

Managing the Global Virtual Workforce: Reducing the Liability of Foreignness

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Effective management of global virtual workforces may reduce the liability of foreignness. As more organizations do business across borders, global workforce effectiveness is critical given logistic, language and cultural distances. Based on theories of global workforces, virtual technology use, cultural differences, and common language policy, we posit that global virtual workforces will better succeed if organizations (1) select appropriate communication technology, (2) train members to navigate cultural differences, and (2) adopt a language policy. We highlight strategies with examples from conversations with managers of several organizations, and we emphasize unexpected benefits to organizations that successfully manage their global virtual workforce.

Keywords: global workforce, cultural differences, technology, language

INTRODUCTION

As organizations become multinational enterprises (MNE) by doing business across national borders, they are increasingly challenged to achieve growth and success in the digital technology environment (van Tulder, Verbeke & Piscitello, 2018). Critical to that success is the ability of its global workforce to work together effectively despite time, location, language, and cultural differences. A global workforce is one that is decentralized across national borders, one that spends limited, if any, time physically together, and that works interdependently primarily through electronic means (Dulebohn & Hoch, 2017). Fortunately, technology today offers expansive global digital platforms, artificial intelligence, and data analytics that make cross-border communication more accessible. In short, technology pressures and availability are changing the way MNEs operate (Laanti, Gabrielsson, & Gabrielsson, 2007), and are changing the way they think about the liability of foreignness (Stahl, Tung, Kostova & Zellmer-bruhn, 2016; Zaheer, 1995). Organizations realize a number of benefits by developing global workforces and hiring associates outside the home country. Global workforces provide companies with expertise that supports expansion into new markets, allows access to specialized knowledge, can be based anywhere, can help achieve scale and efficiency across multiple regions, and offers wage differentials in many countries (Ghemawat, 2007), making the challenges of managing such global virtual teams appealing.

Doing business successfully outside the home country is an ambitious proposition, especially if it requires the work of dedicated international associates. Global expansion strategies often are formulated

in the C-suite and the board room, yet their implementation reaches well beyond executive offices. Global expansion influences middle managers' and individual associate contributors' behavior most directly, because it affects the very nature of their day-to-day tasks. These people must work closely with other members of the company's global workforce, who do not share the same physical space, and who represent different cultures, value systems, time zones, and languages. These diverse, global workforces are becoming more common (Dulebohn & Hoch, 2017), and managing them effectively is challenging because the people in them must make daily adjustments to overcome logistic, linguistic, and cultural barriers to deliver results to their company. The challenges are great, and a discussion about mitigating them might alleviate associates' frustration and improve organizational outcomes.

In this conceptual paper, we argue that there are strategies for managing global, virtual workforces, involving technology choices, training, and recognition of cultural differences that may reduce the liability of foreignness (Stahl et al., 2016; Zaheer, 1995) and increase a company's success in international markets. We discuss theories of liability of foreignness and national cultural differences, as they relate to global work and workforces in MNEs. We posit three strategies for managing global virtual workforces for organizational success: (1) selecting the best and most appropriate technology for cross-border communication, (2) helping team members navigate cultural differences, and (2) selecting a language policy. We explain the importance of these strategies, and illustrate them with examples provided by managers in several industries. We discuss the expected, and some unexpected, benefits to successfully managing a global virtual workforce, and link those benefits to the company's potential success.

THE TRANSFER OF KNOWLEDGE WITHIN THE MNE WORKFORCE

Knowledge is often a competitive advantage for MNEs, and knowledge transfer is more efficient and less costly when done within the organization rather than between new organizations (Kogut & Zander, 2003). Knowledge creation and transfer may take place in many ways, but Nonaka & Takeuchi (1995) note that socialization, or direct exchanges with individuals, is useful for transferring tacit knowledge to others in the organization. This tacit knowledge then becomes explicit, or articulated into words and speech, and recorded into documents. This process becomes more difficult as MNEs develop globally-dispersed or virtual workforces, because there is more limited mobility of professionals across national boundaries, limiting opportunities for these individuals to take part in the face-to-face socialization of information. Such global virtual teams and their limited mobility may also contribute to the MNE's liability of foreignness, suggesting that the foreign MNE, operating in new local markets, may have lower performance results than local firms, and possibly a greater chance of failure (Zaheer, 1995).

GLOBAL VIRTUAL WORKFORCES

MNEs that have globally dispersed networks require systems that help coordinate operations and achieve efficiencies, and/or that create synergies for knowledge transfer that leads to product and process innovation. Global virtual workforce teams can help organizations achieve these goals by creating systems whereby associates based in different locations can work together virtually on joint or team projects (Reiche, 2011). Global virtual workforce teams can help organizations respond quickly to developments in global and local markets, and ensure that tacit and explicit organizational learning happens quickly throughout the global network (Guo, Jasovska, & Rammal, 2018).

However, global virtual workforces face challenges as they operate, such as the process of creating associates' interpersonal relationships, building communication, providing motivation, defining team structure and team task, as well as managing the cultural heterogeneity and diversity of the team (Oshri, Van Fenema & Kotlarsky, 2008). Many studies view the challenges as liabilities to a global virtual team, similar to the liability of foreignness (Zaheer, 1995), because of the costs associated with spatial distances such as time, travel, transportation, coordination over distance and across time zones (343). However, there are positive effects of cultural diversity on creativity, communication and organizational learning of

multicultural teams (Stahl, Makela, Zander & Maznevski, 2010). Indeed, the appropriate building and development of creative capacity can help overcome the liability, by removing barriers to global virtual workforce team success (Kotlarsky & Oshri 2005). Successful global virtual teams thrive in organizations that foster vibrant communication, interaction, trust, clarity of task and team goals, and the development of a global team-based body of knowledge (Govindarajan & Gupta 2001).

TECHNOLOGY MATTERS

Logistics and communication among globally-dispersed and virtual workforces are very different than when workers share a common location. A global workforce operates frequently, if not exclusively, in a virtual environment, and as a result, associates communicate less based on face-to-face exchanges and more on voice and visually-aided technology. These associates bear the responsibility to become experts in using the organization's chosen communication technology so that they gain a high comfort level with it. This highlights the importance of selecting a technology platform that is appropriate and powerful enough to provide their teams with the resources they need to achieve their goals. The critical nature of this collaborative technology to the team, and its importance to their success, suggests that technology be selected with several criteria in mind, e.g., a best fit for efficient work-flow, reliability, speed, richness of content, and transparency (Oshri et al., 2008). Virtual team associates infer the trustworthiness of their employer by the quality and effectiveness of the technology provided for their use (Ford, Pillolo & Ford, 2016: 4), such that their trust in one another may be as critical as the trust they place in their organizations and its technology. Since global virtual teams lack frequent face-to-face interaction, technology helps them achieve this trust. The capability of technology to support transparency among work groups, so that co-workers can view and assess one another's participation and contribution to deliverables enhances associates' ability to trust and rely upon each other. While leadership is responsible for communicating the big picture – how each unit's contributions fit into the overall results -- each employee's success is based on their understanding of why their efforts matter, and how individual efforts from all across the globe coalesce and move the company forward (Ford et al., 2016).

For J.S., Global Systems Architect at a global insurance company, necessary features of a technology platform include time stamps that automatically adjust to the user's local time, a user profile section that indicates a person's home base, and a team calendar that considers local holidays. "When my team understands one another's geographical location and the implications that has on the work day, concerns around response time are much reduced; expectations become clear," he explains. To develop and grow personal relationships among her global colleagues, R.H., Senior Director of Global Sales Effectiveness at a global travel services company, uses technology outside her employer's suite of offerings. Her team takes advantage of the group chat feature via the mobile application WhatsApp. "This was not an app I was overly familiar with, she says, but my Latin American and European colleagues were. We all travel frequently, and we use WhatsApp to share more personal communications and photos, especially while we're on the road. It helps us feel closer as a team. The app works well, and it's free to download and use, so we don't incur charges from our individual mobile phone providers."

Based on this discussion, we propose the following: The more appropriate the technology adopted for cross-border communications, the more successful the organization's global virtual workforce will be.

NAVIGATING NATIONAL CULTURAL DIFFERENCES

Like the adoption of a technology platform that meets multiple organizational and individual criteria, skillful management of cultural differences is an important goal for successful global virtual workforce teams. When the workforce extends across national borders, cultural differences become evident as employees get to know, and learn to depend on, one another. Knowing, recognizing and appreciating these differences are fundamental steps to build global workforce relationships. For example, demonstrating awareness of national celebrations or holidays at a remote colleague's location sends a

message of affirmation and value (Ford et al., 2016: 5). Showing interest in a colleague's cultural traditions and sharing one's own extends a hand in friendship and collegiality.

Identifying another's cultural values is often difficult, since individuals may not even be aware of their own. Cultural values are acquired very early in life such that one is typically unconscious of them (Hofstede, Hofstede & Minkov, 2010: 11). Differences in values may come to light when people holding different values begin to interact, in a vague realization that something about the other person is "wrong." This is often an uncomfortable and painful sensation, but recognizing this disconnect is key to bringing a values gap to the surface.

When this occurs among associates of global virtual teams, one might take a step back and use what is called positive indifference, or the ability "to engage with something that makes you uncomfortable, but stay positive, while diminishing resistance to it" (Neeley, 2017). Positive indifference is a form of engagement that resembles cultural relativism (Hofstede et al, 2010), which suggests that no culture is greater or lesser than another, rather, they are different and often difficult to compare with one another. The approach, then, is to suspend judgement when observing groups or societies different from one's own (Hofstede et al, 2010; Neeley, 2017).

Recall that Hofstede (2018) identified dimensions of culture that can be used to help people understand, and respond to, national cultural differences. The six current dimensions are Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation and Indulgence. With knowledge and practice using these dimensions as a template, a global virtual workforce might understand and navigate cultural differences more skillfully. Poor navigation of cultural differences may lead the global virtual team to an impasse in communication or implementation if differences are not addressed, resulting in a true liability to the company (Zaheer, 1995) because the foreign MNE lacks familiarity with and roots within the local environment (343). Teams may begin to recognize that many U.S. associates, for example, will value individualism more and accept power distance less than, say, their colleagues in China. This could help them understand why Americans are more willing to speak up to authority about a problem, and tend to first look out for themselves.

J.S., the global insurance company associate, is part of a global team that has a significant number of associates based in India. He was curious about the annual spring holiday they observed called Holi, and after asking them, his team there gave an enthusiastic explanation of the colorful Hindu festival where people gather in the streets to openly celebrate and throw colorful powders at one another. This is an example of how J.S.'s larger team looks forward to stories and pictures once the team in India return from their break. Like flags, monuments, and sports events, visible manifestations of culture such as the Holi festival tells stories about the people who revere them. Such manifestations are founded on an invisible belief system of values, which form the core of a cultural identity, and understanding some of them helps build cohesion within the global virtual team.

When several of his virtual team members from India visited the U.S. office, J.S. observed another cultural difference. As highly trained computer engineers, the Indian associates were accustomed to being supplied regularly with fresh water by a lower level employee when their glasses ran low. The engineers were surprised that, while in the US, not only did they not receive regular water service, but J.S., their supervisor, fetched his own water. This difference in the acceptance levels of power distance (Hofstede et al., 2010) between India and the U.S. made the Indian team members feel uncomfortable and adrift without a rigid display of hierarchy, while the US associates felt equally uncomfortable thinking that it was someone's job over in the India office to be the "water boy."

S.B., a member of R.H.'s global team who was based in Finland, announced she would be taking maternity leave in coming months. Although happy for S.B., R.H. was concerned about fulfilling S.B.'s responsibilities during the one-year leave. When she spoke with S.B.'s colleagues, everyone agreed to take on S.B.'s tasks in her absence, and they supported the new arrangement without reservation. R.H. discovered that among her Finnish colleagues, a long maternity leave was both accepted and highly respected. This illustrates differences on the masculinity-femininity dimension (Hofstede et al., 2010) between Americans and Finnish people: the former who may favor "living to work," versus the latter who

favor “working to live” and prioritizing the humanization of the workplace, cooperation, leisure, and family time (Hofstede et al, 2010).

Cultural differences along the dimension of individualism–collectivism (Hofstede et al., 2010) may also arise within a global virtual team. R.A., an Account Manager for a global travel services company based in the US, is on a global team with B.Q., a colleague based in Shanghai. B.Q. is responsible for managing the local relationship with one of the company’s multinational customers. In the US, this customer is treated as are others of its size, but in China, this customer is less valued because it lacks a strong relationship with upper management. When R.A. asks B.Q. for updates regarding this customer, R.A. notices that B.Q.’s response often takes several days. Rather than asking B.Q. directly to be more prompt, R.A. learned to accept the waiting period and build more time into the request, knowing that asking for a faster reply would likely be unsuccessful. This way, R.A., also respects B.Q.’s judgment and her need to defer to local expectations. R.A. averts further delays or other behaviors that may have resulted from a culturally unaware demand. In cultures with low individualism and high collectivism such as China, managers risk damaging an associate’s goodwill by providing feedback too directly. In collectivist societies, associates identify as members of a group and frequently defer to group-oriented rather than to individually-determined behavior.

Based on this discussion, we suggest the following proposition: The more skilled team members are at navigating cultural differences, the more successful the organization’s global virtual workforce will be.

STRATEGIC USE OF LANGUAGE

Similar to the adoption of a technology platform that meets multiple organizational and individual criteria, adopting a lingua franca (or common language) policy is a strategy that may reduce the MNE’s liability of foreignness and lead its global virtual teams to success. Establishing a multi-lingua franca policy reduces the liability of foreignness by increasing the MNE’s legitimacy as a foreign firm within the local context (Stahl et al., 2016; Zaheer, 1995: 343). This action, which standardizes communication within the MNE with common language, may designate any language that is common to two or more parties as the lingua franca, including a local language.

While global business today is largely conducted in English (Hofstede et al, 2010), adoption of any language benefits from a virtuous cycle – the more people speak it, the more people will desire to speak it (R.L.G., 2013). Today, more than a quarter of the world’s population speaks English as either a first or second language. Yet it may surprise some to learn that English is the most widely spoken language on the planet (Neeley, 2012). This predilection of English as the lingua franca of global business world pressures many non-English speakers, for example, in most of Asia, to learn and speak it effectively (Tran & Burman, 2018). While native English speakers who are associates on global virtual team may believe they have experienced a stroke of luck, situations that infer exclusion, inequality, and misunderstanding of non-native English-speaking associates may nonetheless impede successful working relationships and delay deliverables if not addressed.

Generally, the criteria for hiring is a skill set commensurate with job responsibilities. But the supply of qualified candidates for a position becomes more limited in non-native English-speaking locations when English proficiency is also a requirement. In cases when an associate’s technical ability is greater than their fluency in English, the global virtual team might take special steps to assure that the contributions of the associate are fully appreciated, despite a possible language barrier. This might include extra time for staff meetings, so that every associate may participate, regardless if they are native English speakers. Unfortunately, non-native English speakers may perceive they are less valued due to their lack of English fluency compared with more proficient English speakers, diminishing their willingness to participate. This perception is especially marked when a level of abstract conversation or nuanced discussion is required (Neeley, 2012). Another practice might include deferring complex input to written communication, giving non-native English-speaking associates more time and a different platform to be precise and detailed. Not surprisingly, highly skilled English speakers report limited ability to fully

communicate when not speaking in their native language (Neeley, 2012): native English speakers who understand this should accept such arrangements.

Despite the proliferation of English as the global business lingua franca, being a native English speaker can be more of a liability than an asset in global business (Hofstede et al., 2010). Many native English speakers do not speak other languages, and unless they learn them, it may relegate them to being a perpetual linguistic outsider. This suggests that they will usually receive information about a foreign market second-hand. Learning a new language is difficult, but motivated global virtual team associates can establish beginner level fluency with a vocabulary of just 1500 words (Neeley, 2012).

Indeed, for many MNEs, the strategic approach could be to designate multi-lingua franca policies, especially within industries or firms that prioritize creativity and innovation. The reason is because associates in other countries may be working with concepts that are not readily translated. For example, the Laotian, Farsi, and Mayan languages have significantly more words to describe discrete food flavors, compared with the five words used in English (sweet, salty, sour, bitter and *umami*) (Winn, 2019). Individuals are often bound by their language, such that their thinking limited by the categories available for words (Hofstede et al, 2010), and for this reason, speakers of different languages describe events differently (Boroditsky, 2011) and often more precisely. Foreign words often enter other linguistic lexicons for just this reason, e.g., algebra, apartheid, *machismo*, *mafia* -- even *umami* is a Japanese word. Hence, language shapes the fundamental dimensions of human experience, those of time and space (Boroditsky, 2011). Though presenting certain challenges, a multi-language policy can greatly help a company leverage the benefits of diversity.

C.J., a Global Contract Manager for a global travel services company, discovered that she benefits most from meetings with her international colleagues because she forces herself to listen more intently to them, which increases her focus and reduces the tendency to be distracted. Full engagement of the global virtual team means that all associates find their environment to be one in which they are comfortable to ask questions, seek clarification, and avoid potential embarrassment. In some cultures, it is essential to save face, and even calling out or politely chuckling over small mistakes can evoke shame. Many associates study the lingua franca for decades, so their knowledge of the language may be deep, while their ability to speak it may be limited. C.J. notes that native speakers might contribute to her global virtual team success by speaking more slowly, simplifying vocabulary, avoiding a tendency to dominate conversations, and encouraging their associate colleagues from other international locations to contribute. By deliberately engaging with their non-native speaking colleagues and limiting conversation among themselves, native speakers give their foreign colleagues an opportunity to practice and improve language skills, benefitting the entire team (Neeley, 2017).

Based on this discussion, we posit the following: The greater the organization's commitment to a language policy, the more successful the organization's global virtual workforce will be.

DISCUSSION

Learning to work on a global virtual team, across spatial, cultural, and linguistic barriers involves adaptation to new knowledge, practices, and attitudes (Neeley, 2017). Adaptation, however, can be a significant ask of people who have important technical responsibilities in the company. In US-headquartered MNEs, the average ratio of US to foreign associates is 3:1 (Jackson, 2017), and it is even larger among corporate and white-collar positions in the companies. This often makes difficult for associates to adapt to cultural and language differences, because there are so few non-native individuals in the organizations. Associates often fall prey to the temptation to stereotype cultural and language differences, especially if they are not frequently face-to-face with their international colleagues. Stereotyping is a shortcut based on learned behavior, and it is a human tendency to organize the world into "us versus them" groups (Hofstede et al, 2010). On its face, this is not wrong. However, for MNEs that are committed to global success, there is an obligation to promote inclusive behaviors, and attitudes that advance appreciation for non-native associates' culture and language, to help its workforce reduce stereotypical responses to differences that might arise on global virtual teams.

CONCLUSION

Strategies that promote crisp and robust communication, skillful navigation of cultural differences, and clarity on language use can help MNE's create a virtuous cycle of motivation for continuous learning, since improved cross-cultural knowledge among associates begets curiosity (Neeley, 2012). MNEs that challenge their associates to engage in cultural learning as an integral part of their jobs can experience a pay-off, as members of integrated global virtual teams deliver handsome results (Gino, 2018), and reduce the liability of foreignness by shortening spatial distance, becoming more familiar with the local environment, and gaining legitimacy as a foreign firm in another country (Stahl et al., 2016; Zaheer, 1995:343). One express goal for the internationalization of the modern firm is that multiple national and regional perspectives are better than singular ones, since diversity of thought begets better, more creative and innovation solutions for the MNE (Gargiulo, 2011).

Global virtual workforce teams can generate far more for their MNEs than simply specialized talent, standardized processes, or wage benefits. By adopting key strategies that bundle appropriate digital communication technology, cultural competence, and a language policy, global virtual workforce teams can deliver team success, organizational growth, and help overcome any liability of foreignness that the MNE may have.

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