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OFFSHORING ATTITUDES, RELATIONAL BEHAVIOURS, AND DEPARTMENTAL CULTURE

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Abstract

The success of IT offshoring depends to some extent on the working relationships between onshore and offshore colleagues. However, as part of an organisational department's culture, employees can hold different attitudes towards offshoring and towards their own offshore collaboration. Previous research suggests that such 'offshoring attitudes' can influence subgroup divides and thereby affect employees' motivation to build and maintain effective working relationships. Through a qualitative field study, this paper demonstrates how offshoring attitudes affected the relational behaviours of German IT developers towards their Indian offshore colleagues. Two prototypical, contrasting departmental cultures are identified with regard to German members' offshoring attitudes and associated relational behaviours. In particular, offshoring attitudes had an impact on Germans treating their Indian colleagues as team members versus suppliers, their intercultural communication, knowledge transfer, task transfer, and pinpointing of mistakes. The findings are interpreted with regard to Martin and Siehl's (1983) notion of 'enhancing' and 'countercultural' organisational subcultures. Implications for theory, practitioners and future research are outlined.

Keywords: Offshoring, attitudes, culture, transnational team

1. Introduction

The offshoring of information technology (IT) development tasks has become a focus of discussions amongst IT professionals as well as managers of multinational firms, the public media (Downey and Fenton, 2007; United Nations, 2005) and academics across many disciplines, such as information systems, organisational behaviour, and economics (Bidanda, Arisoy, and Shuman, 2006; Harrison and McMillan, 2006; Mankiw and Swagel, 2006). In these debates, offshoring commonly refers to the provision of services, previously supplied inhouse, from subsidiaries ('captives') or other firms in different countries (Harrison and McMillan, 2006).

It has emerged that the success of offshoring arrangements relies heavily on the working relationships between onshore and offshore employees. For example, the quality of knowledge transfer, a crucial success factor in IT offshoring (Dibbern, Winkler, and Heinzl, 2008), depends on relationship aspects such as trust (Staples and Webster, 2008; Westner and Strahringer, 2010), shared understanding (Cramton, 2001; Zimmermann, 2010) and effective intercultural communication (Adenfelt and Maaninen-Olsson, 2009; Dibbern et al., 2008). It is therefore crucial that members of offshoring collaborations are motivated to contribute effort to building and maintaining effective working relationships.

However, offshore and onshore members may lack such motivation, if they hold negative attitudes towards offshoring in general and towards their own offshoring collaboration in particular. Such attitudes are here termed 'offshoring attitudes'. For example, Cohen and El Sawad (2007) demonstrated that British call centre employees used their Indian colleagues as scapegoats, because they feared that their own jobs were threatened through offshoring. In the same vein, Zimmermann and Mayasandra (forthcoming) demonstrated that Indian IT developers in Indo-German offshoring arrangements felt that German colleagues had blamed them unfairly for mistakes, resulting in a lack of problem reporting. Conversely, some German colleagues regarded the transfer of tasks as a coordination burden and a threat to their jobs, causing them to be overly critical and even to avoid communication with their Indian colleagues and obstruct knowledge transfer. Such negative attitudes were stronger in some departments than others, and in departments with more positive offshoring attitudes, the behaviours towards offshore colleagues were pronounced in a reverse manner.

Drawing on culture theory, this paper will argue that such offshoring attitudes and resulting behaviours towards offshore colleagues can be components of different cultures. Schein's three-layer model of culture will be used to argue that attitudes are part of the intermediate layer of culture, whilst related behaviours are included in the outer layer of culture. Departmental cultures are taken as the unit of analysis, which will be justified by theoretical considerations as well as the empirical evidence derived in this study.

Hardly any research has investigated either offshoring attitudes or their association with certain behaviours towards offshore colleagues. Accordingly, we do not know whether offshoring attitudes and relational behaviours are characteristic to different departmental cultures. To address this gap, the paper presents a qualitative study conducted within a large German electronics firm. It compares departmental cultures in this firm in terms of German IT developers' offshoring attitudes, relational behaviours towards offshore colleagues, as well as departmental context factors in terms of organisational and managerial influences.

2. Offshoring attitudes, relationships, and departmental culture

As mentioned, we know little about the attitudes that employees working in offshoring arrangements hold towards the transfer of tasks to an offshore destination. Attitudes are in this paper defined in line with Aijzen (2001), as summary evaluations of psychological objects. These evaluations can be overall positive, negative, or ambiguous. Offshoring attitudes in particular are defined as summary evaluations of offshoring with regard to its advantages and disadvantages, such as positive and negative consequences. Following the public offshoring debate (Bidanda et al., 2006; Mankiw and Swagel, 2006), onshore colleagues are likely to evaluate the transfer with regard to consequences for the performance of the offshoring arrangement, and for their own professional life. With regard to performance, they may be concerned about cost advantages and additional coordination costs. For

themselves, they may see risks of additional coordination effort and losing their own jobs. However, with regard to international team work, it has also been shown that employees can experience the international collaboration as a personally enriching opportunity for intercultural learning (Stahl, Maznevski, Voigt, and Jonsen, 2009). Such feelings may develop independently of the offshoring debate. It is therefore not clear what range of attitudes offshoring partners may hold.

In a number of ways, offshoring attitudes can have an impact on working relationships between onshore and offshore colleagues. Onshore and offshore colleagues can be regarded as a part of a transnational team (TNT), defined as an international group working on a common task. Within such teams, offshoring attitudes are likely to influence the strength and the dynamics of subgroups. Subgroups are usually seen to emerge along 'faultlines', i.e. hypothetical dividing lines that create a split along team members' shared core attributes, which can become more or less salient in different contexts (Lau and Murnighan, 1998). In TNTs, nationality and location tend to be such salient attributes, splitting the team into national subgroups (Earley and Mosakowski, 2000). Positive and negative offshoring attitudes may influence which attributes of members of another nationality in the team become salient. For example, depending on their offshoring attitudes, onshore team members may perceive their offshore colleagues either as members of another culture who contribute interesting new ideas and important support to the team, or as outgroup members who threaten their jobs. Strong subgroups can therefore be a reason for the previously found destructive relational behaviours, such as scapegoating, exaggerated criticism towards outgroup members, and reduced communication and knowledge transfer (Cohen and ElSawad, 2007; Cramton, 2001; Gibson and Vermeulen, 2003; Zimmermann and Mayasandra, forthcoming). However, positive offshoring attitudes may stimulate constructive relationships between subgroups, as moderate subgroup divides have been shown to enhance team learning in groups that maintain an 'inclusive atmosphere' (Gibson & Vermeulen, 2003).

Offshoring attitudes and their relational consequences are in this paper regarded as components of organisational culture. Following the classic definition by Schein (1985:19), the culture of a group, such as a department, is 'a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems'. In this paper, offshoring attitudes are framed as employees' shared assumptions on advantages and disadvantages that offshoring creates for performance and for themselves. These attitudes were developed to adapt to the offshoring phenomenon. Offshoring attitudes are shared by members of the departmental culture, and reinforced through departmental socialisation.

Schein (1985) describes different, interrelated layers or levels of culture, ranging from the most visible to the least visible elements (see also Erez and Gati, 2004). The most external layer is that of overt behaviours and artefacts. A deeper layer includes values and beliefs about the nature of reality and acceptable behaviour. The deepest layer of culture is, according to Schein (1985), that of basic assumptions and beliefs about human nature and the relationship to the environment. Each layer influences the next. For this reason, the most thorough analysis of culture should view not just the most external layer, but should trace it back to its routes at the deeper level of values, and the deepest level of basic assumptions and beliefs. However, as outlined by Erez and Gati (2004), most culture theories and models focus on the middle level of values, whilst fewer examine the level of behaviour and artefacts, and very few focus on the internal level of basic assumptions. The current research covers two of the three layers. It examines offshoring attitudes, located at the intermediate level of beliefs about reality. It also investigates relational behaviours towards offshore colleagues, located at the most external level of behaviours. In addition, it explores the interconnection between these two layers by examining whether and how attitudes and relational behaviours are associated with each other.

Multi-level models of culture further differentiate between the levels of individual, group, organisational, national and global culture, which influence each other through bottom-up and top-down processes (Erez & Gati, 2004; Hofstede, 1997; Leung, Bhagat, Erez, and Gibson, 1995). This study focuses on the level of departmental cultures. Departmental cultures may emerge as distinct entities due to department-specific context factors. For example, it is likely that cultures are partly driven by departmental leadership, given the important role of leaders in shaping culture (Schein,

1985). Moreover, departmental cultures can differ in line with their separate occupational cultures (Hofstede, 2001: 414; Martin & Siehl, 1985).

The relationships between organisational culture and subcultures have been described in various ways. In particular, organisational subcultures are seen to be more or less in line with an organisation's culture (Martin, 2002). For the current study, it was therefore useful to apply Martin and Siehl's (1983) typology which describes a 'dominant' organisational culture, as well as 'enhancing', 'orthogonal', and 'countercultural' organisational subcultures. A dominant culture expresses core values that are shared by a majority of the organisation's members (1983: 53). According to the authors, an enhancing subculture supports the dominant culture's values more strongly than the rest of the organisation. The orthogonal culture accepts the organisation's core values, but at the same time, additional values that are not in conflict with the dominant culture. In contrast, a counterculture is characterised by holding some core values that challenge the core culture. It can co-exist with the dominant culture, however, in an 'uneasy symbiosis' (1983: 54). In this paper Martin and Siehl's typology will be used to classify departmental cultures as certain types of organisational subcultures.

These theoretical considerations are scrutinised through a qualitative case study of German IT developers working with offshore Indian colleagues. The research compares offshoring attitudes within and between organisational departments, to examine whether there are any shared patterns that are characteristic of certain departments. Secondly, it investigates behavioural consequences of these offshoring attitudes, and whether they are specific to certain departments. Thirdly, influences of the departmental contexts are identified, foremost organisational characteristics and managerial strategies. The specific pattern of offshoring attitudes, behavioural consequences, and departmental context factors describe the department's culture with regard to offshoring practices. Hence, this study does not aim at a comprehensive description of departmental cultures per se, but concentrates on those culture components that relate to offshoring practices.

3. Methods

Given the unexplored nature of the research questions, a qualitative, interpretivist approach was chosen. The inquiry was guided by our initial expectations based on from the literature, but was at the same time highly inductive.

3.1 Research setting and respondents

The fieldwork was conducted in a major German electronics firm outsourcing parts of its IT development to Indian subsidiaries. The main espoused reasons for offshoring of IT are cost savings and a shortage of qualified software engineers in Germany. The company develops and produces automotive technology as its core business. The company has close to 300000 employees worldwide, with about 300 subsidiary and regional companies around the world. In India, the company has built up IT development sites rapidly since the early nineties, with an explicit aim of further offshoring in the future. The company now employs over 18,000 employees in India.

30 German IT developers were interviewed at German headquarters in Stuttgart (Germany), all working with Indian colleagues located in a subsidiary in Bangalore (India). We included only the German side and not their Indian counterparts, because Germans were bound to have a much better insight into their own and their German colleagues' offshoring attitudes. All participants were involved in aspects of IT development for automotive car engines. Five organisational departments participated with three or more representatives each. Additionally, we included seven other IT development departments with one respondent each (see Table 1).

Department	Tasks	Number of respondents
Respondents in five main departments:		
1	Software development for automotive safety systems	5
2	Function development for electronic control unit (ECU)	5
3	Customer support for electronic control unit	4
4	Customer support for electronic control unit	6
5	Software test development automotive safety systems	3
Respondents in other departments:		
6	Customer support for electronic control unit	1
7	Customer support for motor control	1
8	Interface between ECU development and manufacturing sites	1
9	Sales department for Indian customer	1
10	Software tool development for various internal software departments	1
11	Software tool development for heavy motor vehicles	1
12	Software tool development for various internal departments	1

Table 1. Respondents per department

3.2 Data collection

Data were collected by the author through semi-structured interviews that lasted between 40 and 70 minutes, with an average of 58 minutes. All interviews were conducted in German, tape-recorded, and transcribed. The main questions focused on offshoring attitudes in terms of perceived advantages and disadvantages that the transfer of tasks to India created for task performance and German members. Respondents were allowed to answer these questions with respect to themselves as well as their colleagues in the department. Moreover, they were asked on the causes for offshoring attitudes, and whether and how these attitudes influenced the relationships between Indian and German colleagues. If required, they were given more specific probes, for example with regard to team identity (how strongly colleagues felt they were part of one team) and knowledge transfer (how well information and knowledge was provided to the other side). To establish determining factors, respondents were further asked about reasons for their attitudes. Although all of these points were covered in each interview, respondents were encouraged to speak freely about points of concern not included in the interview schedule, to allow for additional items to emerge, which were added as probes in subsequent interviews.

3.3 Data analysis

The interviews were transcribed and coded using the NVivo 8 software, following a procedure of iterative template analysis (King, 2004), moving back and forth between the data and concepts from the literature (Eisenhardt and Graebner, 2007). For example, respondents' descriptions of employee resistance were compared to Martin and Siehl's (1984) typology of subcultures, and then identified as part of a 'counterculture'. The data were then again consulted to find confirming and disconfirming evidence of a counterculture.

Respondents' views on attitudes, effects on relationships, and determining factors were analysed through node lookups and coding queries in NVivo. Attitudes were categorised into overall positive, negative, and neutral. To transcend mere description, causal explanations were sought. The respondents' own interpretations were used as the primary source of explanation. Secondly,

contrasting perspectives were compared, to establish determining factors from the researcher's perspective, and thus triangulate respondents' explanations. Thirdly, the five main departments were clustered into overall positive or negative in terms of their members' attitudes. This clustering allowed me to determine departmental cultural characteristics. As a result of this analysis, the two departments with the most distinct and contrasting departmental cultures were chosen as prototypes. These were department 1 and department 2, including 5 respondents each (See Table 1). These two departments are described in depth the results section. Findings from the other departments accorded with the patterns of the two prototype departments, but were not as distinct, and are therefore not presented in this paper.

4. Results

Through comparisons within and between departments, we identified two contrasting departmental cultures. These can be described as an enhancing and a countercultural organisational subculture with regard to offshoring attitudes, consequences for relational behaviours towards offshore members, and influential departmental context factors, as summarised in Table 2.

The firm in our investigation promoted continuous offshoring, based on the assumption that this would enhance the organisation's financial performance. It follows that an active transfer of tasks, and proactive intercultural communication and knowhow transfer were valued centrally in the organisation. The organisation's evaluation and strategy of offshoring were enthusiastically followed by department 1, which had thus developed an 'enhancing' organisational subculture in Martin and Siehl's (1983) terminology. In contrast, department 2 members developed negative offshoring attitudes, leading some members to resist the transfer of knowhow and tasks, and thereby to counteract centrally held assumptions and values. To the extent that such resistance was shared within the department, this department's culture can be described as 'countercultural' to the central organisational culture.

4.1 The enhancing subculture

The first prototypical subculture was found in department 1, responsible for developing highly innovative software for automotive safety systems. Department members had worked with India for between one and three years. Overall, respondents in this department held positive attitudes towards offshoring, with regard to performance consequences as well as impacts on German team members, and reported the same for the majority of their colleagues in the department. Their attitudes were therefore highly supportive of the organisation's positive evaluation of offshoring and their aim to increase the level of offshoring dramatically. This department's culture can be therefore classified as an enhancing organisational subculture.

4.1.1 Offshoring attitudes

After initial difficulties, software quality was now seen to be satisfactory. Initially, additional effort had been necessary for coordination and knowhow transfer, but this effort had paid off, as the level of queries by Indian colleagues was now acceptable. Furthermore, respondents described the transfer of standard tasks to India as an opportunity for focusing on new, challenging tasks. For example, it was stated:

'You then have the chance to deal with the really complex things over here and just transfer the relatively straightforward, simple, standard tasks to India.'

Given the wealth of new tasks, jobs had recently been created in Germany. Respondents in this department did therefore not perceive offshoring as a threat to their jobs:

'We have a lot to do, and we have had an increase in our workforce since I started ... an increase by 150%. I would say that's not bad. So I actually I don't think you can talk of jobs being threatened.'

By some, the offshoring collaboration was also seen as an opportunity for professional and intercultural learning. They had gained new skills such as coordinating a larger, distributed team,

	Enhancing subculture	Countercultural subculture
Offshoring attitudes	Resulting quality and efficiency are now satisfactory	Resulting quality and efficiency are not satisfactory
	Workload alleviated	Additional workload
	Opportunity for focusing on new, challenging tasks	Loss of interesting tasks; task fragmentation
	Opportunity for professional and intercultural learning	Opportunity for intercultural learning, but with reservations
	No threat to jobs	Threat to jobs
Relational behaviours	Have developed a shared team identity, treat Indians as team members	Have not developed a shared team identity, treat Indians as suppliers
	High effort in cross cultural communication and knowledge transfer	Minimum effort in cross cultural communication and knowledge transfer (but: divided views)
	-	In some cases: active contribution to Indian failure
	-	Avoidance of task transfer
	-	In some cases: Pinpointing mistakes
Departmental context factors	Low turnover in India	High turnover in India
	Sufficient personal acquaintance with Indian colleagues	Insufficient acquaintance with Indian colleagues
	Leading edge, innovative product	Mature product
	Abundance of new, innovative tasks	Lack of challenging, new tasks
	Workforce growth	Recent recruitment restrictions
	Transferred tasks match Indian skills	Some of the transferred tasks do not match Indian skills
	Explicit and specific managerial strategy for future task distribution	Lack of explicit and specific managerial strategy for future task distribution

Table 2. Offshoring attitudes, relational behaviours, and context factors in the two subcultures.

which was useful for progressing to leadership positions. Moreover, department members were seen to welcome the opportunity to practice their English and interact with members of another culture:

„... on the level of communication, I learn incredibly much, of course.... I also think it is good fun. I sometimes think, okay, there are good qualities that German colleagues have, but there are also good qualities that the other colleagues [Indians] have, which you can't learn from the Germans over here.’

4.1.2 Relational behaviours

These positive offshoring attitudes were tied to constructive relational behaviours. The German-Indian team identity was described as strong, and relationships as friendly, particularly after personal visits. Moreover, respondents described in great detail how they had initiated training events, even flown over to India to build up Indian knowledge and skills and engage in what they called ‘mentoring’.

Moreover, they had achieved mostly effective cross cultural communication. For example, one participant explained how he had made a conscious effort to create trust and set up communication rules when conducting training in India, based on his belief that the initial collaboration difficulties were down to miscommunication:

'When you are over there [in India] and you show them: "I don't eat anyone, I am a completely normal human being, and you can joke with me" that helps incredibly. ... I used the time to explain to them: "Listen. If I tell you this and that, then I expect this and that from you. And if you have this or that problem, then I expect you to communicate it in this or that manner." And this was the key. Before that ... I was sure that something was going wrong. ... But they are hard working ... I was aware that it all had to be down to communication, but only the training event showed me how to tackle it.'

It appears that such cooperative behaviour contributed to better intercultural communication and offshoring performance, and therefore reinforced positive offshoring attitudes. A virtuous circle of offshoring attitudes and relational behaviours was thus created, which seemed to be the backbone of this department's cultural configuration.

4.1.3 Departmental context factors

This virtuous circle of positive offshoring attitudes and relational behaviours was embedded in a combination of mostly conducive departmental context factors. Positive attitudes towards the transfer concerning performance were possible because the knowhow of the Indian workforce had developed to a sufficient level, based on a limited employee turnover in the collaborating Indian department. Moreover, a great deal of experience in intercultural communication had been gained through working alongside Indian colleagues during their training visits to Germany, typically over a period of three months. Such personal acquaintance was also regarded as crucial for achieving more open communication, particularly about work problems, from the Indian side.

The leading-edge product was the reason for the abundance of new, innovative tasks for German employees, and allowed the German workforce to grow. At the same time, primarily routine tasks were transferred to India, which matched Indian skills and allowed for satisfactory performance. Moreover, the managerial strategy for the future task distribution was explicit and specific, leaving little room for insecurities about future tasks and jobs. For example, management succeeded in convincing employees that core competences would remain in Germany and the workforce would remain stable:

'It is now very clear that we will keep the core competence over here. ... For example, in the simulation task, we have two new colleagues who were employed this year. That was a clear signal to our [German] colleagues: "We want to invest over here, as well". ... We have a cooperation model that is designed for the long term, with a strong core over here and additional competence and capacity in India. This is absolutely accepted'.

4.2. The countercultural subculture

A contrasting cultural configuration was identified in department 2, responsible for the maintenance and development of highly matured functions for electronic control units in car engines. Members of this department had worked with Indian colleagues for up to ten years, a time period that would suggest ample experience, therefore good performance and positive offshoring attitudes. However, members of this department came to overall negative evaluations of offshoring with regard to performance and consequences for German employees. This led to a lack of support of the transfer, indicating that members of this department disagreed with the organisation's positive evaluation and vigorous increase of offshoring. The department had thus developed a countercultural organisational subculture, as described in Table 2.

4.2.1 Offshoring attitudes

As a consequence of offshoring, the quality of software delivered by Indian colleagues was in this department still not seen to be satisfactory, for all but the most routine tasks. Efficiency was also regarded as unsatisfactory, due to high levels of coordination and communication effort, knowhow

transfer, and rework of Indian results. For these reasons, German colleagues experienced an increase rather than a decrease in their workload. Respondents further reported that the transfer to India led to a constant loss of interesting tasks and to task fragmentation. New responsibilities were created, but they involved mainly coordination rather than technical expertise:

'If you expected to create software yourself, you may be disappointed.'

Moreover, the transfer of coding tasks led to increasing task fragmentation, which threatened to replace the current, attractive mix of tasks that motivated Germans at their work:

'I see this very critically, because one motivation for people to work here is that we still have quite an interesting mix of tasks. This is why people want to work here. If this breaks off, some people will leave.'

On top of this, several respondents stated that offshoring had made employees insecure about their jobs.

'Colleagues do indeed have a certain fear that their work is increasingly been taken away from them. With this strive to transfer more and more work to India, there are indeed certain worries, existential worries, amongst our colleagues, and they talk about them openly. // [Interviewer:] Does this apply to most colleagues?' // Absolutely, yes. ... It includes worries about the future, that at some stage, their job will be rationalised out of existence.'

Despite their concerns, respondents in this department described working with Indian colleagues as an opportunity for gaining intercultural experience. At the same time, however, they reported that a few German employees in the department held reservations against working with members of another culture and using English as a language. This was attributed to personal inclinations of these individuals.

4.2.2 Relational behaviours

Reportedly, some German colleagues' negative offshoring attitudes lead to uncooperative behaviours, which reinforced national subgroup divides. Respondents explained that perceived performance problems and a frustration with the need to support Indians had resulted in a weak shared team identity, paired with a lack of effort to improve the collaboration:

'I have never, at least not yet, had the impression that there is a team who want to collaborate ... rather, ... they just have to collaborate. ... I think of it [a team] as of people who ... want to collaborate, so that there is a certain self-motivation, instead of a colleague approaching me and saying: "Well, I have been told I have to collaborate with India, so I'll just do it, because I have to." Instead, [in a team] the colleague would be able to say: "Wow, it's great that I've got someone in India now who can take over this or that task - now how can I improve the collaboration?"'

Furthermore, many Germans were seen to treat Indian colleagues as mere service suppliers rather than fellow team members. This attitude led Germans to request more independent working, contribute less effort into delivering precise software specifications, and be more critical with their Indian colleagues' performance:

'If you are part of an equal cooperation, you make more of an effort to write good specifications. I think that with a service supplier, you care less. With a service supplier, you will always moan in the end and say: "This and that could be better."'

Some Germans who were frustrated about additional training and coordination needs, and those who feared intercultural encounters, were seen to lack motivation to communicate and transfer knowledge to Indian colleagues beyond the necessary. For example, they would not make new telephone appointments for those cancelled. In a few cases, respondents had even observed that colleagues actively contributed to Indian failure by not providing sufficient technical explanations, even if they knew that such support was necessary:

'Maybe you have noticed that he [the Indian colleague] hasn't really understood, but you do not tell him. Then he will take forever. You get no output, and in the end you do it yourself. That's the solution: "I'll just do it myself then, even if I work overtime." Then you will be able to say afterwards: "This doesn't work, does it."'

However, it has to be noted that the respondents' views about communication and knowhow transfer were divided. Several respondents held the view that negative offshoring attitudes did not

reduce employees' efforts of communication and knowledge transfer, because such effort was a condition for better future performance and therefore in all Germans' own interest.

Some respondents had experienced that colleagues who believed that the transfer caused worse quality, additional workload or threatened German tasks and jobs simply avoided the transfer of tasks wherever possible. For example, they would specify a task in a way to ensure Indian colleagues could not declare themselves competent to perform the task:

„... in some cases, people refuse to collaborate with India. You can do that in a very subtle way, of course. ... there are many possibilities to avoid it or to make sure that it does not happen. It's relatively easy. ... just by means of the task description, you can work towards getting the answer from India: 'We don't have anyone who can do this.'. There are many possibilities. It's easy.”

Some Germans were even seen to actively seek evidence for Indian mistakes in order to argue against the transfer:

„...and then you are always glad if the Indian colleagues have made a mistake, because then you can say: 'Look, they have made a mistake, again.'. You have one more reason against having to work with them.“

In view of these findings, it becomes apparent that the two layers of culture thus reinforced each other. Negative offshoring attitudes and destructive relational behaviours perpetuated each other and created a vicious circle. The lack of communication, knowhow transfer, and task transfer set limits to the growth of knowledge and skills on the Indian side, and to an improvement of intercultural communication. This would reinforce negative offshoring attitudes and the associated destructive relational behaviours on the German side. Both offshoring attitudes and the associated relational behaviours supported the organisation's positive stance towards offshoring.

4.2.3 Departmental context factors

This vicious circle was sustained by a number of departmental context factors. The need for coordination, knowhow transfer, and rework of Indian results did not seem to ease off due to a high employee turnover in India. For the same reason, German colleagues often had to work with Indian colleagues they did not know well. The maturity of the product was a major reason for the lack of challenging new tasks for German employees, and for recent recruitment restrictions. In addition, more and more non-routine tasks had to be transferred to India in order to motivate the increasingly skilled Indian workforce. This development reduced the Germans' hopes for better future tasks, and also lead to poor quality when the transferred, demanding tasks did not match the level of Indian skills. Moreover, although top management assured that German jobs would not be lost, their plans for securing jobs were not visible enough to convince German employees and reduce insecurities about job losses:

‘There is of course the fear that more and more tasks will be transferred to India, and you also see that here in Germany, the number of employees working in this department gets smaller, slowly but surely. Our top management keeps assuring that there will be no downsizing in Germany or Europe. They keep saying that we will remain constant, and for some time, there was even talk of a growth in workforce. However, deep in the back of our colleagues' heads, there is still that fear. A while ago, I was in a meeting with some colleagues where a representative of top management was present, where he said very clearly: “We are not even thinking of downsizing.” ... I talked to the colleagues afterwards. The vast majority of them said: “I don't believe a word.”’

5. Discussion

5.1 Theoretical contributions

The study revealed that members of the participating organisational departments shared patterns of offshoring attitudes, which were associated with certain relational behaviours. This effect was not trivial, as negative offshoring attitudes were in some cases associated with a lack of shared team identity, blockages of communication, knowhow transfer, and task transfer, and even with pinpointing of mistakes. Negative offshoring attitudes clearly reinforced national subgroup divides, which was perhaps most apparent where Indian colleagues were treated as mere suppliers rather than team

members. These results strongly suggest that offshoring attitudes and the resulting behaviours are important factors for offshoring success.

This insight adds an important, new component to previous models of offshoring success as well as global virtual team functioning. For instance, Dibbern et al. (2008) describe their participants' perceptions on offshoring transaction costs, such as control and coordination costs, knowledge transfer costs, and specification/design cost. However, they do not consider that employees' perceptions of these transaction costs as such can, through behavioural consequences, impact upon offshoring success. Moreover, Govindarajan and Gupta (2001) identify major success factors of global virtual teams, including relationship aspects such as trust and communication, but do not take into account any perceptual influences. Similarly, intercultural communication barriers (e.g., Erez and Earley 1993; Hambrick, Davison, Snell, and Snow, 1998) and face to face meetings (e.g., Maznevski and Chudoba, 2000; Oshri, Fenema, and Kotlarsky, 2008) have often been highlighted as crucial for the functioning of transnational and virtual teams, but again without any reference to offshoring attitudes and their relational consequences.

Importantly, the study contributes to the offshoring literature by applying Martin and Siehl's (1983) typology of 'enhancing', and 'countercultural' organisational subcultures. By contrasting the enhancing and the countercultural organisational subculture, we show how an organisation's centrally held values regarding offshoring, and their central offshoring strategy, can be encountered by opposite offshoring attitudes and associated relational behaviours in different departments, resulting in different levels of offshoring success. We revealed a number of departmental factors which seemed to cause these different subcultures. Notably, there may be other responsible factors, such as individual differences, which the inquiry did not tap upon.

The notion of subcultures opens up the interesting question to what extent employees have to comply with or can shape an organisation's offshoring culture. In this study, employees did not have the discretion to reverse the central offshoring decision, but they were able to comply with it to a lesser or greater extent. Notably, resistance to the offshoring collaborations seemed to result in a less favourable situation for the firm as well as employees themselves. It seemed to result in what Martin and Siehl called an 'uneasy symbiosis' of organisational culture and counterculture (1983:52).

5.2 Implications for practitioners

The study has highlighted a number of organisational and managerial influences on offshoring attitudes. Our prototypical departments differed strikingly with regard to the match between transferred tasks and skills of Indian colleagues, as well as the match between remaining tasks and task preferences of German colleagues. The departments were also opposite in terms of the clarity and visibility of their management's offshoring strategy. This finding allows us to suggest that managers can influence their department's culture in a way that is more or less conducive to offshoring success. Managers can promote positive offshoring attitudes firstly by careful task distribution between onshore and offshore colleagues, taking into account career aspirations of onshore colleagues. This may, of course, lead to a conflict with the career aspirations of offshore colleagues (see Zimmermann & Mayasandra, forthcoming). It may also prove difficult to provide sufficient challenges, if insufficient new tasks are available. This may require a shift of employees to other departments.

Furthermore, managers can reduce levels of job insecurity by making their future plans for task transfers and alternative task developments more transparent. By reducing insecurities, they will contribute to onshore colleagues' motivation to contribute effort to the collaboration. Finally, as in all culture development, managers can lead by example. Their own positive offshoring attitudes, combined with clear offshoring strategies, are likely to foster an enhancing rather than a countercultural departmental culture.

5.3 Limitations and suggestions for future research

This study was exploratory in nature and therefore opens up several avenues for further research. Firstly, we did not examine how the departmental culture, in terms of offshoring attitudes and behavioural consequences, was formed. In order to examine the process of culture development in more depth, it would be necessary to interview more members of a small number of departments. It

would be useful to ask interviewees specifically on how they formed their attitudes, for example on what occasions they discussed advantages and disadvantages with their colleagues, and whether and how they changed their views over time. Longitudinal data would facilitate a comparison of attitudes over time. Further methods could be added. For example, e-mail correspondence with offshore colleagues could be examined to gain insights into patterns of communication and knowledge transfer over time. A detailed analysis of documents on offshoring strategies could serve to consolidate the influence of managerial strategies. Hence, the next step for the current inquiry is to conduct a deeper analysis within the narrow context of just a few departments within an organisation. After this, one can investigate the transferability of findings to a broader range of organisational contexts.

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