Global dispersion of work and its impacts

Demand exceeds supply of people with needed skills

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Excerpts from Cascio’s keynote address to the Faculty Development in International Human Resources Management conference, PSG Institute of Management, Coimbatore, India, July 31, 2007:

Nations as well as companies are racing to find and keep top talent. Countries like India and Ireland, for example, are calling for expatriates to return home and many are heeding that call. Companies are outsourcing work within their home countries (onshore), near their home countries (nearshore), and far from their home countries (offshore). The numbers are staggering. According to one estimate, the remote, global workforce numbers in the hundreds of millions of people and is growing at many times the rate of the traditional workforce.

Much of the global talent pool lies outside of the US and Europe: 33 million young professionals with university degrees and work experience now live in 28 low-wage countries compared to 15 million in eight high-wage nations (including 7.7 million in the United States). In the US, the limited number of work visas available to foreign workers has caused domestic companies to look offshore to staff important projects and business processes as they focus on their core competencies and outsource everything else.

The implication? The global search for talent must focus on building remote capacity as opposed to recruiting foreign talent to domestic shores. More and more, battles for talent will occur overseas and managing that globally dispersed talent will become ever more important. An impending problem: Global demand exceeds the supply of people with needed skills.

Academics are starting to talk about “totally disaggregated companies.” This implies global networks of employees and the subsequent integration and management issues that need to be addressed. A recent study by DNL Global cited four key skills that are required of global managers.

Adaptability. A global manager adapts readily to new situations and ways of working, is receptive to new ideas, and is able to adjust to changing demands and objectives.

Global mindset. A global manager has more of a “cosmopolitan” than a “local” perspective on events and issues.

Cultural agility. A global manager is successful whether working with Russian, Indian, Chinese, or Brazilian counterparts across the boundaries of time, country, and culture.

Relationship management. A global manager must know when and from whom to seek input. Many issues today are complex and require collaborative decision making and problem solving.

Self-reliant, team-reliant

Given the complexity and volatility of global projects, it is not surprising that highperforming global managers have a tendency toward characteristics such as energy, stamina, drive, spontaneity and the need for flexibility.
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Counter-intuitively, however, they also tend to score low in self-reliance. This begins to make more sense if we think of ‘team reliant’ as being the opposite of ‘self-reliant,’ and if we consider the need for the virtual global manager to depend on team members on the opposite side of the world whom he/she has never met.

Not surprisingly, top-performing local project managers do not always make a successful transition to managing global projects staffed by remote team members. Those who do have much higher-than-average intensity and greater-than-normal expectations of themselves.

In addition, successful global project managers who are able to deal with the less tangible form of interactions between members of remote, geographically dispersed teams tend to be more collaborative than assertive, and less in need of traditional social structures in the workplace.

The stakes are high in finding, developing, and retaining managers who fit this profile, whether they are located in Albania or Zambia. To be sure, networked corporations have the potential to execute breathtaking leaps in creativity, speed, and innovation. They have the potential to develop game-changing new business models.

Yet none of this will happen on its own. The winning companies of the future will be those that are most adept at leveraging global talent to transform themselves and their industries. These kinds of changes inject a level of excitement and dynamism into IHRM that will challenge the field for years to come.

Biggest global outsourcing sectors 2005 (in billions)

Work processes in practically every big department of a corporation can now be outsourced and managed to some degree offshore.

Human resources $13 B Includes payroll administration, benefits, training programs.

Engineering $27 B Machinery, car parts, etc.

InfoTech $90 B Software development, tech support, Web site design, IT infrastructure.

Finance & Accounting $14 B Includes accounts payable, billing, financial and tax statements.

Logistics & Procurement $179 B Includes just-in-time shipping, parts purchasing, after-sales repairs.

Analytics $12 B Includes market research, financial analysis, risk calculation.

Customer Care $41 B Call centers for tech support, air bookings, bill collection, etc.

Manufacturing $170 B Contract production of everything from electronics to medical devices.

Source: BusinessWeek Jan. 30, 2006