

# A software based company

Technology



Info Tech a software based company in US outsourced some of its modules to Professional an Indian based Company. The Project code named Shield was outsourced to take advantage of the low cost skilled labour in India. But, success of this project was tormented by cultural differences between the two teams i. e. the US team and the Indian team. This report evaluates the reasons behind the failure of this project and touches upon various Human Resource Management aspects that the company failed to address.

The aspects of culture, motivation, team role and managing virtual teams are the key issue that needs to be addressed by the company. This report also gives some key recommendation that the company can use to solve some of the problems with the project. Introduction InfoTech is a US based software company; they started the project Shield in 1996. They have outsourced some the modules of the project to an Indian based company called Professional. The main object of the company to outsource was to gain a strategic advantage but the project is almost on the verge of a breakdown.

The role of culture, team management and motivation has caused a lack of co-ordination and communication between InfoTech and Professional. This report evaluates some of the important human resource management techniques that companies should consider in managing virtual teams.

External Environment Analysis There are many external environmental factors that effect InfoTech and its development partner Professional. These factors are important for the organisation to understand the influences it has on the success of human resources management in different countries.

The external environment factors are outside the control of the organisation, unlike internal factors which the company can control and respond quickly.

PEST POLITICAL- The Project Shield was being undertaken by two groups based in two different countries. The political situation in each country i. e. India and US is different. The political stability is very important for the company because changes in political environment such as war or other factors may affect the overall strategy of the company.

The government taxes and policies on software industry can affect the business strategy for the company as certain new policies could affect the movement of capital and resources across countries. ECONOMIC- The effect globalisation encouraged many software companies to outsource many of their projects to developing countries. This helped many companies to achieve a strategic advantage in terms of cost saving. As mentioned in the case study the salaries of Indian programmers were one-eighth to one-sixth what they were in US.

But, India's booming software industry in the late 1990's has lead to more employment opportunities for software engineers. SOCIOCULTURAL-The social and cultural influences on the business vary from country to country. It is very important that such factors are considered. The company must consider the effect of working culture on the business. The case has strong reference to cultural differences between the US and Indian teams. The cultural differences can lead to lack of communication and co-ordination, especially in a highly creative and rapidly changing industry.

TECHNOLOGICAL- The software industry is maturing faster than ever. The technology is rapidly changing, this is led to increased competition and developing countries which have the low cost skilled labour could soon be a direct competition to developed countries. The companies must manage their resources efficiently in order to gain the first movers advantage and gain market leadership. Software industry has become a global business and faces an important aspect of multiple view point called multiplicity. The various forms of complexity that carry interdependence are called the Flux.

The aspect of flux defines the working of a global software business in which every aspect of the projects are independently done and brought together. Another important factor is ambiguity which means doubtfulness and uncertainty caused by various thought process in solving problems. SWOT ANALYSIS The SWOT analysis is an important tool for developing an understanding of a company and can also be used in decision making for different situations. SWOT addresses both the internal and external environmental factors

INTERNAL EXTERNAL Strengths Weakness Internal Environment Analysis Info tech was having major problems with its Shield project. The US team did not trust their Indian partners and thought the quality of delivery was not good. Therefore, they were working on the same modules as the Indians and were duplicating the work. Culture The cultural differences between the two countries lead to lack in communication and coordination towards the task. The role of organisational culture has a major influence on the organisational strategy.

Johnson (1988) The Cultural Web identifies six interrelated elements that help to make up what Johnson and Scholes call the "paradigm" - the pattern or model - of the work environment. Stories - There is a feeling between the US team that they would like to prefer working in one place. Shield was there first outsourcing project and many of the employees are not use to virtual teams. Rituals and Routines - The engineers would get together and brainstorm in the US team. There is high level of activity within groups, highly creative and always wanting to explore. Symbols - Both the Indian and US offices have a very plush offices.

There are places where employees of US and Indian team brainstorm and solve problems. Organizational Structure - NA Control Systems -InfoTech is a software based company. Therefore, new innovations have copywriting and patenting. High importance is given to quality of deliverables and speed of deliverables. Power Structures - The pockets of real power in the company are the hands of the management. This involves senior management and project managers. . The key is that these people have the greatest amount of influence on decisions, operations, and strategic direction.

According to Schein, culture exists simultaneously on three levels: On the surface are artifacts, underneath artifacts lie values, and at the core are basic assumptions. Assumptions represent taken-for-granted beliefs about reality and human nature. Values are social principles, philosophies, goals, and standards considered to have intrinsic worth. Artifacts are the visible, tangible, and audible results of activity grounded in values and assumptions. InfoTech and Professional needs to focus on the core of basic assumptions

because the cultural divide within the two organisations needs to be understood for the project to be successful.

The case refers to Americans employees saying they wanted to work with people in the same location and they don't trust the Indians. In Schein model this refers to taken for granted beliefs about each others culture. Therefore, a third party who understands both cultures can resolve the differences in two countries. Initially when the project shield started in 1996 the project manager understood both the Indian prospective and their working culture and co-ordinated it well with the US team. But, after his departure the cultural divide lead to a lack of co-ordination.