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Inter-cultural problems of IT-services outsourcing from Sweden to India

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Abstract

IT-services outsourcing from Sweden to India has increased in the last few years and it is often regarded as a strategic measure to handle the increasing costs of IT-related development and maintenance operations. There are a number of advantages of outsourcing however, there are many challenges that outsourcing initiatives face. One of the challenges mentioned by many researchers is the cultural differences between the Swedish culture and the Indian culture. At the same time there is not enough research done about these cultural differences in the context of IT-services outsourcing from Sweden to India. It creates difficulties for the partners involved in an IT services outsourcing initiative to achieve the desired results.

In this work we have researched these problems by sending questionnaire to IT-outsourcing companies in Sweden. The questionnaire was prepared after a thorough literature review. The participants were asked if they are still facing the problems identified in the literature review and to also mention any other cultural problems faced by them. The questionnaires were analysed and the results obtained are presented in this work. The results show that the practitioners were still facing the problems. This thesis identifies the root causes, the negative effects and also suggests ways for handling the problems. This research will help the IT-services outsourcing practitioners to manage these problems for achieving better result.

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1 Introduction

This chapter is an introduction to the dissertation and provides an overview of research problem area and justification. It describes research questions, scope, limitation, aims, objective, expected result, and thesis structure.

1.1 Research problem area and justification

Outsourcing of IT-services from Scandinavia to India has become frequent; outsourcing is often regarded as a strategic measure to handle the increasing costs of IT-related development and maintenance operations. Outsourcing is becoming a new huge business in the world, management expert Peter Drucker says that outsourcing is the fastest growing industry in America (Corbett, 2004, p. 3, 4). Due to competition using new tools and information technologies, organizations turned their focus on the core business activities. Therefore, IT outsourcing has become a viable source for organizations where organization hand over IT-based services that would otherwise be an in-house service to third party (Gasco *et al.*, 2005, p. 399). Besides this, many organizations turn to IT outsourcing for seeking high external skill and cheap labour in order to achieve better quality of services on low cost. The reasons for the fast growth of IT outsourcing market are due to firms trying to reduce cost and to increase productivity as well as the change of external environments (Yang *et al.*, 2000).

Outsourcing is not an easy task, according to research of (Ozanne, 2000) stated that 20 to 25 % of all software outsourcing relation fail within 2 years and 50% fail within 5 years. Nearly 70% of the companies that outsourced their IT-services are not happy from the services provider reported by (Lacity *et al.*, 1994, p.7). These companies cannot do anything and as a result, they have to back-source the services to the home country. Outsourcing is facing a lot of problems for example high coordination costs, geographical distance, information security, lack of communication, different time zone, knowledge gap, knowledge loss, political risks and inter-cultural differences (Foote, 2004, p. 56). Inter-cultural problems in the context of IT-outsourcing are those problems that occur due to cultural differences between companies. Such problems are more obvious in offshore outsourcing where both outsourcers and insourcers are located in different countries. Cultural differences between two national cultures and between two companies have lead to different problems for example communication problem (Messner, 2008, p. 27). According to above citations, we can argue that due to cultural differences outsourcing companies could face more problems, communication problem is just one of them. Venkat Narayanan, the founder and CEO of Knowledge Dynamics in Singapore, noted that people from the US and UK share a similar Western culture and when these managers are confronted with an Indian team the culture divide is the first major issues (Hillary, 2004, p. 220). Further, he explores this by giving an example in a meeting, a Western manager will want to pursue a discussion to its logical conclusion and then create team action points. However, it is common for an Indian team member to change the subject once they personally understand the point being discussed (Hillary, 2004, p. 220). According to (Radoff, 2006) lack of knowledge regarding cultural differences negatively affects outsourcing. His report shows that companies offering inter-cultural 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 and different ways to

come to decision (Radoff, 2006). We can argue that inter-cultural problems have brought challenges for outsourcing IT services.

Due to different culture, we could find knowledge gap. In the culture, language could be big obstacle for both companies, if we consider US and India both have different languages. According to survey which states that an American financial services manager emailed to a counterpart in India laying out a project and asking for a work plan, her counterpart's replies that he would do the needful (Kearney, 2007, p. 33). In this example, actually the Indian partner is literally translating his native language in English. The meanings of this sentence were clear to people in India, but not clear to a native English speaker. The importance to know inter-cultural problems are more increased when companies are going to outsource IT-services from Sweden to India as both countries have different culture and both face inter-cultural problems.

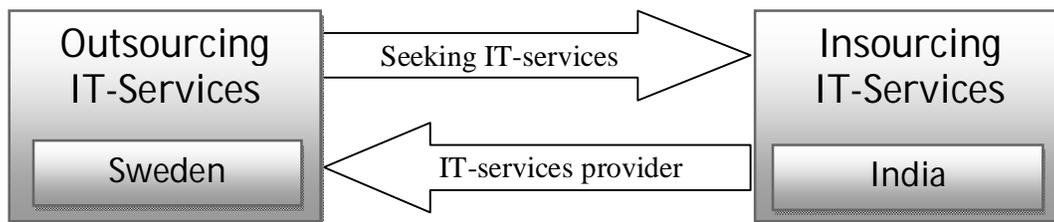


Figure 1.1 Outsourcing IT-services to India from Sweden

According to research work of (Gislen *et al.*, 2006, p. 1 - 6) in which they have claimed negative feedback due to inter-cultural problems between India and Sweden. Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their Indian counterparts. Indian employees may therefore take lack of negative feedback as a sign of satisfaction. Furthermore, Indian IT companies have extensive experience working with American clients, who generally communicate their dissatisfaction much more directly (Gislen *et al.*, 2006, p. 1- 6). The organizations vary from different prospective, from cultural point of view, political and structure. Nicholson (2004) reported that Scandinavian organizations are generally flat and employee would have easy access to higher levels in the organizations. He further argues that Indian employee do not have easy access to higher authority of the organization. Gislen *et al.*, (2006) noted that due to organization cultural differences – the employees might not suggest ways to improve the product unless asked for explicitly

According to (Hirschheim *et al.*, 2006, p. 6) stated that working in the contemporary world, we need to make extra efforts to tackle the cross-cultural issues that arise, this should lead not only to more effective business practices, in areas such as cross-border software outsourcing, but also to a world of increased cross-cultural understanding. In this quotation, we could see cross-cultural issues, which are related to inter-cultural issues, to interpret this quotation one could assume that identification of such inter-cultural issues are important in the context of IT-service outsourcing.

According to the mentioned quotations we can argue, that outsourcing companies facing inter-cultural problems as we could see big culture difference, without consideration of inter-culture problems while outsourcing IT-services from Sweden to India will be towards failure rather than achievement success.

1.2 Research questions

We have narrowed down our research to – identification of inter-cultural problems/challenges in context of outsourcing IT-services from Sweden to India. Our research focus will be on the following questions

Question No 1: What are the central intercultural challenges or problems, in the outsourcing relations, between the outsourcers in Sweden and the insourcers from India, with regard to IT-services outsourcing?

Question No 2: For each identified challenge or problem, what is the possible factor(s) that cause it, its negative effects and how it could be handled?

Question No 3: What are the causes, negative effects of pre-defined inter-cultural problems and how it could be handled?

1.3 Scope and limitation of this research

We propose this research to conduct like an analysis of individual and organization with relation of their corporate culture and further this corporate culture in an organization have relation with other organization in different regions with different cultural constraints. These organizations are going to participate in a business and have a common goal and they make contracts of different type concerning their intellectual, knowledge and information resourced. This whole process is causing a multi layer problem of culture and we have to address inter-cultural problems of outsourcing IT-services.

This thesis target Swedish and Indian companies, which face inter-cultural problems while outsourcing IT-services from Sweden to India. Apart from inter-cultural problems, there are various other kinds of problems relating to IT-services outsourcing such as, political problems as the management and stakeholder consider political condition of a country where they suppose to outsource business. The problem of communication channel, country demography and ideology as well. Infrastructure problems such as telephone system, internet services, electrical power systems and technological information system. These problems lead to many serious issues but we will not consider these problems as part of our research. Moreover, outsourcing is not confine only to IT-services, there are other business options, which could be outsourced i.e. financial services, logistic services, manufacturing services, staffing, procurement, assembling etc. This research focus to identify inter-cultural problems of IT-services outsourcing from Sweden to India, its root causes, negative effects and handling of these problems in positive manner. This research also identifies causes, negative effects of pre-defined inter-cultural problems and handling of these problems.

1.4 Research objective

Outsourcing considered as a business strategy. In theory, it is easy to say a company has outsourced, but in practice, outsourcing companies face many problems one of which is inter-cultural problems. Our research objective is to identify those inter-cultural problems which are faced by the companies especially in the context of IT-services outsourcing from Sweden to India and root causes, negative effects and handling of these problems. We intend to present these inter-cultural problems in a scientific way that will be new knowledge for the IT-service outsourcing companies and will be helpful in general for any insourcing / outsourcing company around the world and in specific for Swedish outsourcing companies and Indian insourcing companies.

1.5 Expected result of research

To identify inter-culture challenges in the context of outsourcing IT-services from Sweden to India, the outsourcers will be able to use findings as guidelines for achieving better quality of services. The knowledge can be use to guide successful management of outsourcing relations, from the inter-cultural point of view. The management, stakeholder and the employees will be aware from the inter-culture gap between Sweden and India.

- The result can be use to raise the awareness of inter-cultural problems in IT-services outsourcing relationship.
- The management could be able to use research findings for further policy and decision-making.
- This research work can be use for successful IT-services outsourcing relationship between organizations of Sweden and India.
- Organizations could use the research findings in order to increase the success of their IT-services outsourcing project.
- Researchers could use findings for future research.

1.6 Thesis structure

The following diagram give an over view of how this research has done.

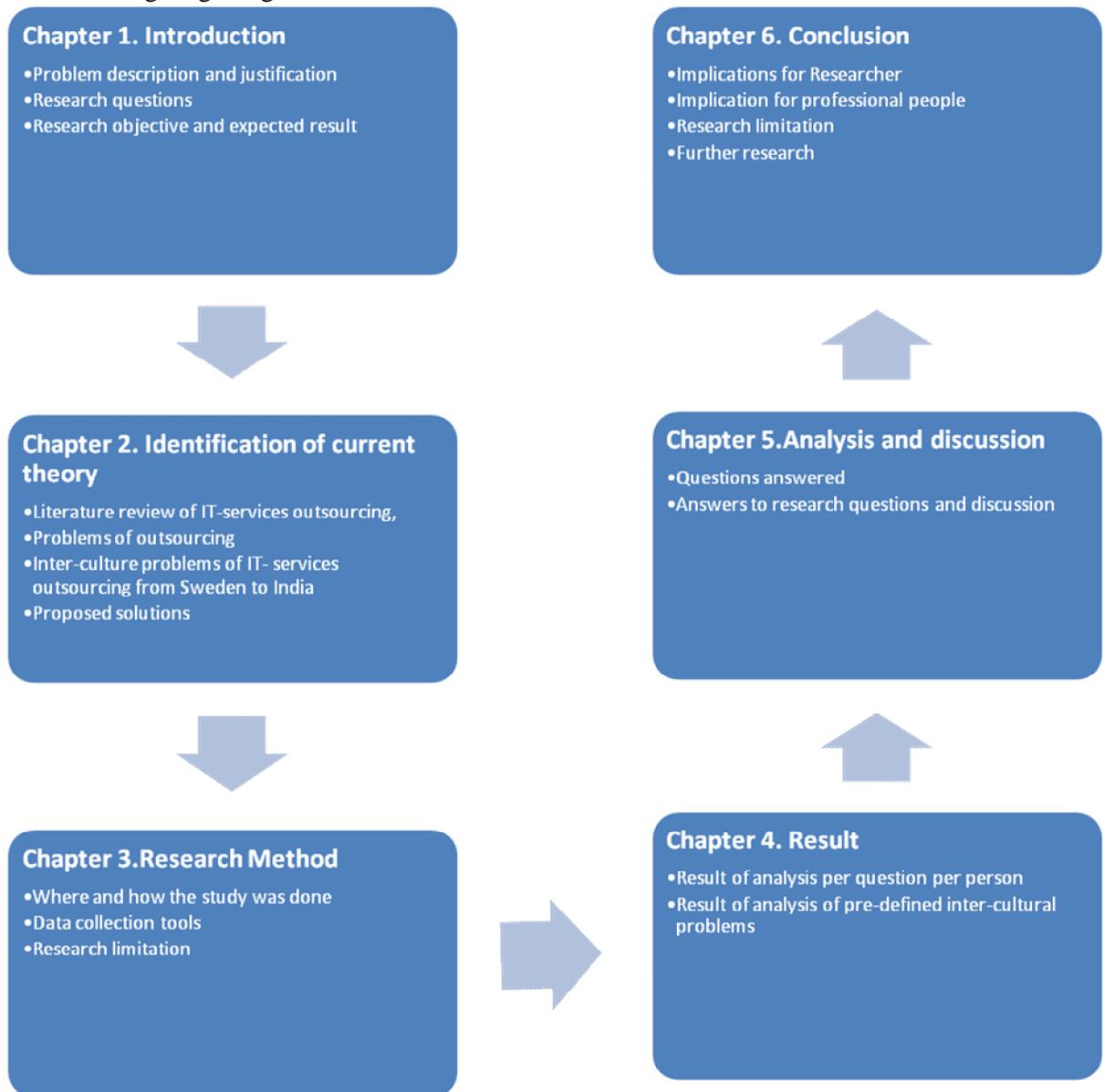


Diagram 1.1 Structure of thesis

2 Current theory

This chapter establishes a toolkit according to existing theories to study cultural problems of outsourcing. Literature review is important to understand different aspects of the topic. According to (Berndtsson *et al.*, 2002) and (Webster *et al.*, 2002, p. 13), a review of relevant literature in the research area is essential when conducting any research. It uncovers areas where further research is required and provides a foundation for future work. Furthermore; literature study is a systematic approach that deals with analyzing previous published literature. The literature been examined and studied comes from recent journals, books, magazines and conferences. We used library and online database sources such as ACM Portal, Emerald, Spring Link and Wiley Inter science. This part of literature review is focusing on the acquisition of understanding IT-services outsourcing. In this part, we tried to answer questions i.e. what is outsourcing, what is IT outsourcing? How IT-services outsourcing conduct and set-up? What are the motive factors for outsourcing IT-services from Sweden to India? What are reported difficulties of outsourcing?

2.1 Outsourcing

The term outsourcing is not a new, but its name is new to us as there were outsourcing before 1970. Lee *et al* (2003, p. 84, 89) reported that outsourcing originated from the professional services and facility management services in the financial and operation support areas during the 1960s and 1970s. The very common reasons behind the emergence of outsourcing are cost reduction, competition and the emergence of information technologies. Besides this during the 1980s outsourcing became less progressive, it happened because companies started buying the necessary systems and application software to assemble them into an infrastructure suitable to their requirements rather than outsourcing the development. However, a decade later, due to information technologies outsourcing became a core business.

Idea of outsourcing is simple that organization should not perform the activities that are not actual business of organization because others can give such services and activities better, faster and in way that is more professional. In common words, outsourcing describes the use of an external provider to perform one or more organizational activities or to get services from another company i.e. the development of software from an external company. Gonzalez *et al.*, (2006, p. 821 - 834) mentioned that outsourcing has become a basic strategy of the IS field and has experienced a considerable growth in recent years. Further, they argue that European enterprises will spend over 128 billion Euros on computer outsourcing and the Gartner group has estimated that worldwide IT outsourcing market will grow from the US 180.5 billion dollar revenues in 2003 to 253.1 billion dollar, at a compound annual growth rate of 7.2 %. Some of the largest (IS) outsourcing providers are IBM, EDS, CSC, Hewlett Packard, Oracle, General Electric and HSBC.

“Why should every automaker, publisher or doctor’s office have to be a technology company too, employing highly paid staffs who spend all of their time fiddling around with computers”(Larry, 2004). Every organization conducts business in its specialized way but still they have needs from other sources to perform some activity effectively. Laplante *et al.*, (2004, p. 19 - 23) identified two basic types of work which IT organizations can outsource, given below

- Explicit functions relevant to the operations of IT (for example, software development and infrastructure), and

- Business operations that have direct impact on IT systems (for example, customer call centers and manufacturing)

2.2 IT outsourcing

Major IT-services outsourcing companies focus on their core business activities and find its advantages to outsource IT-services to third party. The most common IT-services outsourcing include data/information processing, software development, system hosting and maintenance. Laplante *et al.*, (2004, p. 19 - 23) describe that hiring a few consultants and high skill professional to serve as internal members of the IT organization is not considered as IT outsourcing. To give comprehensive definition of IT outsourcing (Laplante *et al.*, 2004) argue that IT outsourcing is the transferring of applications to servers that are physically located in a vendor's facility Where the vendors are responsible for the up time, connectivity, and maintenance (of both hardware and software). A Service level agreement for performance is an example of outsourcing an explicit IT function. Our research is more focus on IT-services outsourcing, to give detail overview of IT outsourcing, we divide it in two broad types, domestic IT outsourcing and global IT outsourcing.

2.2.1 Domestic IT outsourcing

Domestic IT outsourcing the client handles management of some IT activities to third party situated in the same country. Willcocks *et al.*, (1995) defines that domestic IT outsourcing means handling over the management of some or all of an organization's information technology, information systems, and related services to a third party. This definition trend towards domestic IT outsourcing, it is more specific, which describes the handling of IT services to third party. According to (Gasco *et al.*, 2005) different value chain activities are carried out internally, are being replaced by the idea of a network organization or even a virtual organization, in which fewer and fewer operations are performed within the firm. It is quite general definition of outsourcing. However, it also stated that the activities, the organization is dealing with internally are handed over to a third party. In the light of the above definition we can define that domestic IT outsourcing is handling some IT services i.e. software developing and data processing etc to a third party situated in the same country.

2.2.2 Global IT outsourcing

In the literature, there are different terms used for global outsourcing, such as offshore outsourcing. We use both the terms global IT outsourcing or offshore IT outsourcing. In case of global/offshore IT outsourcing, the vendor is located in foreign country. Narender *et al.*, (1997) describe that foreign or offshore outsourcing is the sharing or transferring of responsibility for some or all IS services to a third-party vendor who operates from a foreign country. This definition clearly describes the outsourcing IS services to a third party vendor, who provides services from another country. Global outsourcing involves assignment of task related to developing and/or maintaining application to one or more providers overseas (Tafti, 2005). In these definitions, we could see both the terms used i.e. global and offshore are consider as the same terms in the context of outsourcing. In the light of above definitions, we could define that global IT outsourcing is the process of getting IT services i.e. software development and data processing etc from third party situated in a foreign country. Barthelemy (2003) describes that IT outsourcing is the practice of turning over all or part of an organization's IT to an outside vendor. Sakhivel (2005) has discussed both terms as he mentioned that, domestic IT outsourcing and global IT outsourcing project are

dealing more or less with virtual workgroups. Managing a global virtual team is more complex than managing a local virtual team. Further, he describes that virtual teams consist of workers who are located in different geographical places, working interdependent with shared purposes across space, time and organizational boundaries and using communication technologies to collaborate. Virtual workers have to rely on each other in order to complete their tasks even though they have to deal with time pressures and loss of control. To give a comprehensive definition of IT outsourcing based on the above description and with reference to the mentioned authors, this thesis defines IT outsourcing as:

Domestic IT outsourcing is the process of handling over some IT services that cannot be consider as part of core business to an external services provider located in the same country.

This definition could be used for general or regular IT outsourcing and hence for domestic IT outsourcing. As our research is about identification of inter-cultural challenges between Sweden and Indian in context of IT-services outsourcing, we focus more on global IT outsourcing. In light of the above mention definitions of global IT outsourcing, this thesis defines global IT outsourcing as:

Global IT outsourcing is the process of handling over some IT services that are not consider as a part of the core business activities to an external services providers located in a foreign country.

2.3 Conducting and set-up IT-services outsourcing

There are various articles those have described different stages for set-up IT-services outsourcing. Carmel *et al.*, (2002) noted that companies that conduct IT-services outsourcing follow different paths, some are far along in their efforts while others are struggling to begin, while some follow vertical integration. Following discussion could answer the question i.e., how IT-services outsourcing conducted and set-up? To conduct or arrange IT-services outsourcing, Millar (1994) defines four basic types of outsourcing arrangement.

2.3.1 General outsourcing

According to Millar (1994), this type of outsourcing encompasses three alternatives.

1. Selective outsourcing - in selective outsourcing, in which a particular area of IT-activity is chosen to be outsource over to a third party, such as data canter operation.
2. Value-added outsourcing - in value-added outsourcing, some area of IT-activity is outsourced to a third party who is thought to be able to provide a level of support or service which adds value to the activity that could not be cost effectively provided by the internal IS group.
3. Co-operative outsourcing - in co-operative outsourcing, some targeted a third party provider and the internal IT departments jointly perform IT-activities.

2.3.2 Transitional outsourcing

Transitional outsourcing deals with the migration from one technological platform to another. It is divided in three phases; these three phases could by outsourced to a third party provider.

1. Management of the legacy systems
2. Transition to the new technology/system
3. Stabilization and management of the new platform

2.3.3 Business process outsourcing

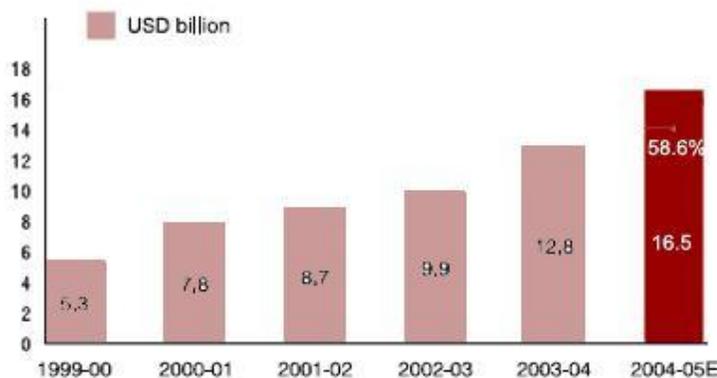
Business process outsourcing is a new business technique. Dibbern *et al.*, (2004) state that business process outsourcing refers to an outsourcing relationship where a third party provider is responsible for performing an entire business function for the client organization. Millar (2004) describes that a number of industries are considering business processes outsourcing i.e. government, financial services (bank and insurance companies), health care, transportation, and logistics. Target services include hotlines, help desks, call centers, claims management and document processing. In business process outsourcing, we conclude that in this sort of outsourcing all business activities are managed by a third party.

2.3.4 Business benefit contracting

Business benefit contracting is the last type of IT outsourcing arrangement. It is also considered a new phenomenon. Millar (2004) describes that business benefit contracting outsourcing refers to a contractual agreement that defines the vendor's contribution to the client in terms of specific benefits to the business and defines the payment the customer will make based upon the vendor's ability to deliver those benefits. The associated risks with traditional outsourcing, there is considerable interest in this form of outsourcing. Millar (2004) notes, that while business benefit contracting is frequently used in the marketing of outsourcing services by third party providers, typically it is not actually adopted because of the difficulty associated with measuring benefits.

2.4 Motives of IT-services outsourcing to India

It is important to have an overview of Indian IT services providers. Today, India is a leading IT services provider to USA and other countries. There have been many reports published who claim that India leads in the provision of IT-services to other countries. McLaughlin (2003) argues that Indian offshore outsourcing will grow because of its capability to provide cheaper and better software services. In the literature of (Taylor, 1996) reported that the greatest conscious effort by any single country to provide external vendor services to client companies in the West is India with a 12% share of the total foreign opportunity. The following chart of Indian's National Association of Software and Services Companies (NASSCOM) shows Indian's software export.



Graph 2.1 NASSCOM (India's software export between 1999 and 2005)

From the above figure, it is clear that the India's IT industry has progressed rapidly. The figure shows that in 2004 software exports reached more than 12 billion dollars. This proves that the software export has at doubled in 2004 than that of 2002. The report shows that Indian has been providing IT-services continuously and consistently. This literature helps us to answer question such as what are the motivation factors to seek IT-services from Indian companies.

2.4.1 Cost Reduction and Saving

To hire skilful personnel from another country is quite hard and lengthy as there are many issue involved like immigration rules, visa processing time and settlement. The local labour is not cheap, and it is very costly for a company working in Sweden to hire labour from other country instead they outsource to save labour cost. In India, (Chordas, 2003) reports that high qualified software engineers earn an annual salary of less than 10,000 dollar, while this figure for a typical software engineer in the US is more than fifty thousand dollar by outsourcing companies reduce cost.

2.4.2 Better Quality

Quality is another motivation factor. India provides a high quality services as (Bhatnagar *et al.*, 1997) noted that Indian IT-companies have been reported to provide particularly high quality software. Moreover, there is highest number of CMM level 5 companies situated in India. Moitra (2001) reports that half of all CMM level 5 companies in the world are located in India. Most IT-companies have achieved ISO 9001 certification. There are two reasons that Indian IT companies seek quality certification identified by (Arora *et al.*, 1999). Firstly, it is marketing strategy to convince the potential customers that the company follows a well-defined and documented development process. Secondly, a well-defined process has improved the ability of companies to estimate and manage the time and resources required for a project.

2.4.3 Skill labour

The shortage of skill in the local market is another motivation factor for getting services from other country. The European countries have a shortage of human resource particularly in the IT field. On the other hand, there is large number of IT professional in the country like China and India. According to reports of (Gupta, 2001) Indians are very good in mathematics and science. He claims that in India there are over 2500 government recognized polytechnic institutions, which provides more than seventy thousands IT professionals every year. McLaughlin (2003) referred to another quotation about Indian labour skill "Anything you can do I can do better, and cheaper".

2.4.4 Investing on Technologies

This is another factor, which motivates companies to go for outsourcing. Rather than buying new and advance technologies for business activities, that is not part of their core business activity. Therefore, the companies seek services from other companies already having the same technologies and expertise they required. It could be cheap for companies to outsource rather than to install new technologies. Other factors for which companies seek services in the context of IT-services from Indian companies are reliable communication infrastructure, political stability and democracy.

2.5 Outsourcing difficulties

There are many challenges faced by outsourcing companies especially in the case of offshore outsourcing. According an investigation (Nam *et al.*, 1996), there are more than 90 North American Client companies of which 36 companies did not intend to continue their relationship with their IT services providers. Instead of the fact that outsourcing is increasing, there are some reasons which are obstacles and challenges in the way of outsourcing. Due to these challenges companies back-source and fail in the very first step. According to the report of (Foote, 2004) 90 outsourcing companies, he confirms that more than half of the outsourcing companies fail in the very beginning, and it failed to achieve its objective in terms of cost saving. There are more challenges for outsourcing companies seeking services from other countries that are geographically far from the services providers. According to (Godwin, 2000) IT outsourcing can classify an organization IT functions into two categories including commodity and strategic services. He argues that commodity services can be outsourced while strategic services should stay in-house. Kakabadse (2005) agree with Godwin in that core services should stay in-house. Godwin (2000) has identified the following problems with IT outsourcing.

- The “chemistry” may be lacking between the organization and the outsourcing vendor.
- It may be scary to depend on a third party when the organization has handed over critical information.
- Outsourcing can lead to loss of flexibility.
- The organization may lose competitive advantages in information management.
- Employees may feel a decline in morale and performance.
- Long-term cost saving are not guaranteed.

It would be a serious mistake for an organization if they outsource their strategic IT because once the system is outsourced, it fails to play a strategic role and the organization strategy is in the hand of the outsourcing provider (Godwin, 2000). Foote (2004) mentioned that offshore outsourcing is more complex than domestic outsourcing. There is higher level of risk with offshore outsourcing as compared to domestic outsourcing. For example high coordination costs, geographical distance, information security, lack of communication, different time zoon, knowledge gap, knowledge loss, political risks and cultural differences.

2.6 Culture

Anthropologists and other behavioural scientists believe that culture is the pattern of the full range of learned human behaviour. The term was first used in this way by the pioneer English Anthropologist (Edward, 1871) in his book, Primitive Culture. He said culture includes knowledge, believes, art, law, morals, customs, and any other capabilities and habits acquired by human as a member of society. Of course, it is not limited to individuals, organizations also possess and create. Since Edward’s time, the concept of culture has become the central focus of anthropology. Culture is a powerful human tool for survival, but it is a sensitive issue. Our written languages, governments, buildings, and other man-made things are merely the products of culture. They are not culture in themselves. They are things that were made and used through cultural knowledge and skills. And our organizations and their infrastructure and working style are much more dependent on this.

2.6.1 Culture & organization

Organizational culture is the personality of an organization. Culture is made of the assumptions, values, norms and artefacts of organization members and their behaviours. Members of an organization soon come to sense the particular culture of an organization. Culture is one of those terms that are difficult to express distinctly, but everyone knows it when they sense it. For example, the culture of a large business corporation is quite different than that of a hospital which is quite different than a university. The organizational-culture of every organization depends on the culture of the host country. Therefore, it is difficult for an organization to understand the culture of a foreign organization.

2.6.2 Corporate culture

Corporate culture can be analyzed as a system. Inputs include feedback from society, professions, laws, stories, heroes, values on competition or service, etc. all the processes in this systems are based on our assumptions, values and norms, our values on money, time, facilities, space and people. Outputs or effects of our culture system are organizational behaviours, technologies, strategies, image, products, services, appearance, etc and this output of corporate culture is important in outsourcing relations.

The concept of culture is particularly important when attempting to manage organization wide change. Practitioners are coming to realize that, regardless of the best laid plans, organizational change must include not only changing structures and processes, but also changing the corporate culture as well.

2.6.3 Culture and Artefact

In outsourcing of software services, values of some organization can't be ignored, (Hofstede, 1980) proposed a framework to better identify these cultural values, In 1986 a model of a distorted mirror describes the relationship between culture and compares to a mirror that reflects "values that already exist" in different companies which are part of different culture (Holbrook, 1987). This relationship results from the ICT links and as a result it established a relationship between cultural values and its relation with socio-technical struggle in different countries projecting these values. Many people agree that this socio-technical struggle is with the aim to design (or contribute to the design of) artefacts facilitating human work. Examples of such artefacts are information technology systems and organizational settings with a corporate culture. The distinctiveness of culture on Cognitive Ergonomics is the use of the joint human-technology in a culture as frame of reference (Hollangel, 2001). The measurement of culture's effect on organization communication is the central point of much past research (Albers-Miller *et al.*, 1996 and Cho *et al.*, 1999). These articles support a strong theoretical and methodological tradition regarding the study of cultural values and customer communication, and provide strong evidence of culture's reflection in symbolic communications. On other hand a number of approaches are projected for the analysis of socio-technical systems and the ergonomic design of artefacts that become part of corporate culture and a cognitive system which is derived from a big union of culture exist on some particular geographic location. Among the most well known ones are Rasmussen's Cognitive Systems Engineering (Rasmussen *et al.* 1994), Hutchins' Distributed Cognition (Hut-

chins, 1995) and approaches based on Activity Theory (Leontiev, 1974, Engeström 1997).

2.7 Inter-cultural problems of outsourcing

Inter-cultural has been given too many names i.e. cultural difference, cultural distance and cross culture stated by (Shenkar, 2001). Cultural differences or cultural distance is common concept which has been applied in a variety of cross-cultural research in order to assess differences between two national cultures. Culture is considered an important figure in any project therefore it is always blamed when organizations experience failure. For examples the Columbia and Challenger disaster experienced by NASA were in part attributed to culture that valued conformity to rules resulting in the overlooking of potential risks (Vaughn, 1996). Similarly, national culture has also been implicated in organizational failures. Avianca Airlines has twice experienced crashes. The reasons include the uncomfortably of subordinates with their superiors and it was blamed on the national culture of the crew (Helmreich, 1994). Therefore it is important to have better overlook on the inter-cultural problems of outsourcing.

Krishna *et al.*, (2004) in their long term research on offshore outsourcing found that differences in norms and values cannot be harmonized as they derive from differences in cultural background, education and working life. They cite a practical example from (Nicholson *et al.*, 2000) saying that British managers in an outsourcing relationship with an Indian software supplier found that Indian programmers, in difference to authority would not argue in meetings but would sometimes send their opinions in email messages after the meetings had disbanded. Instead the British managers used to interact and develop ideas through meetings. Chordas (2003) got comments from an offshore client saying that it is very important to know the culture of the people with whom you are doing business. Even simple cultural differences, such as waving hands, may have different meaning in different cultures. In the US, this gesture generally implies 'yes', but to an Indian employee it signifies that he or she is listening to what you are saying.

Offshore outsourcing becomes more critical and complex as clients and vendors operate from different countries. Their socio-technical understanding of any problem is according to their local culture and artefacts they use. For example, (Herbsleb *et al.*, 2001) work on global software development shows how distance among project members has a variety of effects. The effects include rise in problem of miscommunication, lack of coordination, infrastructure incompatibility, cultural misunderstanding, and conflicting expectations.

Differences in geography may not seem problematic with access to communication tools. However meaningful communication can still be difficult. For example, (Kobitzsch *et al.*, 2001) indicate companies should consider the local customs of the region where the work has been outsourced. They report that clients and vendors follow different off-days and religious or national holidays which should also be taken into consideration. There are different cultural events of India, which do not even exist in the UK or American. Although these seems minor inter-cultural differences, but ignoring such inter-cultural problems could produce resentment and damage morale (Kobitzch *et al.*, 2001). Samaddar *et al.*, (2005) observed that success can be achieved in outsourcing by maximizing reliability and relationship in the Korean

context rather than by maximizing flexibility and control, as was observed in the Western context. They argued that this difference is a function of cultural diversity.

2.8 Inter-cultural problems in IT-services outsourcing between Sweden and Indian

It is a fact that inter-cultural differences exist between India and Sweden. Gislen (2006) gives the detail of the practical experience the authors had while doing IT-services outsourcing. A detailed discussion follows.

2.8.1 The Yes and No – to customer question

Gislen *et al.*, (2006) have identified that Indian workers would reply as ‘Yes’ where Scandinavians employees would say ‘Not sure’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when they are not sure of the possibility to meet the deadline. Due to big cultural gap – both the countries India and Sweden face such problem in establishing successful outsourcing relationship. Indian developers may not understand a customer needs but would hesitate to ask detail from their customers.

2.8.2 Management style

Another inter-cultural difference is – Scandinavian managers would in general not ask frequent progress reports, since that would be considered as lack of trust on the employee. While in India, if the managers do not follow up frequently then the task itself would be perceived as an unimportant task (Gislen *et al.*, 2006). Scandinavian managers focus on outcome rather than behaviour while Indian manager focus on behavioural control. We believe that such inter-cultural difficulties might not good for an outsourcing relationship.

2.8.3 Risk taking - meet to deadline

It has been mentioned that Scandinavians are strict and obey time schedule and deadlines. Therefore, they take more risks and make reasonable assumptions before going ahead as it is considered better to deliver tasks on time with some errors than not meeting a deadline (Gislen *et al.*, 2006). But on the other side, Indians often wait till they perceive that everything is clear to them before handing over the task. Late delivery is assumed to be acceptable and no attention is given to deadline.

2.8.4 Conflicts – misunderstandings

The other important difference is that Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their Indian partners. The Indian partners take lack of negative feedback as a sign of satisfaction (Gislen *et al.*, 2006). Moreover, Indian companies have huge business to American clients who generally communicated their dissatisfaction very directly.

2.8.5 Appreciation – reward

This is another, important inter-culture difference that the Americans always appreciate the work as – Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance is above expectation, often this creates dissatisfaction for the Indian partner.

2.8.6 Organizational differences

Organizations vary from cultural, political and structure point of view. Nicholson (2004) reported that Scandinavian organizations are generally flat and employees have easy access to higher levels in the organizations. On the other side Indian employees do not have easy access to higher authority of the organization. Gislen *et al.*, (2006) noted that due to cultural differences between organizations – the employees may not suggest ways to improve the product unless asked explicitly about it. Since in some cultures these kinds of suggestions are expected from management, it can create frustration and misunderstandings when Indian consultants are not doing it based on their cultural experience that a subordinate should not criticize the manager.

2.8.7 Educational difference

There is huge difference in the education systems between India and Sweden. Gislen *et al.*, (2006) mentioned that Indian education system stress learning by heart without questioning and there is very less focus on application of knowledge while the European education system focuses on application of knowledge using more creativity. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements.

2.9 Proposed solutions to inter-cultural problems of IT-services outsourcing

The problems discussed in the previous section may hamper the progress and performance of the companies involved in outsourcing projects. It is very important to find reasonable solutions to such problems otherwise they may result in failure of the projects. Following is an overview of the solutions to minimize such problems proposed by researchers in the past.

2.9.1 Strategic choice of project

Inter-cultural problems can be minimized by selecting appropriate project or appropriate part of a project for outsourcing (Krishna *et al.*, 2004). For example, software that is to be embedded in operating systems or consumer products can often be specified in a relatively culturally-neutral way, so less inter-cultural understanding is needed. The value in learning that can be gained through the particular project is another part of strategic choice of project (Krishna *et al.*, 2004). Before outsourcing a project to an Indian company, their previous experience should be kept in mind. If a company has experience in the field only then a project should be outsourced to them. For example some Indian companies have gained experiences and knowledge in e-business and telecommunication domains by working for North America and European companies. Therefore, projects in the mentioned fields should be outsourced to them.

2.9.2 Managing and developing relationship

Management of a relationship in outsourcing business is an important factor. The use of common procedures is one way a relationship can be facilitated (Heeks *et al.*, 2001). Such procedures include agree coordination and control mechanisms (Krishna, *et al.*, 2004). Furthermore, inter-cultural problems could be solved by:

- Using systems to bring harmony between outsourcers and vendors, for example coordination, control systems, processes and technology.

- Understand differences in norms and value, for example hierarchy, power and business practices
- Encourage negotiation between culturally different teams working on the same project.

2.9.3 Staffing Issues

In case of developing application software client contact is needed (Krishna *et al.*, 2004) the client has to face inter-culture problem. He propose solution to this problem, for example they state that successful outsourcing relationships often involve people who bridge cultures as people originally from India, but with higher education and long-term residence in North America, have been reposted to India as expatriate managers for outsourcing projects. Such managers are often effective in overseeing complex outsourcing projects. This proposed solution resolve one aspect of inter-culture difficulties, but on the other side, it could be expensive for vendor to recruit a professional in a foreign country as such professional take high salary.

2.9.4 Training

It is important to have training sessions for newly hired employees they should be given knowledge about organizational culture and inter-cultural issues in an outsourcing relation. Krishna *et al.*, (2004) noted that staff involved in offshore relationships learns ways to achieve better understanding of inter-cultural collaborations. But normally there is no opportunity to share such experience with other colleagues. They argued that cultural training should not stop when the staff members arrive at a foreign employment location.

2.9.5 Elimination of organizational and educational difference

To overcome organizational differences (Gislen *et al.*, 2006) discussed that it is important to constantly encourage Indian staff to give suggestions. It is very important to take into consideration whenever they give good suggestions. As discussed earlier both organizational and educational differences could make problems for IT-services outsourcing. To overcome educational differences (Gislen *et al.*, 2006) have identified people who are good at knowledge application and creative to interact and elicit the requirements and design specifications from the clients. These people interact with the rest of the team on behalf of the customers. Therefore, when solutions do not fit into the framework, they often realized it early and get the team may rework on the solution.

2.10 Summary

The following table represent summary of literature review.

Topic	Short description
Outsourcing	Outsourcing describes the use of an external provider to perform one or more organizational activities or to get services from another company i.e. the development of software from an external company.
IT outsourcing	IT-services outsourcing means handing over the management of some or all of an organization's information technology, information systems and related services to a third party, existed in the same country or in a foreign country. The common IT services which are outsourced to third party are data/information processing, software development, system hosting and maintenance.
Conducting and set-up IT outsourcing	It describes procedure for conducting and set-up IT-services outsourcing. It is mentioned that different pattern is followed for conducting IT-services outsourcing. Millar (1994) has given four basic types of arranging outsourcing which are. <ol style="list-style-type: none"> i. General outsourcing ii. Transitional outsourcing iii. Business process outsourcing iv. Business benefit contracting
Motives of IT-services outsourcing to India	These motives were identified for IT-services outsourcing to India. <ol style="list-style-type: none"> i. Cost reduction and saving ii. Better quality of services iii. Skilled labour iv. Investing on technology
Outsourcing difficulties	Literature identified following problems of outsourcing. <ol style="list-style-type: none"> i. Geographical problem ii. Political problems iii. Infrastructure problem iv. High coordination costs v. Information security vi. Lack of communication vii. Misunderstanding viii. Different time zoon ix. Knowledge gape x. Culture problems
Culture	This literature describes culture and

	briefly describes relation between organizational cultures.
Inter-cultural problems in outsourcing	It describes over all inter-cultural problems in outsourcing and also give some examples of projects which were failed due to inter-cultural problems
Inter-cultural problems in IT-services outsourcing between Sweden and India	This literature is about inter-cultural problems of IT-services outsourcing from Sweden to India. These problems are identified in past research which are. <ul style="list-style-type: none"> i. Difficulties to understand communication ii. Difference in management style iii. Different perspective towards task deadline iv. Difficulties to understand behaviour v. Organizational differences vi. Educational differences
Proposed solution to inter-culture problems of IT-services outsourcing from Sweden to India	Literature review suggests the following solution to inter-culture problems in IT-services outsourcing from Sweden to India. <ul style="list-style-type: none"> i. Strategic choice of project ii. Managing and developing relationships iii. Staffing issues iv. Culture training v. Elimination of education and organizational differences

Table 2.1 Summary of literature review

3 Research method

This chapter describes where and how the study was done and what method was used while conducting this study. It also describes the method used during analysis of collected data.

3.1 Research Method

Research is the only way to introduce the new dimension and prove it with the help of facts and figures collected and analyzed by using different analysis methods. Kumar (2005, p.2) defines that research is the way of thinking, examining critically the various aspects of day to day professional work, understanding and formulating guiding principles that govern a particular procedure, and developing and testing new theories for the enhancement of practice. Research study is usually carried out to find the answer of the questions and to finding the answer it involved many steps like research approach, research method, the way of data collection and its analysis. According to (Myers *et al.*, 2004, p.5) a research method is a strategy of enquiry which moves from the underlying philosophical assumptions to research design and data collection.

3.1.1 Qualitative research

Qualitative research is said to be useful for examining certain phenomenon, developing insight, and reporting those insights to others (Potter, 1996). There are different method commonly used for qualitative research, are observation, interviews, case studies and visual representation techniques such as mapping, drawing and graphing (Yin, 2003). Qualitative methods are derived from the ethnographic and field study of anthropology and sociology (Bruyn, 1966). Patton (1990) presents three viewpoints of qualitative research.

1. Qualitative research is holistic.
2. Qualitative research is inductive.
3. Qualitative research is a naturalistic inquiry.

Patton (1990) explains that researchers using qualitative methods strive to understand phenomena and situation as a whole. This research is holistic in the sense that it conducts a research to understand IT-services outsourcing, its difficulties, its inter-cultural problems and the root causes of inter-cultural problems.

3.1.2 Quantitative research

Quantitative research uses data that existed in the form of numeric data. Quantitative research operates less detail then qualitative methods, but with a wider scope and more generalized level of explanation (Payne *et al.*, 2002). Survey methods, laboratory experiments, formal methods and numerical methods are an example of quantitative research. In this research, the use of quantitative method is limited. It is only used to identify the frequencies for close ended questions. This research has 10 close-ended questions.

3.2 Survey research strategy

Applying a research strategy depends on type of the research question, control of an investigator over actual behavioural events and the degree of focus on contemporary as opposed to historical events (Yin, 1994). According to (Eriksson *et al.*, 1997) survey has useful strategy when to investigate many entities and few variables.

A questionnaire is designed for the purpose of data collection. Usually questionnaire has two types of questions like close-ended and open-ended questions. For collections of data both kind of questions are used in this research. Close-ended questions allow the person to select the answer from given possible answers, which are easy to analyze statistically and hence survey research strategy is used. According to (Yin, 2003) different research strategies can be selected depending upon research question being asked. The research question is the most important while choosing the research strategies. As this research aims to identify inter-cultural problems and its root causes in the context of IT-services outsourcing from Sweden to India, the suitable research strategy for this research is survey. Survey strategy is selected due to reasons that the study focuses on contemporary events, it does not require control over behavioural events. So according to (Yin, 2003) the most appropriate strategy is survey. In survey strategy the information is collected from a group of randomly selected peoples from a large number of populations by using the technique of questionnaire (Yin, 2003). In short time research, the survey is useful to collect the large number of data and to find answers to its research problem.

3.2.1 Sample selection

Sampling is key feature of survey approach. Due to different factors i.e. time, expenses and accessibility it is not possible to collect the data from the whole population. Sample is used to collect the data from randomly selected peoples. Making a sample, it is considered that the selected sample will represent the whole population instead of smaller group of peoples. The research result is based upon the sample selection and wrong sample selection could lead the inappropriate results. As this research is about to identify inter-cultural problems in IT-services outsourcing from Sweden to India and its root causes. For the purpose of empirical data collection a sample is made which consist of 50 Swedish IT outsourcing companies. These companies have IT-services outsourcing relation with Indian companies and also with other countries.

3.3 Designing survey and interview questions

In this phase, survey and interview questions were designed. Both standardized open-ended and closed-ended questions were designed for the purpose of survey and interview. In our survey and interview questions, we followed (Patton, 1990) as he describes that initial questions should be about non-controversial present behaviors, activities and experiences which ask for relatively straightforward descriptions. According to Patton suggestion, it is better to start conversation in neutral way. So designing questions, we started our questions in a natural way about outsourcing and participant's experience of IT-services outsourcing. All the questions are extracted from the identified theory and have arranged in systematic way and worded clear and simple so that the participants could easily understand the sentence. The designed questionnaire has two parts. The first part comprised on 09 questions, which start from the very basic concept of IT-services outsourcing, and ask the participants experiences about IT-services outsourcing and then move towards to the appropriate and relevant questions regarding to the actual topic. The second part of questionnaire comprises on 06 pre-defined inter-cultural problems, which also have derived from identified theory. Every pre-defined inter-cultural problem has 05 sub-questions, in which 02 sub-questions are closed-ended questions. Therefore, this part comprises 30 questions in which 10 are closed-ended questions where participants could select one

option. Following table show survey and interview questions extracted from theory and its objectives.

Theory	Survey and interview questions	Objectives
IT Outsourcing	<ol style="list-style-type: none"> 1. What is mean by “IT-services outsourcing”, as you understand it? 2. How many IT outsourcing initiatives, between Sweden and India, have you conducted? (please indicate the number of initiatives and their size) 	To understand IT- services outsourcing and to know the projection of IT-services outsourcing to India from Sweden.
Motives of IT services outsourcing	<ol style="list-style-type: none"> 3. What are the key motives for IT-services outsourcing, as you understand it? 	To know about the motives of IT-services outsourcing.
IT-Outsourcing difficulties	<ol style="list-style-type: none"> 4. What are the overall key difficulties of IT-outsourcing, of whatever type, as you understand it?” 	This theory revolves around first research question. It could help to find the difficulties and challenges of IT-outsourcing.
Culture	<ol style="list-style-type: none"> 5. What is your understanding of the expression “intercultural relations between two firms”? 	Since the main objective of the thesis is to find inter-culture problems of IT-services outsourcing from Sweden to India. This is the basic question which could provide systematic understanding to overall nature of the problem. It helps to understand the next coming questions as the survey questions go from simple to complex.
Inter-cultural difficulties of IT-outsourcing	<ol style="list-style-type: none"> 6. Please write as many inter-cultural challenges, problems, or dilemmas that you have experienced in the context of IT-services outsourcing?” (please, list each) 7. In your opinion, and for each of the inter-cultural challenge listed by you above, what may be the negative impact for an IT-services 	These questions revolve around to research questions as it describes inter-cultural difficulties of IT-services outsourcing and its root causes as well. These questions help the reader to understand the inter-cultural difficulties of IT-services outsourcing in broad sense.

	<p>outsourcing?</p> <p>8. In your opinion, and for each of the inter-cultural challenge listed by you above, what is the possible cause(s)?</p> <p>9. In your opinion, and for each of the inter-cultural challenge listed by you above, what may be done in order to handle the problem in a positive manner for the IT-services outsourcing initiative ?</p>	
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Table 3.1 Survey and interview questions

Following table show extracted survey and interview questions from Section 2.8 of pre-defined inter-cultural problems between Sweden and India.

Theory	Survey and interview Questions	Objectives
<p>Inter-cultural difficulties of IT-services outsourcing from Sweden to India</p> <p>And proposed solution to handle these inter-cultural difficulties in positive manner</p>	<p>Pre-defined survey questions</p> <p>These are pre-defined inter-culture problems of IT-services outsourcing from Sweden to India which is described by theory. We have six pre-defined inter-cultural problems and every problems have five sub-questions including</p> <p>a) How often have you experienced this phenomenon? (please select one option)</p> <ol style="list-style-type: none"> Always Very often Often Sometimes Never <p>b) What do you think is the cause of this cultural difference? (please write your opinion)</p> <p>c) What can be the negative effects caused by this cultural difference? (please write your opinion)</p> <p>d) How important is this cultural difference to be managed in a positive manner? (please select one option)</p> <ol style="list-style-type: none"> Very important Important Not important <p>e) What is your recommendation</p>	<p>The objectives of these pre-defined inter-cultural problems are to find that whether the participants have experienced with these problems or not. Another objective is that, if the participants experienced these problems what should be the root causes then its negative effects and how it could be managed in positive manner.</p>

	for a positive handling of this problem? (please write your opinion)	
Theory	Extracted pre-defined survey questions from theory section 2.8	
The Yes and No to customers questions	Question No.1: “Always Yes” Indian workers often reply ‘Yes’ to whatever professional question where Scandinavians employees would say ‘Not sure’ or ‘No’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when s/he is not sure of the possibility to meet the commitment?	
Risk taking – meet to deadline	Question No.2: “On Time” In general, Swedes obey time schedules and deadlines strictly while Indian often wait till they perceive that everything is become clear to them before handing over the task. In India, late delivery is assumed to be acceptable and not much attentions is given to deadlines	
Conflict and misunderstanding	Question No.3: “No conflicts” Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their colleague or Indian partner, while the Indian partners take signals of negative feedback as a sign of satisfaction	
Appreciation reward	Question No.4: “Average is Great” Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance is well above expectation, thus sometimes creating dissatisfaction for the Indian employees.	
Organizational differences	Question No.5: “Organization Hierarchy” Scandinavian organizations are generally flat (not very hierarchical) and employees have easy access to higher levels people in the organization while Indian employees do not have easy access to higher authority of the organization. So the employees may not suggest ways to improve the product unless asked for explicitly	
Educational differences	Question No.6: “Critical questioning” Indian education system stress learning by heart without questioning and there is no focus on application of knowledge while the European education system focuses on a creative and critical application of knowledge. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements.	

Table 3.2 Pre-defined inter-cultural problems and sub-questions

3.4 Procedure of data collection

The aim of this research as stated earlier is to find inter-cultural problems and its root causes of IT-services outsourcing from Sweden to India. The following procedure has used for data collection.

3.4.1 Source of data

Source of data collection for this research is Swedish companies which has IT-services outsourcing relations with Indian companies. The target is to take interview and send questionnaire to persons who have experiences in the field of IT-services outsourcing from Sweden to India. The following diagram shows the data collection process from data source till data analysis.

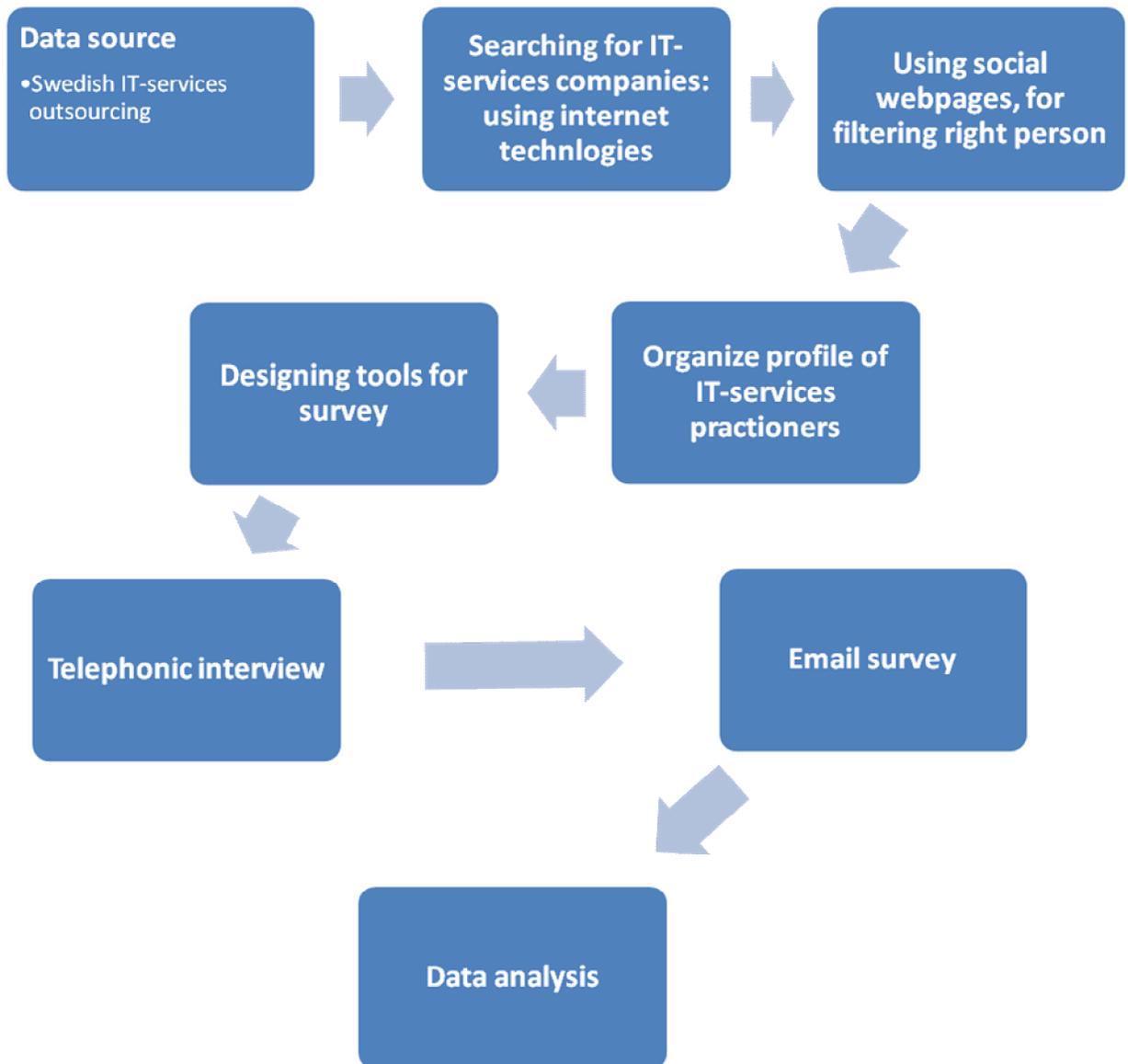


Diagram 3.1 Process of data collection

3.4.2 Searching for Swedish IT-services outsourcing companies to Indian companies

Internet technology was used to filter Swedish companies and to find IT-services outsourcing companies which have relations to Indian companies. We used Google to find out Swedish IT industry hubs, science parks and Swedish trade organizations. We got help from Telia webpage to find Swedish IT-services outsourcing companies. After finding the relevant companies, we organized its webpage in separate word file. We explored webpage of IT-services outsourcing companies to find out right and an expert of IT-services outsourcing to India from Sweden, so that he/she could answer our survey and interview questions. Besides this we used social network webpage <http://www.linkedin.com> and <http://www.facebook.com> to find contacts such as (Phone number, E-mail ID and Personal home page). These social network webpage helped us to find and access to right and an expert of IT-services outsourcing from Sweden to India.

3.4.3 Designing tools for conducting interview and questionnaire distribution

University email was used for distributing questionnaire. Two folders were designed with the names Questionnaire Sent and Questionnaire Response. All sent emails to Swedish IT-services outsourcing companies were saved in Questionnaire Sent folder. In Questionnaire Response folder, those emails were saved which were got from the companies whether they filled the questionnaire form or not. Two word files were made named Swedish IT-services outsourcing companies and IT outsourcing expert. Companies names, phone and emails were documented in file Swedish IT-services outsourcing companies. Names, phone and email contacts of IT-services outsourcing experts from Sweden to India were saved in word file IT-services outsourcing expert. Mobile phone was used –with facility to record voice for telephonic interview. An official university letter was used to convey that the research is for the purpose of Master Thesis.

3.5 Data collection through mail survey and telephonic interview

Survey is considered a systematic method for gathering information from a sample of entities for constructing quantitative description of the attributes of the larger population of which the entities are members (Robert *et al.*, 2009). There are four basic types of survey is given i.e. via mail, telephonic, personnel and hybrid (Yates, 1998). In this research survey and telephonic interview is used for collecting data.

3.5.1 Telephonic Interview

Interview is considered old method of data collection. Researchers conduct interviews to find out people' experiences, perceptions, values and opinions. Interviews can be used for many different purposes and take many different forms. They can happen repeatedly over a long period of time or only once. In the interview, the common thing is that the researchers ask different questions from the individual or from a group in face to face and by telephonic conference. Yin (2003) has given examples of data collection for qualitative research include documents, archival records, interviews, direct observation, participant observation and physical artefacts. This research use Standardized Open-Ended Interview. Standardized open-ended interview is useful when it is possible to interview participants only once for a limited period of

time. Patton (1990) describes that the standardized open-ended interview consists of a set of questions carefully worded and arranged with the intention of taking each respondent through the same sequence and asking each respondent the same questions in essentially the same words. This research conducted interview because, through interview updated result could be get from the participants regarding to research question.

This research conducted telephonic interview for open-ended questions. And also this research used telephonic interview to contact to the respondents. In all cases interviewers preferred to answer through survey mail. Telephone calls were made to the companies to discuss the appropriateness of the person to be filled in the questionnaire. Telephonic interview is considered fast and cheaper particularly when the interviewer is far away.

3.5.2 Survey mail

Mail survey is used to mail to respondents through postal mail services or by electronic mail services. It is systematic data collection way on a specific topic using questionnaires delivered to an online sample or population. Respondents receive questionnaires and return it via email (Steinfeld, 1990). In this research, electronic mails sent to IT-services outsourcing experts whose profiles were searched and were kept in word document. Survey mail procedure was started in Nov 2009 and ended in Jan 2010. About 50 high reputed Swedish IT-services outsourcing companies were invited to participate in this research. Those companies, which showed interest to take part in this research, reply, were sent along with questionnaire and further detail about filling in the questionnaire form. All the correspondences were saved in two different folders as stated earlier. This method was selected because it is easier and cheap to contact to the correspondence. All the data were collected through survey email and telephonic interview is used to develop prior contact to the participant. This method was used because it is cheap, faster and the participants are relaxed and gather all their knowledge to answer the questions.

3.6 Data analysis

Empirical data needs to be analyzed to produce meaningful results. After collection of empirical data, all the questionnaires were compared and analyzed on the bases of per question per person to find similarities and differences. This comparative analysis was done for all open-ended questions and also for close-ended questions. After analysis of open-ended questions, the questions are summarized in tabular format. The attributes are presented in tables in two columns showing which of the attributes are stated by more than 5 participants and which of them are stated by less than 5 participants. The attributes stated by more than 5 participant's means that they are more important to be considered. The result of this analysis is documented in Section 4.2.

Pre-defined inter-cultural problems of IT-services outsourcing between Sweden and India were identified by research done in the past. The participants were asked that if they have faced these problems, what are their root causes and negative effects of these pre-defined inter-cultural problems. Moreover, they were asked about the importance to manage these pre-defined inter-cultural problems in a positive manner. The answers of the participants are compared and presented in graphical view for close-ended question i.e. how often they experienced the stated problem e.g.

‘Always’, ‘Very often’, ‘Often’, ‘Sometimes’ and ‘Never’. For other close-ended question i.e. how much the stated problem is important to manage, such as ‘Very important’, ‘Important’ and ‘Not important’. For the open-ended questions i.e. root causes, negative effects and suggestions for handling of pre-defined inter-cultural problems in positive manner, the answers of the participants are compared and presented in descriptive format. At the end of every pre-defined inter-cultural problem a table is given which shows the root causes, negative effects and suggestion of participants for handling of the inter-cultural problems. This result has showed in Section 4.3.

Second analysis is based on empirical findings and literature review. In this section empirical data is compared with the literature review and it is analyzed to find whether empirical findings confirm or reject finding of the literature review, this analysis is documented in Chapter no. 5. Section 5.3 answers to third research question, shows analysis and discussion of pre-defined inter-cultural problems. In this section, it describes the confirmation of the pre-defined inter-cultural problems, it also states that how many participants stated what for root causes of these inter-cultural problems, its negative effects for IT-services outsourcing and their suggestions for handling of these pre-defined inter-cultural problems in positive manner.

The pattern that are within participants answers i.e. person A’s answers to all questions while person B has not given answers to all questions. So the pattern is analyzed and documented in Appendix A under heading analysis per pattern of all questions and between persons. This could help to maximize the reliability of this research.

3.7 Limitation in the research methodology

Data collection takes much time, in this research an official university student email was used to send email to the participants, which was limited space and every time it become full. Email survey method takes too much time, although it is cheap way to collect data but time is also important to be considered. Some people respond several times or pass questionnaires along to friends to answer. Many people dislike unsolicited email even more than unsolicited regular mail. You may want to send email questionnaires only to people who expect to get email from you. You cannot use email surveys to generalize findings to the whole populations. People who have email are different from those who do not, even when matched on demographic characteristics, such as age and gender. Email surveys cannot automatically skip questions or randomize question or answer choice order or use other automatic techniques that can enhance surveys the way Web page surveys can. Many email programs are limited to plain ASCII text questionnaires and cannot show pictures. Email questionnaires from The Survey System can attach graphic or sound files. Although use of email is growing very rapidly, it is not universal - and is even less so outside the USA (three-quarters of the world's email traffic takes place within the USA). Many “average” citizens still do not possess email facilities, especially older people and those in lower income and education groups. So email surveys do not reflect the population as a whole. At this stage they are probably best used in a corporate

3.8 Reliability and validity

3.8.1 Reliability

Reliability demonstrates that the operations of the study, such as the data collection procedures can be repeated with the same result (Yin, 2003). Reliability refers to the consistency of a measure. A test is considered reliable if the same result repeatedly produced. The purpose of reliability is to minimize the errors and biases in a research work. Reliability of the research can be improved by taking some measurements to reduce the chances of errors that may lead towards inappropriate results. Questionnaires for empirical data collection are done at the same time for avoiding different results. The questionnaires are distributed only within the domain of interested group such as IT outsourcing experts instead of general population. The respondents were assured that their names, profile and companies name would not be disclosed. This is important because to get appropriate knowledge from the participants. Research purpose was clearly stated in the start of questionnaire and supporting official letter was attached confirming that the research is academic and is being part of Master program in Information Systems. Moreover, extensive literature was reviewed and more relevant literature was searched and included in this research to reduce the biasness and misunderstanding towards research. Multiple sources with different authors can make it possible to review the detail literature in depth that helps to minimize the level of error in this study because the higher level of reliability can only be achieved by reducing the error.

3.8.2 Validity

Validity depends upon the reliability on the questions of interview or questionnaire. Bell (2006) describes that validity refers to stated interview questions succeed in describing what they are meant. To achieve validity the questions should be designed systematically which could be reliable. If questions are not reliable, it cannot be valid but if the reliability of a study is high it does not mean that the study automatically is valid (Bell, 2006). It is important to designed data collections tools in better way so that the respondent could understand easily. According to Lundahl *et al.*, (1999) describe that it is necessary to explain the question for the respondent thoroughly if needed, to avoid misinterpretation of the asked question. The respondents were facilitated through telephonic conversations and also with email correspondence. Brief description of questions was also sent to respondents, but most of the respondents found it easy and understandable. Moreover, the respondents profile was checked on the company website and on the social web pages, to make sure that they are right persons to answers the questionnaire.

3.9 Ethical consideration

Research in cultures and information systems have ethical concerns which a researcher may notice in every stage of its writing, ethics to conduct, interact, use and present data regarding research. Here are few of ethical consideration which has been taken consideration while doing this research. The first and most important ethical reflection at the beginning of this research was to make a factual intention about research question in its context that it will not look like a moulded or twisted or biased question but real information systems issue to be solved and should be given ethical care in whole research. Literature use and theoretical reflection of topic require ethical character in this research that all references, literature usage and logical interpretation are fair enough and are used with academic honesty.

The ethical consideration regarding to data collected from companies, this research used questionnaire to fill in the form. In the start of questionnaire, the objective of the research was written so that to ensured that the research is for academic purpose. During all correspondence, telephonic conversation and documents shared, different information was obtained. In research all participants are volunteers. Further the participant were not harmed physical or psychologically and their profile will not be disclosed to others and has been used in anonymously. In stage of data analysis special ethical care been used to keep own personal opinions aside and use fair tools and interpretation which can reflect true empirical findings and result.

4 Result

This chapter presents the results obtained from the questionnaires answered by ten Swedish IT-services outsourcing practitioners. It is important to be noted that results show only the perspective of the Swedish outsourcers. Though the perspective of the Indian insourcers is of the same importance, time limitations for the work did not allow the collection of data from them.

4.1 Data collection

The data was collected from Swedish IT-services outsourcing companies through survey email and telephonic interviews. The companies outsource all or part of IT-services activities to India. The following table shows the roles and responsibilities of the individual representing the companies. English letters are used to represent the participants.

Participants	Designation
A	Head Delivery Management
B	COO – Chief Operational Officer
C	IT outsourcing expert
E	IT outsourcing expert
F	SAP Incident, Problems and Change Coordination Team
G	HR Manager
H	Offshore Transfer Responsible
I	CEO – Chief Executive Officer
J	Business Development Director Mobile Devices OEMs, Telecom and Media
K	IT outsourcing expert

Table 4.1 Participants designation

For identification of a set of people in multiple companies, this research used social networks like facebook.com and LinkedIn.com to find their contacts (Phone, Mail, web, etc). Social networks (especially LinkedIn.com) is good tool to navigate Swedish companies because they provide browsing facilities to navigate in company profile , people profiles, their professional background, and industry overview etc. and this data is collected from companies which has IT outsourcing experience with India.

Fifty Swedish IT-services outsourcing companies were contacted to participate in this research, ten of them responded. The following is the tabular representation of the response.

Survey Participants	Questionnaire distributed	Response	Percentage
Sweden IT outsourcing companies to India	50	10	20.00%

Table 4.2 Responses percentage

Most of the Swedish IT-services outsourcing companies are new and not having too much experience with Indian IT-services providers. This is one of the reasons of low response rate.

The questionnaires were sent to internationally recognized companies. These companies had a minimum of THREE years experience in IT-Services outsourcing to India. Each of these companies had a size of at least 50 employees

4.2 Result of analysis per question between persons

Analysis per question between persons, are done between persons with respect to their answers for the given questions. In this phase the answers of the participants are compared and the similarities and uniqueness of the answers is discussed. The questions are summarized in tabular format. The attributes are presented in tables in two columns showing which of the attributes are stated by more than 5 participants and which of them are stated by less than 5 participants. The attributes stated by more than 5 participant's means that they are more important to be considered.

1. How many IT outsourcing initiatives, between Sweden and India, have you conducted? (please indicate the number of initiatives and their size)

The participants provided the number of IT outsourcing initiatives, between their company and an Indian company in numeric format. Two participants did not answer this question. The following shows answers of the participants, total size, average and spread.

Company	Number of IT outsourcing initiative to India
A	20
B	18
C	7
D	25
E	130
F	15
G	12
H	35
Total	262
Average/mean	32.75
Spread/range	123

Table 4.3 IT outsourcing initiatives between Sweden and India

2. What is meant by “IT-services outsourcing”, as you understand it?

All the participants defined IT-services outsourcing in their own styles, but the basic theme is the same with some differences in words. The participants defined that IT-services outsourcing means that giving all or part of business activities to an external partner such as daily operations of customers services, database and SAP application, hardware hosting, back-up services, software development, test and support, maintenance of software packages and some research work. These activities are not done in-house but rather by an external partner. One of the participants described, IT that IT-services is about the hardware, software, its usage and its maintenance, in an organization to serve its activities in some manner, if the organization decides to put some of these IT-supporting and maintaining activities outside its own boundaries that we have out-placed or outsourced. One participant said that some parts or all activities

related to an organization's IT handling is put outside the organization, to another organization.

3. What are the key motives for IT-services outsourcing, as you understand it?

The key motives for IT-services outsourcing as mentioned by all participants are low cost, lack of in-house competence and focus on core activities increase efficiency, resource flexibility, scalability and productivity gains. Lower cost is because of moving parts of business to a country where labour is cheap. The other common motives are resource flexibility – when organization has varying needs, increased efficiency – by letting dedicated professionals manage the services and scalability described by the participants.

Motives of IT outsourcing mentioned by more than five participants	Motives of IT outsourcing mentioned by less than five participants
Low cost	Increase efficiency
Lack of in-house competence	Productive gain
Focus on core business activities	Saving Time and quality
Resource flexibility and scalability	Twenty four hours support

Table 4.4 Motives of IT-services outsourcing

4. What are the overall key difficulties of IT-outsourcing, of whatever type, as you understand it?"

The participants stated difficulties of IT-services outsourcing including active handling of contract from both parties and frequent and pro-active update of contract. There are many difficulties, imagine taking out a vital organ of a body and let it work outside the body, there is everything from the very transition phase, when the outsourcing is initiating, by taking out some routines and technology from one company and putting it into another it's about knowledge, understanding and experience, culture and values, interests, commitments, and economics, to make profit added by participant. One participant stated that there are problems with the technology, with the processes that are supposed to support, with the communication and interaction between the companies and also problems with the financial and legal matters. Culture and skill level over time is another obstacle, though IT-services outsourcing motive is to get skilled professional, in start of a project organization get qualified people but the best are leaving within short added by one of the expert among the participants. Finding and implementing fully IT solution project with new partner is very complex due to internal reluctance to change, training of technology, understanding new partner and follow up tangible planning. The big risk is loss of information as the organization become dependent on key competence in other companies, monitoring and quality control become more complicated as mentioned by participants. Cultural problems always lead towards, misunderstanding, poor planning and poor productivity and overall difficulties of IT-services outsourcing as described by the participants.

Problems for IT outsourcing mentioned by more than five participants	Problems for IT outsourcing mentioned by less than five participants
Risk to lose information	Problems with technology, processes, communication
Monitoring and quality control	Problems with interaction between the

	companies
Culture issues – which create many challenges	Financial and legal challenges
Active handling of contract	Getting skilled professional
Keeping contract update	Complexity in full implementation of the project
	Training and getting experience with new technologies
	Understanding new partner and follow up tangible planning

Table 4.5 Problems for an IT-services outsourcing

5. What is your understanding of the expression “*inter-cultural relations between two firms*”?

Inter-cultural relations between two firms as interpreted by the participants as inter-culture relations between two firms to communicate, understand and express ideas related to work. It could be co-operation between two offices in different countries with different cultures. One participant stated that culture is the set of values and attitudes held by individuals, in such a way that they form our actual behaviour. It is often informal for example in some places it is fine to get late to a meeting while in another it is not acceptable. The inter-cultural is how different cultures relate to each other and to what degree they fit each other or do not match each other. One participant defined inter-cultural relation between two firms as people that are part of different cultural systems (values and behaviour) have to interact successfully, often in long term relations. Inter-cultural relations mean that both parties understand what the other party really meant when they communicated added by participant.

6. PROBLEMS

please write any inter-cultural challenges, problems, or dilemmas that you have experienced in the context of IT-services outsourcing?” (please, list each)

There are too many inter-culture problems, which the participants have experienced. The most common problems which every participant stated include different body language, or lack of body language, understanding behaviour, organizational hierarchy, hierarchical way of working, lack of trust, statement/promises and keeping time schedule or meeting. One of the participants mentioned that Indian team never tells when they have a problem. They say they are on time even days before delivery even if they have only completed 50%. Then they deliver crap. The Indians promise so much that they cannot keep, especially when they guarantee qualified resources over time added by the participant. There is always ambiguity in agreement between both parties and the meaning of agreement remains unclear i.e. have we agreed or the discussion will continue added by participant. Other difficulties which are stated by the participants including understanding of different facts i.e. it is difficult to understand the understood process, requirements and expectations, difficult to understand importance of position, decision making process at the partner as well as behaviour i.e. does ‘Yes’ really mean ‘Yes’. Participants pointed that there is different way of taking responsibility, different way of reporting deviation, the Indian team members do not take their own actions and initiatives instead waiting for manager to act and decide added by participant.

Inter-culture problems of IT-services outsourcing mentioned by more than five participants	Inter-culture problems of IT-services outsourcing mentioned by less than five participants
Language problem	Contract/agreement is not clear
Lack of body language	Difficulties in understanding responsibilities and process
Difficult to understand behaviour	Difficulties in understanding requirements and expectation
Understanding responsibilities	Different way of taking responsibilities
Organization differences	Different working style
Different way of working	Different way of report deviation
Wasting time	Hidden problems
Lack of trust	Misbehaviour
	Difficulties in decision making process

Table 4.6 Inter-cultural problems of IT-services outsourcing

7. NEGATIVE EFFECTS

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be the negative impact for an IT-services outsourcing?

The participants described the negative effects of inter-culture difficulties. All of them stated that inter-culture difficulties delay the delivery and the partners always misunderstand about delivery type, delivery time and quality of the product. Due to communication challenges and misunderstanding of behaviour which is part of the culture always negatively affects IT-services outsourcing. For example, in the west, there would be no perceived differences between a “Yes” and “ummmm, Yes”. In India “ummmm yes” may actually mean “no”. Lack of commitment or misunderstanding commitment and poor communication between partners put negative impact IT-services outsourcing in such way that issues are not raised on time due to fear added by participant. The other negative effect of inter-culture difficulties on IT-services outsourcing is that both the teams not working on actual known problems but just working on as agreed from the beginning even with new input stated by a participant. One of the participants stated that more jobs or activities are created for the outsourcers.

One participant experienced with the following challenges and difficulties in IT services outsourcing stated the following negative impact.

- a) Differences in how people address each other
 - a. Negative: wrongly addressed, the collaborative mode between individuals from different companies may be lost and make the transition and outsourcing not as efficient as it could be
 - b. Can make people upset resulting in confusion and may raise collaboration challenges.
- b) Differences in the use of language, particularly the professional language

Wrong language can lead both misunderstanding and to making people upset. In both cases inefficiencies may result!
- c) Differences in professional experiences

Sales operations may be conducted rather differently in say North Europe versus in Middle East, while the primer focuses on the product’s attributes the latter on the relation between people – this

difference seems to be culturally determined, at least partly; therefore, when two sales people from two different cultures need to collaborate such as in CRM-systems outsourcing, misunderstandings may emerge easily.

- d) Differences in the physical behaviour in meetings
For example the body language, how close two people stand to each other, whether they shake hands, kiss or other; how they sit in the chair, how loud they speak and how they dress.
- e) Differences in notions of being a professional
The notion of what is professional may be different, for instance in some cultures it is Ok to talk with colleagues about private or family matters while in others it is a sensitive matter.
- f) Differences in the notion of the relation between the professional and the private
Some cultures seem to put all priority on the working life while other balances it more with the private life can upset people, confusion and collaboration challenges.

A participant added that the professional relations will be negatively loaded, which in turn will impact the business tasks to be conducted. The point here is that many outsourcing activities may be very complex, and it is not possible to regulate all this in formal and legal documents. There is often some tacit understanding, and this understanding is controlled by the intercultural relations, which may be in a good way or in the opposite. The common negative impact stated by participants are late response, delay delivery, misunderstanding what to deliver and when to deliver, more hours used than planned, expected quality and cost, bad quality, lack of commitment, lack of trust, and decision making process is completely broken.

Negative impact of inter-culture problems mentioned by more than five participants	Negative impact of inter-culture problems mentioned by less than five participants
Late response	Issues are not raised on time
Misunderstanding about delivery type, time and quality of product	Poor communication between partners
Delay in delivery	Teams keep aside from the actual problem
More hours are used than planned	More jobs are created for outsourcers
Expected quality and cost	Upsetting people confusion and collaboration challenges
Lack of trust and commitment	Different type of sale operation
Decision process is completely broken	Inefficiencies in outsourcing

Table 4.7 Negative impacts of inter-culture differences from an IT-services outsourcing

8. PROBLEM CAUSES

In your opinion, and for each of the inter-cultural challenge listed by you above, what are the possible cause(s)?

Participants agreed that the cause of the inter-culture problems which negatively affects IT-services outsourcing are somehow lack of training, lack of close cooperation in several early deliveries and long term face to face relations. The use of organizational hierarchy as manager always takes the decision added by a participant.

In general, for each problem there seems to be the same generic cause, different cultures have emerged over the history in different parts of the world none is better or worse than other. The challenge is to make them match as good as possible so the coordination problem will be avoided added by a participant. One participant stated that there are different set of values in a culture, different traditions, different experiences, different customs and ideals and then the lack of knowing about all of this could become cause of inter-culture challenges. The cause of inter-culture challenges are vague to the participants but the cause of inter-culture challenges probably comes from the way families are structured in personal life, with a strong patriarch or matriarch added by a participant.

Root cause of inter-culture challenges stated by more than five participants	Root cause of inter-culture challenges stated by less than five participants
Lack of culture training	Different values in culture
Lack of joint close cooperation between parties	Different structure of customs, traditions and experiences
Organizational hierarchy	

Table 4.8 Root causes of inter-culture challenges

9. POSTIVE HANDLING

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be done in order to handle the problem in a positive manner for the IT-services outsourcing initiative ?

In fact inter-culture problems existed for both outsourcers and insourcers. One of the participants stated that the outsourcer - Swedish team acts like a client of the insourcers – Indian team so the Indian team must engage training in Swedish thinking culture. A software developer must get higher salary and status in India as in Sweden. There should be possibility to make a carrier as a developer rather than switching role and become a Project Manager added by a participant. There should be frequent sessions to discuss the problems to find common solutions. The documentation and processes should be clear and understandable. The most important and common solution as stated by all participants is inter-culture training and ensuring that the parties are sending and receiving the work engage in some team building activities face to face on periodic basis. In the beginning, both teams must have their key persons spend a substantial amount of time working together in a single team added by a participant. One participant emphasized that one should provide people that have to work inter-culturally, with special education and training for inter-cultural behaviour. Secondly, it is good to employ people who have previous experience of working in multicultural environment. Thirdly, it is important to establish a common professional communication language, and finally, to be very explicit to all involved about the professional expectations on each party and may be to establish a procedure for how to deal with misunderstandings.

Suggestion to handle inter-culture problems mentioned by more than five participants	Suggestion to handle inter-culture problems mentioned by less than five participants
Culture training	Session for frequent discussion is necessary
Clear and communicated governance structure	Documentation and processes should be clear and understandable

Clear goals	Key persons from both parties should work together for some time
Clear work description and responsibilities	Hiring employees who have experiences of other culture
Good mentors for inter-culture education	Adoption of professional language
Active questions techniques	Defined procedures to deal with misunderstanding
Good education	

Table 4.9 Handling of inter-culture challenges of an IT-services outsourcing in positive manner

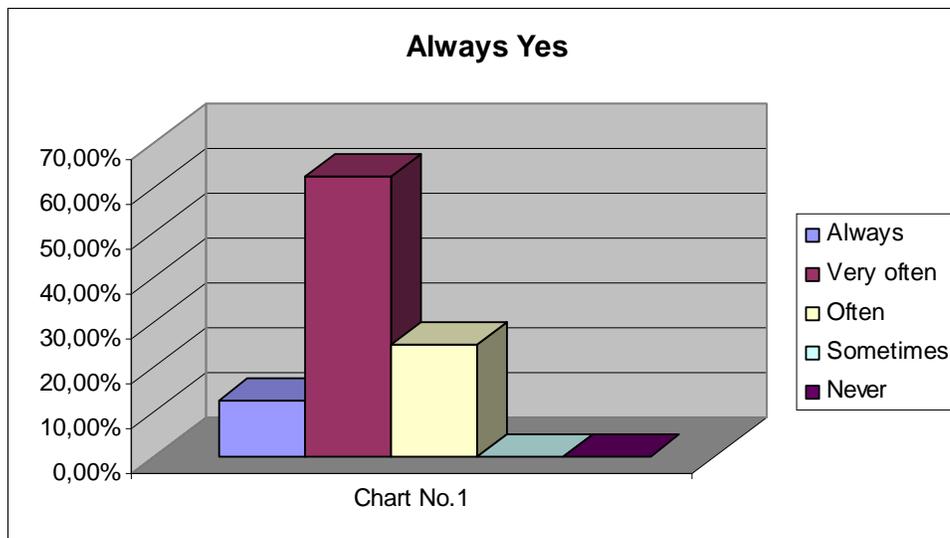
4.3 Result of pre-defined inter-cultural problems

Six pre-defined questions regarding inter-culture problems of an IT-services outsourcing from Sweden to India were identified in Section 2.8. Furthermore, each pre-defined question has five sub questions. Following is the analysis of pre-defined inter-cultural problems of IT-services outsourcing from Sweden to India.

Question No.1: “Always Yes”

Indian workers often reply ‘Yes’ to any professional question where Scandinavian employees would say ‘Not sure’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when they are not sure of the possibility to meet the deadline.

The following graph presents the opinion of the participants in the survey about this inter-culture problem that whether they face or not. .



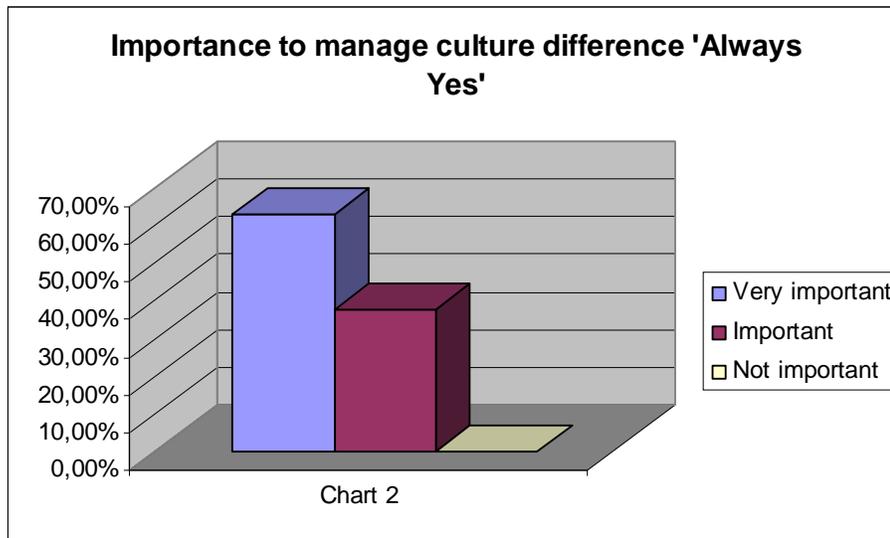
Graph 4.1 Participants views about inter-cultural problem “Always Yes”

Above graph shows that 12.50% participants stated that they ‘Always’ experienced with this phenomenon, 62.50% of the participant replied ‘Very often’, 25.00% said that they ‘Often’ face this phenomenon. Furthermore, none of the participant replied that ‘Sometimes’ and ‘Never’.

The root cause of this inter-cultural problem as described by the participants is the hierarchy in the Indian society. The participants have traced back the cause of this culture difference in the Indian historic model of joint family system, where a disagreement may lead to conflicts and eventually break up a family. As a survival method, a system may have evolved which avoids strong arguments by communicating opinions in a non-threatening manner added by a participant. In the Indian culture disagreement is considered rude, the participant has further added that if you disagree with someone, you are expected to display the disagreement in a very subtle manner, for example, through body language or by drawing tangents around the discussion that's why the Indian workers always say 'Yes'. Another root cause of this problem is the Indian workers show too much respect to their seniors and they avoid giving any bad news to them.

The participants stated that this inter-culture problem has a negative impact on IT-services outsourcing i.e. workers may not meet a deadline, bad quality of the product and also the target may not be achieved in the available budget. As a result the client may get disappointment because the product will not be according to their expectations. And importance of certain KPIs (Key Performance Indicators) is interpreted differently added by participant. Another participant stated that this inter-cultural problem may affect understanding, possibility of losing facts and also could affect efficiency in collaboration.

The following graph shows the importance of this inter-cultural problem to be managed in positive manner.



Graph 4.2 Importance to manage inter-cultural problem “Always Yes”

The above graph shows that 62.50% participant stated that it is ‘Very important’, 37.50% said ‘Important’ to manage this inter-cultural problem while none of the participants selected ‘Not important’ option. From the graph it is clear that the solution of this inter-cultural problem is very important according to the participants.

To manage this inter-culture problem the participants stated that parties should organize culture training for employees, regularly meetings and contact is must for

both parties. More active questioning and class room training which bring awareness of the differences is must for both parties added by a participant. One of the participants mentioned that the workers must be aware of such sort of inter-cultural problems and that the workers should ask in the right way and should avoid questions which can be answered with yes or no. It should be ensured that there should be key persons who understand inter-cultural problems and are well trained to read the classical signs e.g. hesitation and body language. It should be ensured that the team in the offshore location is comfortable with the persons who are communicating on an ongoing basis added by a participant. There is a need of understanding, requirements and expectations of other party stated by participant. Participants stressed on the need of education of staff members and employment of people having experiences of working in multicultural environment. Strict Service Level Agreement is necessary to manage this culture problems stated by a participant. The following table summarises root causes, negative effects and suggestion for handling this problem.

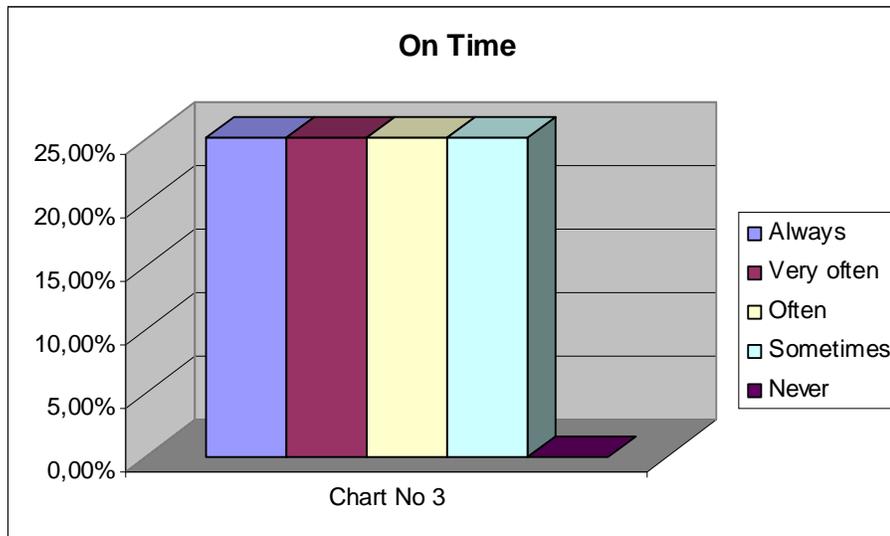
Root causes	Negative effects	Participants suggestions
Hierarchy in the society	Misunderstanding	More active questions are needed
Different family structure	Customers disappointment	Frequent questions/answers session
Indian historic model of joint family system	Deliveries are not in time	Culture training for both parties
Too much respect for seniors in Indian culture	Goals are not met	Classroom training
Indian do not want to disappoint others by replying 'No' Not to disclose weak point by saying 'No'	Impact on functionality Impact on budget	Avoid questions which could answer 'Yes' or 'No' Trust development techniques
	Lack of trust	Regular meeting and contact
	Inefficiency in collaboration	Hiring professionals who have experiences of other cultures
	KPI are interpreted differently	

Table 4.10 Root causes, negative effects and suggestions to manage “Always Yes” inter-cultural problem

Question No.2: “On Time”

In general, Swedes obey time schedules and deadlines strictly while Indians often wait till they perceive that everything has become clear to them before handing over the task. In India, late delivery is assumed to be acceptable and not much attentions is given to deadlines

The following graph shows the views of participants that how often they experienced this inter-cultural problem.



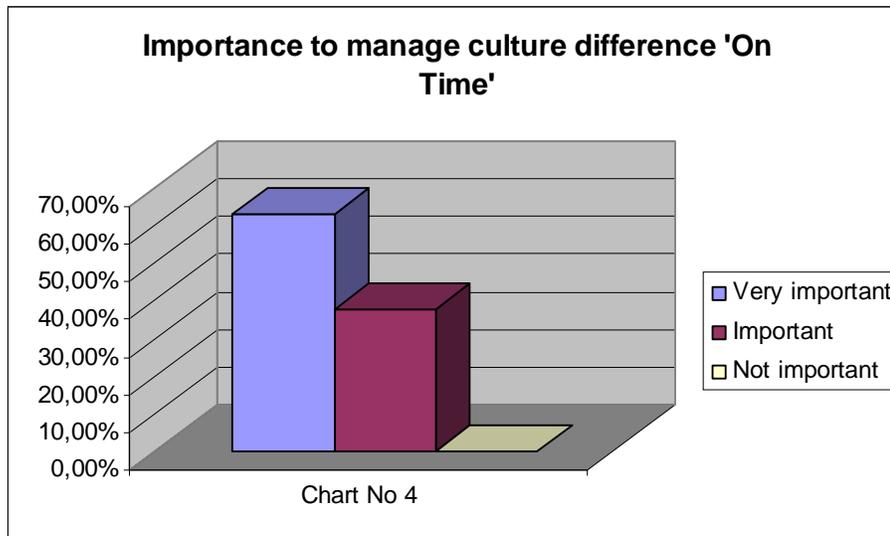
Graph 4.3 Participants views about inter-cultural problem “On Time”

The graph shows that 25.00% participants stated that they ‘Always’ experienced with this phenomenon, 25.00% replied ‘Very often’, 25.00% stated ‘Often’, 25.00% participants stated that they face this problem ‘Sometimes’ while no one selected ‘Never’. From the above graph it is clear that all participants experienced this problem.

Most of the participants did not write about the root causes of this inter-culture problem. One of the participants stated that it is due to different perspective on importance of delivery time. There is a difference in the perception of time that comes from a historically low emphasis on punctuality added by a participant. One of the participants added that time has different role and value in the Indian culture vs. the Sweden.

The negative effect of this inter-culture problem stated by the participants include late deliveries, the project could overrun the allotted time and overrun the budget. This difference could delay projects and work activities and thus produce inefficiencies and loss of money added by participant.

The following graph shows the importance of this inter-cultural problem to be managed in positive manner as stated by all participants.



Graph 4.4 Importance to manage inter-cultural problem “On Time”

The graph shows 62.50% stated that it is ‘Very important’ to manage this inter-cultural problem, the rest 37.50% stated that it is ‘Important’ to manage this inter-cultural problem while none of the participants replied ‘Not important’. From the above graph it is clear that respecting time schedule is very important for the participants.

To manage this inter-culture problem the participants emphasized on the needs of culture training for both parties. The team members involved should try to understand each other and also accept it as a way of working to bridge the problems added by a participant. One of the participants stated that there is need to create a model that clearly identifies KPIs and ties them to the reward could avoid the stated culture difference. Education and utilization of staff within inter-culture experience, engagement activities, frequent meeting and client visit to India is necessary to manage this culture difference added by a participant. The following table summarises root causes, negative effects and suggestions for handling avoiding this inter-cultural problem.

Root causes	Negative effects	Participants suggestions
Different time perception of Sweden and India	Delivery are not in time	Cultural training
Deadlines are strict in Sweden	Project over run	Engagement start up activities
	Increase in budget	Frequent meeting
	Delay in project activities	Indian working part of the engagement in Sweden
	Inefficiencies	Client visits to India
	Loss of money	Create a model to identify KPIs
	Dissatisfaction	Cultural education
		Hiring staff having

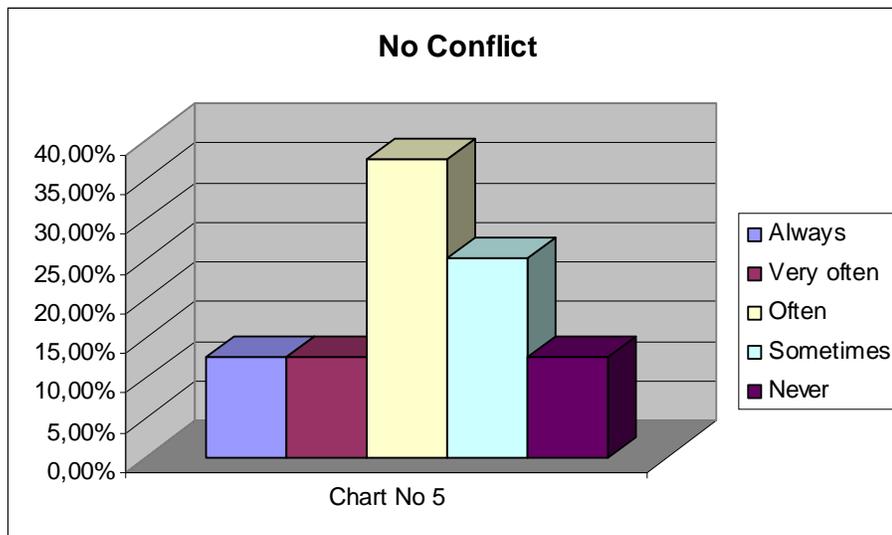
		experiences of other cultures
		Service Level Agreement-SLA

Table 4.11 Root causes, negative effects and suggestion to manage “On Time” inter-cultural problem

Question No.3: “No Conflicts”

Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their colleague or Indian partner, while the Indian partners take signals of negative feedback as a sign of satisfaction

The following graph shows the views of participants that how often they experienced this inter-cultural problem.



Graph 4.5 Participants views about inter-cultural problem “No Conflict”

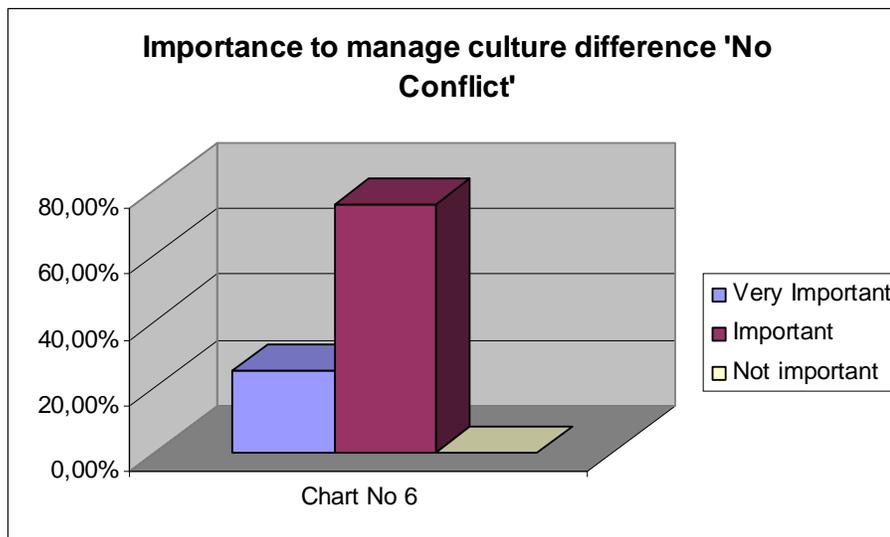
The above graph shows that 12.50% participants stated that they ‘Always’ experienced with this phenomenon, 12.50% stated ‘Very often’, 37.50% replied ‘Often’, 25.00% stated ‘Sometimes’ while 12.50% stated that they ‘Never’ faced this problem.

The root cause of this inter-culture difference as stated by the participants is schooling system, family and society. Another cause is that Swedish way of working is different i.e. Swedish discuss problems in meetings and if not satisfied it is considered bad from a Swedish perspective added by participant. The cause on the Indian side is that strong disagreements are considered rude in the culture, while in Swedish culture the Swedes are sometimes afraid to say the right opinion added by participants. One of the participants commented that Swedish people do not put other colleagues in difficult situation. They communicate their dissatisfaction in a subtle manner, which other Swedes easily understand. On the other side Indians may not understand such subtle signals. The Swedish people try their best to avoid conflicts by not showing their dissatisfaction on a particular matter to their counterpart but if it occurs it may

continue for long time and make cooperation very difficult. This could be the way of life schooling system and the environment added by the participants.

The negative effects of this inter-culture difference as stated by the participants could be dissatisfaction from both parties and no open dialogue about it. It may result in misunderstandings, lack of learning and lack of productivity due to communication failure stated by participants. Due to this inter-culture difference problems are not identified and not solved, the co-operation could be very bad with bad resulting in bad cooperation and low productivity added by a participant.

The following graph shows the views of the participants about the importance to manage this inter-cultural problem in positive manner.



Graph 4.6 Importance to manage inter-culture problem “No Conflict”

The above graph shows to manage this inter-cultural problem 25.00% stated that it is ‘Very important’, 75.00% replied that it is ‘Important’ to managed this inter-cultural problem while none of the participants stated ‘Not important’.

Cultural training, engagement in start-up activities, frequent discussions and frequent meetings are important to handle this problem stated by the participants. Normally, with the passage of time the teams start to understand each other. It’s important to explain intentions clearly when disagreeing or providing negative feedback added by a participant. One participant suggested that there must be strict operational routines where delays and other shortcomings are explicitly communicated. The following tabular data summaries root causes, negative effects and suggestion for solution of this inter-cultural problem.

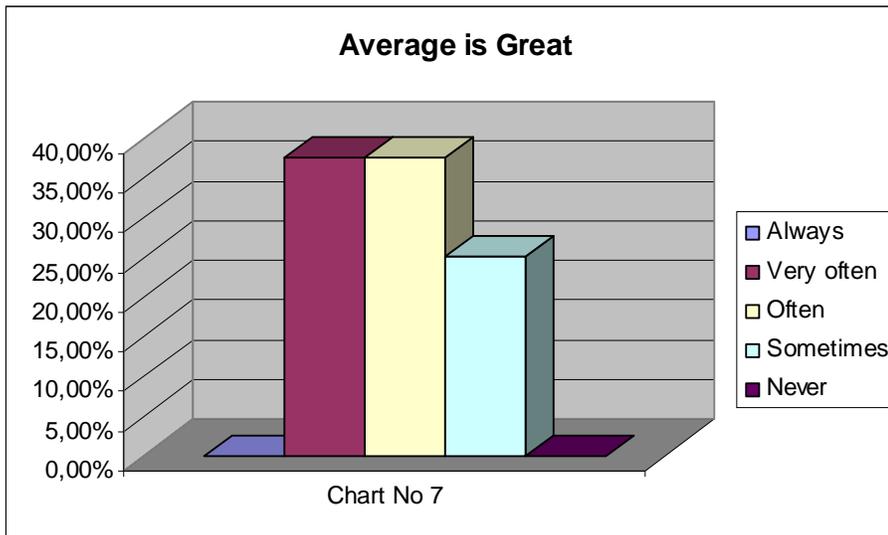
Root causes	Negative effects	Positive handling
Different schooling systems	Dissatisfaction between both parties	Cultural training
Different family systems	No open dialogue	Strict SLA and education
Different society	Problems are not solved	Engagement start-up activities
Lack of consensus	Co-operation could be bad	Frequent meetings
Swedes afraid on giving opinion	Lack of productive	Frequent discussion about differences
Swedes use sort of signals for expressing dissatisfaction	Communication gap	Clear communication to solve dissatisfactions
Swedes do not discourage other by stating their dissatisfaction	Lack of learning	Close and daily contact
	Inefficient collaborations	Strict operational routines

Table 4.12 Root causes, negative effects and to manage inter-cultural problem “No Conflict”

Question No.4: “Average is great”

Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance is well above expectation, thus sometimes creating dissatisfaction for the Indian employees.

The following graph shows that how often the participants have experienced with this inter-cultural problem.



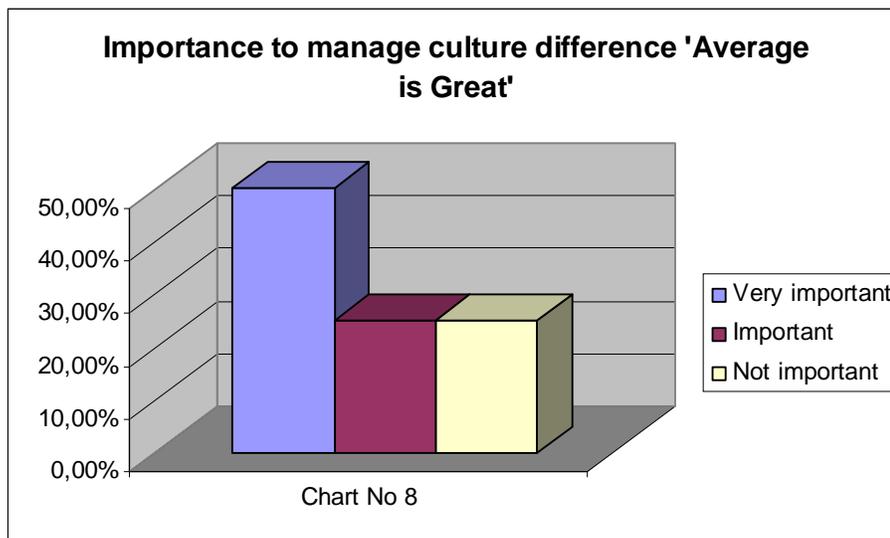
Graph 4.7 Participants views about inter-cultural problem “Average is great”

The graph shows that 37.50% participants stated that they ‘Very often’ experienced with this phenomenon 37.50% stated ‘Often’ while 25.00% mentioned ‘Sometimes’ and ‘Always’ and ‘Never’ has not selected by non of the participants.

The root cause of this inter-culture problem as stated by the participants is schooling, family system and society. Not understanding the way of communication could be a cause of this inter-culture problem added by a participant. In India, people have a high tolerance for failure. If things do not work, fail or break down, people may have a response like “it’s OK” we can improve it. Therefore, overall expectations are generally lower than they are in the Sweden added by a participant. The Swedes are hard to each other which may lead to the mentioned inter-culture problem added by a participant. Swedes treat all people on equality base and they do not give any concept of superiority and inferiority. Swedes are modest people by their culture and if they say something is great they really mean it. These could be causes of this inter-cultural problem.

The negative effects of this inter-cultural problem stated by participants is that it discourage the Indian staff, the KPIs (Key Performance Indicators) are not met and could affect content, delivery time, cost and quality. Another negative effect is that people do not get the right feedback so they could not produce better quality added by a participant. Perception of quality on both sides may be different i.e. a work may be very good for Indians but it may be far from the expectations of the Swedish partner.

The following graph shows the importance of this inter-cultural problem to be managed in positive manner.



Graph 4.8 Importance to manage inter-cultural problem “Average is Great”

The graph shows that 50.00% participants stated it is ‘Very important’, 25.00% replied ‘Important’ to manage this inter-cultural problem and 25.00% of the participants stated ‘Not important’.

To manage the stated inter-culture problem in a positive manner participants recommended that there is a need of open communication about the differences, frequent meetings and client visits in India. Moreover, work in a measurable environment with (Key Performance Indicators) and metrics added by participant. It is necessary to get more negative and positive feedback within the team and across the team to manage the mentioned inter-cultural problem in a positive manner added by a

participant. The following tabular data summaries the root causes, negative effects and suggestions for handling of this inter-cultural problem.

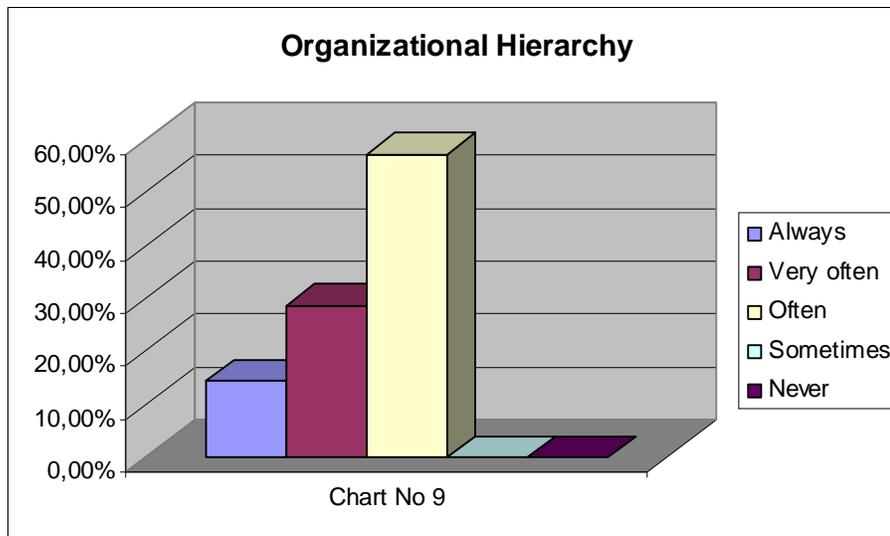
Root causes	Negative effects	Positive handling
Schooling system	Discourage Indian staff	Culture education and training
Family system	Key Performance Indicators are not meet	Open communication about the differences
Different society	Delivery time	Work in measurable environment
Indian high expectations	Low quality and high cost	More negative and positive feedback
Misunderstanding in communication	Lack of right feed back	Frequent meetings
Management attitude		Client visit to India
Swedes are hard to each other		
Swedes' modest culture		
Swedes demand perfection in work		

Table 4.13 Root causes, negative effects, and managing inter-cultural problem “Average is great”

Question No.5: “Organization Hierarchy”

Scandinavian organizations are generally flat (not very hierarchical) and employees have easy access to higher levels people in the organization while Indian employees do not have easy access to higher authority of the organization. So the employees may not suggest ways to improve the product unless asked for explicitly

The following graph shows how often the participants experienced with this inter-cultural problem.



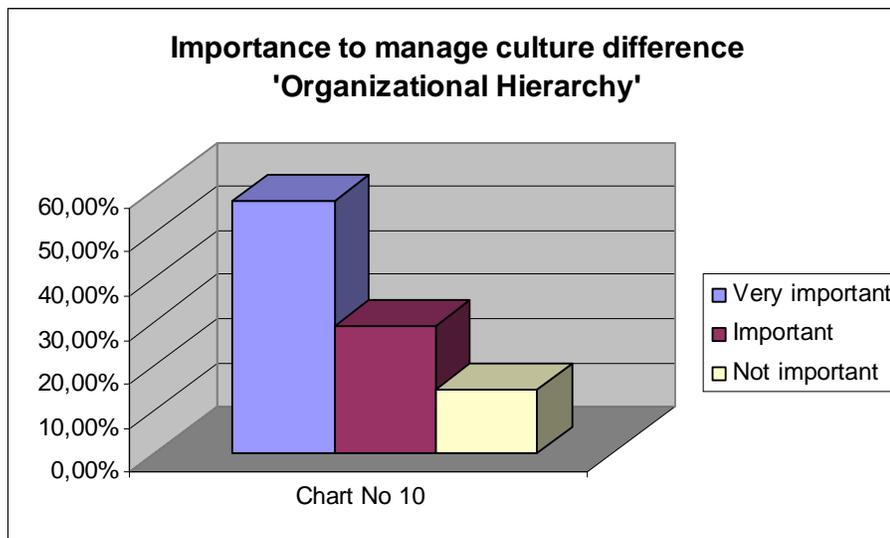
Graph 4.9 Participant’s views about inter-cultural problem “Organizational Hierarchy”

The graph shows that 14.29% of the participants stated that they ‘Always’ experienced with this phenomenon, 28.57% stated ‘Very often’, 57.14% stated that ‘Often’ face this inter-cultural problem while none of the participants selected ‘Sometimes’ and ‘Never’.

The root causes of this problem as stated by the participants include difference in schooling system, different social values and different way of working and living. It is expected that Swedish employees may make proactive initiatives, but it is safer to do according to the direction. There could be many causes of this inter-culture problem i.e. the way families are structured in personal life with a strong patriarch or matriarch stated by a participant. The Swedes trust each other, therefore the activities are decentralized down in organizations empowering and motivating workers.

The negative effects of this inter-cultural problem as stated by the participants could be late responses, late deliveries, and loss of potential improvement and lack of communication between the two parties. Another negative effect is that commitments are not understood and people do not know what to do mention by a participant.

The following graph shows the importance to manage this inter-cultural problem in positive manner.



Graph 4.10 Importance to manage inter-culture problem “Organizational Hierarchy”

The graph shows that 57.14% participants stated it is ‘Very important’, 28.57% replied ‘Important’ to manage this inter-cultural problem while 14.29% of the participants stated ‘Not important’

To handle the stated inter-cultural problem participants recommended culture training, frequent meetings, management understanding and clearly define playing rules. Periodic and open communication of management with other employees is important. One-to-one meeting with key personnel is good if time permits added by a participant. The following table summarises root causes, negative effects and suggestion for handling of question ‘Organizational Hierarchy’

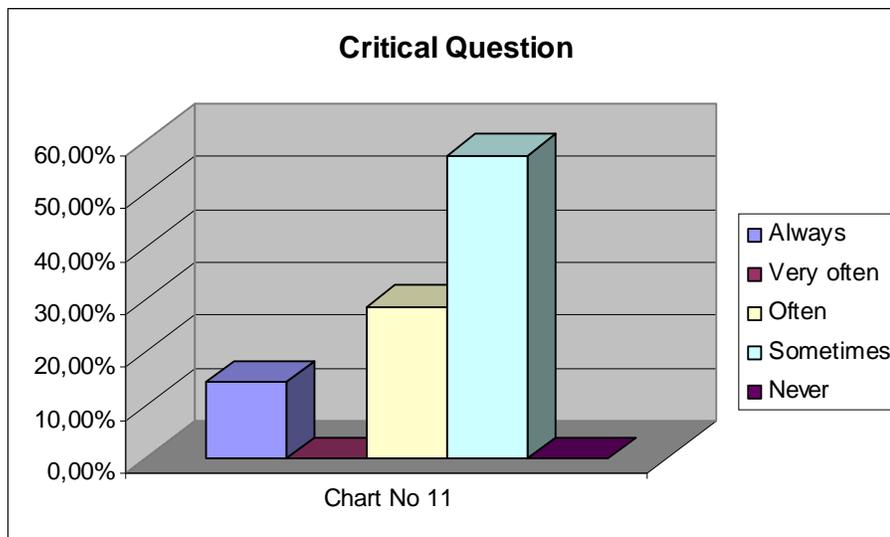
Root causes	Negative effects	Positive handling
Different school system	Late delivery and response	Management understanding - playing rules
Different family structure	Loss of potential improvement	Engagement start-up activities
Different social values	Commitment are misunderstood	Education and culture training
Different way of working	Lack of know how about what to do	Open communication about difference
Decentralized power in Sweden	Lack of communication between parties	Open communication from management
Different trust level		One-to-one meeting with KPI

Table 4.14 Root causes, negative effects and managing inter-cultural problem “Organizational Hierarchy”

Question No.6: “Critical Questioning”

Indian education system stress learning by heart without questioning and there is no focus on application of knowledge while the European education system focuses on a creative and critical application of knowledge. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements.

The following graph describes that all participants have experienced with this inter-cultural problem.



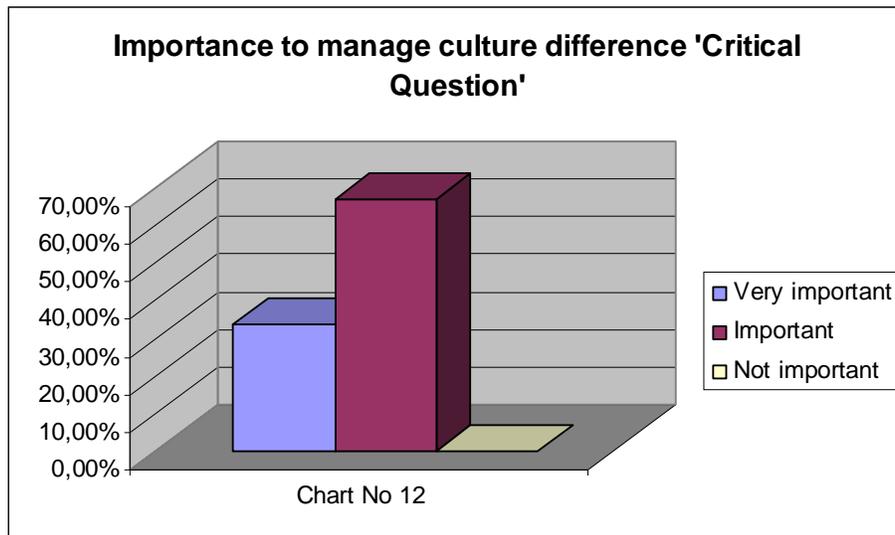
Graph 4.11 Participants views about inter-cultural problem “Critical Question”

The graph shows that 14.29% participants stated that they ‘Always’ experienced with this phenomenon, 28.57% stated ‘Often’, 57.14% stated ‘Sometimes’ while none of participants replied ‘Very often’ and ‘Never’

The root cause of this inter-cultural problem as stated by the participants is different schooling system and way of growing up. Another cause may be generalization of specific instances and role of authority added by a participant.

The negative effects of this inter-cultural problem as stated by the participants could be bad deliveries. The client might get what he asked for but not what he wanted and it may take longer to improve the product. People who learn by heart do not think critically or question to clear their misunderstanding; such people are not creativity therefore the work done may not be good.

The following graph shows the views of the participants about the importance of this inter-cultural problem to be managed in positive manner.



Graph 4.12 Importance to manage inter-culture problem “Critical Question”

The graph shows that 33.33% participants stated that it is ‘Very important’, 66.67% stated ‘Important’ to manage this inter-cultural problem and none of the participants stated ‘Not important’.

To manage this inter-cultural problem the participants recommended that the parties need to promote Software Developers and to give them increment on salaries after a certain period of time. They also need to work on corporate values and make incentives for encourage questioning and creativity. To handle this inter-culture problem the parties need to work together and find the most efficient way of working. Another participant suggested an Application oriented education in an organization to handle this inter-cultural problem. Moreover good technical engineers have the confidence to speak up added by participant. The following table summarises root causes, negative effects and suggestion given by participants for handling this inter-cultural problem in positive manner.

Root causes	Negative effects	Positive handling
Different schooling systems	Deliveries are affected	Good education system is required
Different ways of growing	Lack of improvement in product	Cultural training
Different role of authority	Lack of creativity	Frequent meetings
	No critical thinking	Client visit to India

	Tasks are not completed according to the wishes of clients	Giving high salaries and incentives to Software Developers
		Both teams should work to encourage creativity and questioning
		Teams should communicate about differences
		Need Application oriented education

Table 4.15 Root causes, negative effects and managing inter-cultural problem
“Critical Question”

5 Analysis and discussion

The objective of this chapter is to answer research questions based on literature review and empirical findings. Furthermore, this chapter presents an analysis of the empirical findings in the context of the literature review presented in chapter No. 2. This chapter answers the research questions.

5.1 Answer to research question No. 1

This section answers the research question - What are the main inter-cultural challenges or problems in outsourcing relations between the outsourcers in Sweden and Insourcers in India regarding IT-services outsourcing? The answer is structured in a way which first provides a basis to understand the nature of the problem and then answer to the actual problem is presented.

5.1.1 IT-services outsourcing

IT-services outsourcing means handing-over a part or all of IT services activities to a third party. In the literature review it was found that there are two types of IT-services outsourcing based on the location of the third party, if it is in the same country then it is called domestic IT-services outsourcing and if it is located abroad then it is called global IT-services outsourcing.

The empirical investigation shows that IT-services outsourcing is defined in the same way both in the IT outsourcing industry and the literature. The reason for the similarity is the common use of the term IT-services outsourcing as this term is commonly used.

5.1.2 Motives of IT-services outsourcing

In the literature review, (McLaughlin, 2003), (Taylor, 1996), (Chordas, 2003), (Bhatnagar *et al.*, 1997), (Moitra, 2001), (Arora *et al.*, 1999), (Gupta, 2001) and (McLaughlin, 2003) found four major motives for IT-services outsourcing. These motives are cost reduction and saving, good quality of services, skilled labour and investment on technology. The motives for IT-services outsourcing stated by participants include low cost, lack of in-house competence, for increase efficiency, resource flexibility, scalability, productive gain, focus on core business, saving time and twenty four hours support. The common motives found in the literature review and empirical investigation is cost reduction or low price is key motive of IT-services outsourcing.

Difference was found in the key motives of IT-services outsourcing in the literature review and in empirical investigation. The reason for the difference found here is because the literature reviewed is older than the empirical. Another reason is that state-of-the-art technology is used in the industry. In the past communication was difficult and expensive and also resources were limited. Advancements in technology and the instant availability of resources have brought a change in the motives for IT-services outsourcing.

5.1.3 Inter-cultural relations between two firms

Organizations have different culture. It could adapt its culture from the existing values and norms of region in which the organization is located. Organizations depend on its culture values. Literature review describes that there is always knowledge gap

between organizations due to inter-culture problems and various disasters have been reported due to these problems in past e.g. NASA and Avianca Airlines were failed due to culture problems. It was found that inter-cultural relation between two firms is defined as the communication, understanding and expressions of dialogue related to work. It could be co-operation between two offices in different countries with different culture. Organizations depend on each other therefore, it is necessary to understand the norms and cultural values of each other to avoid from disasters as done in the past.

5.1.4 Key difficulties of IT-services outsourcing

Godwin (2000) says that it would be a serious mistake for an organization if they outsource their strategic IT because once the system is outsourced, it fails to play a strategic role and the organization strategy is in the hand of the outsourcing provider. Literature describes many key difficulties of IT-services outsourcing for example, high coordination costs, geographical distance, information security risk, lack of communication, different time zoon, knowledge gap, knowledge loss, political risks and cultural differences, lack of coordination, loss of flexibility, loss of competitive advantages, failure in cost saving. Empirical finding confirms the (Godwin, 2000) statement, as stated by the participant that there are many difficulties if one take out a vital organ of a body and let it work outside the body there is everything from the very transition phase, when the outsourcing is initiating, by taking out some routines and technology from one company and putting it into another it is about knowledge, understanding and experience, culture and values, interests, commitments, and it is about loss and profit added by participant. The companies always face risk of various challenges. In theory, long term cost saving is not achieved, loss of flexibility, risk to loss critical information etc empirical finding confirms that IT-services outsourcing motive is to get skilled professional, in start of project organization get qualified people but the best are leaving within short and the big risk is loss of information as the organization become dependent on key competence in other companies. Information security issues and risk to loss critical information, culture issues – which creates many problems, communication issues, knowledge loss and knowledge gap are common IT-services outsourcing challenges described by both literature review and empirical findings. The following table summarise key difficulties of IT-services outsourcing and present data which is described in the literature and not mentioned by the participants and vice versa.

Literature review	Participants views
High coordination costs	Contract issues
Geographical distance	Difficult to hire skilled professional
Information security risk	Internal changes issues
Lack of communication	Technology issues
Different time zoon	Different working style
Knowledge gap	Planning issues
Knowledge loss	Implementing fully IT project
Political risks	Complication in monitoring and controlling
Lack of coordination	Lack of productivity
Loss of flexibility	Competence availability
Loss of competitive	Quality control

advantages	
Failure in cost saving	Financial issues
	Legal issues
	Process issues

Table 5.1 key difficulties of IT-services outsourcing, literature vs. participant's views.

It seems that there are still many difficulties available in the IT-services outsourcing. Its solutions could provide better result for both outsourcers and insourcers.

5.1.5 Inter-cultural problems in the context of IT-services outsourcing from Sweden to India

Literature review, Krishna *et al.*, (2004), (Nicholson *et al.*, 2000), (Chordas, 2003), (Moitra's, 2001), (Kobitzch *et al.*, 2001) and (Samaddar *et al.*, 2005) have presented different inter-culture problems in the context of IT-services outsourcing such as problems of miscommunication, lack of coordination, lack of direct control, lack of face to face meeting, no direct question, infrastructure incompatibility, cultural misunderstanding, geographical problems, national and religious holidays could affect the process and conflicting expectations. Kobitzsch *et al.*, (2001) indicated companies should consider the local customs of the region where the work has been outsourced. Empirical findings confirm some of these inter-culture problems such as misunderstanding communication, requirements, lack of asking questions in questions answer sessions and lack of control. The following table summarises inter-culture problems of IT-services outsourcing and present data which is described by literature and not mentioned by participants and vice versa.

Literature review	Participants views
Problems of miscommunication	Hidden problems are not discovered
Lack of coordination	Delivery crap
Lack of direct control	Misunderstanding the promises
Lack of face to face meetings	Promises are not completed
No direct questions	Misunderstanding meaning of agreement
Infrastructure incompatibility	Misunderstanding requirements
Culture misunderstandings	Misunderstanding process
Geographical problems	Misunderstanding expectation
National and religious holidays	Misunderstanding of behaviour
Different expectations	Misunderstanding importance of positions
	Difficulties in decision making process
	Risk of idea theft
	Misunderstanding the relations
	Time log in operation
	Language difficulties
	Difference in body language
	Difference in taking responsibility
	Lack of own actions just waiting for order
	Time schedule are not considered important
	Lack of knowledge about the actual problem
	Lack of trust

	Organization differences
	Difference in how people to address each other
	Lack of usage professional language
	Difference in professional experiences
	Difference sale operations
	Differences in notions of being a professional

Table 5.2 Inter-culture problems of IT-services outsourcing, literature vs. participant's views.

5.2 Answer to research question No. 2

This section answers the second research question - For each identified challenge or problem, what is the possible factor(s) that cause it, its negative effects and how it could be handled?

5.2.1 Causes of inter-cultural problems of an IT-services outsourcing

In the literature review it was found that the causes of the identified inter-cultural problems described in Section 5.1.4 are not mentioned. The causes of these problems mentioned by the participants are given below.

Root causes of the identified inter-cultural problems
Different culture
Lack of culture training
Lack of communication
Organizational differences
Lack of joint close cooperation
Lack of long term face to face relation
Different family structure
Different set of values in culture
Different traditions
Different experiences
Different customs
Different ideas and views
Lack of knowledge about culture values

Table 5.3 Views of participants describe causes of inter-culture problems

5.2.2 Negative effects of inter-cultural problems for an IT-services outsourcing

In the empirical data it was found that inter-culture problems have very strong negative impacts on IT-services outsourcing. In the literature reviewed no discussion was found about the negative impacts of inter-culture challenges for an IT-services outsourcing. Empirical findings include negative effects of the inter-cultural problems. A table is given in Appendix C shows negative effects of inter-cultural problems.

5.2.3 Suggestion for handling inter-cultural problems in the IT-services outsourcing

In the literature reviewed, (Krishna *et al.*, 2004), (Heeks *et al.*, 2001) and (Gislen *et al.*, 2006) suggested strategic choice of project, managing and developing relationship, staffing issues, training and elimination of organizational and educational differences for handling the inter-culture problems in a positive manner for the IT-services outsourcing. The Empirical findings confirm these factors by stating that culture training, clear and communicated governance structure, active questioning technique, clear information to both parties, clear work description, the project goal must be clear, responsibilities should be cleared to all employees who are part of a project, good education and training in intercultural behaviour, good mentors for intercultural business are important features to handle inter-culture challenges in positive manner for the IT-services outsourcing. The following table shows suggestion for managing of inter-culture problems in positive manner and present data which described by literature review and not mentioned by participants and vice versa.

Literature review	Participants views
Strategic choice of project	Supplier adaptability to customer
Managing and developing relationship	Culture training in Swedish way of thinking and environment
Staffing issues	High salary package to Software developer
Cultural training	Clear and communicated governance structure
Elimination of educational differences	More active questioning technique
Elimination of organizational differences	Availability of information to all parties
	Frequent session for discussing problems
	Clear process and documentation
	Clear responsibilities
	Clear work descriptions
	Key personnel should spent time together in a single team
	Common professional language
	Hire professionals who have knowledge of other culture
	Provision of good culture education and training
	Clear goals

Table 5.4 Managing of inter-culture problems in positive manner.

5.3 Answer to research question No. 3

This section answers to third research question. It describes root causes, negative effects of pre-defined inter-cultural problems and managing of these problems in positive manner.

5.3.1 Analysis and discussion of pre-defined inter-cultural problems

In the literature review six inter-cultural problems were identified. In the questionnaire it was asked from the participants to give their views about these

problems i.e. how often they have faced these problems. What are the negative effects of these problems and also they were asked to give their suggestions for handling these problems to minimize their effects. Most of these problems are confirmed by empirical findings showed in Section 4.3. The literature review has not described the causes, negative effects and positive handling of these problems. Here the empirical findings are analyzed and root causes, negative effects and handling of these pre-defined inter-cultural problems are described in the context of IT-services outsourcing between Sweden and India. As stated earlier that ten companies participated in the survey out of which eight answered these questions. Summarised tables of root causes, negative effects and suggestions for handling of all pre-defined inter-cultural problems are give in Section 8.2.

Question No.1: “Always Yes”

Indian workers often reply ‘Yes’ to whatever professional question where Scandinavians employees would say ‘Not sure’ or ‘No’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when s/he is not sure of the possibility to meet the commitment is statement of (Gislen *et al.*, 2006), empirical finding confirms this statement and all the participants have stated that they experienced this sort of problem. Hence literature review is silent about causes of this culture difference. Empirical findings describe root causes of this inter-culture difference are give here.

In empirical data 3 out of 8 responded that the root causes of this culture differences are hierarchy in the society, family structure and respect for senior in Indian culture that’s why they say ‘Yes’. 2 out of 8 responded that Indian historic model of joint family system and that Indian does not want to disappoint other by saying ‘No’ are the root causes of this culture differences. While one participant responded that the Indian does not want to disclose their weak point by saying ‘No’ is the root cause of this culture differences. Beside the root causes of this culture difference, empirical findings describe the negative impacts caused by this culture differences where is literature review is silent about the negative effects of this inter-culture difficulties. The negative effects described by empirical data are given here.

In empirical data 5 out of 8 responded that deliveries are not in time due to this culture difference. 4 out of 8 responded that it create misunderstanding between parties. 2 out of 8 responded that customer’s disappointment, goals does not meet, lost of trust and Key Performance Indicators are differently interpreted due to this culture differences. While two participants responded that impact on functionality, impact on budge and inefficiency in collaboration could be the negative effects of this culture difference.

Literature review suggests culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. In empirical data 6 out of 8 responded that culture training is necessary for both parties, 5 out of 8 responded that more active questions are need to positively handle this culture difference. 4 out of 8 responded that frequent questions/answer session and regular meeting and contact are necessary between parties to handle this culture difference positively. 3 out of 8 responded that class training and questions which could answer ‘yes’ or ‘no’ must be avoided to handle this culture difference

positively. 2 out of 8 responded that to hire professionals who have experience of other culture and trust development techniques are required to handle this culture difference.

Question No.2: “On Time”

In general, Swedes obey time schedules and deadlines strictly while Indian often wait till they perceive that everything is become clear to them before handing over the task. In India, late delivery is assumed to be acceptable and not much attentions is given to deadlines. Empirical data confirm this and all the participants stated that they have experienced with this culture challenges. Although our literature review is silent about the root causes of this culture difference.

In empirical data 6 out of 8 responded that different time perception of West vs. East could be the cause of this culture difference. 5 out of 8 responded that different perspective on importance of time in West vs. East and strict deadlines in Sweden could be the causes of this inter-culture difference. Our literature review is silent about the negative effects of this inter-culture problems, hence empirical data which describe negative effects of this inter-culture difference are given here.

In empirical data 6 out of 8 responded that due to this culture difference deliveries are not in time. 5 out of 8 responded that delay in project activities are caused by this culture difference. 4 out of 8 responded that projects are over run and inefficiencies are made due this culture difference. 3 out of 8 responded that client become unsatisfied. 2 out of 8 responded that increasing in budget and loss of money are due to this culture difference.

Literature review suggests culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. Our empirical data describe that culture training is necessary to handle this inter-culture difference. Hence culture training is common between literature review and empirical data. In empirical data 6 out of 8 responded that culture training is necessary to handle this inter-culture difference. 5 out of 8 responded that frequent meeting, client visit to India and culture education is needed to positive handling the stated culture difference. 4 out of 8 responded that utilization of staff with inter-culture experiences is needed to handle this culture difference positively. 3 out of 8 responded that engagement start up activities and 2 out of 8 responded that Services Level Agreement – SLA, create a model to identify KPIs and Indian working part of the engagement in Sweden are required to handle positively the inter-culture challenges.

Question No.3: “No Conflicts”

Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their colleague or Indian partner, while the Indian partners take signals of negative feedback as a sign of satisfaction is our third pre-defined question. Some empirical data disconfirm this statement. Some participants have stated that they never experienced with this problem but most of them are agreed, hence it has showed in first part of analysis with the help of chart. Empirical finding describes the following root causes for this culture difference, while our literature review is silent about the root causes of this inter-culture problem.

In empirical data 5 out of 8 responded that different schooling systems and different society caused this inter-culture difference. 3 out of 8 responded that lack of consensus and different family systems causes the stated inter-culture difference. 2 out of 8 responded that Swedes afraid on giving opinion, Swedes use different signals for expressing dissatisfaction and that the Swedes not want to dishonour other could the root causes of this inter-culture difference.

Literature review is silent about the negative effect of this inter-culture problem, while empirical data describe the negative effects here. In empirical data 5 out of 8 responded that due to this inter-culture problem there is no open dialogue between parties. 4 out of 8 responded that this inter-culture difference caused dissatisfaction between both parties and the problems are not solved. 3 out of 8 responded that Co-operation could be bad, communication gap, lack of learning and inefficient collaborations are due to this inter-culture difference. 2 out of 8 responded that lack of productive is due to this inter-culture difference.

Literature review suggests culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. Hence culture training is commonly suggested by both literature and empirical data for handling the inter-culture problem. Empirical data suggestions for handling this inter-culture problem in positive manner are given here. In empirical data 6 out of 8 responded that culture training is necessary to handle this inter-culture difference. 4 out of 8 responded that frequent discussion about differences and frequent meeting and contact are needed to handle this inter-culture difference positively. 3 out of 8 responded that strict SLA and education, engagement start-up activities, clear communication to solve dissatisfactions, close and daily contact and strict operational routines are important to handle this inter-culture difference.

Question No.4: “Average is great”

Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance is well above expectation, thus sometimes creating dissatisfaction for the Indian employees is our forth pre-defined question. Empirical data confirm this statement and all the participants stated that they faced this problem. Empirical findings describe the following root cause of this problem whereas literature review is silent about the causes of this inter-culture problem.

In empirical data 5 out of 8 responded that different schooling systems, misunderstanding in communication and management attitude are the root causes of this inter-culture problem. 4 out of 8 responded that different family systems and different society are the root causes of this inter-culture difference. 2 out of 8 responded that Indian expectations, Swedes are hard to each other, Swedes modest culture and demand of perfect work by Swedes could be the root causes of this inter-culture difference.

Literature review is silent about the negative effects of this inter-culture problem whereas our empirical findings describe the negative effects of this inter-culture problem are given here. In empirical data 4 out of 8 responded that this inter-culture difference caused de-motivation in Indian staff and negatively affect delivery time,

quality and cost. 3 out of 8 responded that lack of right feedback and quality of work are negatively affected by this inter-culture problem. 2 out of 8 responded that Key Performance Indicators are not meet due to this inter-culture difference.

Literature review suggests culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. Culture and education training is common suggestion by both literature review and empirical data to handle this inter-culture problem in positive manner. In empirical data 6 out of 8 responded that culture education and training is necessary to handle this inter-culture difference positively. 4 out of 8 responded that open communication about the difference between parties is needed to handle this inter-culture difference. 3 out of 8 responded that work in measurable environment, more negative and positive feedback, frequent meeting and client visit to Indian is required to handle this inter-culture difference.

Question No.5: “Organization Hierarchy”

Scandinavian organizations are generally flat (not very hierarchical) and employees have easy access to higher levels people in the organization while Indian employees do not have easy access to higher authority of the organization. So the employees may not suggest ways to improve the product unless asked for explicitly is our fifth pre-defined question. Empirical findings confirm this as all the participants have experienced this problem. Empirical findings describe the following root cause of this problem. Hence our literature review is silent about the root causes of this inter-culture problem.

In empirical data 5 out of 8 responded that different schooling systems and different way of working could be the root causes of this inter-culture difference. 4 out of 8 responded that different society and different family structure are root causes of this inter-culture difference. 3 out of 8 responded that due to decentralized power in Sweden and that Swedes trust on employees are the root causes of this inter-culture difference.

Literature review is silent about the negative effects of this inter-culture difference whereas empirical data describe negative effects are given here. In empirical data 5 out of 8 responded that this inter-culture difference delay in delivery and response. 4 out of 8 responded that loss of potential improvement and commitment is misunderstood due to this inter-culture difference. 3 out of 8 responded that lack of know how about what to do and lack of communication parties are due to this inter-culture difference.

Literature review suggest culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. Both culture and educational trainings are commonly suggested by literature review and empirical data. In empirical data 6 out of 8 responded that education and culture training is required to handle this inter-culture difference. 5 out of 8 responded that open communication from management and about difference are needed to handle this inter-culture difference. 4 out of 8 responded that management understanding – playing rules and engagement start-up activities are needed to handle this inter-culture

difference. 2 out of 8 responded that one-to-one meeting with KPI is must for handling this inter-culture difference.

Question No.6: “Critical Questioning”

Indian education system stress learning by heart without questioning and there is no focus on application of knowledge while the European education system focuses on a creative and critical application of knowledge. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements is six and final question. Empirical findings confirm this as all participants stated that they have experienced with this problem. Empirical findings describe the following root cause of this problem. Hence our literature review is silent about the root causes of this inter-culture problem.

In empirical data, six out of eight responded that different schooling systems are caused of this inter-culture difference. Five out of 8 responded that different ways of growing and different role of authority could be the root cause of this inter-culture difference.

Literature review is silent about the negative effect of this inter-culture problem, whereas empirical data describe negative effects are given here. In empirical data 6 out of 8 responded that deliveries are affected due to this inter-culture difference. 5 out of 8 responded that lack of improvement in product, no creativity and no critical thinking are due to this inter-culture difference. 4 out of 8 responded that lack of self critical and tasks are not completed according to client needs are caused by this inter-culture difference.

Literature review suggests culture training, strategic choice of project, managing and developing relationship, staffing issues, elimination of educational differences and organizational differences to handle inter-culture problems in a positive manner. Both literature review and empirical findings describe that culture training and education is needed to handle this inter-culture problem in positive manner. In empirical data 6 out of 8 responded that good education systems is required and culture training is needed to handle this inter-culture difference positively. 4 out of 8 responded that frequent meeting is necessary. 3 out of 8 responded that client should visit to India and teams should communicate about differences. 2 out of 8 responded that software developer must get high salaries and incentive, both team should work to encourage creativity and questioning and need Application Education to handle this inter-culture difference positively.

Summary of root causes, negative effects and suggestions for managing these pre-defined inter-cultural problems are showed in the Appendix B.

6 Conclusion

This chapter provides conclusion of thesis. It describes how the research questions answered, what are the implication for both researchers and practitioners.

6.1 Conclusion

IT-services outsourcing between Sweden and India is increasing with the passage of time. Swedish software development companies outsource a part of all or a project to Indian software development companies. They do so because of the lower cost. In the process of IT-services outsourcing both the partners face problems of different natures. For example risk of losing information, difficulties in monitoring and quality control, managing finances and dealing legal issues are some of them. Besides such problems, some problems may arise because of the difference in the cultures.

For solving any problem, first it is important to recognize it and second to know the reasons which may cause it. Following this approach a comprehensive study was carried out about the inter-cultural differences and a questionnaire was setup which included ten questions regarding these differences and their effects in the process of outsourcing from Sweden to India. The questionnaire was sent to fifty Swedish IT-services outsourcing companies. Ten of the companies showed interest and replied. The participants replied giving all the details asked and sometimes even stated extra details which they thought might be helpful. Though, most of the inter-cultural differences researched in the past were confirmed by the participants, some of them were not faced by them. A thorough analysis of the problems and their importance for the participants is presented in this work. Furthermore, the participants stated reasons of the problems which may cause it. This work also presents a thorough analysis of the reasons which cause the problems and suggests ways for handling the problems.

Research Question No 1: What are the central inter-cultural challenges or problems, in the outsourcing relations, between the outsourcers in Sweden and the insourcers from India, with regard to IT-services outsourcing?

Answer to the question reveals that there are many inter-cultural problems found. The IT outsourcing practitioners face such kind of problems. The inter-cultural problems always create different kind of problems due to which many projects comes to end. The discussed inter-cultural problems have negative effects for an IT-services outsourcing from Sweden to India. The reasons for these inter-cultural problems could be increasing of IT-outsourcing from Sweden to India as in the past both countries did not have a strong outsourcing relations. It could be concluded, that with passage of time, many of such sort of problems could be solved or even the teams would better aware from the difference.

Research Question No 2: For each identified challenge or problem, what is the possible factor(s) that cause it, its negative effects and how it could be handled?

The causes of the identified inter-cultural problems, its negative effects and suggestion for handling of these problems have been described. For solving problems, it is important to understand the factor that causes such sort of problems. As both Sweden and Indian culture is different from various perspectives and also there is educational and organizational differences. Inter-cultural problems negatively affect IT-services outsourcing, such as delay in delivery and bad quality and it might be

possible that projects would come to end. It could be concluded that managing of inter-cultural problems are very important for successful IT-services outsourcing from Sweden to India. It could be hard to eliminate educational differences and organizational differences but it is needed that both teams must organize inter-cultural training so that to be aware from such sort of difference and to achieve better result in IT outsourcing.

Research Question No 3: What are the causes, negative effects of pre-defined inter-cultural problems and how it could be handled?

Literature review has described inter-cultural problems between Sweden and India in the context of IT-services outsourcing. Since all the pre-defined inter-cultural problems are extracted from literature review. Most of the participants faced these problems, and have described causes, negative effects and also mentioned suggestions for handling these problems. Literature reviews has not mentioned root causes and negative effects. The reasons for not giving the causes and negative effects of the problem by literature review could be that most of the projects were done locally and were not outsourced. It could be the relations of both countries in the field of IT-outsourcing, as their relations were not strong and not much attention was given to this problem. The given causes of pre-defined inter-cultural problems are important to understand for managing these problems. For example, it is important to understand dissatisfactions signals of Swedes as they do not express their dissatisfaction directly to a partner. Moreover, it could be hard to eliminate all the inter-culture problems at once, but both the teams must understand the existences cultural differences. To minimize the negative effects of inter-cultural problems cultural training is important for both teams.

The limitation of the work done is that it is only based on the answers given by Swedish IT-services outsourcing professionals. There is no study or practical involvement with the Indian IT-services insourcers which would further authenticate it.

This work may help Swedish IT-services outsourcers and Indian IT-services insourcers in understanding the problems, the sources of the problems, their effects on IT-services outsourcing / insourcing business. They may also take directions from this work for solving the problems and thus doing a profitable business. This work may be of the same importance for the Swedish universities in making research and development collaborations with Indian universities. Furthermore, it may be useful for the Swedish professors and Indian students studying in Sweden for understanding each other and thus leading to a good student-teacher relationship.

In the future, work maybe done to include the Indian perspective on the problems and their causes discussed and analyzed in this work.

6.1.1 Implication for researcher

This research could be used for further research. This could help the researchers to further research on the identified inter-cultural problems. This research has done considering Sweden companies IT-outsourcing professionals, further research is necessary to conduct from Indian perspective so that to know the views of them. Furthermore culture is very delicate topic and its research could involve challenges,

its research need an evidence based approach. Due to the culture issues, the practitioners of IT-outsourcing facing different kind of problems. There is need to further research based on inter-cultural issues of IT-outsourcing of these problems.

6.1.2 Implication for practitioners

This research could help the practitioners to be well aware of inter-cultural problems, its negative effects and proposed solution of these problems. The practitioners need to implement the research result in real time situation so that it could be tested practically. To manage the identified inter-cultural problems IT-services outsourcing companies could need to build mix teams comprised Swedish and Indian employee.

6.2 Recommendation

There is culture gap between organizations and lack of knowledge about this sort of gap. To manage process of IT-services outsourcing key people who manage its activities are very important for success of such operations. While managing activities of IT-outsourcing many issues arises culture gap is one of them, pre cure is required to manage issues of culture gap of organization for better result. Outsourcing in different cultures involve many hidden problems and misunderstandings, few of these can be discovered at time of contract but many can only be observed at time of particular event, and in this we recommend that IT outsourcing process and operation and its practice in its implementation should be revived and revisited again and again. Most of cultural gaps and outsourcing failure because of culture emerge from these areas, lack of cultural training, and lack of communication, lack of joint close operations, different organization and family structures lack of culture knowledge, for an outsourcing professional it is important to give importance to these areas for successful outsourcing.

It also has been notice that in IT-outsourcing operation choice of project cannot guaranty the success until to provide adoptability of project for its stakeholders. Sometimes it is difficult strategically to choose outsourcing partners freely in a particular project. Economic incentives always adds value, we recommend that in outsourcing incentives for professionals on bases of cultural understanding and effective communication can really make situation better between partners. Active questioning Open communication and availability of information concerning governance structure, ethics, related processes, responsibilities between stockholders can reduce cultural gaps. We think that most of partners work on communication but availability of information should also be seriously considered.

We recommend that in outsourcing we can take use of globalization, it has provided us human resource of different cultures , in this regard provision of cultural education and training and hire professional who are from other culture or have good knowledge of other culture can make outsourcing relation flawless.

6.3 Proposition for further research

During working on this thesis, we saw many research areas which could be interesting for further research in this field and which could be better for IT-outsourcing.

- How the Indian Universities teach regarding information systems & engineering. In Sweden for example the students get partly tasks that should be solved independently and others that should be solved together in a group as a project with activities such as planning, documentation and presentation.

- How the high turnover rate among the Indian consultants could affect outsourcing. What can be the driving forces to keep them at the company wages, tasks, the company, environment, travel abroad, benefit and rewards?
- How to recognize information technology and information system in cultural context of outsourcing when both out sourcing parties have different opinion about tools and techniques.
- How to know the variables, which distinguish organizational culture or professional values from social values or ordinary culture in India and Sweden.
- What are best adoptable as well as efficient methods while connecting outsourcing companies when doing research in Sweden or India?

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8 Appendices

8.1 Appendix A: Result of pattern analysis

This part analyzed the pattern used by the participants for all questions. We have done this analysis to figure out that what method is used by participants for giving answers. First we have analyzed the questionnaire per person per pattern and then compared all the answers and have figure out similarities and uniqueness of the pattern per question and between persons.

8.1.1 Result of analysis per pattern of all questions and between person

1. How many IT outsourcing initiatives, between Sweden and India, have you conducted? (please indicate the number of initiatives and their size)

All participants have answered to this question except one. 6 participants have mentioned the size of outsourcing activities in numeric format i.e. outsourcing initiative between Sweden and India 20 engagement. 3 participants have mentioned the size and stated the outsourcing activities as well i.e. one participant mentioned that they engaged outsourcing activities between Sweden and India included run books, daily monitoring and daily operation for around 15 customers on 2 locations Mumbai and Bangalore in India. Similarly the other two participant's pattern is looking the same as one participant mentioned that they engaged approximately 12 activities for 1 – 2 years. The other participant stated that for first time they engaged about 12 people for two years in a large project and for second time they hired a team of 6 persons for a year. The pattern of these 3 participants is the same and in detail while different from the pattern of the 6 participants as they have only mentioned the number of outsourcing activities.

2. What is mean by “IT-services outsourcing”, as you understand it?

This is our second question which is about the IT-service outsourcing definition according to participants understanding. All participants defined IT-services outsourcing according to their knowledge, experiences and understanding. Three participants stated that IT-services outsourcing mean handling of IT activities by an external partner. This definition is short but comprehensive and the reader could easily understand. The pattern of these three participants is different from other 6 participant's pattern as they have given much detail i.e. they stated that IT services i.e. hardware, software test, software packages its usage, maintenance, daily operations of customers servers, database and SAP applications are handled by an external partner. The pattern of these 6 participants is in detail and in explanatory form. Here two kinds of pattern is used i.e. in short and comprehensive form vs. detail and in explanatory form. While one participant given definition of general outsourcing from R&D outsourcing perspective.

3. What are the key motives for IT-services outsourcing, as you understand it?

All participants have answered to this question. The pattern of the participants is same except one participant who has given some explanation i.e. lower cost – is key motive

because outsourcing IT-services to countries where labour is too cheap. Participants answered in bullet format.

4. What are the overall key difficulties of IT-outsourcing, of whatever type, as you understand it?"

All participants have answered to this question and they have described many difficulties of IT-services outsourcing. The pattern of the participants is same except one who has given the answer in bullet format while all other participants have given detail and have discussed the difficulties according to their experiences i.e. one participant stated that there are various difficulties as IT-services outsourcing is like to take out a vital organ of a body and let it work outside the body. The detailed answers of the participants could be easily understandable.

5. What is your understanding of the expression "intercultural relations between two firms"?"

The pattern of the participants is different as five participants have answered in two lines while other three participants have discussed in more than five lines which seem in detailed format and well explained while other participants have not answered to the question.

6. PROBLEMS

Please write as many inter-cultural challenges, problems, or dilemmas that you have experienced in the context of IT-services outsourcing?" (please, list each)

All participants have answered in bullet format except one who has described inter-culture problems and has given the negative effects of these differences in well detailed and well structured pattern.

7. NEGATIVE EFFECTS

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be the negative impact for an IT-services outsourcing?

Participants have described negative effects of the inter-culture difficulties. They have described the negative effects in bullet format. One participant is not answered to this question. Hence two participants have described inter-culture difficulties and stated its negative affects in question no. 6.

8. PROBLEM CAUSES

In your opinion, and for each of the inter-cultural challenge listed by you above, what is the possible cause(s)?

All participants have answered to this question except one. The pattern of the answered is same and the participants have given answered in bullet format. Two participants have answered in detailed format.

9. POSTIVE HANDLING

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be done in order to handle the problem in a positive manner for the IT-services outsourcing initiative ?

One participant is not given his suggestions for handling inter-culture challenges in positive manner. 09 participants have given their suggestions regarding handling of inter-culture challenges in positive manner. Seven participants have answered in bullet format while two participants have given detailed answered i.e. one participant

stated that in the beginning, both teams must have their key persons spend a substantial amount of time working together in a single group is necessary for handling inter-culture challenges in positive manner.

8.1.2 Result of analysis per pattern of all questions and between person for pre-defined inter-cultural problems

We have extracted pre-defined inter-culture problems from our literature review and have made six questions. We have six pre-defined inter-culture problems. Every pre-defined inter-culture problem has five sections i.e. a, b, c, d and e. Section a) asks from participants that how often they face the stated pre-defined inter-culture problem. The participants have five options i.e. always, very often, often, sometime and never. The participants have the choice to select one option. Section b) asks from participants about the root causes of the pre-defined inter-culture problem. Section c) asks from participants the negative effects for an IT-services outsourcing caused by this pre-defined inter-culture problem. Section d) asks from participants the importance to manage the stated pre-defined inter-culture problem in positive manner. The participants have three options i.e. very important, important and not important. The participants have choice to select one option. The last section is e) which asks recommendations from participants for positive handling of the stated pre-defined inter-culture problem.

Question No.1: “Always Yes”

Indian workers often reply ‘Yes’ to whatever professional question where Scandinavians employees would say ‘Not sure’ or ‘No’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when s/he is not sure of the possibility to meet the commitment.

All participants have answered to this question except one. The participants have answered the same pattern for section a) as they have selected option i.e. always, very often, often and etc while one participant has also described the situation where he has faced this problem i.e. he stated that he has experienced this problem while making request and RFC’s. Participants have also described the root causes of this problem. Three participants have just given the root causes of this inter-culture problem in one line, while two participants have given brief description as well i.e. main cause is rooted in the Indian culture where a disagreement is considered rude. If you disagree with someone, you are expected to display the disagreement in a very subtle manner, for e.g., through body language or by drawing tangents around the discussion. The pattern of these two participants is in detailed and seems that they have much experience with both Indian and Swedish culture. Other participants have not described the root causes of this inter-culture problem. Regarding the negative effects of this inter-culture problem seven participants have answered while three have not stated the negative effects of this inter-culture problem. The pattern of answer is looking same as the participants have briefly discussed the negative effects. Eight participants out of ten have given their recommendation for handling this inter-culture difficulty in positive manner. The pattern of the answer of the participants is looking same except one participant who has given his recommendation in bullet format. Other participants have briefly discussed their recommendations about handling of this inter-culture problem.

Question No.2: “On Time”

In general, Swedes obey time schedules and deadlines strictly while Indian often wait till they perceive that everything is become clear to them before handing over the task. In India, late delivery is assumed to be acceptable and not much attentions is given to deadlines

All participants have experienced to this problem to some extent. The pattern of participants is same for section a) as they have selected to which extent they experienced this inter-culture problem i.e. always, very often, and often etc. Five participants have stated the root causes of this inter-culture problem while the other have not described the causes of this inter-culture problem. The pattern of four participants is same as they have mentioned the root cause of this inter-culture problem shortly. While the pattern of one participant is different as he has disagreed from the part of the question that late delivery is assumed to be acceptable, but along with his disagreement he has stated the root cause of this problem and have briefly described. Along with root causes of this inter-culture problem participants have also described the negative effects of this inter-culture problem. The pattern for describing the negative effects is same of all participants as they have mentioned the answers in bullet format. Eight participants out of ten have given their recommendation for handling this inter-culture problem in positive manner. One participant has stated his recommendation in bullet format, which is brief and comprehensive. Other participant’s pattern is same as they have given their recommendation short and in descriptive format which the reader could easily understand the views of the writer.

Question No.3: “No conflicts”

Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their colleague or Indian partner, while the Indian partners take signals of negative feedback as a sign of satisfaction

All participants have experienced to this problem to some extent. The pattern of participants is same for section a) as they have selected to which extent they experienced this inter-culture problem i.e. always, very often, and often etc. Seven participants have described the root causes of this inter-culture problem. The pattern of four participants is same as they have briefly stated the root causes of this inter-culture problem in bullet format. While other participants have given detail and have described briefly whatever the root cause of the problem they have mentioned and also have added an example i.e. the problem is that Swedes communicate their dissatisfaction to other people in a subtle manner, that other Swedes typically can understand, people from, say India, will not be able to detect these subtle signals, thus go on as nothing happened. Along with root causes of this inter-culture problem, seven participants have stated the negative effects of this problem. The patter for this is same as all participants have mentioned the negative effects short in bullet format. Seven participants have given recommendations of handling this problem in positive manner. The patter of the participants is same except one as he has given detailed recommendation for handling this problem in positive manner. Other participants have briefly given their recommendations.

Question No.4: “Average is great”

Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance

is well above expectation, thus sometimes creating dissatisfaction for the Indian employees.

All participants have experienced to this problem to some extent. The pattern of participants is same for section a) as they have selected to which extent they experienced this inter-culture problem i.e. always, very often, and often etc. Eight participants have described the root causes of this inter-culture problem. The pattern of six participants is same as they described the causes in short while two participants have given an example for clarification of their statement. Along with root causes of the problem six participants have also described negative effects of this inter-culture problem. The pattern for describing the negative effects is same as they have mentioned in bullet format. To handle this inter-culture problem eight participants have given their suggestions. All the participants have adopted the same pattern as they have given their recommendation in short and in bullet format.

Question No.5: “Organization Hierarchy”

Scandinavian organizations are generally flat (not very hierarchical) and employees have easy access to higher levels people in the organization while Indian employees do not have easy access to higher authority of the organization. So the employees may not suggest ways to improve the product unless asked for explicitly

All participants have experienced to this problem to some extent. The pattern of participants is same for section a) as they have selected to which extent they experienced this inter-culture problem i.e. always, very often, and often etc. Six participants have described the root causes of this inter-culture problem. The pattern of describing the root causes of this inter-culture problem, three participants have briefly discussed and given an example i.e. one participant mentioned that Sweden people have a lot of trust in each other, therefore one can decentralize activities down in the organization, which empowers and motivates the workers. Other three participants have the same pattern as they have given briefly described the causes of this inter-culture problem. Along with root causes of this inter-culture problem six participants have described negative effects. Five participants have the same pattern as they have described the negative effects in short format while one participant has discussed negative effects and has given an example. To handle this inter-culture in positive manner, six participants have given their recommendation in same pattern as they have given their recommendation in bullet format and briefly discussed their suggestions.

Question No.6: “Critical questioning”

Indian education system stress learning by heart without questioning and there is no focus on application of knowledge while the European education system focuses on a creative and critical application of knowledge. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements.

All participants have experienced to this problem to some extent. The pattern of participants is same for section a) as they have selected to which extent they experienced this inter-culture problem i.e. always, very often, and often etc. Six participants have described root causes of this inter-culture problem and hence the pattern is same as all participants have given short description of the root causes of this inter-culture problem. Along with root causes of this inter-culture problem five

participants have mentioned negative effects of this inter-culture problem. Three participants have the same pattern for describing the negative effects as they have mentioned in short format while pattern of two participants have same as they have described negative effects and have given an example i.e. one participant stated that the job may go slower when you question things, however the task may be done badly if you just do them without reflecting why?. For handling this inter-culture problem in positive manner seven participants have given their recommendations for handling this inter-culture problem. The pattern of three participants is same as they have shortly described their suggestions for handling this inter-culture problem in positive manner. While pattern of four participants is same as they have given their recommendation in detail and also given an example to handle this inter-culture problem in positive manner.

8.1.3 Comments

The participants have vast experience in IT services outsourcing from Sweden to different countries. Most of them have IT services outsourcing experience from Sweden to India. In general the participants have described many difficulties of IT services outsourcing. The participants answered to all questions. The pattern of answers is from broad description to narrow. The participant answers are clear and comprehensive. The most common pattern we found as the answers are understandable and the reader could follow to catch the main theme. The participants have clearly figure out what really they want to contribute. Some of the participant's answers are too much in detail like in one paragraph along with an example while many of them have given the answer in short format. Most of the participants are agreed on the very general theme of the questions i.e. their answers are same for the generic questions like what is IT outsourcing. What are key motivations of IT outsourcing services? But when it comes to pre-defined inter-cultural problems the participants have different views and different answer which has been showed in first part of analysis with the help of charts.

8.2 Appendix B: Pre-defined inter-cultural problems

Here, root causes of all pre-defined inter-cultural problems, its negative impacts for an IT-services outsourcing are tabularized. Handling of all these pre-defined inter-cultural problems in positive manner is also tabularized.

8.2.1 Root causes of all pre-defined inter-cultural problems

The following table show root causes of pre-defined inter-cultural problems.

Root causes of pre-defined inter-cultural problems
Hierarchy in the society
Indian historic model of joint family system
Respect for senior in Indian culture
Indian does not want disappoint other by saying 'No'
Not to disclose weak point by saying 'No'
Different time perception of West vs. East
Different perspective on importance of Time West vs. East
Deadlines are strict in Sweden
Different schooling and education systems
Different society
Lack of consensus

Swedes afraid on giving opinion
Swedes use different signals for expressing dissatisfaction
Swedes not want to dishonour other by expressing dissatisfaction
High expectations of Indian
Different Management attitude
Swedes are hard to each other – hard to appreciate other
Swedes modest culture
Swedes demand perfection in work
Different way of working
Decentralized power in Sweden
Swedes trust on employee – the power is distributed
Different ways of growing
Different role of authority

Table 8.1 Summaries root causes of pre-defined inter-culture problems.

8.2.2 Negative effects of pre-defined inter-cultural problems

The following table show negative effects of pre-defined inter-cultural problems mentioned by participants.

Negative effects of pre-defined inter-cultural problems
Misunderstanding between parties
Customers disappointment
Deliveries are not in time
Goals are not meet
Impact on functionality
Impact on budget
Loss of trust
KPI are interpreted differently
Project over run
Increasing in budget
Delay in project activities
Inefficiencies
Loss of money
Dissatisfaction between both parties
No open dialogue
Problems are not solved
Co-operation could be bad
Lack of productive
Communication gap
Lack of learning
Inefficient collaborations
De-motivation Indian staff
Key Performance Indicators are not meet
Quality is affected
Lack of right feed back
Loss of potential improvement

Commitment are misunderstood
Lack of know how about what to do
Lack of communication between parties
Lack of improvement in product
No creativity
No critical thinking
Lack of self critical
Tasks are not completed according to client needs

Table 8.2 Summaries negative effects of pre-defined inter-culture problems.

8.2.3 Managing of all pre-defined inter-cultural problems in positive manner

The following table shows, suggestions mentioned by participants for managing of pre-defined inter-cultural problems and also describe proposed solution give by literature review.

Participants views of managing pre-defined inter-cultural problems	Literature review – possible solution of inter-cultural problem
More active questions are needed	Culture training
Frequent questions/answers session	Strategic choice of project
Culture education and training for both parties	Managing relations
Avoid questions which could answers 'Yes' or 'No'	Developing relation
Trust development techniques	Settling staffing issues
Regular meeting and contact	Elimination educational differences
Hiring professionals who have experiences of other cultures	Elimination organizational differences
Engagement start up activities	
Indian working part of the engagement in Sweden	
Client visits to India	
Create a model to identify KPIs	
Utilization of staff with intercultural experiences	
Service Level Agreement-SLA	
Strict SLA and education	
Frequent discussion about differences	
Clear communication to solve dissatisfactions	
Close and daily contact	
Strict operational routines	
Open communication about the differences	
Work in measurable environment	
More negative and positive feedback	
Management understanding - playing rules	
Open communication from management	
One-to-one meeting with KPI	

Good education systems is required	
Software developer must get high salaries and incentive	
Both team should work to encourage creativity and questioning	
Teams should communicate about differences	
Need Application Education	

Table 8.3 Managing of pre-defined inter-culture problems in positive manner participants views vs. literature review

8.3 Appendix C: Negative effects of inter-cultural problem

This table presents summary of negative effects of inter-cultural problem of IT-services outsourcing from Sweden to India.

Negative effects of inter-cultural problems
Late response
Misunderstanding about delivery type, time and quality of product
Delay in delivery
More hours are used than planned
Expected quality and cost
Lack of trust and commitment
Decision process is completely broken
Issues are not raised on time
Poor communication between partners
Teams keep aside from the actual problem
More jobs are created for outsourcers
Upsetting people confusion and collaboration challenges
Different type of sale operation
Inefficiencies in outsourcing
Customers get affected
Outsourcing activities become more complex
Misunderstanding commitment or not commitment
Wasting time
Misunderstanding about price type

Table 8.4 Negative effects of inter-culture problems for an IT-services outsourcing

8.4 Appendix D: Questionnaire

8.4.1 Letter of support



Sept. 12, 2009

Letter of support for Master Student Thesis work

This is a letter to confirm that Amir Zaib and Ahtsham Gul are doing their master thesis course at Växjö University, in the Information Systems program. They are investigating cultural challenges when outsourcing IT-services from Scandinavia to India and would appreciate to know your experience related to this issue, which would complement their theoretical studies. They have therefore constructed a questionnaire, which they explain more about below, and which they hope you will find an interest in answering. If you are also interested in their compiled findings, please indicate so at the bottom of the questionnaire and Amir and Ahtsham will inform you when the results are available.

I sincerely hope that you can help these students in providing them with your experience.

Regards,

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8.4.2 Questionnaire

Cultural Challenges in IT-Services Outsourcing: A Questionnaire

Background

Outsourcing of IT-services from Scandinavia to India has become frequent as it is often regarded as a strategic measure to handle the increasing costs of IT-related development and maintenance operations.

There are a number of advantages for such outsourcing however there also are various challenges that outsourcing initiatives face. One central area of challenge mentioned by various researchers is the cultural differences between the Scandinavian culture and the culture in India. At the same time there is not much research about these differences.

The present survey is part of an ongoing Master Degree project aiming at an identification of the intercultural challenges that emerge in the relations between Swedish outsourcing organizations and the insourcing organizations in India.

Objective

The main objective of this survey is to identify inter-culture challenges between outsourcers in Sweden and insources in India.

Procedure

Please answer the bellow given questions and also please do use additional, after completing please save this document and return it.

1. How many IT outsourcing initiatives, between Sweden and India, have you conducted? (please indicate the number of initiatives and their size)

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2. What is mean by “*IT-services outsourcing*”, as you understand it?

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3. What are the key motives for IT-services outsourcing, as you understand it?

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4. What are the overall key difficulties of IT-outsourcing, of whatever type, as you understand it?”

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5. What is your understanding of the expression “*intercultural relations between two firms*”?

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6. **PROBLEMS**

Please write as many inter-cultural challenges, problems, or dilemmas that you have experienced in the context of IT-services outsourcing?" (please, list each)

- g)
- h)
- i)
- j)
- k)
- l)
- m)
- n)

....add more if you wish!

7. **NEGATIVE EFFECTS**

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be the negative impact for an IT-services outsourcing?

- a)
- b)
- c)
- d)
- e)
- f)
- g)
- h)

....add more if you wish!

8. **PROBLEM CAUSES**

In your opinion, and for each of the inter-cultural challenge listed by you above, what is the possible cause(s)?

- i)
- j)
- k)
- l)
- m)
- n)
- o)
- p)

....add more if you wish!

9. **POSTIVE HANDLING**

In your opinion, and for each of the inter-cultural challenge listed by you above, what may be done in order to handle the problem in a positive manner for the IT-services outsourcing initiative ?

- q)
- r)
- s)
- t)
- u)
- v)
- w)

- x)

....add more if you wish!

PRE-DEFINED INTER-CULTURAL PROBLEMS

Question No.1: “Always Yes”

Indian workers often reply ‘Yes’ to whatever professional question where Scandinavians employees would say ‘Not sure’ or ‘No’. For example, Indian software developers say ‘Yes’ to a query on the delivery date even when s/he is not sure of the possibility to meet the commitment.

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

.....

- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)
 - a. Very important
 - b. Important
 - c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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Question No.2: “On Time”

In general, Swedes obey time schedules and deadlines strictly while Indian often wait till they perceive that everything is become clear to them before handing over the task. In India, late delivery is assumed to be acceptable and not much attentions is given to deadlines

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very Often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

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- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)
 - a. Very important
 - b. Important
 - c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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Question No.3: “No conflicts”

Swedish people are often scared of conflicts and may therefore not communicate dissatisfaction to their colleague or Indian partner, while the Indian partners take signals of negative feedback as a sign of satisfaction

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very Often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

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- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)

- a. Very important
- b. Important
- c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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Question No.4: “Average is great”

Americans and Indians may say “great” for an average but acceptable performance, while Swedes would generally not give any positive feedback unless the performance is well above expectation, thus sometimes creating dissatisfaction for the Indian employees.

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very Often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

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- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)
 - a. Very important
 - b. Important
 - c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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Question No.5: “Organization Hierarchy”

Scandinavian organizations are generally flat (not very hierarchical) and employees have easy access to higher levels people in the organization while Indian employees do not have easy access to higher authority of the organization. So the employees may not suggest ways to improve the product unless asked for explicitly

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very Often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

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- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)
 - a. Very important
 - b. Important
 - c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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Question No.6: “Critical questioning”

Indian education system stress learning by heart without questioning and there is no focus on application of knowledge while the European education system focuses on a creative and critical application of knowledge. Due to this reason, Indian developers may avoid questioning the validity of obvious erroneous requirements.

- a) How often have you experienced this phenomenon?
(please select one option)
 - a. Always
 - b. Very Often
 - c. Often
 - d. Sometimes
 - e. Never

If possible, please provide an example

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- b) What do you think is the cause of this cultural difference?
(please write your opinion)

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- c) What can be the negative effects caused by this cultural difference?
(please write your opinion)

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- d) How important is this cultural difference to be managed in a positive manner?
(please select one option)
 - a. Very important
 - b. Important
 - c. Not important

- e) What is your recommendation for a positive handling of this problem?
(please write your opinion)

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8.4.3 Email format used to contact participants

Hej!

Vi är två studenter från Pakistan som studer nu i Sverige, vid Växjö universitetet.

Vår avsikt är nu att skriva en magister-uppsats,

inom Informatik, där ämndet är definierad som:

"Interkulturella svårigheter vid outsourcing av IT-tjänster från Sverige till Indien"

Vi vill be dig om lite hjälp för att kunna utreda detta aktuella men svårhanterliga tema!

Bifogat finnes en enkät för vår undersökning; skulle du kunna tänka dig att ta 20-30 min

av din tid för att besvara dessa frågor och mejla dokumentet tillbaka till oss?

Om du känner att du har kollegor som också har erfarenhet av detta ämne, skulle vi vilja be dig, om möjligt, att vidare befodra detta meddelade till dem...

Vi ser fram emot ditt meddelande och kan också förmedla vår uppsats till dig, när den är klar!

Med vänlig hälsning!

Amir och Ahtsham



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