

# 10

## *Changing work practices*

Acceptance of virtual work among knowledge professionals engaged in offshoring activities

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### **Introduction**

Technological advances and economic changes have increasingly motivated and enabled distant collaboration between knowledge workers (Hinds and Kiesler, 2002). Offshoring of professional services (software development, financial services, radiology reads, R&D) to emerging countries provides a renowned example of this trend (Friedman, 2005; Levy, 2005; Venkatraman, 2004). Notwithstanding the alleged numerous advantages for Western organizations – including cost savings, reduction of time to market, access to worldwide expertise, easier penetration in local markets, increased codification of internal processes (e.g., Farrel, 2006; Gupta *et al.*, 2007) – knowledge workers likely perceive offshoring as a cause of turmoil.

A first source of disruption stems from distance – both geographical and cultural – between knowledge workers. A geographically dispersed or globally distributed team (GDT) is defined as a group of individuals: (i) belonging to one or more organizations; (ii) interdependent and driven by a common purpose; (iii) using technology-supported communication more than face-to-face communication; and (iv) based in different countries (Lipnack and Stamps, 1997). Maznevski and Chudoba (2000) integrate this definition by observing that GDTs are also global in their tasks and are responsible “for making and/or implementing decisions important to the organization’s global strategy” (p. 473). The literature on GDTs explores the challenges of distant collaboration between geographically and culturally distant members, such as compatibility with existing hierarchical structures (Mohrman, 1998), increased coordination costs (Boh *et al.*, 2009), awareness of other team members’ activities (Dourish and Bellotti, 1992), trust (Paul and

McDaniel, 2004), socialization processes (Ahuja and Galvin, 2003), and leadership (Weisband, 2002). On top of that, the cultural distance between the countries involved in a GDT influences team processes and members' perceptions of heterogeneity (Earley and Mosakowski, 2000; Lau and Murnighan, 1998).

Changes in individual and team work practices are another source of disruption. Many types of work currently require individual cognitive activities and conventional collaborative activities with co-located colleagues as well as collaborative activities at a distance supported by technology (Perlow, 1999). However, little emphasis has been placed on investigating the disrupting effects of the introduction of distributed work in organizational settings, and its dynamic interplay with conventional work practices. The co-existence of distributed and co-located work brings in new interruptions and upsetting events for knowledge workers. Interruptions can disrupt the flow of work, even when they are not dramatic events. They can in fact be just small breaks in individual and team work processes (Okhuysen, 2001), such as unexpected messages on instant messaging systems or requests for help by mail or phone. Interruptions often bear a negative connotation, because they are expected to increase stress and mistakes and to reduce individual efficiency (McFarlane and Latorella, 2002). Alternatively, they may be deemed as an occasion for interacting and knowledge-sharing between individuals (e.g., Zellmer-Bruhn, 2003).

When virtual work changes workspaces, a third source of disruption to knowledge workers is added. Information and communication technologies contribute to the spatial reconfiguration of work, allowing a person to work from different locations, such as office, home, client's site (relocation), and to rely on cyberspace to share work outputs (dislocation). Hybrid workspaces are work arrangements where "individuals are relocated and dislocated and continue to participate in more traditional workspaces" (Halford, 2005: 22). To date, we know little about the impact of multiple spatial locations (hybrid workspaces) on actual work practices (Barley and Orr, 1997; Halford, 2005), in spite of such hybrid workspaces being common features in organizations offshoring knowledge-intensive work. For example, software developers in Italy often simultaneously work on multiple projects, dividing their time between individual code development in their own office, face-to-face meetings with colleagues in the conference room, visits to clients' sites, and coordination with distant co-workers.

Members of globally distributed teams typically experience different workspaces. How a worker interprets physical space has a significant impact on (and, at the same time, is impacted by) the way he or she interprets himself or herself as a professional, that is, his or her professional identity (Pratt *et al.*, 2006). Professional identity is an individual's self-categorization in terms of values, attributes, and expectations as a member of a professional group (Elsbach, 2003; Pratt *et al.*, 2006). The salience and importance of the multiple self-categorizations that make up an individual's identity can vary according to the characteristics of the physical context (Van Dick *et al.*, 2005), so that "workspace can help affirm specific identity categorizations" (Elsbach, 2003: 624). For example, Elsbach (2003) shows that non-territorial work environments may threaten social distinctiveness if they require that workers shift offices on a daily basis.

In addition, in globally distributed teams, individuals from different countries tend to have different professional backgrounds and experiences (Gurung and Prater, 2006; Metiu, 2006; Oza and Hall, 2006). This results in heterogeneous, and potentially conflicting, professional identities. In particular, the way individuals interpret events like interruptions is significantly affected by the way they look at their work and define themselves as professionals. Research on professional identity shows that the way workers define themselves in terms of distinctiveness and status affects individual and relational outcomes, such as the sensemaking of organizational changes (Elsbach, 2003), the disposition to engage in cooperative or exclusion behaviors (Brickson, 2000), and resistance to organizational control (Kosmala and Herrbach, 2006). While the literature on distributed work recognizes the challenge of different identities and the positive effect of a shared team identity (Hinds and Mortensen, 2005; Mortensen and Hinds, 2001), the effects of different professional identities on members of GDTs have been largely overlooked so far.

The aim of this chapter is to investigate the effects of the increasing use of offshoring on hybrid workspace practices and its interplay with professional identity through the following research questions: how does the introduction of distributed work change the work of professionals, such as the way individuals share their time between different projects and activities in different locations? How do individuals in a globally distributed team interpret collaboration with offshore

members? How is collaboration influenced by professional identity and by the perception of offshore members' professional identity?

To explore these issues, we conducted a qualitative research based on two case studies of GDTs belonging to IT organizations offshoring knowledge-intensive work. In the following sections, we introduce the methodology that we followed, present our empirical evidence, and offer a discussion of our results.

## Methodology

Given how little is known about the issue that we investigate, we decided to conduct a qualitative study and build a grounded theory. A qualitative study, in fact, suits the exploratory nature of our research questions, and offers a unique opportunity for empirical and theoretical interpretation (Eisenhardt, 1989; Yin, 2003). We developed case studies about two globally distributed teams of engineers and developers belonging to Italian software companies offshoring their R&D to India and Tunisia. Software engineers and developers perform knowledge-intensive, demanding, and individually styled work (Barley and Orr, 1997). At the same time, to be successfully carried out, work needs a significant amount of interactions between team members (Perlow *et al.*, 2004).

We refer to the two companies that we studied as follows: (1) Dream, with a globally distributed team composed of members located in Italy and India; (2) Core, with a globally distributed team composed of members located in Italy and Tunisia.

### *Common characteristics of the two globally distributed teams (GDTs)*

We looked for teams that were comparable in terms of governance form, nature of work, performance, stage of offshoring, and context characteristics (see Table 10.1 for a summary). The two GDTs comprise members belonging to the same organization. Both Dream and Core, in fact, opened a foreign subsidiary or “captive center” (Sako, 2007) and opted for a local workforce and management. The activities performed by the two teams are similar in nature and relate to designing, developing, and maintaining proprietary software. In both

cases, software is modular and complex, and is the organization's edge product. Both Dream and Core global R&D teams have a good level of performance. Managers, in fact, are satisfied with their outcomes, and the organization is evaluating the possibility of further expanding the scope of offshoring. In particular, Dream is allowing Indian engineers to own larger portion of the code (Metiu, 2006). Core is leveraging on Tunisian resources to start commercializing their main product in Northern Africa. Our cases are in line with the view of offshoring of knowledge-intensive work as a dynamic process whose content moves towards high-end, value-added activities (Carmel and Agarwal, 2002; Couto *et al.*, 2006).

Finally, many elements of the local context affecting onsite and offshore members are similar. For onsite members, there are few job opportunities and turnover is low, while organizational and professional tenure is high (organizational: nine years for Dream and eight years for Core; professional: seventeen years for Dream and thirteen years for Core). On the offshore side, the job opportunities for software engineers and developers are very high in India (the "Global Services Location Index 2006" ranks India as the first-choice location for offshoring of IT professional services) and rapidly increasing in Tunisia (the same source places Tunisia at number twenty-six in 2006; in 2005 Tunisia was ranked thirtieth, while in 2004 it was not included at all: A.T. Kearney, 2004, 2005, 2006). Professional and organizational tenure are on average low (organizational: two years for Dream and four years for Core; professional: six years for Dream and six years for Core), with the exception of the local top managers. The selection criterion for local top managers in fact privileged significant previous experience in international collaboration.

### *Research sites*

#### **Dream**

Dream is a medium-sized Italian company located in Italy, France, the US, and India, that develops and commercializes CAD (computer aided design) software worldwide. CAD development requires the collaboration and interaction of multiple knowledge professionals, such as software engineers, developers, and mechanical engineers.

Dream created a R&D affiliate in Bangalore in 2000, "with the initial objective of containing costs and offshoring those activities and

tasks that Indians could do well and that Italians were not happy to perform, such as debugging or routine maintenance” (Max,<sup>1</sup> Vice President). After running operations for two years, Dream management realized that the involvement of Indians only in low-end activities and coordination by Italian management were not effective. In 2004, Dream put at the head of its Bangalore subsidiary Indian management that “turned the organizational form into a more hierarchical structure” (Max, Vice President). Local management pushed for the activities offshored to Bangalore to become more knowledge intensive. From the initial offshoring of “debugging,” Indian software engineers gradually moved toward the design and development of some CAD components. They also got involved in quality control. The Indian R&D group switched from four employees in 2004 to forty in 2007.

Indian and Italian engineers collaborate at distance for (1) the development of new components and (2) the release of updated versions of the product. Once an objective is defined (e.g., the need for updating a graphic tool to capture photo-images), a small team (ranging from two to ten people) is set, whose members can be geographically dispersed (some in Italy, some in India) or fully localized (either in India or in Italy). The initial development phases always call for multiple interactions (mainly through video conference, telephone calls, and email) between Italy and India. After an initial stage, team members work in parallel on individual tasks, sharing their work through a common ad hoc platform. Telephone call meetings are scheduled, too. Once a team delivers its output, it needs to be integrated into the overall CAD product through testing. Testing requires repeated sequential interactions between Italian and Indian engineers. The overall type of interdependence reflects what Kumar *et al.* (2009) call a “partially sticky form of integrated interdependence.”

### Core

Core is a medium-sized Italian company located in Italy and Tunisia and belonging to an international group. Core develops and commercializes web-based second-generation Enterprise Resource Planning (ERP) for small and medium Italian firms. Developing ERP software calls for advanced technological software skills and a deep knowledge of the potential applications at the different clients’ sites.

Core has always invested in advanced technology development through international partnerships with US and European companies.

In 2000, Core opened a foreign affiliate in Tunisia. Giorgio, the head of the Italian R&D unit, told us: “Core began to offshore R&D because the national market was no longer receptive. It was the time of the Y2K, the new Euro currency, and a difficult financial situation for us. We needed to develop our new ERP, but in Italy we were lacking good resources at an accessible price.” Core chose Tunisia through a broker who highlighted that Tunisian Polytechnique provided competent and talented engineers and PhDs. The Tunisian R&D unit was composed, from the beginning, of fifteen people, and was appointed a local management. From 2000 to 05, Tunisian engineers contributed to the creation of the new Core ERP software. Due to their scarce application knowledge about the ERP product and its clients, Tunisians would receive detailed “use cases” from Italian analysts and be in charge only of coding. A use case is a document detailing the features of a program and the way the user is supposed to interact with it. In 2006, the development of the main modules (called “domains”) of Core ERP was over, and Tunisian engineers faced a reduced amount of work to perform. So, Tunisian members came up with the idea of making and commercializing a new version of ERP for Northern Africa.

Italian and Tunisian developers and engineers collaborate on (1) new domain development, and (2) maintenance of existing domains. Every domain is associated to a team composed of Italians only, Tunisians only, or both. Teams work on multiple projects at the same time. In GDTs, the phases of a project are sequentially divided between Italy and Tunisia (see Table 10.1). Italian management defines the workload. Then, Italian (and, still rarely, Tunisian) analysts set use cases as input for Tunisian engineers. Subsequently, a video conference is scheduled to discuss and modify the content of the document, and coding is performed offshore, with minimal interactions between the parts. In the final phase, work outcomes are subject to tests offshore and onsite. The overall type of interdependence resembles what Kumar *et al.* (2009) call a “partially sticky form of sequential interdependence.”

### *Data sources*

We used multiple data sources to reinforce our theory-building process (Huberman and Miles, 1998; Remenyi *et al.*, 1998), namely (1) semi-structured interviews; (2) observations; (3) archival data.

Table 10.1 *Characteristics of research sites and globally distributed teams*

	Dream	Core		
<i>Common characteristics</i>	Governance form	Foreign subsidiary or “captive center”		
	Nature of work	Defining the characteristics of, developing, and maintaining proprietary software		
	Stage of offshoring	Value-added activities		
	Alternative job opportunities for software engineers and developers			
		Onsite	Low	
		Offshore	High	
	Tenure (organizational and professional)			
		Onsite	High	
		Offshore	Low	
	Location of the captive center	India	Tunisia	
Main product	CAD software	ERP software		
Initial rationale for offshoring	Reducing costs	Accessing a large pool of qualified resources		
Evolution of offshoring activities	Towards “owning the code”	Towards new product development and local commercialization		
<i>Distinct characteristics</i>	Number of globally distributed team members			
		Onsite	52	35
		Offshore	40	15
	Interactions between onsite and offshore	Partially sticky form of integrated interdependence	Partially sticky form of sequential interdependence	

**Semistructured interviews**

To begin, we first conducted ten in-depth interviews with general managers and R&D managers, both onsite and offshore. At both companies, we interviewed one general manager and two R&D managers onsite; one general manager and two R&D managers offshore. The interviews were aimed at understanding the mission of the R&D units, the rationale for offshoring, the evolution of offshoring activities, and the characteristics of GDTs.

After the initial interviews, we asked managers to identify the projects carried out by GDTs. Based on the analysis of these projects, we selected thirty developers and engineers, both onsite and offshore. At Dream, we interviewed eight people on site and nine people offshore; at Core we interviewed eight people on site and five people offshore. We asked our informants about their work (i.e., to describe their tasks and activities, their interactions with distant and local team members, and criteria for allocating their time to different projects), the difficulties they face when working at distance, their professional identity (posing questions such as: “What is the professional community you feel you belong to? How would you describe what being a . . . is all about?”), their perceptions about organizational identity, and their perceptions about co-workers’ professional and organizational identity.

All the interviews at Dream were conducted face-to-face in Italy and India, while the interviews at Core were conducted face-to-face with onsite members and through video conference and Skype with offshore members. Each interview was tape-recorded and lasted between an hour and a half and two hours. We transcribed the interviews into text files, and then coded them (see the “Analysis” section below).

**Observations**

During our presence in the field we were invited to observe one video conference at Dream (lasting two hours) and one video conference at Core (lasting an hour and a half). The two video conferences were part of regular day-to-day work activities and had been scheduled in advance. We often took coffee breaks and lunch with our informants. These occasions were particularly helpful in creating an open communication climate with them, and sharing additional insights about their work experience.

### **Archival data**

We looked up Dream and Core's internal reports, newsletters, organizational charts, and quality manuals to gain a deeper and richer understanding of the setting under study.

### *Analysis*

In analyzing our qualitative data, we followed the framework depicted by Locke (2001), Miles and Huberman (1994), and Strauss and Corbin (1998), to build a grounded theory. We adopted an iterative approach of comparison and contrast of the data. We continuously went back and forth between our field notes and the theoretical model that we were building to find support for our theorizing, and to detect any inconsistencies between new intuitions and our data. We also discussed our emerging results with some of our informants to ensure that our major conclusions were consistent with their interpretation of their work experience.

We started by disclosing statements and concepts regarding our informants' point of view as well as recurrent behaviors through open coding. Drawing on similar statements, we identified some recurrent themes (such as "communication by top management on the strategic benefits of offshoring" and "communication by management on the difficulties of offshoring"). Subsequently, we grouped convergent themes at a higher level of abstraction (for example, the above-mentioned themes were grouped into the category "communication of offshoring rationale within the organization"). That is to say, we moved from open to axial coding (Locke, 2001; Strauss and Corbin, 1998). We then looked for aggregate theoretical dimensions in order to organize the emergent findings in a coherent framework. Overall, we identified the following aggregate theoretical categories: acceptance of virtual work, integration with regular workflow, making sense of offshoring activities, and perception of difference in competences and identities. Themes and categories are summarized in Table 10.2. Finally, following Strauss and Corbin's (1998) instructions, we connected the above-mentioned theoretical categories into a grounded theory.

We came to recognize that, even though in both cases offshoring was considered successful and strategic by top managers, individuals' perceptions about working in GDTs differed and we tried to explain

Table 10.2 Themes and categories

	Dream	Core
<i>Acceptance of virtual work</i>	<i>High</i>	<i>Low</i>
<i>Integration with regular workflow</i>	<i>High</i>	<i>Low</i>
Technologies	Common technologies (VC, VOIP phone, mail, IM, common platform)	Local technologies (VC, phone, mail)
Space of interaction	Mainly office	Mainly dedicated room
Different workplaces	<i>Onsite</i> : office, client, home <i>Offshore</i> : office, client, home	<i>Onsite</i> : client, office <i>Offshore</i> : office
Face-to-face visits	From India to Italy and vice versa, on a regular basis	From Tunisia to Italy, not on a regular basis
Adaptation of work practice	High (e.g., learning how to use CSCW technologies)	Low (e.g., adding offshoring-related practices to existing ones)
<i>Sensemaking of offshoring activities</i>	<i>As part of regular work</i>	<i>As an interruption</i>
Communication of offshoring	Communication of strategic benefits and difficulties of offshoring	None
Rationale within the organization		
Communication of offshoring results	Only qualitative	None
Cultural integration (language, workplace culture, national culture)	Two-sided (e.g., joint social occasions)	One-sided (e.g., Tunisians learning Italian autonomously)
<i>Perception of differences in competences and identities across locations</i>	<i>High</i>	<i>Mixed</i>

(cont.)

Table 10.2 (cont.)

	Dream	Core
Perceptions of competences of distant colleagues	Balanced	<i>Onsite</i> : Analysts vs. developers <i>Offshore</i> : Masters and students
Different professional values	<i>Onsite</i> : Technology excellence, occupational stability <i>Offshore</i> : Technology excellence, managerial competence, competition	<i>Onsite</i> : Technology excellence, error-free delivery, creativity, problem-solving <i>Offshore</i> : Technology excellence
Alignment of professional “values” and organizational goal	High: taking advantage of differences for a common goal	None: what is the common goal?

the reasons for such discrepancy through our grounded theory. In the following sections we portray the themes that emerged from the field, we depict our grounded theory, and we discuss theoretical and practical implications.

## Evidence from the field

### *Acceptance of virtual work*

Notwithstanding the relevance and success of offshoring assessed by management in each case, the perceptions of individuals about working at distance in globally distributed teams vary greatly across Dream and Core. Dream members came to accept working with distant colleagues, while at Core a feeling of discomfort still prevails.

### **Dream**

Both Italian and Indian members state the difficulties of working at distance. They acknowledge that, at the beginning of their experience, they had to work hard on addressing different issues, such as language,

cultural differences, ethical problems, and work-style incompatibilities. Giovanni, a R&D engineer and team manager, underlines how, for Italians, learning how to speak English in international collaborations was the first big challenge. The second was to handle cultural differences with Indian colleagues. However, over time, people at Dream Italy became confident with the new work arrangement and started looking at their Indian colleagues as an “opportunity for our country” (Giovanni). Simona, R&D manager, adds that “Working with India made me understand that we can share our knowledge and competence without fearing to lose our job.”

Offshore members share the same positive feeling about globally distributed teams. For example, Salil, an engineer and team manager, deems working in a globally distributed team as a precious experience that has taught him “a lot of things, such as cultural adaptability, helping people, as well as technical skills.”

### **Core**

At Core also, the introduction of globally distributed teams was not smooth, but the initial difficulties and negative perceptions held by Italian engineers and developers did not fade out over time. Luca, the R&D manager, expresses his discomfort with managing people at distance:

When I was told that I should work with people located elsewhere, I had a very bad reaction. I had never worked with distant colleagues before. I still feel that I am not able to do that.

Other developers feel threatened by the decision of the organization to offshore software development and express their preference for working with local colleagues by saying that: “I am much more confident working with my colleagues here” (Pamela, developer).

### *Integration with regular workflow*

Both at Dream and Core, the introduction of R&D globally distributed teams represented an important organizational change. At Dream, different mechanisms were set to integrate distant work practice with regular face-to-face work, thereby triggering a change in internal processes and workflow. On the other side, at Core, the work practice of Italian engineers and developers did not significantly change,

because distant work was simply “added” to the existing processes and workflow.

### **Dream**

Dream invested significantly in formalizing work processes between Italy and India. In particular, Italian and Indian management jointly made sure that team members used the same technologies and procedures across countries. All developers and engineers are provided with webcams, instant messaging tools, and a VOIP telephone. A common technological platform guarantees that work is shared and accessed almost in real time. Team members run formal weekly conference calls from their individual desks to discuss work in progress. Interactions take place via email, instant messaging, and informal conference calls.

Engineers and developers created documents and templates as a tool of communication in addition to informal conversations and calls.

Engineers and developers at Dream work mainly at their own offices (separated offices in Italy, cubicles in an open space in India), but also have the opportunity of working at home when needed, for example on Saturday, and visiting the clients’ sites. Even though most of Dream’s clients are located in Europe, Indians may meet some of them. When Indians get hired, in fact, they spend about two months in Italy for training. Later on, they come back to Italy for a second training period. Traveling to Italy is deemed as very important, as Moses explains:

Meeting co-workers personally was very useful. I went to Italy twice . . . The first time was a tough experience, but then I became friends with people.

Recently, Italian team managers have started visiting India to meet their colleagues at least twice a year. Lata and other Indian engineers consider this practice as “a sign of interest and involvement” by Dream Italy. Overall, Italian engineers and developers perceive their work practices as significantly, and in the end positively, affected by offshoring. Michele, an engineer, stated that changes improved the interactions with co-localized colleagues, too, by promoting the use of information and communication technologies and a greater focus on information flows:

Before 2000, all my collaboration with colleagues was face-to-face. If I had a problem, I stood up from my desk and I went to talk. Now I use the same technologies even with my Italian colleagues.

### Core

At Core, top management let employees organize their interactions with offshore colleagues according to their own preferences. Core software development is based upon a technological platform, called “Warmth,” of which both sides avail themselves. Two special meeting rooms in Italy and in Tunisia are equipped with video, telephone, and boards, for video conferences. Video conferences are scheduled at the beginning of each project. On this occasion, an Italian analyst explains to Tunisian engineers the use case, and gives instructions about the code to be developed offshore. For example, during a video conference, Elisabetta, the Italian analyst in charge of the new quality module, spent twenty minutes explaining a use case about the vendor management module to Amed, Moheb, and Rashida. After Elisabetta’s initial talk (in Italian), the three people offshore briefly discussed some issues between them (in Arabic and French), and, five minutes later, Amed gave suggestions back to Elisabetta and hints on how to modify and improve the use case from a technical standpoint, and he asked questions about the application of the program at the clients’ sites. Eventually, Elisabetta agreed to modify the use case and sent it back to the three Tunisian engineers by email.

Involvement of offshore members in the analysis phase remains quite difficult, though. According to Walter, an Italian analyst, “it’s necessary to get more out of our collaboration with Tunisia.”

Other interactions informally take place via email and phone. No other tools (e.g., instant messaging, VOIP phone, webcams) were given to developers and engineers. No formal procedures and documents were put into place. Pamela, an Italian developer, perceives the lack of “formalized means of communication” as a problem, since “collaboration cannot take the form of personal initiative only.”

Italians typically work at their desk in the open space and at the client site, when they demo new versions of the product. Getting to know the clients is considered as core in new product development, since they are a source of innovation and help to “fully grasp the application of ERP, for example know the organizational problems that the ERP addresses” (Piero, engineer).

Tunisians do not have the same workplace experience. They do not interact with clients and they spend their entire work day at their offices. Trips to Italy, more frequent at the beginning of the offshoring process, are now quite infrequent. When a Tunisian engineer comes to

visit the Italian unit, it is not easy to make his or her presence fit with the busy schedule of Italian colleagues, as Luca, the R&D manager, remarks:

Sometimes some of them [Tunisian engineers] are sent over here. This happens once a year or even less now . . . the point is, our meetings last 1–2 hours a day. What do they do after that, for the remaining six hours? We have other things to do, we cannot be after them all the time while they are here.

Italians did not integrate distant work practice into their local practices and co-located interactions. Indeed, they typically differ in the ways they interact with local and distant colleagues. While interactions with offshore members require codification effort, local interactions are mostly informal and do not need a detailed and always updated documentation, as Luca underlines:

When I work with people here I don't need to be very formal . . . A post-it or a voice over the cubicle or a chat at coffee break will just do.

### *Sensemaking of offshoring activities*

People at Dream and Core do not have the same perceptions about the impact of offshoring on their work. At Dream, engineers and developers appreciate and share the effort spent by top management in communicating offshoring rationale and results, and some of them actively sponsor cultural integration. On the other end, at Core, Italian engineers and developers feel that top management is excluding them from all important communications and decisions. Acting on this sense of exclusion, the limited cultural integration with offshore members at Core fuels the perception of offshoring as a disturbance to regular work.

#### **Dream**

The rationale, benefits, and difficulties of offshoring are openly and thoroughly communicated by Italian management to employees. In particular, the Italian management tries to convey the perception that offshoring does not reduce the local number of engineers, but is a strategic choice made to expand Dream's operation range. At the same time, Indian management discusses Italian engineers and developers'

doubts with Indian employees. Moses, an Indian engineer, shared with us his point of view regarding the transparency of offshoring policies in their organization, which echoes that of many of their colleagues.

Italians were afraid that Indians may “steal” their jobs. Dream ruled out this wrong perception. Managers in Italy and in India were asked to raise the issue with their team members.

Effort to promote cultural integration was a major concern for Dream. Dream offered all Italians an English course, for example. Italians also tried to understand the different cultural nuances of Indian culture, as Giulia underlines:

We have gradually come to know and appreciate the cultural differences between us. For example, now it is common knowledge that Indians never say no, because it is considered rude, or that, to say “yes,” they move their head in a funny way. From the left to the right, as if they were singing.

Moreover, it is interesting for Italians to get an insight into the different workplace experiences of their Indian colleagues. In Dream India, social activities are deemed as very important and a part of everyday work life, as Stefania (Italian engineer) details in the following excerpt:

They [Indians] have different ways of socializing at work. For example, they have an area—the roof terrace—where they spend time together, talk, drink coffee, play table tennis... We didn't understand all this in the beginning, but then we started participating in their activities when we go there.

To share experiences and points of view about how to interact, how to do business, and so on, with culturally different colleagues, both Italians and Indians created an on-line document meant to socialize new entrants, help in everyday work practice, and give suggestions when traveling. The document is updated every time an Italian flies to India, or an Indian flies to Italy.

### **Core**

At Core, individuals perceive that management did not make any effort to communicate the rationale for and the performance of offshoring. This results in a diffused discomfort within the R&D unit, as Piero testifies:

Management doesn't give us a vision about where we are heading for through offshoring. Communication and transparency are missing. If we don't have a vision here, what do they do in Tunisia?

Elisabetta would like to get some feedback about offshoring, too:

I would definitely like to know more. For example: are we ok with Tunisia? Are we going to expand this collaboration? Everything is just mysterious.

Core set engineers and developers free to choose the means and modalities for interacting from a distance. Italian engineers did not feel at ease speaking in English. Accordingly, they continued communicating in Italian, both in formal documents (e.g., use cases) and informal interactions (emails and phone calls). Tunisians learnt how to speak Italian day by day. In the following field note, Amed (Tunisian R&D manager) describes the "natural process," based on study and TV watching, through which Tunisians learnt Italian.

It wasn't like: "From now on, let's speak Italian." It was more of a natural process . . . We really felt it was central to be able to understand each other. So, we slowly learnt Italian. We have some Italian cable TV channels here, too.

Overall, when asked if they perceived cultural differences as an issue for the proper functioning of globally distributed teams, Italians replied that they did not have any clue. In other words, at Core there was no pressure or need for cultural integration. This adds to the perception of distance between Italian and Tunisian members.

The lack of workflow integration combined with the lack of cultural integration accentuates Italians' sensemaking that offshoring-related activities are a "burden" looming over regular work practice. Luca (R&D manager) notices that, when time is limited, working at distance is not convenient. It is, in fact, unpractical to waste time in codifying documents to be sent offshore – Giacomo (developer) remarks:

"when a client needs work to be done fast, I cannot wait as long as to get the work done overseas. It takes forever to explain any details."

### *Perception of differences in competences and identity*

At Dream, individuals think that competences of Italians and Indians are similar or aligned, although they perceive differences in

professional identity between sites. Nevertheless, a shared organizational identity makes GDT members feel as if they worked for a common goal. At Core, Italians show mixed opinions about their Tunisian colleagues' professional competences. They also perceive some distance in their respective professional identities and do not share a common organization identity. Their strong identification with the local R&D unit replaces organizational identification, thus paving the way for further separation from distant team members.

### **Dream**

When Dream decided to offshore R&D, top management chose India because it is a country offering talented and well-educated engineers. Expectations about the competence of Indian engineers have therefore been high since the beginning. Over time, expectations were confirmed. Italian engineers and developers, such as Simona, value the competence of their Indian colleagues, but always underline that Italians are not at all at a lower level: "There is no substantial difference between India and Italy. There are excellent people here and there."

At the same time, Indians appreciate the competence and experience of their Italian colleagues, who have a higher professional and organizational tenure.

If no difference is perceived from a technical standpoint, Italians and Indians perceive each other as different in terms of their respective professional values. In particular, Italian and Indian engineers and developers do not share the same attitudes regarding work stability, learning opportunities, career perspectives, competition, and tolerance to ambiguity. Michele, an Italian engineer, observes that Italians typically search for workplace stability, while Indians do not. This is related to the job opportunities in the local markets, as he stresses:

Here, we are attracted by the possibility of having a stable occupation. It means that we wish to spend all our professional life in one company as programmers. . . Indians are not committed to their workplace as much as we are.

Conversely, Indian engineers deem learning opportunities to be of primary importance. Maan, the head of the Indian unit, showed us a CV of an engineer applying for a position at Dream and underlined that all learning experiences (bachelor's degrees, technical courses, master's degree) were listed at the beginning of the CV, which highlights the

candidate's high-level competences. Very important (more salient than for Italian engineers) is also the possibility of moving up in one's own career to take on managerial and status-enhancing positions, as Kumar points out:

For us it is very important to learn new things, to have ownership, and to move on in our career . . . We all long for a managerial position.

Indians' desire to hold a managerial position goes hand in hand with a higher acceptance of competition between colleagues. This is in contrast with the attitudes of Italian engineers and developers at Dream. Stefania explains this difference as follows:

With the people in my group here in Italy, we are very cohesive and feel like a family . . . I gather that people over there [in India] are much more competitive . . . Competition between individuals and groups is appreciated in India, but doesn't work at all here.

Indians regard the absence of open competition at the Italian site as an excessive attachment to organizational tenure and experience, as Salil, an Indian engineer, states:

I see Italian team members as more experienced, but I notice that their interactions are both less competitive and less transparent. Here, we believe more in openness to various work experiences and in transparency.

Italian and Indian professionals differ in their tolerance toward ambiguity, too, as Stefania describes:

They [Indians] tend to do exactly what you ask them to do. You have always to be very clear in specifying what you expect of them . . . There is a very low tolerance to ambiguity on their part.

All members of the globally distributed teams see professional differences, which sometimes result in discrepancies and misunderstandings, but are typically overcome for the organization's sake. For example, Lata told us that during conference calls, when different views emerge, "conflicts are solved in order for a good and innovative CAD to be developed." When asked what the organizational characteristics of Dream were (their core, enduring, and distinct values: Albert and Whetten, 1985), Italian and Indian engineers came up with a similar definition. In particular, of the twenty-three people we interviewed at

Dream, twenty-one stated at least two of the following attributes as core values of their organization: “openness,” “trust,” “flexibility.” These attributes are written in a document, entitled “Some definitions . . . based on our values and beliefs,” which addresses Dream’s mission and values.

### **Core**

At Core, there is a mismatch between Italian developers’ and analysts/R&D managers’ views about the work delivered by Tunisians. While analysts and R&D managers are typically satisfied with the coding carried out offshore, developers appear skeptical. This creates a conflict within the Italian R&D unit, as testified by the words of Elisabetta, an analyst, and Pamela, a developer:

Elisabetta: “Developers have no tolerance at all for Tunisian engineers’ errors and are always ready to criticize and to complain about their work . . . Actually, I think they work pretty well.”

Pamela: “Tunisians always make some mistakes in their programs, and I haven’t seen any improvements over time . . . They don’t make enough tests. They are not up to date about our ERP.”

Italian engineers and developers perceive the lack of application knowledge by Tunisian engineers as a substantial difference in their professional identity. In the words of Giacomo, a team manager:

We are all programmers, but here we are all also a little bit analysts too – we know how to frame and solve problems . . . they [Tunisians] are just techies.

Tunisians perceive a difference, too, and define themselves as “students,” as Moheb explains:

People like Luca and Walter have 20–25 years of experience with ERP. They have really helped us understand the philosophy behind this product. We feel like students in comparison with them.

Other important professional values held by some Italian engineers and developers are creativity (“we believe in our creative ideas,” Luca says) and problem-solving capabilities (“I feel like a firefighter,” Piero says). In their perception, these values are at odds with the need for codification, time management, and control that comes with offshoring. This is why Walter perceives Amed, the head of the Tunisian R&D

unit, as “more German than we are” and Luca underlines the importance of working flexibly instead:

When we organize our work, we cannot always set the expected time of delivery. Our work is not routine-like . . . time frames have to be flexible.

Moreover, Italians tend to identify more with their work group than with their organization. Of the eleven people we talked to in Italy, only four (three of whom were managers) were able to tell what the distinctive, enduring, and core values of their organizations were, whereas almost all our informants in Italy described their strong attachment to their work group with evocative words and examples like Giacomo:

I can't tell you what the distinctive characteristics of Core are. What I can tell you is that my group is like a family. We like working and spending time together outside the office. We hang out together every Friday night.

The identification with the work group turns into an open preference for working with local co-workers, as compared with distant colleagues, as Piero sums up by saying, “I definitely work faster and easier with my colleagues over here.”

## Discussion

The results from our case studies of two globally distributed teams in organizations offshoring knowledge-intensive activities show that individuals have different work experiences and, accordingly, different levels of acceptance of virtual work. In particular, our evidence suggests that the acceptance of virtual work may be traced back to three distinct, but intertwined, causal conditions: integration with regular workflow, sensemaking of offshoring activities, and perception of differences in competences and identity. In particular, when (1) integration of conventional and virtual work practices is high; (2) offshoring activities are interpreted as part of the regular workflow (and not as a disturbance); and (3) professional identities and competences are perceived as different across locations, but team members share a common superordinate identity, then GDT members accept virtual work.

(1) *Integration with regular workflow.* The two cases that we studied represent examples of hybrid workspaces. Individuals, in fact, work at the same time on co-located projects (i.e., only with co-located

teammates) and on offshored projects (both with co-located and distant team members). In such a situation, it is difficult to prioritize work and to divide time across activities and tasks (Perlow, 1999). At Dream, processes and technologies were introduced with the aim of managing work at distance and integrating it with regular (local) work practice. This resulted in a “uniform work practice” to be applied both to co-located and distant colleagues.

At the other end, at Core, individuals experienced a sharp separation between activities performed locally and activities performed with distant colleagues. Interactions between sites happened in a special and dedicated environment (the conference room), and were not merged within everyday routine. Moreover, workspaces differed in the two locations. Some of them worked in multiple locations (their office and the client’s site), while others typically spent most of their work in one location only (typically their office). Halford (2005) notices that combining multiple spaces has an impact on professional work practices: her study at Insurance Co. shows that both managers and staff evaluated this type of arrangement positively when compared to situations where individuals were completely co-located (thus experiencing one single workspace) or fully virtual (home-working). Conversely, in the case of Core, the experience of multiple workspaces on one side (Italy), combined with the experience of a single workspace on the other (Tunisia), accentuates the perception of distance between individuals. In addition, the absence of formalized common processes makes communication and information-sharing more difficult and triggers task conflicts (Hinds and Bailey, 2003).

(2) *Sensemaking of offshoring activities.* Our empirical evidence illustrates that communication by top management about offshoring rationale and performance, as well as the overall effort of cultural integration, varied greatly across the two case studies. In other words, the two globally distributed teams felt different levels of organizational connectedness. Baumeister and Leary (1995) define organization connectedness as the extent to which individuals perceive that they are central to, visible, and involved with the organizational community. Virtual workers who have low organizational connectedness face difficulties in adjusting to virtual work, because they lack insight into the desired behaviors that should be exhibited to obtain outcomes (Raghuram *et al.*, 2001). At Dream, a high level of connectedness resulted in a smooth acceptance of virtual work. At Core, on the

contrary, the lack of organizational connectedness led to the perception of any activities related to offshoring as a disturbance to regular work practice.

(3) *Perception of differences in competences and professional identity.* Both at Dream and Core, differences in competences and professional identity perceived by members onsite and offshore resulted in task conflict among distributed team members. Task conflict is usually driven by functional background differences and by high job-related diversity (Pelled *et al.*, 1999). In each of our cases, though, the functional and professional background of the members at the two locations is similar; what actually differs is the perception of themselves as professionals (i.e., their professional identity) and the perception of difference between one's own and other team members' professional values and beliefs. At Dream, unlike Core, task conflict typically gets solved, because individuals are aware of the overall organizational mission, and are ready to move a step back for the organization's sake. The shared identity that our informants described to us is different from the shared team identity of Mortensen and Hinds (2001), and from the hybrid team culture of Earley and Mosakowski (2000). Both constructs, in fact, include a set of rules and actions, work capability expectations, and member perceptions that individuals within a team develop, share, and enact after mutual interactions. At Dream, instead, the shared identity enacted is the very organizational identity, that is, the core, distinctive, and enduring values characterizing their employing organization.

## Conclusion

This qualitative exploratory research contributes to a better understanding of distributed work in hybrid workplaces. Our work compares two globally distributed teams in organizations with similar characteristics in terms of governance, nature of offshored work, stage of offshoring, and local context characteristics. While both globally distributed teams are considered successful by their respective management, the adjustment to virtual work was successful in one case and cumbersome in the other.

The insights provided by this study add to the literature on GDTs, in particular to the understanding of changing work practices in hybrid

workplaces. Previous literature has overlooked the interplay between fully co-located and virtual work that knowledge professionals experience, and its impact on their actual work practice. We have shown that a proper integration may enable the formation of new common work practices in which the boundaries between co-located and virtual work gradually fade away. If members of GDTs do not pursue integration of practices and if communication across and within sites is scarce, virtual work is likely interpreted as “something else” with respect to regular work practice. Consequently, working with distant members becomes just a disturbance to traditional work activities.

Our evidence also contributes to the debate about different professional identities in organizations. In our study, as in previous research (e.g., Pratt *et al.*, 2006), we show how an individual’s professional identity influences his or her behaviors and actions as well as his or her interpretation of others’ behavior and actions. Additionally, we show that the appraisal of other individuals’ competences and identities affects the way individuals choose to interact or not in virtual teams. Cooperation between distant members seems to be rooted in processes of identity recognition (Milton and Westphal, 2005): when members of a globally distributed team mutually acknowledge their professional identity and needs, cooperation across countries is reinforced, and acceptance of offshoring more easily increased. This “socialized view” of identity and identification has been largely unexplored (Bertolotti *et al.*, 2006).

Finally, this chapter contributes to the emerging literature on the offshoring of knowledge-intensive work. Although offshoring is becoming a part of our everyday social lexicon, there is still little sound empirical evidence on its implications for knowledge workers and on the disruptive forces that it may bring to local, day-to-day work practices. Moreover, most empirical evidence on virtual teams focuses on distributed work that remained onshore or on laboratory experiments. This chapter, on the other hand, discusses some of the micro-organizational processes pertaining to offshoring of knowledge-intensive work, namely: integration of work practices, perceptions of competences and identity, sensemaking, and acceptance of virtual work. Future work should expand the investigation of such variables in offshoring settings and integrate it with the theoretical frameworks provided by the literature on distributed work.

There are, of course, limitations to our study. First, it is made up of two case studies and no statistical generalization is applicable. More work is needed to understand if the categories and relations that we observed can be applied to other globally distributed teams. Second, we studied GDTs located in different countries (Italy-India, Italy-Tunisia). National cultural differences and specific local context characteristics may have influenced our findings. Third, in our second case study (Core) we interviewed fewer offshore engineers. This made us report mainly on the experience of onsite professionals.

Our work has practical implications for organizations that offshore professional work by adding GDT-based practice to conventional co-located work. First, when offshoring professional work, organizations should put into place procedures, techniques, and tools that enable individuals to integrate their different workspaces. For example, all team members should be given the same equipment and technologies to work both with co-located and distant team members; and bi-directional staff swaps and frequent face-to-face encounters should be promoted. In other words, offshoring requires a careful design of ad hoc managerial and technological solutions; it cannot be successfully performed without affecting the state of the art of the organizations involved. Second, offshoring rationale and results should be communicated to all GTD members, so as to favor a climate of participation in strategic decisions. Third, organizations should not overlook the different professional identities of knowledge workers, even if they possess similar educational backgrounds (for example, they are all software engineers) and should promote a super-ordinate identity able to make them feel that they are contributing to the same goal. This may be obtained through a clear communication of the objectives and values of the organization.

Offshoring of professional work is an unstoppable and worldwide phenomenon that not only brings in economic, strategic, technological, and ethical issues, but also profoundly changes everyday professional work. We hope that our reflection may stimulate more researchers and managers to investigate these new, complex dynamics.

### *Note*

- 1 To guarantee the anonymity of our informants we use pseudonyms instead of real names.

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