Managing Virtual Talent

[*check start:]* Many collaborations within and across firms now span large geographical spaces. Multinational enterprises (MNEs) therefore rely increasingly on high performers who are dispersed across the globe, and the need to manage the talent involved in virtual collaborations has become omnipresent. The management of such virtual talent does however face specific challenges, which need to be addressed through specific strategies and practices.

Virtual talent comes in many forms. In this chapter, the term 'virtual talent' refers to high-potential or high-performing employees in strategic *roles who are part of a virtual collaboration, i.*e. a collaboration that spans geographic boundaries and relies to a significant extent on electronic communication media. Such collaborations can take place within or between firms, or between a firm and an independent contractor who works remotely. Keeping with the theme of the book, this chapter focuses on the management of 'global virtual talent', i.e. virtual talent that is dispersed *across national boundaries*.

In what follows, I will <u>firstly</u> highlight the specific challenges and levers of managing talent involved in global virtual collaborations, with a special attention to distances, boundaries, and perceived proximity. <u>Secondly</u>, I will elaborate on prominent issues of managing global virtual talent in the context <u>MNEs,</u> by drawing lessons from case study evidence on onshore-offshore collaborations. <u>Finally,</u> I will take a brief look at the emerging practices of managing <u>global virtual contractors</u> [**use saved blogs**].

1. Managing talent in global virtual collaborations

As yet, there is little research on the management of global virtual talent, i.e. on how best to attract, select, develop, motivate, and retain talent that is involved in global virtual collaborations. Relevant lessons can however be drawn from extant research on global virtual collaborations, showing how various types of distance and associated boundaries can affect global virtual work. Talent managers need to take these effects into account, not only to support effective collaborations between high potential employees across the globe, but also to succeed in the various aspects of managing global virtual talent. In what follows, I will briefly review research insights regarding the effects of distance and boundaries in global virtual collaborations, and will then highlight implications for global virtual talent management.

1.1 Distance and boundaries

Perhaps the most frequently examined characteristics of global virtual collaborations are the distances and associated boundaries between collaborators. <u>Distances</u> are created foremost by different geographical locations, cultural and organisational contexts, and time zones. Due to these distances, members of virtual collaborations need to cross certain <u>boundaries</u>, such as those between countries, regions, cultures, institutional contexts, firms, and firm units. The predominant use of <u>electronic communication media tends to amplify the effects of these boundaries.</u>

There is now abundant evidence to suggest how <u>geographical and cultural boundaries can inhibit the relationships</u> between members of virtual collaborations,

thereby endangering the performance of these collaborations. For example, geographical and cultural boundaries restrain the frequency and closeness of interactions and hence the strength of social ties between members (e.g. Hansen and Lovas, 2004). Geographical distance is further likely to destabilize social networks. Movements of staff in a remote unit are likely to be more opaque compared to a collocated unit, making it harder for members of a virtual collaboration to maintain cross-unit networks over time.

Geographical and cultural distance are also well known to inhibit trust building (Breu and Hemingway, 2004; Jarvenpaa and Leidner, 1999; Winkler et al., 2008), not only due to the mentioned weaker ties and less stable networks, but also because distance makes it harder for collaborators to interpret each other's competence and motivation which would justify trust (Davison and Ekelund, 2004). Trust has however been found to be important in facilitating global virtual collaborations, helping for example to achieve a safe climate that supports team innovation (Gibson and Gibbs, 2006), and general team effectiveness (Edwards and Sridhar, 2003).

It is also harder to develop a shared team identity in global virtual collaborations, as members here rarely meet face to face and have limited opportunities for informal bonding. A shared team identity is however a crucial coupling mechanism (Gibbs, 2006: 347) that encourages trust (Maznevski et al., 2006) as well as knowledge sharing (Fulk et al., 2005), and motivates members to assist each other and spend effort in the team's goals (Harvey et al., 2006; Shapiro et al., 2002). In the same vein, global virtual teams tend to split into subgroups along national and organisational boundaries, which can again inhibit trust (Gibson and Manuel, 2003) as well as knowledge sharing (Cramton, 2001).

When national and organisational boundaries have to be crossed, it is also harder to achieve a shared understanding amongst collaborators, for example with regard to each other's social norms and communication codes, which can in turn inhibit the development of trust (Jarvenpaa and Leidner, 1999). It further tends to be more difficult for virtual collaborators to develop a shared understanding of their tasks, goals and member roles, which would however be important in order to exchange relevant knowledge and collaborate effectively (see Zimmermann, 2011). Distance also tends to create barriers to transferring knowledge, particularly when it comes to tacit knowledge. For example, knowledge about dealing with clients can sometimes be obtained only by communicating with the client face to face, which can be hard to arrange for overseas members. Similarly, procedural knowledge about the workings of high end technology such as a car engine can often not be obtained without hands-on experience of this technology, which may not be available in certain countries (Zimmermann & Ravishankar, 2016).

It is important to note that geographic and cultural distance in global collaborations can also have certain benefits. For example, cultural diversity can enhance creativity by allowing for a larger range of ideas and approaches to problem solving (Stahl et al., 2009). In the same vein, forming national subgroups can facilitate team learning, as long as the subgroups share a number of attributes (such as profession) and maintain an 'inclusive atmosphere' (Gibson and Vermeulen, 2003). It has further been suggested that virtual communication can be beneficial for building trust

between members of different cultures, as it makes visible culture characteristics such as accent and demeanors less obvious (Jarvenpaa and Leidner, 1999).

Notably, it is important to distinguish between different <u>types and degrees</u> of virtuality. Chudoba et al. (2005) for example highlight that virtual collaboration creates different types of 'discontinuities', in terms of geography, time zones, culture, work practices, organization, and technology. They advocate distinguishing between different types and degrees of virtuality depending on scores on these dimensions. It is further important to discriminate between <u>objective and perceived distance</u>. Recent research has shown that frequent and close virtual communication as well as a strong shared identity can lead to 'perceived proximity' in international collaborations, i.e., a 'cognitive and affective sense of relational closeness' (O'Leary et al., 2014: 1219), or a person's perception of how close or far another person is (Wilson et al., 2008). In O'Leary et al.'s (2014) research, perceived proximity and not objective distance affected the quality of relationship between remote colleagues, i.e. their satisfaction with the relationship, their learning from the distant colleague, and the desire to work with the colleague again in the future. The authors argue that perceived proximity emerged firstly from frequent communication (including face to face, e-mail, telephone, video conference, instant message, chat, text, and social media such as facebook), and secondly from a shared identity regarding age, gender, personal values, and work commitment. In cases, colleagues even reported communicating more frequently and feeling closer to remote colleagues compared to colleagues in the same office. By creating perceived proximity, frequent communication and shared identity hence reduced the effects of objective distance.

<u>The way ICT is used</u> is another important factor that can both facilitate and inhibit global virtual collaborations. Malhotra and Majchrzak (2014) point out that a high degree or exclusive reliance on ICT does not necessarily harm the performance of a distributed team, provided that the type of ICT use matches the focal task. In the same vein, Maznevski and Chudoba (2000) suggest that effective virtual teams tend to match the function of communication with the form of communication. For example, virtual communication can be most effective and efficient for information gathering, whilst regular face to face meetings should be reserved for tasks such as problem solving and comprehensive decision making. When applied to the right types of tasks and functions, virtual communication can have several benefits. Apart from being necessary due to physical distance, virtual meetings also tend to be shorter than face to face meetings and can therefore help in avoiding unnecessary, time-consuming meetings. ICT based communication also helps in documenting communications and decisions (e.g. via email trails). Moreover, non-synchronous communication via ICT provides non-native speakers with additional time for formulating their thoughts, and helps avoid accent-related misunderstanding.

1.2 Implication for managing global virtual talent

When firms tap on talent around the globe, the challenges of collaborating across distances and boundaries become inevitable. Talent managers will have to address these challenges throughout the process of talent management in order to succeed in attracting, selecting, motivating, and retaining global virtual talent. I will now highlight important learning points for each of these aspects of talent management.

1.2.1 Attraction

It is paramount that talent involved in global virtual collaborations are both willing and capable of working across distances and boundaries. In order to attract highly qualified recruits with a high performance potential, it is therefore not sufficient to advertise for technical qualifications and general social skills such as team working or leadership qualities. Rather, the requirement of collaborating effectively across geographical and cultural boundaries has to be included as an additional, important part of job descriptions and advertisement. Whilst this is often the case with regard to managerial positions, the requirements of international, virtual working are often not explicit in calls for technical experts, such as IT developers in India or mechanical engineers in Europe. Zimmermann and Ravishankar's (2011) research suggest that this can even result in a mismatch between job incumbent professional identity and their actual responsibility of global virtual working. For example, certain German engineers in their research did not identify with the assigned role of coordinating IT development across India and Germany, as they perceived themselves primarily as engineers. Some of them also felt they were not sufficiently skilled in intercultural communication, and for this reason eschewed the contact with counterparts abroad.

Skills such as international and virtual communication, coordination, team working and leadership should therefore be not only advertised, but also promoted as desirable skills that can be further developed on the job, yielding desirable career paths. Talent managers should aim at attracting employees who desire to work internationally and over distances, and for these, the option of working in an international team or becoming an international leader can be a particular attraction of the job.

1.2.2 Selection

In line with the recommendations for job descriptions and advertisements, skills for virtual and intercultural communication, coordination, team working, and leadership also need to be used as criteria for talent selection. Tapping on these skills will help tackle the above named challenges of global virtual collaborations, such as the difficulties of building trust and a shared team identity, avoiding strong subgroups, and creating a shared understanding. A simple means of selecting for these skills is to place an emphasis on applicants' language skills and prior experience of working abroad or in virtual settings. In addition, the skill of using ICT effectively and coordinating activities across time zones can be assessed through virtual team exercises where simulated global teams have to work across time zones under pressure of a tight deadline and limited mutual knowledge (…). There are now also many methods and tools to assess cross cultural competence which can be used in assessment centres, such as self-reported measures, behaviour description interviews, situational (critical incident) judgment tests, cross cultural role plays (…), and cultural intelligence tests (Earley & Ang, 2003). Given that intercultural competence is complex and has many dimensions, it is advisable to use a range of such instruments (see Leung et al., 2014).

Perhaps the most detailed conceptualisation of the competences required for cross cultural interactions is in terms of 'cultural intelligence'. Cultural intelligence has been defined as a person's capability to function effectively in culturally diverse contexts

(Ang et al., 2015), and is measured in terms of a cultural quotient (CQ). Cultural intelligence includes four factors, namely (1) metacognitive cultural intelligence, reflecting an individual's capability to acquire and understand cultural knowledge, (2) cognitive cultural intelligence which reflects an individual's knowledge about cultures and cultural differences, (3) motivational cultural intelligence, which refers to an individual's capability to direct and sustain effort toward functioning in intercultural situations, and (4) behavioural cultural intelligence which reflects and individual's capability for behavioural flexibility in cross cultural situations (Ang et al., 2015: 436).

Extant research clearly implies that cultural intelligence should be an important criterion in the selection of global virtual talent. In particular, there is evidence to suggest that people who score high on the metacognitive dimension of cross cultural intelligence are more likely to trust people from other cultures. Moreover, multicultural teams with higher average team member cultural intelligence have been found to experience greater cohesion and performance (Ang et al., 2015). In the same vein, cultural intelligence has been found to predict the performance of leaders of multicultural teams, and the emergence of leaders in such teams (Ang et al., 2015). Cross cultural intelligence has also been found to be linked to the general personality traits described in the Big Five model of personality (Costa & McCrae, 1992), in particular to openness to experience (i.e. a person's tendency to be creative, imaginative, and adventurousness; Costa & McCrae, 1992), agreeableness and emotional stability, and extraversion (Ang et al., 2006). Even if job applicants have not yet experienced a virtual and/or international collaboration, these personality traits should thus aid in developing cross cultural competences, and should be used as selection criteria to identify those candidates with a better potential of developing cross cultural competence.

These criteria should be applied for the selection of talent from outside and within a firm. When it comes to creating a talent pool within a MNE however, the talent selection process can be *biased* by the geographical and cultural distance between decision makers (e.g. headquarter senior managers and HR managers) and a potential talent pool candidate. Mäkelä et al. (2010) argue that talent pool inclusion is a two-stage decision process in which primarily experience-based (on-line) performance appraisal evaluations and ratings are used as input in primarily cognition based (off-line) managerial decision making. The authors provide evidence that during the second stage, the decision process is affected by institutional and cultural distance, as well as homophily and the network position of the potential candidate. The smaller the cultural and institutional distance between the locations of the talent pool candidate and the decision maker, and the more central the candidate's network position, the more likely an individual will be included in a talent pool. Mäkelä et al. (2010) do point out that these findings may be particular to firms that apply quite centralised practices of identifying talent.

As an explanation, the authors suggest that institutional and cultural distance are likely to influence the extent to which decision makers involved in talent reviews trust the performance evaluations from different parts of the MNC. Moreover, homophily implies that there is a tendency for decision makers to rate persons more positively who are similar to themselves and therefore judge their career potential more positively. This is primarily because decision makers will interact more frequently with candidates and firm units that share their language and culture, and are

therefore more aware of the accomplishments and performance of more similar candidates than those who are more dissimilar (Mäkelä et al., 2010: 138). Network centrality in turn is crucial because it affects the visibility of potential candidates. Decision makers are likely to have fewer interactions with virtual talent in remote units and will know less about their performance. It will therefore be harder for decision makers to 'spot' talent that is (from their perspective) virtual.

1.2.3 Development

In line with the suggested selection criteria, talent managers also have to enable global virtual talent, once recruited, to acquire the necessary skills of virtual and cross cultural working. As major routes for developing these skills I will here distinguish between formal training, social learning, and on-the-job experience.

There is now a vast repertoire of methods of *formal intercultural and virtual team training* that talent managers can draw on. Sit et al. (2017) provide a useful classification of formal cross cultural training approaches into four types: didactic, cognitive, behavioural, and cognitive-behavioural. Didactic approaches generally comprise teaching of relevant knowledge. This can include explanations regarding cultural and country differences and intercultural interactions, practical information such as 'do's and don'ts' of interacting with members of another culture, and instructions on the use of information technology in virtual collaborations. This kind of training is most common, because it is time-efficient and inexpensive. Cognitive approaches in turn involve cultural awareness and sensitivity training. Behavioural approaches in turn focus on practicing verbal and non-verbal behaviours during cross-cultural interactions (Sit et al., 2017: 4). A large range of experiential training methods can be incorporated in cognitive and behavioral training sessions, for example role plays, simulations of intercultural interactions, and virtual team work. Outside of training sessions, global virtual team exercises that span several weeks or months (e.g., http://x-culture.org) can serve as experiential training that is even closer to real life.

Experiential intercultural learning is generally more effective the more individuals *reflect* on their experiences (Li et al., 2013; Sit et al., 2017). Talent managers can therefore support the development of virtual and cross cultural collaboration skills by offering workshops in which internationally working employees can reflect on their experiences and receive expert advice on the use of virtual communication media, cultural differences, and behavioural repertoires.

S*ocial learning* is another fundamental mechanism of intercultural learning. An exchange with colleagues (both from the same and other nationalities) about cross cultural and virtual work experiences will support not only individuals' learning from others' experience, but also their reflection on their own experiences of intercultural encounters. Talent managers can here assist by creating situations where social learning can occur, including formal training sessions and reflective workshops. Furthermore, employees who have acquired strong international experience, such as returnees from international assignments, can be invited to cross cultural training and workshops to inform the discussions and to facilitate firm learning (see Mayrhofer et al., 2008).

Perhaps the largest amount of learning of international, virtual collaboration skills will occur *on the job* (see Leung et al., 2014). It is therefore crucial that talent who are involved in international virtual collaborations have a chance not only to work as part of an international team from early on in their career, but also to rotate between different international teams, and if possible between different countries. Working as part of an international team will provide the opportunity for experiencing and practicing the effective use virtual communication media. Moreover, global team working, training visits, and work assignments abroad (for example at headquarters or other national subsidiaries of a firm) are invaluable for developing the four factors of cultural intelligence. On a cognitive level, first-hand experience of intercultural collaboration, both virtually and on on-site visits, serves to develop an awareness of different national and organisational contexts. Such visits also serve to learn, in an experiential manner, about cross cultural communication and miscommunication, and to acquire behavioural repertoires to cope with such miscommunication. Notably, people often become conscious of cultural differences only when they have experienced intercultural misunderstanding first hand (e.g. DiStefano & Maznevski, 2000). Awareness of cross cultural differences and difficulties can enhance individuals' motivation to sustain effort in cross cultural encounters, and new behavioural repertoires may help to increase individuals' cross cultural self-efficacy, which in turn feeds into the motivational aspect of cultural intelligence. Having experienced such learning, individuals will also train their meta-cognitive cultural competence, i.e. their capability to acquire and understand cultural knowledge.

Notably, rotational assignments and assigned short term projects abroad also serve to enhance the collaboration in the global virtual team and its success more directly, by allowing members to develop a better shared understanding of the tasks, goals, and social norms, and to build stronger social ties, trust, and shared team (Schweiger et al., 2003). Moreover, rotation between countries and international teams is an important means of developing technical competence, particularly if knowledge cannot be transmitted easily across the distance (see Zimmermann & Ravishankar, 2016).

For members of a high potential talent pool, the opportunity to develop international leadership skills becomes an important concern. Potential international leaders can be developed through a targeted programme whereby potential leaders are selected internationally and trained in different locations. Such programmes can include a real-life international project where identified leadership talent from different locations manage an international business project over a set time period (Mayrhofer et al., 2008: 243).

Importantly, the development of international collaboration and leadership skills through rotational assignments requires an organisational structure that allows for the movement of staff in all geographical directions. This is to say that the firm's global set up need to be aligned with the strategy of managing global virtual talent. An ethnocentric organisational set up with a highly centralised organisational structure will inhibit not only the identification of remote virtual talent (as mentioned before), but also the development of such talent through international team working, assignments and international careers.

1.2.2 Motivation and retention

The effects of distance also have to be taken into account for the motivation and retention of talent. By counteracting distance related obstacles to global virtual collaborations, talent managers can not only support the success of global virtual working and foster strong relationships amongst virtual team members, but can thereby also strengthen employees' motivation to continue with this work, and their commitment to the firm.

Talent managers can firstly support global virtual collaborations through staffing such collaborations with suitable candidates. The attraction, selection, and development thus feeds into the success of virtual collaborations.

Moreover, the mechanisms underlying perceived proximity and effective use of communication media could be used as levers to overcome some of the impacts of distance in global virtual collaborations. More specifically, talent managers can support the development of 'perceived proximity' by making candidates aware of their shared attributes. Allowing employees to communicate frequently through ICT and to use social media such as facebook to exchange personal information seems to be highly instrumental for this purpose (*check other recommendations by O'Leary*). Rather than relying on more traditional bonding events such as team workshops and social events, the use of social media can be an effective and less expensive means of detecting similarities and fostering a shared identity amongst virtual colleagues. The resulting personal bonds can help ameliorate a whole range of team processes that are affected by distance. For example, shared understanding, shared team identity, increased communication and knowledge sharing, as well as knowledge sharing are tied to such interpersonal relationships (*check;* see Zimmermann, 2008).

Talent managers can also become active in supporting the virtual collaboration through many well-known team building measures. In particular, it is important to set strong shared goals which will serve to create team identity (*Earley & Erez, 2003*?). Moreover, a clear communication structure, interaction rules, and well-defined roles of team members can help to develop better shared understandings over the distance (see G*ibbs et al 2015*). Boundary spanners and team facilitators can also be invaluable to ease communication across boundaries (e.g., *Soderberg & Romani, 2017, check*). As mentioned, it is further important to provide appropriate ICT, and to train members in using ICT in an effective manner, to match communication form and function (Maznevski & Chudoba, 2000).

It has also been suggested that high task interdependence entails frequent interactions and greater familiarity amongst virtual team members, which makes it easier to build trust (Gibson & Manueal, 2003). Such task interdependence can in turn be increased by shared goals (Earley and Gardner, 2005). Regular reviews, ideally with the help of a facilitator, can serve to identify and overcome any process issues in the global virtual team.

These measures are likely to increase the motivation and retention of talent involved in the global collaborations, firstly by enhancing their commitment to the global team.

Such commitment is likely to be stronger if shared identity, familiarity and personal bonds amongst members of a global virtual collaboration have been built. Secondly, a well-functioning global virtual team will create a more positive work experience for virtual employees, which is likely to increase not only their motivation to continue their work in the team, but also their commitment to the firm. External conditions, such as the job market and country-specific norms of employee turnover may of course outweigh this factor of employee retention (see for example Demirbag et al. 2012 and Lacity et al., 2008, with regard to employee turnover India).

The performance of the global virtual team, and the commitment of its members to this team and to the firm can also be managed more directly, through reward systems. For example, employees' effort in the international virtual communication, team work, or knowledge transfer can be included as criteria in employee performance appraisals, making it directly relevant for rewards and promotion. Gibbs et al. (2015) further suggest that rewards should focus not just on the outcomes of a global virtual collaboration, but also on evaluating the group process, even if it is more difficult to measure. This evaluation of group process is likely to encourage members of global virtual collaborations to spend effort on building effective relationships and processes in their global team.

Overall, it should be noted that is particularly hard, but also particularly important to build strong relationships in global virtual collaborations (Zimmermann, 2008). Talent managers thus need to manage global virtual talent in a way to achieve strong relationships and team performance, and this is likely to help in motivating and retaining their global virtual talent.

2. Managing global virtual talent in the context of MNEs

In today's MNEs, increasingly higher end, core roles and responsibilities are located at international subsidiaries. This is true not only for global firms, i.e. firms at the latest stages of internationalisation or 'born global' (…) firms, but also for MNEs that do still have a corporate headquarters that holds significantly centralised functions and responsibilities. Responsibilities in MNEs are distributed increasingly equally across the globe, following local expertise and resources rather than the hierarchy between headquarters and subsidiary (…). This development has generally been enabled by modern information and communication technology that supports global virtual collaboration. In the case of MNEs that span developed and emerging economies, this international distribution of responsibilities has also been driven by the increasing expertise attainable in the emerging economies where subsidiaries are located (e.g. BRIC economies and Eastern Europe).

A lot of research has looked at headquarter-subsidiary relationships of Western companies operating in India or China (…). Many Indian subsidiaries have for example become centres of IT development, taking significant responsibility for the development of new software functions to be used high end technology (Dibbern et al., 2008; Zimmerman & Ravishankar, 2014;…). This development goes hand in hand with the growth of management responsibilities in such subsidiaries, sometimes resulting in largely independent financial management of subsidiaries and local market interfaces (…;Zimmerman & Ravishankar, 2016). Hence, a global

network structure has often replaced the more traditional hierarchical relationships between headquarters in developed countries and firm units in emerging economies.

With this increasingly even distribution of knowledge work, more and more strategic positions are located in remote units, which need to be filled by highly qualified, top performing employees. Talent management has therefore become paramount across international units. At the same time, the global set up of MNEs often creates specific challenges to talent management.

Firstly, the challenges of managing talent in virtual global collaborations described above apply to this setting. Secondly, the international distribution of talent can create a situation where headquarter and subsidiary employees compete for attractive tasks and career prospects, entailing a whole range of issues for talent managers. Highly qualified employees in key positions tend to have high career expectations, which can in an international setting not always be met easily. In emerging markets such as India, this has led to the well-known issue of high employee turnover (…) and to cases of underperformance (…).We will argue that a greater focus must therefore be placed on strengthening these subsidiary employees' intrinsic work motivation, and their relationships with headquarter employees, feeding into their affective and continuance commitment to the organisation, and ultimately strengthening both performance and retention of subsidiary talent (…).We further suggest that the retention levels of subsidiary employees in emerging economics also depend crucially on headquarter employees' motivation to support the career progression of their subsidiary colleagues. It is therefore necessary to 'co-design' onshore and offshore talent management practices. We will now explain these views in detail, drawing on Zimmermann and Ravishankar's (2011; 2012; 2016) case study evidence on international virtual collaborations in offshoring settings.

2.1 Case study evidence

Zimmermann and Ravishankar's (2011; 2012; 2016) case studies feature typical offshoring settings, namely the transfer of knowledge intensive tasks (IT development and legal services) from European (German and UK) MNEs' headquarters to subsidiaries in India. Increasingly high levels of technical expertise and managerial responsibility were here transferred to the offshore sites, such as IT development tasks, project management and the client interface. Onshore and offshore tasks and responsibilities were nevertheless to certain degrees interdependent, requiring regular interactions between onshore and offshore colleagues. The authors' findings are based primarily on qualitative interviews conducted on-site with onshore and offshore employees at different hierarchical levels.

Consistent with other research (…), the highly qualified offshore professionals in these cases were found to be generally ambitious and keen to take on successively more challenging tasks and responsibilities, and to progress in their careers. However, a pervasive challenge in these settings was to provide sufficiently attractive, i.e. novel and complex tasks to the highly skilled Indian professionals. This finding is consistent with previous observations that highly qualified Indian professionals can be sufficiently motivated only by the prospect of undertaking creative and challenging tasks (Ravishankar, Cohen, & El Sawad, 2010). In the

areas of the firms where this challenge was not met, this created a degree of disappointment and decline in work motivation and effort amongst these employees, resulting in sub-optimal performance and above average employee attrition. Motivation and employee attrition were thus important concerns for HR professionals, and were addressed systematically by offering frequent opportunities of training and certification/qualification, regular job rotation, leadership development programmes, and onsite visits at headquarters. Whilst such talent management measures appear commonplace, Zimmermann and Ravishankar (2016) unveil other important mechanisms of employee motivation that have to be taken into account in such virtual collaboration setting.

In particular, Zimmermann and Ravishankar (2016) take a systems perspective to highlight how onshore employees' motivational drivers are interlinked with the motivational drivers amongst their onshore colleagues, and with the offshoring strategy of the organisation. Figure 1 presents the details of these interlinkages. In the authors' case studies, an important reason for the difficulty of providing attractive career prospects for offshore employees pertained to the motivational drivers amongst the onshore (i.e. German or UK) counterparts at headquarters. In certain cases, onshore middle managers and employees did not feel motivated to transfer attractive tasks to the offshore unit and withheld such tasks, or did not spend sufficient effort in training and mentoring their Indian colleagues after a transfer. These findings are consistent with prior case studies demonstrating resistance against offshoring which entailed a lack of cooperation (Cohen and ElSawad, 2007), lack of knowledge transfer and communication (Zimmermann et al., 2012; Zimmermann & Ravishankar, 2014), and 'status closure' (Metiu, 2006) towards offshore colleagues.

As a result, Indian colleagues felt that they were not sufficiently trusted, and that they did not have a chance to attain their career aspirations. When looking at the reasons for the lack of task and knowledge transfer effort, a range of factors became apparent. Firstly, the availability of attractive alternative tasks for onshore employees was important, as employees were naturally reluctant to 'offshore their own jobs' and thereby endanger their own careers (see arrow from 'expectations about career prospects' to 'actual task transfer' in Figure 1). Secondly, the prior performance by offshore colleagues on similar tasks was crucial for onshore members' decision to offshore further tasks (see arrow from 'expectations about performance' to 'actual task transfer' in Figure 1). To illustrate, if a transferred task had been completed poorly and was full of errors, onshore employees thought twice before trusting the Indian counterparts with other tasks. Thirdly, in cases where the transfer of tasks had caused a great amount of additional work in terms of training offshore colleagues and correcting their faulty outputs, onshore employees refrained from transferring further tasks, as they felt they did not have the necessary capacity to offer such support Such expectations of additional workload depended in turn on the prior experience of the quality of work received from the offshore unit (see 'expectations about workload' in Figure 1).

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Zimmermann and Ravishankar (2016) further observe that *offshore and onshore motivational drivers are interdependent*. As mentioned, they found that onshore

members' expectations regarding consequences for their own careers, offshore performance, and the associated workload, affected the extent to which they transferred further tasks offshore. This task transfer in turn influenced how many attractive and challenging tasks would be available for offshore colleagues, which again determined offshore employees' career expectations and task ownership. In the cases where Indian employees felt they were not trusted with sufficiently challenging tasks, they consequently did not perceive attractive career prospects and did not feel they owned the task or had to take responsibility to do their best. Such poor career expectations and tasks ownership could result in suboptimal effort and performance, and in some cases even to the decision to leave. In other words, the actual task transfer by onshore colleagues affected offshore employee task performance as well as retention (See Figure 1, arrows from 'actual task transfer to 'expectations about career prospects' and 'task ownership', to 'retention' and to 'task effort', and to 'task experience'/'task performance'). Additionally, the degree to which tasks were transferred to offshore units fed into offshore employees' performance also simply by providing an opportunity for offshore employees to gain experience and thereby develop the competence to perform increasingly advanced tasks. Offshore task performance was, conversely, a crucial determinant of onshore members' expectations about offshore performance and the workload created through offshoring, as mentioned before (See Figure 1, arrows from 'task performance' to 'expectations about performance' to 'expectations about workload'). We have also mentioned that these performance and workload expectations fed into onshore employees' motivation to transfer more advanced tasks to their offshore counterparts, which impinged upon offshore motivation and performance. Zimmermann and Ravishankar (2016: 560) therefore suggest that the motivation levels in the onshore and offshore units reinforced each other, and that through this a positive feedback loop was created.

In order to arrive at detailed implications for talent managers, it is useful to look at the third part of what Zimmermann and Ravishankar call the 'offshoring system'. Both *onshore and offshore motivational drivers were found to be interdependent with the firm's offshoring strategy*, defined as the actual and planned distribution of tasks and responsibilities between onshore and offshore units [**==check def.==**]. Firstly, *onshore* employees' motivation to transfer tasks to their offshore colleagues depended on the task distribution strategy (see Figure 1, arrows from offshoring strategy to onshore motivational drivers). More specifically, onshore employees' career expectations were shaped by the firm's plans for the future task distribution, which defined what tasks and responsibilities were to remain at the onshore units. Moreover, onshore employees' expectations of their offshore colleagues' performance and the workload created by offshoring was affected by the degree to which they believed that the firm's offshoring plans were 'realistic', considering Indian colleagues' ability to perform well on the offshored tasks, and considering the time allocated for the required knowledge transfer. In some departments, onshore employees explained that the implementation of the offshoring plans had been too fast, not allowing for sufficient time to recruit and train the required number of Indian employees who could tackle such demanding tasks.

The firm's plans for the distribution of tasks and responsibilities between onshore and offshore sites also shaped *offshore* members' career expectations and their work motivation (see Figure 1, arrows from offshoring strategy to offshore

motivational drivers). In some cases, where offshore employees did not see any clear organisational level plans for the move of increasingly challenging tasks to the offshore unit, their drive to 'give their best' suffered, and an increased numbers of employees decided to seek careers elsewhere. The performance of retained employees suffered as well, which in turn reduced the chance for higher level offshoring in the future. Contrariwise, in cases where the performance of offshore staff had improved over time, the offshoring strategy was reinforced, and increasingly advanced tasks were allocated to the offshore unit. Zimmermann and Ravishankar (2016: 559) therefore suggest that another positive feedback loop was created, which fed into upward or downward spirals. More specifically, if an offshoring strategy led to high offshore performance, the strategy could be developed further, determining the allocation more advanced tasks to the offshore unit. This would in turn enhance the levels of motivation in the offshore unit, which would lead to further improved performance, and to a continuation of the feedback loop at a higher level. According to the authors, the reverse, downward spiral was created when offshore members did not receive increasingly challenging tasks and did not see attractive career prospects, which dampened their motivation, leading to poorer performance and lower levels of success of the offshoring strategy.

2.2 Implication for managing global virtual talent

These insights have important implications for the management of global virtual talent. The most striking lessons can be taken with regard to the <u>motivation</u> and <u>retention</u> of such talent, but a few important conclusions can also be drawn with regard to talent <u>attraction, selection, and development.</u>

2.2.1 Motivation and retention

Zimmermann and Ravishankar's (2016) research makes apparent how onshore and offshore career prospects are intertwined, and how they both depend on the managerial strategy for distributing attractive tasks between offshore and onshore units. As mentioned, the plans for the onshore-offshore task distribution will shape career prospects of onshore as well as offshore employees. Moreover, resulting career prospects will affect offshore employees' work ***motivation*** and their ***retention*** with the firm. Onshore career prospects in turn will influence onshore employees' motivation to transfer tasks to offshore colleagues and to thereby support or limit offshore career prospects.

It thus becomes clear that HR and functional managers need to achieve a distribution of tasks between onshore and offshore sites that answers to the career aspirations on both sides. To achieve this, it will not be enough for HR and general managers in the different locations to work separately on designing career paths for their local employees. Instead, these managers have to work together, and thereby create a 'combined career pyramid' that takes into accounts the needs of both sides. These managers have to provide attractive career paths for offshore colleagues, but also have to make sure these do not jeopardize onshore members' career expectations, and vice versa. In order to design such a combined career pyramid, managers onshore and offshore have to look well beyond the high potential employees in their own locations, and take into account the motivational drivers of talent that is, from their perspective, virtual and located at a distant unit in another

country. To balance onshore and offshore career aspirations simultaneously is of course very difficult. The transfer of tasks from onshore to offshore members is likely to create tensions between onshore and offshore career interests, particularly if the amount of available attractive tasks is limited. Moreover, when it comes to highly qualified employees, career aspirations are likely to be particularly high, and available options particularly scarce. (see Zimmermann & Ravishankar, 2016: 562; 563)

Importantly, the design of a combined career pyramid also needs to ensure that onshore employees perceive the distribution of tasks to be *feasible*, i.e. that it can realistically lead to satisfactory performance offshore, without causing unacceptable additional workload for onshore employees. As mentioned, if onshore members do not believe that the tasks to be transferred match offshore members' concurrent skill levels at a given point in time, they are not likely to implement the strategy and transfer attractive tasks to their offshore counterparts, which will jeopardize the career paths and task ownership of offshore colleagues, affecting offshore performance and attrition levels. Moreover, without the opportunity to work on challenging tasks, offshore employees will not be able to augment their task experience, which will stifle their performance and thereby make onshore employees even more reluctant to trust their offshore colleagues with challenging tasks. In other words, a task distribution strategy needs to be realistic in order to yield high performance and thereby trigger an upward rather than a downward spiral.

At the same time of course, such realistic task allocation has to be balanced with the need to provide desirable career prospects for onshore as well as offshore staff, i.e. with the requirements of the combined career pyramid. Even if a task distribution strategy is realistic in terms of the task-skill match, onshore employees are unlikely to support it if they feel that it endangers their own careers. Conversely, if managers set the ceiling for advanced task transfer too low, employees in offshore units may not see sufficient career prospects for themselves. In order to avoid the negative spirals and yield positive ones, senior managers thus need to take *both a performance perspective and a career perspective*, i.e. they have to design a strategy that is both realistic and fulfils onshore-offshore career expectations.

2.2.2 Attraction, selection, and development

The reviewed case studies provide a number of specific implications also for the attraction, development, and selection of global virtual talent. Firstly, designing a combined career pyramid will be crucial for the **attraction** of talent, particularly in emerging economies where competition for talent is fierce. Highly qualified potential recruits are likely to be more attracted to a MNE that does not promise attractive career prospects, but also underscores its career promises through a clear and explicit strategy for the distribution of tasks and responsibilities across international units. Such a strategy will assure applicants in emerging economies that the local units can grow and will not face narrow career ceilings in the near future.

With regard to talent **selection**, the presented case evidence underscores the view that employees working in international collaborations, particularly in strategic positions, need to possess significant skills of international communication and collaboration, and a willingness to collaborate internationally. These skills and

motivation should therefore be core selection criteria used in the assessment procedures. Onshore, the need for employees' willingness to collaborate internationally rises to another dimension when it comes to competing interests between international units, such as the competition for attractive tasks between onshore and offshore sites. In these settings, onshore employees who are willing to treat offshore units equitably, and are considerate of their offshore colleagues career interests are more likely to spend the necessary effort into task and knowledge transfer, and to support their firm's offshoring operations.

In order to ***develop*** talent at the offshore unit, managers again need to ensure they distribute tasks in a way that allows for high offshore performance, as well as a combined career pyramid. Firstly, career paths are of course a necessity for offshore employees to progress and develop their skills. Secondly, in the offshoring context, the training and development of offshore employees depends heavily on the support by onshore employees who transfer tasks along with the required knowledge. The degree to which onshore members are motivated to spend effort and time in sharing their expertise and mentoring offshore colleagues will however depend on their expectations regarding the resultant offshore performance, and regarding consequences for their own careers. In other words, onshore employees are unlikely to contribute to the development of offshore expertise and careers if they believe the task transfer will lead to poor performance or will jeopardise their own careers. It will hence be important to design a strategy that is perceived to be realistic and to safeguard onshore careers.

As part of the international distribution of tasks and responsibilities, managers will also have to allocate strategic positions across international units. This international distribution cannot be driven primarily by cost factors, which often still underlie offshoring rationales. To foster the motivation and retention of talent across international units, the distribution of tasks, responsibilities, and strategic positions will additionally have to accord with the named issues of feasibility and the common career pyramid. These distributions will of course be determined heavily by the MNEs global set up, i.e. its degree of centralisation and international interdependence. However, this global set up should itself be informed by considerations of employees' motivational drivers across international units. As others have observed before (Mudambi & Talman?…), highly centralised MNEs that concentrate their high end tasks and responsibilities at headquarters are not likely to address the rising career aspirations of the highly sought after employees at offshore sites in emerging economies.

2.2.3 Boundary conditions of the international distribution of tasks and responsibilities

There are naturally several practical limitations to the international allocation of tasks and strategic positions. The availability of attractive tasks, such as innovative technological developments, depends for example on the *economic context*. The general economic situation of relevant markets will determine the demand for the firm's products or services by clients, and thus the extent to which firms will invest in the development of new products and services. In Zimmermann and Ravishankar's (2016) case studies, this was noticeable during the economic crisis of 2008, when

the competition for attractive tasks between onshore and offshore colleagues became tighter.

Moreover, the allocation of increasingly challenging tasks to offshore units is only feasible if the *required expertise* is available or can be developed within the particular country context. In the named case studies, it was for example difficult to develop expertise in servicing external clients in India, as most clients were located in other countries and it was thus hard to arrange for close interactions with the clients. This situation may however be changing, as client firms are increasingly relocating operations to emerging economies, allowing for new direct client interfaces (see Zimmermann & Ravishankar, 2016: 561).

Whilst our insights were gained in case studies of onshore-offshore collaborations, we assume that they apply at least in parts to the management of global virtual talent in MNEs more generally. The interdependence of tasks, and therefore of motivational drivers amongst members of different international units, may in other MNE settings not be as strong as in the reviewed case studies. For example, if an MNE's international units work on separate tasks that require fewer international interactions, the motivations in the different international units may not affect each other as strongly as in the case of offshoring, and the career pyramids for different units could be separated more easily. However, we tend to find a certain interdependence of tasks, responsibilities, and strategic roles across MNE units in general, even in the most advanced forms of MNEs, such as global network organisations(*ref on interdependence, in MNEs?…*).

1. **Managing global virtual contractors**

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Fig. 1 The system of offshoring strategy and onshore/offshore motivational drivers (adapted from Zimmermann & Ravishankar, 2016)