

Bridging Distances to Go Global

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Abstract

The issue of staying competitive in a globalized market has been exercising the minds of researchers and practitioners alike. Sustainability of competitive advantage in such a market is going to arise not out of mere cost considerations but out of clearly visible maturity in terms of process competencies. This paper posits that one of the key factors impacting success is going to be the effective bridging of distances between locations. It goes on to show that while the term ‘distances’ is often associated with geographic distance alone, what organizations have to worry about is a host of other distances that range from the cognitive and cultural to social and political distances. It provides a framework for identifying and assessing these to be able to provide pointers for managerial decisions on how to bridge distances for staying competitive.

Introduction

Normally the term ‘distance’ is associated with geographic distance. With the advent of globalization, organizations are becoming increasingly cognizant of the issues of having to interact across multiple geographies. Researchers too have identified that even with the best of technology facilitation, geographic distance can often lead to problems in communication and effective interaction between people working across locations on common projects. A seamless connection across locations can often make the difference

between project success and failure. One of the essential prerequisites for organizations that seek to operate in a globalized environment is the ability to surmount the issues that arise out of distance.

However, an important aspect that needs to be recognized is the fact that in such dispersed inter-organizational arrangements, there are other kinds of 'distances that have an equally important role to play in determining the quality of outcomes. Some of these are cognitive distance, cultural distance, organizational distance, temporal distance, social distance and political distance. This paper takes a brief look at some of these distances. It provides a framework for assessing these distances and discusses its possible implications to organizational outcomes.

Cognitive Distance

Working across distances on common business objectives necessarily means having a common understanding and knowledge of the task on hand. A greater synchronicity relating to what needs to be done and a higher level of compatibility across locations on the knowledge and skill sets associated with it would ensure that the probability of project failure through communication gaps and erroneous interpretations is lower. An organization will need to assess its existing cognitive distance with respect to its partner to understand whether it is viable to work together and what are the measures to be taken to reduce this distance.

Cultural Distance

The industry is replete with instances, both humorous and worrying, of issues encountered between people from very different cultures attempting to work together. While some of them could be brushed aside as relatively unimportant transactions that can potentially be sorted out through an increased awareness of other cultures, there have been numerous instances where these have had disastrous consequences for the project. It is important to be proactive in identifying what is the extent of difference in cultures across locations and to what extent it is likely to impact a working relationship.

Organizational Distance

The nature of interaction between people in different locations or organizations is often dictated by the organizational relationship between the two. There can be several inter-organizational arrangements in a globalized economy that include strategic alliances, outsourcing, joint ventures, partnerships and subsidiaries. If the entities are part of the same organization, often there is a strong sense of shared destiny and common goals. The lesser the organizational distance the greater the probability of a more open interaction among people. On the other hand if the organizations have apparently competing objectives, not much by way of shared goals other than the project on hand, and perhaps a certain sense of resentment being harboured amongst people in one location against those in the other on account of certain job related insecurities, the chances are that working together across locations will be more challenging. For instance when a multi-national decides to set up an additional manufacturing location in India, the ease of sharing information from the parent location is likely to be a lot higher, than say

when another company decides to lay-off some of its employees and outsource its IT function to a company in India. Recognizing the extent of organizational distance is important to be able to foresee potential problems.

Temporal Distance

Temporal distance arises on account of the time zone differences between two locations. Currently much of the voice-based outsourcing projects handled out of India entail significant temporal distances. Organizations are grappling with how to deal with issues arising out of the need to work in multiple shifts, issues of health and changing bio-rhythms and the consequent attrition rates partly due to individuals unable to cope with the same. Contrary to belief that non-voice or back-end work does not get impacted on account of temporal distance, it has been observed that greater temporal distances reduce the extent of synchronous interaction between members across locations. Often this is to the detriment of project outcomes. Organizations need to identify the extent of temporal distance and the extent to which different stakeholders might get affected due to the same, in order to be able to minimize its potential impact.

Social Distance

Communication styles, patterns of social interaction, accents, work practices, etc., can either positively or adversely affect team member or customer relationships in a globalized workplace. Similarities in these aspects, often makes intra-group cohesion better and lends an additional comfort feel in customer interactions. An objective assessment of social distance is therefore essential to see how it can be managed.

Political Distance

An organization might have all other imponderables under control, but there have been instances where political issues between two organizations and countries have derailed projects. A good risk assessment exercise should include an understanding of the existing political distance if any and the possible ramifications of the same on inter-organizational relationships and project outcomes.

A Framework For Assessing Distances

Each of the distances discussed above are potentially measurable. While it is beyond the scope of this paper to discuss the operationalization of these distance measures, for the purpose of the current discussion it would be adequate to understand that this can be done through a set of indicators. The cumulative scores of these would be indicative of the relative distance between an organization and its service provider. A Spider Diagram could then be used to depict the distance along each of these dimensions. The distances could range from very low to very high. Figure 1 depicts a typical Spider Web for a service provider. The dotted lines indicate a progression of various distances from very low to very high. The continuous line indicates the current state of distances for an organization with that of its partner or service provider. The inner-most web is the ideal state.

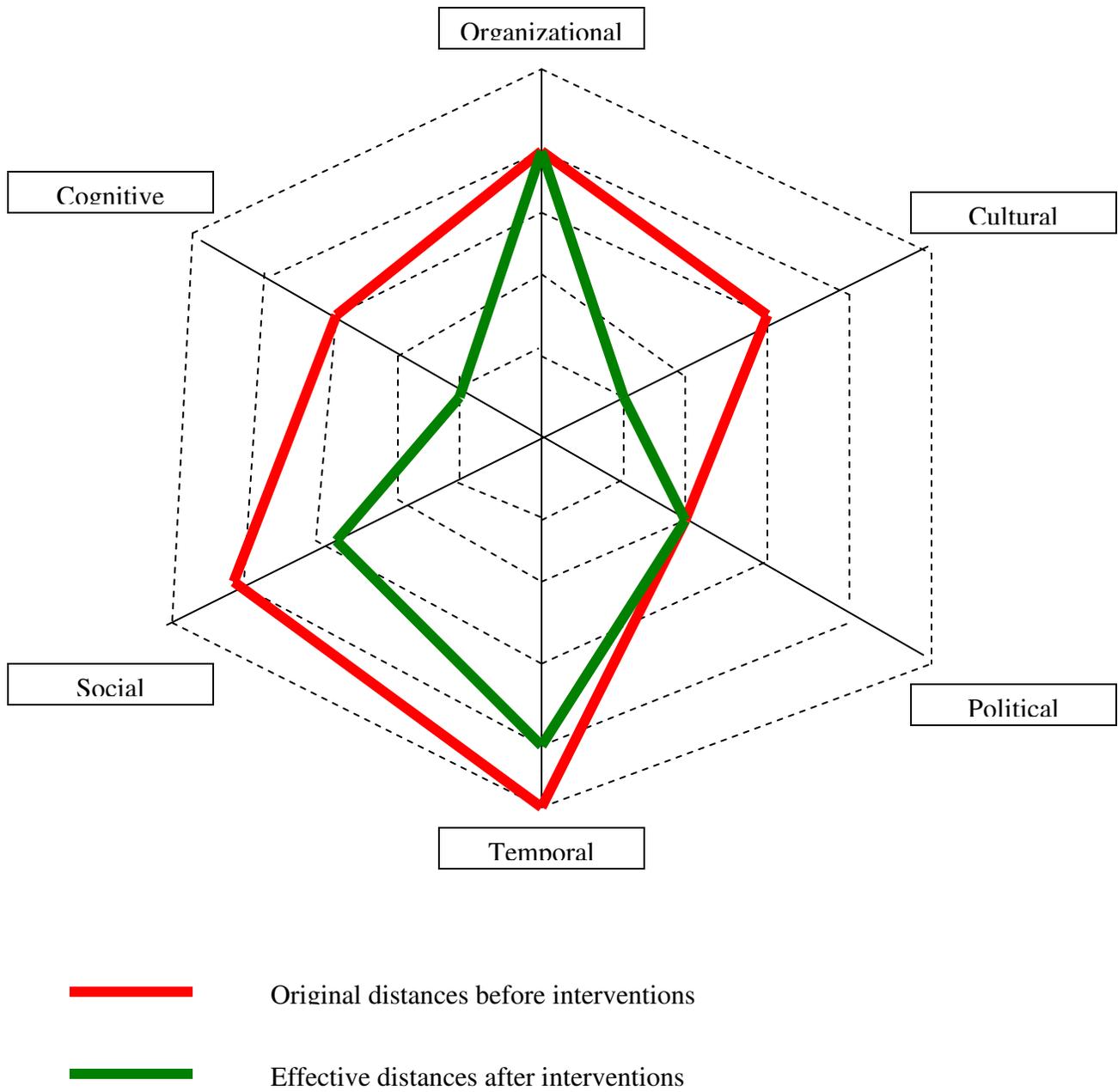


Figure 1: Spider Diagram for Assessing Distances

Managerial Implications of Assessing Distances

The impact of different distances on organizational outcomes is likely to be different for different organizations based on the nature, criticality and sensitivity of the projects in question. Hence there can be no common one-size-fit-all solution to handle these. Each of the distance dimensions needs to be analyzed individually in the context of a specific organizational relationship and acted upon appropriately. This is where a depiction such as the one described above is likely to help as a simple tool aiding managerial decision-making. This framework can be used by both the primary organization (that is looking to obtain its services from another location or organizational entity), as well as the service provider. Let us examine each of these.

For an organization that is looking to evaluate multiple alternatives and striking business alliances, an objective assessment of relative distances between itself and the prospective partner can help to assess the viability of such relationships. For instance, in case of a US based organization looking to relocate some of its processes to another country, providers from Argentina and India might throw up very different spider diagrams. The service provider in Argentina is likely to boast of low distances on the temporal and cultural dimensions. However, a holistic analysis would demand that all other distances be considered as well. In a simplistic situation the spider web with the least area would represent the most viable alternative. However, in a practical situation both the criticality of a particular distance dimension as well as the relative ease or difficulty in bridging the same will need to be considered so that the comparison becomes more objective. In such

a case a weighted scale could best serve the purpose of being able to compare alternatives.

From the service provider's perspective this could be a useful tool for a critical appraisal of issues that it would need to address with respect to multiple client relationships. The better its ability to bridge various distances, the greater the probability of project success. A pictorial representation through spider web diagrams can quickly point to the areas that need immediate attention. Perhaps the most significant benefit that India is likely to have garnered on account of its being in the globalization race much longer than several other countries, is its knowledge and process maturity to deal with these distances. These need to be identified, consolidated, improved upon and disseminated systematically within the organization, in order that the Indian industry at large stands to benefit. It is not the distance alone and whether it is low or high, per se, that is important, but an organization's ability to deal with the same that becomes critical. A set of organizational initiatives that provide tangible evidence that some of these distances have been effectively bridged are likely to find favour with a number of prospective clients. It is then possible to transpose the *actual distance* versus the *effective distance* based on an organization's competence to deal with these distances. What is more, a pictorial representation such as this is likely to provide a quick pointer to the top management in terms of what its immediate priorities need to be. Figure 1 also provides a pictorial representation of a hypothetical case that compares original distances with effective distance as a result of organizational interventions.

Conclusion

Rather than viewing geographic distance as a monolithic entity to contend with, taking a multi-dimensional view of distances along the lines advocated above is likely to provide more meaningful insights for surviving in a globalized world. A few researchers including the author of this paper have been attempting to get a better understanding of issues related to these distances. A deeper level of insight into both the causalities and consequences of these distances is likely to provide managerial directions on how these ought to be dealt with for improving overall business outcomes. As pointed out right at the beginning of this paper, the industry is grappling with how to quickly move up the learning curve in a manner that enables it to be most effective in a globalized business paradigm. However knee-jerk and short-term cost cutting measures are hardly likely to provide the kind of sustainable advantage that India is looking for. Identifying the antecedents of the various types of distances encountered in a globalized workplace, understanding their relative importance and drawing up a prioritized action plan to address these could well be an important facilitator for more sustainable improvements in project and organizational outcomes in the longer term. However this requires a holistic understanding of these issues spanning multiple disciplines from Organization Theory and Behavioural Sciences, to Technology, Information Systems and Business Strategy. India has a unique dual advantage of having a highly experienced workforce by virtue of having had an early start compared to several other countries, besides having an easily accessible pool of researchers. A planned confluence of the two can potentially be a formidable combination that can enable improved business outcomes, which other

countries joining the fray recently might take a while to imitate. But are we ready to bite the bullet?