Stakeholder Challenges in Information Systems Project Offshoring: Client and Vendor Perspectives

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ABSTRACT

This study of international information systems (IS) offshoring highlights the idea that project success or failure is often in the eye of the beholder and that proper attention needs to be provided to both client and vendor perspectives. This research contributes by identifying noteworthy IS offshoring challenges faced by client and vendor stakeholders. This research synthesizes key findings from eight dyadic case studies consisting of 56 interviews in total from both client and vendor firms detailing their offshore experiences. The case investigations lead to the discovery of nine unique challenges encountered by client and vendor stakeholders. The challenges include a wide assortment of economic, personal responsibilities/expectations, and organizational offshore project management issues. The reported challenges can suitably guide client and vendor project managers in managing international IS offshore projects as well guide academic researchers to better understand techniques for managing offshore IS projects.

Keywords: Client Consultation Relationship, IS Offshore Projects, IS Project Management, Offshoring, Outsourcing of IS

INTRODUCTION

The well known saying of “don’t judge a man until you have walked a mile in his shoes,” is a classic reference highlighting the importance of understanding the different viewpoints of others. This same adage if followed may provide significant insight into understanding the challenges associated with managing and evaluating international information systems (IS) sourcing (offshoring) projects. The need to effectively manage diverse project stakeholder interests has recently received significant attention in both the management and information systems literature (Jepsen & Eskerod, 2009). This research aims to contribute by identifying noteworthy project management areas of concern and challenges among the client and vendor stakeholders associated with IS offshoring projects.

International sourcing has served as a significant IS sourcing option for decades. In today’s environment of globalization and intense worldwide competition, offshoring provides many mission critical IS products and services to client firms. In this paper we use

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the term offshoring that expands the traditional
definition of outsourcing to include location. In
offshoring the third party vendor firm providing
the IS products and services to the client firm
is located outside of the client firm’s home
country (for example, a client located in the
U.S.A. utilizing a vendor located offshore in
India). The vendor’s offshore location allows
the client firm purchasing the IS products
and services to take advantage of the inherent
lower cost international labor arbitrage (King,
2008). Recent estimates put the global offshore
sourcing market for IS and business services
over $55 billion for 2008 and some estimates
suggest an annual growth rate of 20% over the
next five years (Oshri, Kotlarsky, & Wilcocks,
2009). Clearly with this greater reliance and
predicted growth of IS offshoring, there is a
significant need to understand the client/vendor
relationship and key project management areas
of concern to successfully handle and manage
the offshore interactions that are now business
critical to both clients and vendors.

Understanding the success and failure of
IS sourcing projects has been a fundamental
and enduring research issue. Despite over a
decade of research into IS project sourcing, we
still lack a consistent model to explain success
and/or failure (Demirkan & Nichols, 2008; Dib-
bern, Gole, Hirschheim, & Jayatilaka, 2004;
Palvia, 2008). The challenges in evaluating
success from an organizational context may
stem from the fact that many levels of stake-
holders are involved within the project sourcing
relationship, with each group having their own
interpretations. Success is often suggested to be
a multidimensional construct that is meaningful
only if discussed from the point of view of a
given stakeholder (Seddon, 1997). Thus, when
evaluating offshoring one must remember that
success is often in the eye of the beholder and
that all perspectives (both client and vendor
and multiple levels) should be included to fully
capture the relationship. IS offshoring projects
so broadly affect client and vendor stakeholders
that it may positively influence one set of
stakeholders while negatively affecting another.

In instances where both parties have divergent
views of the same initiative, the project may be
pre-positioned for failure (Bryde & Robinson,
2005; Legris & Collerette, 2006).

In addition, when evaluating the IS project
sourcing literature, there appears to be a lack of
research investing both client and vendor project
stakeholder viewpoints in a single research study
(Lacity & Rottman, 2008; Lee, 2008). Many
times the client perspective is represented with
the vendor perspective receiving little attention
(Jiang, Yao, & Feng, 2008; Levina & Ross,
2003). The preceding dominant client-centric
perspective provides ample opportunity to
investigate both perspectives (Gable, Seder,
& Chan, 2008). Thus, without having a suffi-
cient understanding of each party’s multi-level
perspective, it may be difficult for clients and
vendors to achieve their project sourcing objec-
tives (Lee, 2008).

As a result, we pursued an in-depth case
study approach to investigate various stake-
holder perspectives in an attempt to obtain a
more complete picture of the project complexi-
ties among both client and offshore vendors.
Consequently, our research intends to bridge
the client-vendor gap by incorporating and
highlighting challenges among client and
vendor stakeholders to demonstrate the value
in understanding both sides of the offshore
IS project sourcing story. This paper presents
a collection of key stakeholder challenges
uncovered from our intense client and vendor
case discussions. Interviews were conducted
with multiple stakeholders at different levels
and functions within both client and vendor
firms across eight IS offshoring projects. As
highlighted in this paper, there are always two
sides to the offshore IS project sourcing puzzle
(the client and vendor piece) and great value
can be obtained if the two parties involved
would sit back and put one another in each
other’s shoes to more fully understand all
stakeholder perspectives involved. Thus, our
reported challenges can suitably guide client
and vendor project managers in their plans to
engage in successful international IS sourcing
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