope and the delivery model of the project should be defined through internal and external assessment. The objective is to determine what parts of the operations to move, where to move them and when. Hence, a plan is made, containing a schedule, dependencies, risks, pre-requirements, a budget, project resources and requirements. The definition phase also includes demand and capacity planning, involving a statement of the demand concerning human capacity, skills levels, timing, etc. Furthermore, it is during this phase that the technical solutions are outlined as well as the legal and contractual part of the offshoring project. In the end of this stage the steering committee gives approval to proceed with the program or not (Secher, Kastberg, 2007).

The offshoring decision of Client 2 was made on a top-management level and the process of how it should be conducted was handed to the responsible managers in IBM Nordic. The process had been developed by IBM in India that had already lots of experience from similar projects. Furthermore it was a very delicate matter due to the fact that a big number of people at IBM Nordic, previously working at Client 2, lost their job in this process and there were not much internal communication. Hence, both respondents 5 and 6 felt as if they knew very little about the whole situation (Respondent 5 and Respondent 6, 2007-05-11). The pre-planned delivery model consisting of ‘waves’ had scheduled three months of knowledge transfer per wave. The knowledge transfer was conducted in the Nordic region during one year, 2004, after which the Indian teams where expected to be up and running. During the knowledge transfer approximately half of the new Indian team were to come to the Nordic region to learn the work and to later return to India and train their colleagues. During the first month
they were to conduct workshops with the intention to create documents of the processes and brief the Indian team on the technical architecture of the applications. In the second month the Indian team were to be trained both theoretically and practically on how to solve error codes in the applications, ‘tickets’. Finally, in the third month they were supposed to be able to solve all the tickets themselves but with the old team on call. Regarding the human capacity, the project managers who worked with Client 2 did not have any control over which resources they were going to receive from India. They had been part of setting up the required skills, but the knew in advance that it would not be possible to find all of the desired competence due to the old technology used within Client 2, hence they planned trainings and educations accordingly (Respondent 5, Respondent 6, 2007-05-11).

In the case of Client 1 the skill assessment and defining the requirements on the human capacity was made partly through documentation but also during a couple of days of workshops. The view of the program leader at Client 1 is that documentation is crucial for the success in offshoring projects. Often it is neither updated nor in English which can cause problems in the project. During the workshops conducted in the Nordic region managers from India participated. Hence it allowed personal interaction between the operational managers in IBM Nordic and their predecessors in IBM India. The aim with the workshops was for managers to meet in functional groups and assess the requirements needed for human resources involved in the project and the need for training. In addition, the agenda also included a brief run-through the operations in IBM Nordic and IBM India respectively. The intended output of the workshops was to have an agreement on the service scope, to have a timeline, to have assigned roles and responsibilities to all involved in the project, to know how and where to proceed with the knowledge transfer and to have a budget. This was achieved; the service scope was decided to be approximately ten service lines, the skills transfer was decided to start after summer due to summer holidays in the Nordic countries, it was also estimated that 15-20 employees in IBM Nordic would be required to take part in the knowledge transfer. The skills transfer was decided to take place in the Nordic region while the parallel run was located to India in order to make sure that the technology would work. The process then moved on to the enablement phase (where they are today) whereby it is now up to India to source the human resources required. This will take some time as they need to allocate approximately 50 people to work on the project, some will be taken from other IBM projects in India and others will be new recruits. The workshops created trust in the competence of the Indian team and the Nordic line managers where impressed when they heard about the operations in India. Furthermore Respondent 1 expressed that he as program manager is fully confident that the Indian team can deliver upon the contract as they have great experience in similar projects. According to Respondent 1, it is not the planning and discussions that are hard, the biggest challenges appear first during the actual transfer. In Client 1’s case IBM Nordic has set requirements of the competence level of the needed resources. In order to make sure that the resources employed to the project will be able to cope, 1.2 Indian jobs is counted per job at IBM Nordic, simply because they do not have the same experience. Moreover IBM Nordic might conduct phone interviews with the candidates to establish their competence (Respondent 1, 2007-04-03, 2007-05-04).

Respondent 1 mentions motivation for the transfer in the Nordic team members to be crucial during
the process. To avoid problems connected to motivation and uncertainty the HR department have been involved early on in the project of Client 1. The intention is to not loose employees by offshoring, instead IBM wants to gain capacity and cost efficiency by transferring to India. However, Respondent 1 argues that a company will always lose some employees due to their reluctance to change. To keep people motivated it is important to make sure they know what will happen with them after the transfer. Everyone who is affected by the project in the Nordic region has been informed either through group or individual meetings. However, there is no control on whether or not the message has gone through. Respondent 1 argues that communication and motivation are key elements for a successful knowledge transfer. The main forum for this is through group meetings within the service line conducted by the service line manager. Being the most important, motivation and communication is also the most difficult part of the knowledge transfer. In order to prepare and motivate the employees who are conducting the knowledge transfer it is important with information, motivation and personal interaction. For example, the Program Manager (Respondent 1) sometimes takes part in the service line group meetings to answer questions and offer advice. It is crucial that the Service Line Managers and the Team Leaders understand that they are the ones who are going to transfer the knowledge. In the end they are also responsible to motivate the employees to conduct a good transfer. Therefore, the Program Leaders talk to the managers and inform them about the project so the managers can pass on this information to their employees. For some employees the knowledge transfer means that they will have to work almost twice as much during the transfer period, handling both their ordinary responsibilities and the training. This can be stressful and de-motivating for some, but on the other hand when the transfer is over the employee might have a more manageable set of responsibilities then he/she had before the offshoring project. Another scenario for the employees in IBM Nordic is that the role he/she has had will no longer be needed which in turn can lead to a new role or even to a promotion (Respondent 1, 2007-04-03, 2007-05-04).

<table>
<thead>
<tr>
<th>Client 1</th>
<th>Client 2</th>
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<tbody>
<tr>
<td>This is the stage where the project is currently</td>
<td>Limited internal communication</td>
</tr>
<tr>
<td>Skill transfer was decided to start after the Nordic</td>
<td>Pre-planned delivery model consisting in a wave</td>
</tr>
<tr>
<td>summer holidays</td>
<td>structure.</td>
</tr>
<tr>
<td>IBM Nordic felt confident in the capacity of IBM</td>
<td>Skills transfer was planned to be conducted in the</td>
</tr>
<tr>
<td>India</td>
<td>Nordic region</td>
</tr>
<tr>
<td>HR at IBM Nordic was connected to the project</td>
<td>Old technology made it hard to recruit Indians with</td>
</tr>
<tr>
<td>from the start</td>
<td>the right skills</td>
</tr>
<tr>
<td>Motivation is created through information to and</td>
<td></td>
</tr>
<tr>
<td>personal interaction with employees</td>
<td></td>
</tr>
<tr>
<td>Skills identification was done with the help of</td>
<td></td>
</tr>
<tr>
<td>documents and workshops</td>
<td></td>
</tr>
</tbody>
</table>
The Enablement Phase

The next phase is divided into two sections, the Employee enablement and the Infrastructure enablement. In the Employee enablement the process of identifying training requirements continues. In addition resource allocation is carried out as well as recruitment and training. In the Infrastructure enablement all infrastructure requirements are planned and established. One of the most critical parts is to review and update documentation of tools, processes and work instructions (Secher, Kastberg, 2007). In this stage all documentation has to be updated, in English and accessible to all involved parties (Respondent 1, 2007-04-03)

The employee enablement with Client 2 was handled first in India where they allocated the human resources needed to take over the operation. As the team in IBM Nordic had worked with the client for a long time they had very good knowledge of Client 2’s business and systems. In order to bridge the gap of business knowledge regarding Client 2, IBM India conducted targeted hiring where they focused on recruiting people who had worked in similar business before or people who had previous experience working with the client (Respondent 4, 2007-05-11). Later, the enablement continued in the first month of the knowledge transfer when they conducted workshops together with the intention for the two teams to get to know each other and have trainings relating to the different application architecture used in the project (Respondent 5, Respondent 6, 2007-05-11).

During these workshops relevant documents were created describing the tools and processes employed. Regarding the technical infrastructure enablement in the offshoring project at Client 2 there where initially some problems with the capacity of the network in India. Therefore, 120 Indians came to work in IBM Nordic supporting the maintenance from here. This was during a time when a substantial part of the Nordic staff had been let go and the situation was quite complicated (Respondent 4, 2007-05-11).

The offshoring project in the case of Client 1 is not finalised and the present status of the process is here in the enablement phase. As mentioned above it is now up to IBM India to now conduct the employee enablement by sourcing approximately 50 employees to the project. This will of course take some time as they need to find and select people for all the 50 positions. To support this process IBM Nordic has been part of setting the skills requirement for the people who will work with the project. Furthermore, they might conduct phone interviews with some of the candidates. They might even send employees from IBM Nordic to India to assist and advice them in the recruitment process (Respondent 1, 2007-03-03).
Regarding the infrastructure enablement there was not much concern expressed by Respondent 1, he argues; “the technology can always be solved” (Respondent, 2007-05-04). However due to laws and regulations they need to be careful regarding IT-privacy. In the case of Client 1 there is no actual move of hardware so the infrastructure enablement should run fairly smoothly. The offshoring only concerns maintenance and will only require proper network connections in India that are already established there. However, in order to fill resource needs in IBM Nordic they will bring some people from India during the summer (Respondent 1, 2007-05-04).

Neither the managers, nor the employees involved in the Client 1 program, have been prepared in terms of cultural issues that might arise. Respondent 1 indicates that there might be some form of cultural workshop in a later stage. He also identifies the major differences in culture between Nordic countries and India to be hierarchy. He argues that the people in the Nordic region are less pretentious and that managers in the Nordic region would dig into the dirty work if they needed to, while that would not happen in India. The respondent continued to say that Indian people will tell you that they understand even if they do not. This notion was derived from colleagues’ previous experience when working with India. As a project manager he promotes mutual understanding in order to avoid any problems concerning this. He also adds that you cannot force culture on someone (Respondent 1, 2007-04-03, 2007-05-04).

<table>
<thead>
<tr>
<th>Client 1</th>
<th>Client 2</th>
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<tbody>
<tr>
<td>Skills requirements have been set jointly</td>
<td>IBM India conducted targeted hiring</td>
</tr>
<tr>
<td>Phone interviews might be conducted</td>
<td>The wave structure for transfer was implemented</td>
</tr>
<tr>
<td>They will not move any hardware</td>
<td>Workshops were conducted in the first month</td>
</tr>
<tr>
<td>Employees of IBM India will work at IBM Nordic in order to fill a resource gap</td>
<td>120 Indians came to support the maintenance team at IBM Nordic</td>
</tr>
<tr>
<td>Culture differences are perceived by managers</td>
<td>The Nordic economy was at a low</td>
</tr>
<tr>
<td>No cultural trainings or workshops.</td>
<td></td>
</tr>
</tbody>
</table>

Skills Transfer and Parallel Run

The next two phases is where the knowledge transfer is executed and it is done in two steps; skills transfer and parallel run. Throughout these phases IBM Nordic is still responsible for the running of the operations. The objective with these phases is for IBM India to acquire the needed skills to move on to the next phase, the cut over (Secher, Kastberg, 2007).
In the project with Client 2 the second month of the waves was devoted skill transfer. Through theoretical and practical training the Indian team learned how to solve error codes in the systems, ‘tickets’. Finally, during month three the parallel run took place and as the name suggests, IBM Nordic and IBM India then managed the operations parallel. Basically the Indian team were performing all the tasks, solving all the error codes, with the support of the team from IBM Nordic. The process was run as a project and there was a deadline when the knowledge transfer should be finalised. When the deadline came the project was finalised even if the knowledge transfer was not completed. There were no instruments for measuring the result of the transfer employed in this project. The only measurement was that a specific number of tasks were supposed to be completed. The Project Managers participated in a “do you feel satisfied with the knowledge transfer” review. If they were not satisfied the project was then extended (Respondent 5, Respondent 6, 2007-05-11).

The knowledge transfer of Client 2 faced several problems. One of the major problems was that the Project Managers who ran the projects were not responsible for the outcome and did not feel ownership of the project as all the results of the project was reported to higher management (Respondent 5, Respondent 6, 2007-05-11). Respondent 4 (2007-05-11) identified three areas in which they faced challenges: Business, People and Technologies. The major problems were found within the business area were the business knowledge of the Nordic team was found to be extremely hard to transfer. As mentioned above IBM India conducted targeted hires in order to approach this problem. In addition they have been sending people back and forth between India and the Nordic region continuously throughout the cooperation to enhance the business knowledge in the Indian team (Respondent 4, 2007-05-11). Another problem mentioned by respondent 4 was that of technology. In Client 2 they were working with ten year old applications and technology, knowledge that never existed in India. In an emerging economy such as India, people are educated to work with the newest technology on the market (Respondent 4, 2007-05-11). The last problem mentioned by Respondent 4 was people. The Nordic market and economy was not doing very well during this time and people were worried to lose their jobs. Any time a new Indian co-worker appeared it created rumours and uncertainty among the Nordic workers (Respondent 4, 2007-05-11). This became even more sensitive when a decision was taken to close down some of the IBM’s offices and many IBM employees were fired and the internal communication was very limited. There were teams from India who were sent to these offices for knowledge transfer, but since the senders were all fired they were not motivated to share their knowledge, which lead to the knowledge never being transferred. In some service lines the teams consisted of external consultants, who were unmotivated to transfer the knowledge since their billable hours was threatened. The project suffered from the lack of knowledge transfer during the following two years. The approach taken from IBM to deal with motivation in their employees was to categorise the employees in three groups. First there are the employees who could not be transformed, hence it did not matter if they were not motivated or if they left. The second group consisted of employees who understood that change is the future and that it is inevitable. This group could be used for the knowledge transfer and should be kept in order to keep the knowledge. Lastly there were the group of people who cannot simply be replaced (Respondent 4, 2007-05-11). The people who knew they were going to receive a new position after the transfer were highly motivated...
and the transfer went smoother. One further obstacle was that the resources received from India were all fairly junior and were not completely ‘on track’. Many came straight from university and the “experienced” had only a couple of years of work experience. Although the Indian team had less experience then the Nordic team, they did have better education and were all very bright. The combination of inexperienced receivers and unmotivated senders was not an ideal combination and ended in somewhat of a clash. Both Respondent 5 and Respondent 6 were surprised that the final outcome of the project was as successful as it was; the costs for Client 2 had drastically been lowered costs and nothing technical had crashed during the process (Respondent 5, Respondent 6, 2007-05-11).

There were no cultural trainings conducted neither was there any cultural clashes. However both the Indian and the Nordic respondents noticed differences in how the two cultures work. Respondent 4 told us that; ‘Swedes tend to be inflexible with their working hours, they leave at five, Swedes also tend to be more selective in the task that they take on, they say no to extra work’; he continues, ‘typical to Sweden is also the need for consensus’. Respondent 5 said the following on Indian business culture; ‘Swedish people expects of you to ask if you do not know how to do something’. Respondent 5 experienced that the Indians did not do what they were asked to and the day before the deadline it became evident that they did not know how they were supposed to do (Respondent 5, 2007-05-11). Another observation was; ‘in Sweden you can say: it’s only work… But in India it is so important with work and you do not want to fail. Indians work like hell when they know what to do, when they have the knowledge required and when they know their results are being monitored, they don’t leave the office to pick the kids up…’ (Respondent 5, 2007-05-11)

The project with Client 1 had not moved into this phase yet but as mentioned above, the skill transfer will take place at IBM Nordic with a selected group from IBM India. The parallel run will take place in India mainly due to technology, to make sure everything works from there before it is time for the cut over (Respondent 1, 2007-05-04).

Throughout this period the Indian employees’ skills will be evaluated. The development is monitored in a matrix where the Indian employees have to reach a certain skill level in order for IBM Nordic to hand over the operation (Respondent 1, 2007-03-03).

<table>
<thead>
<tr>
<th>Client 1</th>
<th>Client 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client 1 has not moved into this stage yet but are planning to follow the model.</td>
<td>2nd month of the waves where devoted to skills transfer, conducted through trainings.</td>
</tr>
<tr>
<td>Skill transfer will take place in the Nordic region</td>
<td>During the 3rd month of the waves the parallel run was conducted.</td>
</tr>
<tr>
<td>Parallel run will take place in India to make sure the infrastructure will work.</td>
<td>To control that the project was on track there were deadlines for the knowledge transfer.</td>
</tr>
<tr>
<td>A skills matrix will be employed to monitor and control the knowledge transfer process in the skill transfer and the parallel run.</td>
<td>There was no way to measure whether or not the Indians had received enough knowledge.</td>
</tr>
</tbody>
</table>
The manager in IBM Nordic felt no ownership over the project.

Challenges: business knowledge, old technology, unmotivated employees

Junior resources came from India

No cultural trainings

No cultural clashes although differences were noticed.

Cutover and After Care

The following stages, cutover and after care, are where the actual hand over is made and stabilised. Before the cutover can be finalised IBM conducts a review of the cutover criteria. If all criteria are fulfilled the cutover is confirmed. However, IBM India is not left completely without help, during the after care phase there is back up available although the project is closed. The project ends with a project closure report (Secher, Kastberg, 2007).

The facts that Client 2 did not use a skills matrix or any other form of measurement to monitor the knowledge transfer contributed to that there were no clear cutover criteria. The decision whether or not the employees of IBM India were ready for the cutover was taken on the gut feeling of the managers in IBM Nordic. Furthermore, it was hard for IBM Nordic to provide India with substantial support in certain areas due to the fact that many employees had been let go with the required competence. But in those cases where the employees involved in the knowledge transfer was still left in the organisation they offered support for the new team in India. (Respondent 5, Respondent 6, 2007-05-11).

Again, Client 1 has not reached this stage in its offshoring process and therefore we have no data. It can however be assumed that this phase will run smoother than with Client 2 as they have used the skills matrix and worked with the intention that no one is going to loose their job.

<table>
<thead>
<tr>
<th>Client 1</th>
<th>Client 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client 1 has not reached this far in the process.</td>
<td>No clear cutover criteria</td>
</tr>
<tr>
<td>The cut over can be expected to run smoother in the case of Client 1.</td>
<td>Decisions to cut over was taken on gut feeling</td>
</tr>
<tr>
<td></td>
<td>Lack of support in some areas</td>
</tr>
</tbody>
</table>
Management System and Security & Disaster Recovery

Along with this process there will be a Management System and a Security and Disaster Recovery in place. In the Management System roles and responsibilities are defined, agreed and implemented. Reporting and meeting procedures are agreed upon. The Security and Disaster recovery includes; review, update and confirmation of security standards, disaster recovery plans and business continuity plans.

The management system in the case of Client 2 was one of the factors that caused the major problems within the project. The Project Managers who ran the projects were not responsible for the outcome and did not feel ownership of the project. They merely felt as they were there to monitor the project and then report up to the top-management. (Respondent 5, Respondent 6, 2007-05-11).
Analysis

In this section IBM's offshoring process is connected to the theoretical framework. Through studying the knowledge transfer process in the two offshoring projects at IBM we will try to fill in the blanks found in the theories. We will take the cultural aspect into consideration and look at the effects the culture might have on the process. The analysis follows the structure from the offshoring process presented in the theoretical framework.

Comparing the process at IBM with the process that we presented in the theory section it is clear that overall structure of the processes is fairly similar. However, the steps in the theory model and IBM's strategy model are not the same and there are times when parts of the strategy model occur in two different steps in the theoretical model. Furthermore, the theories regarding knowledge transfer in offshoring projects are not comprehensive and can therefore be complemented by the practice of the two cases.

Internal and external analysis

In both cases of IBM's clients we find that the decision to offshore was made on a top-management level. Client 1 had requested a move to India, which the top-management accepted when signing the agreement. The decision to do so was later communicated down in the organisation. A top-management decision provides legitimacy in cultures like the Indian where there is a relatively high power distance. In the Nordic countries, which exhibit low power distance, the same decision will rather have a negative impact as organisations in these societies usually have decentralised decision-making. As a result, the employees might feel less motivated as they do not feel involved in the decisions taken. This was proven in the case of Client 2 where the managers felt disconnected from the project and the decisions taken.

The objective to offshore was to cut costs in both Client 1 and 2 and this aim was clear from the beginning, which is recommended by theory. According to theories a clear offshoring objective is crucial for the future success of the knowledge transfer as the employees needs to know why they should get on-board the project.

In the initialisation phase of IBM's offshoring model it is suggested to define the responsibility of management and governance in the project as well as the scope of the project. The roles of management and governance for both Client 1 and 2 were clear from the beginning. Knowing who is responsible for what is crucial in two-party projects such as offshoring projects. Consequently this part of IBM's strategy model can contribute to the theoretical framework.

In the case of Client 1 the scope of the project was first discussed through internal workshops, attended only by employees of IBM Nordic. This way of taking decisions fits well in to Nordic culture where it is important to decentralise power in the organisation. In this way, the decision to offshore has a greater chance to receive support from the key employees of IBM Nordic. Once again, involving employees is beneficial, in cultures low on power distance. In the theories the scope is first brought up in the next phase of the process, nonetheless it can be suggested to define the scope as early as
possible in order to avoid unnecessary misunderstandings. Furthermore, taking this into consideration early on in the process will facilitate the planning and the preparation of the employees, which is especially important in Nordic cultures as they demonstrate high uncertainty avoidance.

Design
The theory suggested answering three questions; what to offshore? How to offshore? And, who to offshore to? Likewise IBM’s offshoring model brings up three questions in the definition phase; what parts of the operations to move, where to move them and when. The questions are similar, which proves their relevance. In addition to the questions in the theory, IBM’s offshoring model adds the question of when to offshore. Culture was proven to affect the timing and the duration of the knowledge transfer in the case of Client 1 were the start date of most service lines was postponed until after the Nordic summer vacation. As the Nordic culture exhibit strong institutionalised collectivism they have strong bonds to the state and other institutions and not as strong bonds to the in-group (e.g. the organisation), which can explain why the managers of IBM Nordic would never expect their employees to give up their summer vacation, not even to deliver on a project.

The goals that were presented in the cases were merely time based, consisting of deadlines. Deadlines are easily followed up on and measured, however they might cause for a misdirected focus. Observed with Client 2 where the focus was mainly on meeting deadlines without any structures in place to measure if the requirements of the knowledge transfer had really been met. The manager interviewed at Client 1 mentioned that they will employ a skill matrix whereby they will monitor and track the performance of the Indian team members continuously in order to know where they are in their learning process. The reason for this difference occurring, although using the same model, can be explained by the fact that IBM continuously improves their strategies by learning from experience, consequently the model has been improved since it was employed with Client 2. Thus, using a skills matrix should be added to the theory.

Plan and prepare
In the planning and preparation phase the theory suggests to create a skills database, to map the cultural profiles involved and to transfer relevant documentation. This phase corresponds to both IBM’s definition and enablement phase. The process employed at IBM supports the theory regarding creating a skills database and in the transfer of documentation. However, none of the projects studied at IBM mapped out the cultural profiles. In addition to what is brought up in the theoretical framework, IBM’s model includes making a plan for training requirements. The necessity to evaluate the need for and preparation of trainings should be added to the planning and preparation phase in order to facilitate the transition phase. Moreover, the fact that IBM conducts workshops in order to identify skills, update documents and get to know each other allows for face-to-face interaction. Concluded in the theory personal interaction is required for transfer of tacit knowledge and is therefore preferred when possible. This is especially important when working with different cultures when communication can be the cause of misunderstandings. Additionally, personal interaction is particularly important in cultures high on in-group collectivism such as India, where trust is hard to create outside the in-group.
Further the fact that workshops with both parties participating were conducted with Client 1 and that managers took part in them can be assumed to have generated trust in both the cultures. Since Nordic people have high uncertainty avoidance they feel more trust when they know what the future will look like, e.g. who to work with and what skills will be required etc. Indians have high power distance and finds trust in the management. The personal meeting gave an opportunity for the teams to get to know each other, which built trust between them. This was shown in the case of Client 1 where the managers from IBM Nordic expressed that they were impressed with the competence shown by their Indian colleagues during the workshop.

Creating a skills database does not seem to be enough to secure a successful allocation of resources to the project. In the case of Client 2, the resources they received from India lacked skills to a certain degree. India’s inability to deliver the required competency can be explained in multiple ways; first of all it was shown hard to find people with the required technical skills, as the technology was old. Secondly, the turnover of labour is very high in India and IBM India recruits 1000 new employees every month, contributing to their relatively short experience (Respondent 6, 2007-05-11). That IBM India sent over employees who did not fit into the requirements, instead of explaining to IBM Nordic that they had problems sourcing the right people, can be explained by them belong to a masculine society. Such societies’ value of success, performance, and achieving visible results might prohibit them from admitting their own inability to find the requested resources. Other culture factors can be that India is short-term oriented where it is important to protect you reputation (avoid loosing your face) and that India demonstrates relatively weak uncertainty avoidance, contributing to certain lack of respect for processes and deadlines as well as an inclination to make abrupt decisions.

Sometimes it is possible to source people with the required skills, which can save the need of knowledge transfer. In cases as the one with Client 2, where many senders had been laid off and lacked in motivation targeted recruitment facilitated the process, due to less knowledge in need to be transferred.

The theory suggests creating a map of the cultural profiles, which did not happen in any of the projects studied at IBM. It could be suggested to do that as a part of the workshops as a way of getting to know each other and the respective organisation’s work routines. Had it been incorporated in the process individuals taking part in the project would not have had to find out as much about the cultural differences on their own. This could have facilitated their transition period when moving to another country for a limited period of time. Furthermore, the problems that arose when the Indian team did not ask for help could have been avoided. A discussion of cultural profiles might have led the Nordic team to understand the need to monitor the Indians progress and performance more closely than they would if the person was from the Nordic region. However, the Nordic countries demonstrate low assertiveness that could prohibit them from questioning the progress of their colleagues as it might cause for a confrontation. None of the parties in the projects experienced a complete culture block although they both noticed differences that complicated matters. That there was no block experienced can relate to the fact that the Nordic and the Indian culture have similarities as well as differences. Besides, the early personal interaction in both cases can well have contributed to lessen the impact of
Bragg (1998) asserts the importance of transfer documentation and that it happens early on in the process. IBM is aware of the importance of documenting and to transfer documentation, but due to a lack of resources they usually do it parallel with the training and knowledge transfer. Respondent 1 expressed concern that a revision of documents can cause for a need to change the project plan.

Transition
Amongst others, Gupta and Govindarajan (2000) mentions motivation as a key factor for success during a knowledge transfer. The most crucial factor for lack of motivation in the sending organisation is the threat experienced by the employees of losing their job. The theories also emphasise not to lay off people before the transfer is finalised as the company might lose valuable knowledge. In the case of Client 1, IBM goes as far as promising not to fire anyone in order to make the employees feel secure and through that get them onboard the project. The contrary occurred in the case of Client 2 where employees responsible for the knowledge transfer in certain service lines were notified about their dismissal before the transfer even started. The problems observed with Client 2 therefore support the theory not to let people go before the knowledge transfer is finalised.

In the project run with Client 1, IBM Nordic engaged the HR department from the start to avoid anxiety amongst the employees and in order to make them motivated to take part in the transfer. This corresponds well to the Nordic culture where, again, it is important to make people feel secure and inform them about the future since society is high on uncertainty avoidance. Furthermore the fact that the Nordic countries tend to be clearly individualistic makes it even more important for HR to be involved from the start. People in individualistic societies are motivated by improving their own situation, HR can talk to the employees individually and guide them through both what will happen during the transfer and what will happen after. Giving people in an individualistic society a picture of how their situation will improve after the transfer will have a positive impact on their motivation to participate. The same applies for people in cultures that demonstrate long-term orientation as long-term awards are expected. In societies that exhibit short-term orientation motivation can be created through instant perks and appreciation. The HR department can also adapt their guidance according to if the culture is future orientated or not. If it is, the employees will be more inclined to work hard now for a better work situation in the future. The need for participation in decision-making is also emphasised with Client 1 as they use the service line group meetings as the main source of communication. The group meetings are presumably used in order to make the employees feel that the decisions are taken closer to them and not centralised. Although no employees have been forced to leave in the case of Client 1 the managers of the project acknowledge the sensitivity of the situation and plans to deal with it accordingly to avoid de-motivation. This further strengthens the theoretical framework’s emphasis on motivation and not to lay off people before the transfer is finalised.

Szulanski (1999) argues that from the receiving organisation’s perspective the most important factor for motivation is trust. High power distance cultures such as the Indian show trust in information communicated by top-management. Masculinity and femininity in cultures can also affect the level of...
trust. In masculine cultures, like the Indian, showing off is highly valued. The Nordic culture’s reluctance to show off might lead to lack in trust from the Indian colleagues. Furthermore, a collectivist culture as the Indian can be unwilling to share or receive knowledge from people outside their in-group. Especially for cultures like the Indian, high on in-group collectivism, personal relations will build trust. In IBM’s case the large amount of face-to-face meetings, which started early on in the process will facilitate the approach towards the receivers’ in-group.

During the skill transfer for Client 2 the Indian employees received tasks, when working on them they stated that they were on top of it all. But at the time for the deadline the Nordic employees realised that nothing had been done, the Indians had not understood the task or they lacked the technical expertise needed to complete it. Still the day before the deadline they had not asked for help. The reason why the Indian colleagues did not ask for help can be explained by their masculine culture traits. This was perceived as over promising and under delivering in the perspective of the Nordic employees, coming from a feminine culture.

The theory mentions a variety of ways to share knowledge all of which are used in the project of Client 2 (Only Client 2 that has reached this far in the transfer process). Using different ways of trainings safeguards against one type of training being particularly unsuitable for certain cultures or individuals. Adapting the training to the information, which is going to be transferred will make it possible to maximize the efficiency of the trainings, hence some parts are better thought theoretically and other practically. But to derive how culture affects the ability to learn is not possible from this study.

One of three main problems mentioned by Respondent 4 was transferring tacit knowledge such as business knowledge. IBM used face-to-face interaction between sender and receiver to transfer tacit knowledge, which is in accordance with Davenport and Prusak’s (1998) theories. Sending employees in between the two organisations can be costly but the only way to transfer such knowledge. A step further to facilitate the process of transferring tacit knowledge would be to establish a mentor program. This is not implemented at IBM but could have had a positive impact of the knowledge transfer.

Before leaving the transition phase and proceeding to the implementation phase the knowledge transfer needs to be completed. The theory does not mention how to know when the knowledge transfer is finalised. During the parallel run conducted at Client 2 there were a number of tasks that the new team needed to solve before the transfer could be viewed as completed. The managers needed to go thorough a subjective review based on their own feelings about the competence level in the new team. Client 1 on the other hand plans to employ a skills matrix in order to monitor the gradual transfer of knowledge. This allows for better control of the transfer through out the project, therefore it is suggested to be added to the framework.

Implementation

According to theories, the knowledge transfer should be completed by this stage, however there is no mention about how to know when that is. We find some answers in IBM’s strategy model for outsourcing, which involves cutover criteria to be revised before the transfer is finalised. The implementation can then be postponed if the knowledge transfer has not been successfully completed.
Revision of cutover criteria should be a part of an offshoring process and it should be connected to the measurement and control system.

The theory does not mention any form of support function to operate during the implementation phase. In offshoring projects within IBM there is always a back up for some time after the project has been officially closed. Having a team ready for back-up is to be added to the offshoring process in order to avoid any future problems with performance to deliver the service intended.

Finally, IBM’s strategy model for offshoring projects provides us with the information that they use closure reports at the end of each project. The closure report gives the opportunity to review the whole project and to derive suggestions for improvements. In the projects we have looked at we find that IBM has successfully learnt from their mistakes and improved the processes accordingly. Examples of this is that they did not fire employees at Client 1, they used a skills matrix and they planned a parallel run to take place in India to avoid technical problems occurring after the cut over.
Conclusion

This paper has explored the effects cultures have on knowledge transfer within offshoring projects. The theoretical framework connected prevailing theories on knowledge transfer and offshoring to those of culture. In the study of the two offshoring projects conducted at IBM we have been able to support the theory, identify areas in the process affected by culture as well as suggest more factors to be taken into consideration.

Culture plays a role in the knowledge transfer in different ways and some areas tend to be more influenced by culture than others. These areas should be highlighted and taken into consideration during an offshoring process. Firstly, how and where decisions are taken will have different effects on cultures depending on their position in the power distance dimension. Culture affects both the perceived legitimacy of the decision and the motivation in the employees to implement the decisions. Further, culture affects the importance of planning in an early stage of the process depending on the involved countries relative uncertainty avoidance. It was also noticed that the duration and timing of the project is influenced by culture in different ways, not due to cultural dimension but simply because of different traditions and costumes, which affect the calendar year. The loyalty to the company has also proven to be affected by culture, in regards to in-group collectivism and institutionalised collectivism respectively.

The type of training employed is an area managers need to adjust in order to suite the involved cultures. For examples in cultures, which exhibit high in-group collectivism, it is favourable to use trainings that allows for personal interaction in order to generate trust. To build trust is important for these cultures since they can be unwilling to transfer knowledge to people outside their in-group. How trust is created will differ depending both on the cultures uncertainty avoidance, i.e. knowing the plan and structure of the transfer, and power distance, i.e the level of decentralisation in the organisation.

Communication can be a problem in multicultural projects. Partly due to how openly success and failure are communicated, this depends on the cultures’ relative masculinity or femininity. Another scenario is that lack of questioning can cause for communication problems when a culture low on assertiveness interacts with a masculine culture. Overall culture will affect the way to conduct work e.g. working culture, working hours respect for processes and deadlines. Depending on the cultures involved, different dimensions will influence this.

Finally, it has been proven that the drivers of motivation are culturally dependent. Cultures affect motivation through most cultural dimensions presented in this study. Different things motivate people in different cultures, which in multicultural projects can cause managerial problems as the involved cultures might have contradictory drivers for motivation. For example, in clearly individualistic cultures the strongest drivers of motivation are to improve the individual’s own situation, while in a short-term oriented culture motivation is generated by instant gratification such as perks and gifts.
The verified cultural affects on knowledge transfer within offshoring projects are summarised in figure 4 illustrated below. The small arrows roughly point out where in the process culture will have an effect.

Figure 4. The cultural effects on knowledge transfer within offshoring projects

The unexplored areas of the process, which we have revealed by studying the cases at IBM and would like to add to the model are as follows:

- To define responsibility of management and governance in the first phase in the offshoring process.
- Define the scope as early on as possible, which can reduce the risks of misunderstanding.
- In an initial phase, answer the question when to offshore, as public holidays can differ between countries.
- Establish a system to monitor and track the performance of the receiving entity in order to know where they are in the learning process, e.g. through a skills matrix.
- The need for trainings should be considered at an early stage to allow time for preparation of relevant trainings.
- Personal interaction early on in the process is suggested to facilitate transfer of tacit knowledge as well as bridge cultural differences and eventually establish an in-group feeling.
- When the responsibility to allocate resources is moved to the receiving entity it is not enough to only provide them with the information in the skills database. Instead the skills database should be complimented by hands on guidance from the sending entity throughout the recruitment period.
- Engage HR early on the process.
• Establishing a process for follow-up and control of the knowledge transfers process as well as clear cutover criteria.

• In order to assure a stable service level after the transfer a support function should be in place to stand by if any problems should occur.

• Every offshoring process should be officially closed with a closure report in order to encourage on-going organisational learning and through that improve the processes.

In conclusion these are areas in which the theoretical frame work lack and by taking these routines into consideration during a offshoring project the knowledge transfer can be improved and unnecessary problems can be avoided.

The effect culture has on the knowledge transfer process in offshoring projects depends on which two cultures interact. In this paper we have studied the Nordic and the Indian cultures in two offshoring projects between IBM Nordic and IBM India and will thus influence our results. If the same study had been conducted between two other countries, the new cultures would have influenced the result differently. Also, had we looked at another company, with different strategies, the findings might have been different. In an ideal situation this study would have been carried out between a larger numbers of cultures and a more diverse set of projects. However, considering the time and resources available we have been able to gather extensive information on these two particular projects and cultures.

We have chosen not to separate the Nordic countries’ cultures. Although culture differences in between the Nordic cultures can be detected, put in a larger perspective the Nordic cultures are similar. And when perceiving culture from the perspective of Hofstede and GLOBE, which are the cultural theories used in this study, the Nordic cultures are found close to each other in the dimensions. However, it would be interesting to see how culture effect projects run within the Nordic region. Furthermore, it would be interesting to study offshoring projects between the Nordic region and other countries than India. A more extensive study could provide a more general result, which would be applicable to more situations. Moreover, it would be interesting to conduct a quantitative study of the impressions employees get when working on multicultural projects. Again, this would allow for more general results. Seen in this study, communication is of importance for the success of the knowledge transfer. How different ways of communication affects the knowledge transfer is also an area that is suggested to be studied deeper.
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