Abstract

Offshore outsourcing is not a new phenomenon, but has been practiced from ancient times in the form of shifting jobs across countries. In its modern form and in the IT domain, it means that a large part of the IT work is carried out in an offshore location along with a small team working from the client's location (onsite). The phenomenon is under the lens for quite some time now and research on this phenomenon have looked at issues related to socio-political problems, cross-cultural interactions, relationship & contract structure, coordination & control, trust and risk. Even though the onsite offshore ratio has been recognized as a key determinant for the success of the project, there are no systematic academic studies to model this. A small change in the onsite offshore mix can quickly change the cost structure for the project and may hamper the delivery of the required benefits to the client.

This dissertation was set out to address the onsite-offshore mix decisions in offshore-outsourced software projects. A two-stage study using qualitative research approaches was done. The first stage of the study, which took an exploratory track and used grounded theory approach, found that seven project attributes variables, three relationship attributes variables and two offshore center attributes variables determine the onsite offshore mix. The analysis of the interaction of these variables along different dimensions resulted in developing 21 propositions and an onsite offshore mix framework.

The second stage of the study, which took a confirmatory track and used the multiple case research approach (12 cases), found that three kinds of precedentedness and two kinds of complexity have different influences on onsite offshore ratio. While client precedentedness has negative relationship, organizational complexity has positive relationship. Technology precedentedness and technological complexity has no relationship reflecting the maturity of Indian software vendors on the technology dimension. The domain precedentedness has a negative relationship only when the project type is development. The amount of offshoring in the requirements phase, which is the most dynamic and uncertain phase, points towards Indian software industry moving up the value chain.