Solutions to Turnover in India: Insights From an Interview Study

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SOLUTIONS TO TURNOVER IN INDIA: INSIGHTS FROM AN INTERVIEW STUDY

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Abstract

Turnover has been a significant problem in software development businesses in India for many years. Turnover greatly affects the quality and timeliness of software developed. By solving the problem of turnover, businesses can reduce hiring and training costs, and they can improve the overall quality of software developed by having more experienced developers working on projects. Much has been written about the problem of turnover within software development businesses in India; however, sustainable solutions are still needed. This researcher conducted an interview study spanning six businesses in the United States and five businesses in India to investigate this and other challenges involved in the process of offshore software development. This qualitative research turned up very interesting results, especially relating to the problem of turnover. According to the experiences of workers employed by some of the businesses in this study, good working conditions and good hiring practices can significantly improve retention of workers.
Introduction

"Offshoring can be defined as the relocation of business processes (including production, distribution, and business services, as well as core activities like research and development) to lower-cost locations outside national borders" (Erber & Sayed-Ahmed, 2005). Offshoring business processes occurs frequently within the context of outsourcing; however, a process need not be outsourced to be offshored. Many US firms create subsidiaries in foreign countries to perform specific business processes. This practice is called “going captive” (Kobayashi-Hillary, 2005).

Although the offshoring of information technology (IT) is a relatively new practice, outsourcing and offshoring are not new. Outsourcing in the US is as old as the industrial revolution (Kakumanu & Portanova, 2006). Companies do not make their own paper; they do not produce their own electricity; they depend on other companies that can provide these products and services at a lower cost and a higher level of quality. Outsourcing became especially popular in the US during the 1990s when businesses began to focus more on their core competencies (Erber & Sayed-Ahmed, 2005). The prevalent idea for US businesses right now is that outsourcing is strategic for functions that are not core competencies (Kakumanu & Portanova, 2006). Offshore outsourcing has been a common practice for many US firms. Over the last 30 years, textile, automobile, and steel manufacturers have outsourced to foreign countries (Erber & Sayed-Ahmed, 2005).

The offshoring of IT has only become popular in the last 10-15 years. The combination of the dot com boom coupled with the Y2K problem created demand for IT workers that exceeded the US workforce. Therefore, US firms began to look to foreign countries to find skilled workers to fill the need (Kakumanu & Portanova, 2006). With the infrastructure provided by telecom and the ease of access to the internet, it became relatively easy to transfer work performed in a foreign country to the US. Then the dot com bust and the resulting economic slowdown in the US caused businesses to reduce their IT
budgets. Companies that wanted to continue developing and supporting their computer systems began to send more work overseas, taking advantage of talented IT workers at a much lower cost (Kakumanu & Portanova, 2006).

Initially, public opinion in the US was opposed to this practice of offshoring jobs; however, many researchers have shown that some level of offshoring can actually be good for the economy. Balaji Janamanchi and James R. Burns (2007) studied this specific process from a systems dynamics perspective. The results of their model suggest that "offshoring is good and makes good business sense, notwithstanding some initial job losses in the economy." There are a couple of important reasons for this. First, Janamanchi and Burns (2007) point out the fact that the retirement of baby boomers in the US is causing slow growth in the workforce. Offshoring effectively increases the available workforce for US firms. Therefore, the domestic market benefits from the process of offshoring some US jobs. Janamanchi and Burns also point to economic research that suggests the money that US firms save from offshoring will be reinvested in the US economy, eventually resulting in more US jobs (Janamanchi & Burns, 2007).

Many large US firms are continuing to increase their levels of offshoring. They are also working to change the public perception of the practice. For example, Genworth Financial has gone from offshoring a few IT projects 10 years ago to offshoring about half of its IT work today. Scott McKay, Genworth's CIO, is addressing public perception by changing the terminology. According to McKay, "(t)he concept of offshore outsourcing will continue to dissipate, and we'll focus on globalization" (Weier, 2007).

However, offshoring is not as easy as it sounds. This researcher worked for a small IT firm during the process of setting up a "captive" office in India. Despite the opportunities for incredible cost savings, this company struggled to be even as productive as it was before opening the development office. A quick internet search turned up story after story of actual practitioners who have had similar
problems. Even though many businesses have been able to successfully offshore software development, the overall sentiment of practitioners seems to be that the process is much more difficult than it appears to be. Many companies have closed offshore offices and moved their operations back to the US. Many other companies are not ready to try offshore development.

So why are more US companies not taking advantage of the less expensive IT workforce in foreign countries? One of the most important reasons is the high turnover in India (Bertch, 2003; Cady, 2005; Gopalakrishnan, Kochkar, & Yegneshwar, 1996; Kakumanu & Portanova, 2006; Matloff, 2005; Thurm, 2004; Overby, 2004; Overby, 2006; Overby, 2007).

Hofstede

Geert Hofstede (1980) analyzed questionnaire data from hundreds of individuals in 40 countries at two different points in time. The result of this research is the book, “Culture’s Consequences: International Differences in Work-Related Values,” the foundational work for revealing how cultural values affect work performed in cross-cultural organizations.

Hofstede (1980) argued that people’s cultural values, developed in childhood and reinforced in schools and organizations, affect their thinking, organizations, and institutions in predictable ways. He identified four main dimensions on which country cultures differ. These dimensions were labeled Power Distance, Uncertainty Avoidance, Individualism, and Masculinity.

**Power distance.** The power distance dimension refers to the basic issue of human inequality. The following quote from Plato, written around 350 B.C., shows that inequality is one of the oldest concerns in society.

> [E]ven if you proclaim that a master and his slave shall have equal status, friendship between them is inherently impossible. The same applies to the relations between an honest man and a scoundrel. Indiscriminate equality for all amounts to inequality, and both fill a state with quarrels between its citizens. How correct the old saying is that “equality leads to friendship”! It’s right enough and it rings true, but what kind of equality has this potential is a problem which produces ripe confusion. This is because we use the same term for two concepts of “equality”
which in most respects are virtual opposites. The first sort of equality (of measures, weights and numbers) is within the competence of any state and any legislator; that is, one can simply distribute equal awards by lot. But the most genuine equality, and the best, is not so obvious... The general method I mean is to grant much to the great and less to the less great, adjusting what you give to take account of the real nature of each. (Saunders, 1970, pp. 229-230)

According to Hofstede (1980), inequality can occur in a variety of areas in society. These are physical and mental characteristics, social status and prestige, wealth, power, and laws, rights, and rules. Inequality can often be affected by stratifications within society to which individuals belong. These are the castes of pre-independence India, estates of feudal Europe, and classes of most modern societies.

Inequalities are inherent in organizations, as boss-subordinate relationships are necessary for a business to function. Taking this boss-subordinate relationship as an example, the concept of power distance is a measure of the interpersonal power or influence between the boss and the subordinate as perceived by the less powerful of the two, the subordinate. Hofstede (1980) defined power distance in this way. “The power distance between a boss B and a subordinate S in a hierarchy is the difference between the extent to which B can determine the behavior of S and the extent to which S can determine the behavior of B” (Hofstede, 1980, p. 99). Hofstede argues that this power distance, which is accepted by both boss and subordinate and supported by their social environment, is also determined by their national culture to a considerable extent.

Hofstede (1980) computed a Power Distance Index (PDI) for each of the 40 countries in the study ranging from 0 (small power distance) to 100 (large power distance). The PDI for the US was 40, while the PDI for India was 77 (Hofstede, 1980, p. 104).

According to Hofstede (1980), there are some important consequences of PDI in organizations. Organizations with low PDI tend to have less centralization, flatter organizational pyramids, smaller proportion of supervisory personnel, smaller wage differentials, high qualifications of lower strata, and manual work same status as clerical work. Organizations with high PDI tend to have greater
centralization, tall organizational pyramids, large proportion of supervisory personnel, large wage differentials, low qualification of lower strata, and white-collar jobs valued more than blue-collar jobs.

**Uncertainty avoidance.** Because uncertainty can cause anxiety, human society has developed ways to cope with the inherent uncertainty in life. According to Hofstede (1980), the ways that society copes with uncertainty belong to the domains of technology, law, and religion.

Technology has helped us to defend ourselves against uncertainties caused by nature; law, to defend against uncertainties in the behavior of others; religion, to accept the uncertainties we cannot defend ourselves against. The knowledge of a life after death is the ultimate certainty of the believer which allows him to face uncertainties in this life. (Hofstede, 1980, p. 154)

When addressing uncertainty avoidance within organizations, Hofstede (1980) argued that organizations use technology, rules, and rituals to cope with uncertainty. Technology is used to automate processes, removing the variability involved in how and when tasks are performed. Rules are intended to make the behavior of people within an organization predictable. Rituals relieve some of the stress of uncertainty by creating a pseudo-certainty within which organization members can continue functioning. Hofstede (1980) pointed out that there can be both positive and negative results of using technology, rules, and rituals to cope with uncertainty.

Hofstede (1980) found that the tolerance for uncertainty varied considerably among people in subsidiaries in different countries. There are three indicators used in Hofstede’s study to determine the level of uncertainty avoidance. These factors are rule orientation, employment stability, and stress. Together these factors produced a country Uncertainty Avoidance Index (UAI).

Hofstede (1980) computed a UAI for each of the 40 countries in the study ranging from 8 (lowest uncertainty avoidance country: Singapore) to 112 (highest uncertainty avoidance country: Greece). The UAI for the US was 46, while the UAI for India was 40 (Hofstede, 1980, p. 165).

According to Hofstede (1980), there are some important consequences of UAI in organizations. Organizations with low UAI tend to have less structuring of activities, fewer written rules, more generalists or amateurs, organizations can be pluriform, managers more involved in strategy, managers
more interpersonal oriented and flexible in their style, managers more willing to make individual and risky decisions, high labor turnover, more ambitious employees, lower satisfaction scores, less power through control of uncertainty, and less ritual behavior. Organizations with high UAI tend to have more structuring of activities, more written rules, larger number of specialists, organizations should be as uniform as possible (standardization), managers more involved in details, managers more task-oriented and consistent in their style, managers less willing to make individual and risky decisions, lower labor turnover, less ambitious employees, higher satisfaction scores, more power through control of uncertainty, and more ritual behavior.

**Individualism.** Hofstede’s (1980) concept of individualism is a measure of the relationship between the individual and the collectivity in society. Some cultures place more value on individual actions, and others place more value on the collective actions of a family or group. Hofstede (1980) discussed the implications of these values for organizations.

The norm prevalent in a given society as to the degree of individualism/collectivism expected from its members will strongly affect the nature of the relationship between a person and the organization to which he or she belongs. More collectivist societies call for greater emotional dependence of members on their organizations; in a society in equilibrium, the organizations should in return assume a broad responsibility for their members. Whenever organizations cease to do that – as in the incipient capitalism in nineteenth-century Europe, and today in many less-developed countries – there is disharmony between people’s values and the social order; this will lead to either a shift in values toward more individualism, or pressure toward a different, more collectivist social order (such as state socialism), or both. (Hofstede, 1980, p. 217)

In Hofstede’s (1980) study, it was found that individualism was positively correlated with many other factors. Some of these included national wealth, capitalist market economies, political systems with balanced power, and greater social mobility. In the same way, Hofstede (1980) found individualism to be negatively correlated with power distance.

Hofstede (1980) used the scores of answers relating to work goals to calculate an Individualism Index (IDV) for the countries in the study. The questions measured respondents’ attitudes toward
several work goals, including personal time, freedom, challenge, use of skills, physical conditions, and training. The IDV calculated for the US was 91, while the IDV for India was 48 (Hofstede, 1980, p. 222).

According to Hofstede (1980), there are many important consequences of IDV for organizations. Countries with low IDV tend to have the following characteristics: involvement of individuals with organizations primarily moral, employees expect organizations to look after them like a family – and can become very alienated if organization dissatisfies them, the organization has great influence on members’ well-being, employees expect the organization to defend their interests, policies and practices based on loyalty and sense of duty, promotion from inside, promotion on seniority, less concern with fashion in management ideas, and policies and practices vary according to relations. Countries with high IDV tend to have the following characteristics: involvement of individuals with organizations primarily calculative, organizations are not expected to look after employees from the cradle to the grave, the organization has moderate influence on members’ well-being, employees are expected to defend their own interests, policies and practices should allow for individual initiative, promotion from inside and outside, promotion on market value, managers try to be up-to-date and endorse modern management ideas, and policies and practices apply to all.

Masculinity. Hofstede (1980) discussed the issues involved in the concept of masculinity.

The fourth dimension along which national cultures can be shown to differ systematically has been called masculinity, with its opposite pole femininity. The duality of the sexes is a fundamental fact with which different societies cope in different ways; the issue is whether the biological differences between the sexes should or should not have implications for their roles in social activities. The sex role distribution common in a particular society is transferred by socialization in families, schools, and peer groups, and through the media. The predominant socialization pattern is for men to be more assertive and for women to be more nurturing. In organizations, there is a relationship between the perceived goals of the organization and the career possibilities for men and women; business organizations have “masculine” goals and tend to promote men; hospitals have more “feminine” goals and, at least on the nursing side, tend to promote women. (Hofstede, 1980, p. 270)

Hofstede (1980) cited survey data that showed different work goals among men and women. In this data men scored advancement and earnings as more important, while women scored interpersonal
aspects, rendering service, and the physical environment as more important. Hofstede (1980) used similar data to develop his Masculinity Index (MAS). In general it was found that there were some significant differences between the answers of men and women. Men valued advancement, earnings, training, and up-to-dateness, while women valued friendly atmosphere, position security, physical conditions, manager, and cooperation. However, there were no significant differences found for job contentment goals (challenge, use of skills) and for private life goals (personal time, desirable area).

As with the measurement of Individuality, the measurement of Masculinity was determined based on the answers to questions about work goals. The MAS score for the US was 62, while the MAS score for India was 56 (Hofstede, 1980, p. 279).

Hofstede (1980) also cited a few consequences of the measurement of MAS for organizations. Organizations in countries with low MAS scores had the following characteristics: some young men and women want careers, others do not, organizations should not interfere with people’s private lives, more women in more qualified and better-paid jobs, women in more qualified jobs not particularly assertive, lower job stress, less industrial conflict, and appeal of job restructuring permitting group integration. Organizations in countries with high MAS scores had the following characteristics: young men expect to make a career; those who don’t see themselves as failures, organizational interests are a legitimate reason for interfering with people’s private lives, fewer women in more qualified and better-paid jobs, women in more qualified jobs are very assertive, experience higher job stress and more industrial conflict and like the appeal of job restructuring permitting individual achievement.

**Individualism-collectivism in communication styles in India and the US.** Kapoor, Hughes, Baldwin, and Blue (2003) conducted a study investigating the communication styles of US and Indian college students to see if Hofstede’s insights could shed light on differences in communication between the cultures. They found that Indians rated themselves as more collectivistic than US students, and that
Indians preferred more silence and indirect communications. This important work on communication styles emphasizes the collectivistic nature of the Indian culture.

Experience and Turnover

IT workers in most foreign countries lack experience in systems development (Bertch, 2003; Cady, 2005; Gopalakrishnan, Kochikar, & Yegneshwar, 1996; Kakumanu & Portanova, 2006; Matloff, 2005; Thurm, 2004) (Overby, 2004; Overby, 2006; Overby, 2007). In India, programmers average about two year of experience (Bertch, 2003; Matloff, 2005). Scott Thurm (2004) described the process an American company went through to outsource a particular software development project: "US executives wanted programmers with eight to ten years of experience, typical of ValiCert's US employees. But such 'career programmers' are rare in India, where the average age of engineers is 26. Most seek management jobs after four or five years" (Thurm, 2004, p. A.1). This finding is echoed in an account of a different American company recounted by Wesley Bertch (2003):

Indian software labor is highly educated and dedicated, to be sure, but we found that workers lack the technical and people skills that come only with experience.

Our vendor's employees averaged only two years' experience. Because so much was riding on this trial project, the vendor assigned us a "senior" team: The Java and JSP developers each had four years of experience, and the tester had two years of experience. By comparison, any one of our internal Life Time software developers has more experience than the entire offshore team combined." (Bertch, 2003, p. 67)

Lack of experience on systems development projects can have devastating effects. As with most skills, systems analysis, systems design, and programming are developed by practice. Therefore, there is no substitute for experience. Inexperienced programmers can take much more time to develop software, with a much higher error rate in the code, if they can develop the software at all. This can result in suboptimal programs and failed projects.

In addition to lack of experience, many IT businesses in foreign countries experience high turnover (Cady, 2005; Kakumanu & Portanova, 2006) (Overby, 2006). This compounds the problems
caused by lack of experience because new employees must be continually retrained. It makes long projects especially difficult to complete because there is a great deal of time involved in understanding the project itself. The high turnover could be a result of the cultural variability explained by Hofstede’s (1980) concept of Uncertainty Avoidance.
Research Methodology

This research was conducted using an interview study to investigate how workers manage the challenges involved in offshore software development.

Procedures

Because the information about the process of offshore software development resides with practitioners who are participating in the process, these practitioners were the main participants in the interview study. The research was conducted mostly within the country of India.

Potential interview participants were found through various means. Current contacts of this researcher provided some contacts. Others came as a result of contacting the appropriate decision makers (or “gatekeepers”, according to Lindlof and Taylor (2002)) in software development businesses in India. Care was taken when contacting these individuals to make the research attractive to them because, as Lindlof and Taylor (2002) warn, “gatekeepers are often unenthusiastic about hosting a project that could reveal the group’s problems to a public audience” (Lindlof & Taylor, 2002, p. 103).

The main purpose of the interviews was to gain a better understanding of the process of offshore software development, its challenges, and potential solutions to those challenges. Therefore this researcher conducted the interview with these end goals in mind. However, objectivity was very important, and the researcher tried to lead the discussion without inserting his own thoughts and opinions. Questions were general and open-ended, giving the participant as much freedom as possible to bring up ideas and phenomena that the researcher had not previously considered.

US workers involved in offshore software development were recruited through current contacts. These contacts came from six companies, and employees at all levels of the organizations were interviewed. In all, there were nine interviews with workers in US software development companies,
mostly in management. Also, because depth is much more important to this study than breadth, the Indian workers who were interviewed were the Indian workers who work on projects with those US workers in most cases. In other words, workers on both sides of the development of the same projects were interviewed. As with the US companies, workers at all levels of the Indian organizations were interviewed, to gain perspectives from all levels of the organization.

Interviews were conducted in the offices of the participants, so as not to interfere significantly with their day-to-day work. All interviews were recorded, and field notes were generated to supplement the tape-recorded information. Each interview, consisting of open-ended questions to get the participant’s perceptions, attitudes, and experiences with offshore software development, was approximately one hour in length. Participants were encouraged to discuss experiences from all aspects of their lives, not just their work experiences.

Participants

The participants in the study were workers in both US and Indian software development firms. The US workers came from six companies, and nine participants were interviewed in the US. The Indian workers came from the companies that work on projects with the US companies from which participants were interviewed in most cases.

The responses of the participants were used in data analysis, and the identities of individual participants were protected. For this reason, there was little or no risk to individual participants.

From the office of a company in the US with its own zip code, to the office of the only software development company in a small Hindu holy city in India, this researcher had the opportunity to experience the system of offshore software development first-hand. This researcher conducted interviews with nine workers in the US in six different organizations. All but one of these workers were in high level management. The other was a project manager from the vendor organization working on-
site with the client. Seven of the US interviews were conducted in the offices of the respondents. The other two were conducted using Skype.

In India, this researcher conducted interviews with twenty-one workers across five organizations. The positions of the workers ranged from all levels of management to all levels of developers. Respondents spoke not only about their own experiences but also of friends' experiences with the system of offshore software development.

**Data Analysis**

Interviews were conducted with 30 participants (9 in the US and 21 in India) in the process of offshore software development in India. Then those interviews were analyzed and coded. All interviews were recorded and transcribed, and field notes from each interview were recorded. Qualitative analysis was performed on the data for the purpose of generating concepts. According to Hammersley and Atkinson (1995),

> The initial task in analysing qualitative data is to find some concepts that help us to make sense of what is going on in the scenes documented by the data. Often we will not be sure why what is happening is happening, and sometimes we may not even understand what is going on. The aim, though, is not just to make the data intelligible but to do so in an analytical way that provides a novel perspective on the phenomena we are concerned with or which promises to tell us much about other phenomena of similar types. (Hammersley & Atkinson, 1995, p. 209)

This qualitative analysis identified common themes expressed by interviewees. It provided the thick descriptions of concepts and themes referred to by GePhart (1988). It also revealed interesting patterns, ideas that seem surprising or puzzling, apparent inconsistencies or contradictions, and data that seemed to go against what is accepted as common sense knowledge (Hammersley & Atkinson, 1995).

The first step in the process of qualitative analysis was open coding. According to Strauss and Corbin (1990), "open coding is the part of analysis that pertains specifically to the naming and categorizing of phenomena through close examination of the data." (Strauss & Corbin, 1990, p. 62)
These phenomena were labeled, and the labels were grouped into categories to reduce the complexity of the system as a whole. Strauss and Corbin (1990) suggest that the power of categorizing is the ability to pull together other groups of concepts or subcategories. Categories were given descriptive names to distinguish them from other categories. Next, categories were developed in terms of properties. Properties, according to Strauss and Corbin (1990), are “attributes or characteristics pertaining to a category” (Strauss & Corbin, 1990, p. 61). Properties can be dimentionalized, or represented as locations of properties along a continuum. This increases the power of the categories, as each instance of a category in the data can have different dimensional properties. When the process of open coding was completed, concepts were defined and developed, which were the building blocks for theory.

After analyzing the data and performing open coding techniques, this research put the data back together in new ways by making connections between a category and its subcategories. This is called axial coding (Strauss & Corbin, 1990). Axial coding uses the paradigm model to relate subcategories to their categories. The purpose of this model is to allow the researcher to think systematically about data and to relate them in complex ways. This was useful for theme analysis and concept development, which is the goal of this research.

The final coding process applied to the data was selective coding. Using this process, the categories were generalized into a consistent story that represented the findings of this study. The result of all of the data analysis techniques is a model that describes the challenges involved in offshore software development, the interactions between the challenges, and the ways that workers respond to the challenges. The model was then validated by asking the participants to comment on the findings. For example, the researcher might say to a participant, “From my interviews, it seems that Indian developers feel that they do not receive enough direction from the US customers. Can we agree that this is a problem?”
The result of selective coding was a concept map. The story of the data was about performing offshore software development for US clients by Indian developers. Some of the main ideas in this story pertained to challenges involved with the process and how individual workers managed those challenges.
Results

Many respondents talked about the problem of turnover in software development businesses in India. Turnover’s greatest effect is in how it reduces the amount of time that workers spend on specific projects.

Workers’ Experience with the Project

A factor that affects the quality and timeliness of a software development project is workers’ experience with the project. As workers gain more experience with a project, they are better able to understand the information related to that project. The amount of experience that workers have on a project depends on the amount of experience that they have at the company.

Cultural Factors

There are cultural factors that affect the amount of time that workers stay at a particular company. The cultural environment is India is such that the country is changing rapidly. Software development jobs offer people significantly more opportunities for wealth and advancement than were available to previous generations. Because of these incredible opportunities, potential candidates employ practices that some would consider to be dishonest when applying for jobs.

People in India tend to lie on their resume or if you post too many details of the job requirement, you’ll find some resumes that have a perfect match for the job. They’ll basically make it look like they’re experts in whatever you’re looking for. We almost had to be really vague in our job descriptions and just find out by talking to them if they really had the skills they were looking for without telling them this is the skill we’re looking for. Otherwise they’ll say, I’m an expert at that....I’ve done that forever. (US respondent)

Another respondent told me that she had become an expert at hiring because she could tell immediately whether or not someone was lying.
Work Environment

Work environments in India also affect the amount of time that workers stay at a particular company. Many companies require employees to work very long hours, six days per week. Workers are paid high salaries, but with the high pay comes high expectations. Turnover is a problem for many of these companies; however, their hiring practices contribute to the problem. There are other hiring practices that might seem strange to someone coming from another culture. Many times, IT workers will work for a company for six to eight months for free before having the opportunity to be hired full-time. Sometimes the workers will even pay the organization for that training period with no guarantee that they will be given a position in the organization.

Good work environments can have a positive effect on workers’ time with a company. The company culture is important to retaining experienced developers. According to the respondents of this study, IT workers in India care about much more than having a high salary.

A lot of times they would move for the money, but they’ll stay for the relationship. So you’re not getting to keep anybody by just paying them more. You’ll keep them if they like working with you and if they like their manager and the environment is friendly and all that and they believe they have a chance of growing themselves. That’s what’s going to keep them, but they could always go somewhere and get paid $20 more a month. We’ve had people leave us for a job offer with double the salary, but they came back to us. They took about a 50% pay cut to come back to us, but they came back because the environment that we created was much more friendly and conducive to life. (US respondent)

Managers in vendor organizations who were interviewed said that they have been successful in developing a strong company culture that values its employees, and as a result they do not have the kind of turnover that other organizations experience. These managers focus on making the organization a healthy environment in which to work by requiring only a five day work week and nine to ten hour work days. They also facilitate community building activities like rafting or volleyball outside of work.

But I think the positive sides are they like the challenge, they like that they’re treated with quite a bit of respect and I guess you could say dignity. A typical employee in India will be treated like a slave. I know that’s not the case in a lot of IT companies, but really they’re almost...they’ll have
them come in after hours, Saturdays and Sundays....to get the job done. And everyone is on salary, and so the pay is the same no matter what. And we don’t do that. We give people Saturdays off and holidays. Just yesterday we took off at 4 o’clock and played volleyball in the park. And that’s not very often, but we are building into the team...we’re almost like a family. And I think that does encourage people to stay. (US respondent 001)

Their employees develop deeper understandings of their clients’ businesses because they work for years on the same projects.

Another way that respondents said they were able to successfully reduce turnover is by using good hiring practices. The problem with turnover is caused by companies that use bad hiring practices. They try to lure workers away from other companies after they have only been working for six months by offering them a higher salary. Then they act surprised when that same worker leaves to work for another company just months after he/ she was hired. One respondent in this study said that she will only consider potential applicants who have worked at least two years in their previous position. By implementing this hiring practice, she successfully avoids employees who are likely to leave after only a short time.
Conclusion

Turnover has been a significant problem in software development businesses in India for many years. Turnover greatly affects the quality and timeliness of software developed. By solving the problem of turnover, businesses can reduce hiring and training costs, and they can improve the overall quality of software developed by having more experienced developers working on projects. The data resulting from this study suggest that good working conditions and good hiring practices can significantly improve retention of workers.

These findings are also consistent with the work of Hofstede (1980). According to his research, Indian workers should be more collectivistic. They identify themselves as a group more easily than as an individual. Therefore, if a business can implement practices that encourage workers to identify themselves more closely with the group of employees at that company, that business should be able to retain workers more easily, regardless of the lure of better paying jobs elsewhere.
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