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**RELOCATION OF EWORK, EMPLOYEE INVOLVEMENT  
AND IMPACT ON HUMAN RESOURCES MANAGEMENT:  
ILLUSTRATIONS FROM BEST AND WORST PRACTICES**

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## Introduction<sup>1</sup>

In 2001, HIVA conducted several relocation case studies in the Benelux. The case studies were part of the international research project EMERGENCE.<sup>2</sup> The focus of the case studies was 'eWork', defined as *information-processing work carried out at a distance with extensive use of computer systems and on the basis of telecommunication links*. Each case study dealt with a trans-regional or cross-border relocation of eWork from a 'source' location (where the eWork is coming from or is managed from) to a 'destination' location (where the relocated eWork is being carried out). The case studies focused on work relocation in shared office-type premises. The cases covered both internal eWork (carried out by employees of the company) and outsourced eWork arrangements. Only telemediated work, in which a clear role of ICT could be detected, qualified as an object of study.

In the case studies, several aspects of the relocation processes were investigated:

- the aims, the processes and the forms of relocation, the critical success factors and the company's motives, the social actors involved;
- the features of organisational structure and corporate culture that act as facilitators of, or barriers to new forms of working;
- the HR and training issues, the knowledge management issues;
- the key enabling technologies;
- the costs and benefits and their assessment;
- the impact on employment in both 'source' and 'destination' regions;
- push and pull factors in the national and regional environment (economic, social and political) which act as facilitators of or barriers to these new forms of employment.

In this paper we do not elaborate in detail all these aspects, but we focus on some interesting findings relating to the organisational aspects of relocation processes. On the basis of these case studies carried out in the Benelux, as well as the lessons learned from case studies in other countries,<sup>3</sup> we can draw some general conclusions on the importance of organisational facilitators and barriers and on the importance of the human aspect in relocation. This selection of findings implies that a lot of other results of our research are not dealt with in this paper, they are however included in the report.<sup>4</sup> Further, we include in this paper only the most illustrative material from successful as well as failed case studies.

The relocation of eWork puts considerable demands on organisations. In the first place, the case studies research allows to break with the idea of technological determinism, in which the relocation of business information activities is considered to be a purely technology driven intervention. On the contrary, the technology hardly is the problem, the actual organisational and 'human' context is all the

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<sup>1</sup> This paper is based on the report: *Jobs on the move, Benelux case studies in relocating eWork*, author: Johan Dejonckheere, project management: Monique Ramioul and Geert Van Hootegem, HIVA-Catholic University of Leuven, Belgium, 2002.

<sup>2</sup> EMERGENCE stands for Estimation and Mapping of Employment Relocation in a Global Economy in the New Communications Environment. Between 2000 and 2003, research partners in Australia, Austria, Belgium, Canada, Denmark, Germany, Hungary, Italy, Sweden and the UK, with associates and subcontractors in many other countries are undertaking a range of related research activities, full details of which can be found on <http://www.emergence.nu>.

<sup>3</sup> In 2001, the EMERGENCE-team carried out 62 company case studies (covering 54 relocation cases) in 18 European countries. This report focuses on the case studies conducted by HIVA in the Benelux, as an addition to the overall, European case study report: Flecker J. & Kirschenhofer S. (2002), *On the move: European companies relocating eWork. The EMERGENCE case study report*, FORBA Working Life Research Centre & IES - Institute for Employment Studies, Brighton.

<sup>4</sup> See footnote 1.

more. Depending on size, age and corporate culture, a company's organisational structure, work routines and staff can either facilitate or hamper the relocation of work.

A first and obvious precondition to relocation of information activities relates to the structure of the work process, the management of work process knowledge and the organisational structure. In theory, the relocation of a part of the business process can be considered to be the final stage of a process in which a business function first has to be clearly separated from other business functions and gain some autonomy. This activity has to be 'professionalised' and standardised inside the source company. ICT can play an important role in this respect. In a final stage, it can be decided to outsource and/or relocate the activity to another destination. In practice though, this organisational logic is thwarted with a whole range of obstacles and limitations. Besides limitations related to degree in which information activities can actually be codified, standardised and separated, other aspects, in particular interaction problems between the different business units, but also social and cultural organisational aspects are equally important in the setting up of the relocation process. Additionally, while high degrees of standardisation and formalisation of the work to be supplied remotely make the relocation of eWork easier in general, considerable investment in adapting the technology turn out to be necessary during many relocation processes. On the aspect of technical limits, we will however not go into detail in this paper. We concentrate firstly on issues related to knowledge management and transfer, secondly on some organisational structural aspects, and finally on the cultural and human aspect.

## 1. Knowledge management and transfer

### 1.1 Standardisation and formalisation of work

Undoubtedly, this first organisational precondition is essential for a successful relocation. It appears to be considerably easier to relocate a unit, which is well delineated, able to be carried out pretty autonomously without all too many interactions with other business units, rather than a company unit characterised by a large number of organisational interfaces. Illustrations from successful, but in particular from failed relocation projects, which in our study mostly ended up in 'relocating' the business function back again, highlight the crucial issues in this respect. We illustrate with two successful and one 'failed' company case.

*The source company of the case called Bio-Belindus belongs to the IT-sector and is active in the field of Biometrics - the technology of verifying a person's identity by means of personal characteristics such as the voice, the iris, fingerprints, etc. Bio, the source company is developing an infrastructure able to handle and combine different kinds of Biometric verifications. This implies a product portfolio consisting of many components. Bio is subdivided in different divisions. The Bio headquarters in Brussels takes care of Marketing & Sales (finding new clients) and general customer relationships. The product development part of the 'Technologies & Solution' unit is carried out in Ieper, a small town in the Flemish Region. This subsidiary is actively working together with a team of Indian software developers in Chennai, Belindus.*

*A new product or project always starts with determining the product specifications on a higher level or analysing the client's needs. Customer-specific project development is located in Brussels, basic product development partially in Ieper and partially in Chennai. The remote team does more or less the same than the teams in Ieper, but for other products.*

*It is interesting to notice that Bio has only relocated basic product development to Belindus because this is perfectly separable from other company units and because this activity can more or less be carried out autonomously. The fear for fine-tuning problems and bottlenecks in the field of communication is the major reason why Bio is hesitating to use the Indian development capacity for customer-specific project work as well. The nature of the work is playing a role in this respect.*

*The remote development of customer-specific projects certainly requires much more operational interaction. Very often, clients do not know beforehand extremely well what they want, and in the course of the development process, adjustments to the original plan, based on systematic exchange, can still be required. As a consequence, far more communication is needed between the people taking care of the analysis of client needs and the ones doing the actual development, the borderline between their task packages sometimes being rather flue. The development of customer-specific projects is therefore located physically close to the unit Sales & Marketing, which is engaging in communication with the client. The fact that project development cannot take place as autonomously as product development is the major reason for starting the relocating process with the latter. Bio currently still fears for communication bottlenecks in case it would relocate customer-specific project work to India too.*

*However, since the people in India are doing all the work that is related to the development of one product, this company unit in India is not considered to be just a destination for the routine jobs or boring tasks only. Deliberately, Bio is offering to Belindus rather interesting work, not only to attract qualitatively good informaticians but also to keep them motivated, thereby reducing turnover.*

On this case, the 'uncertainty factor', that is inherent to product development and customer specific project work, is limiting relocation because management is perfectly aware of the problems that could occur due to communication 'over distance'. Obviously, not all companies are. Fine-tuning problems resulting from a rather flue task demarcation and division of work between source and destination, is fitting our next case study called *Credit Card* fairly well.

*This case study focussed on a company unit handling credit card operations in the Benelux. The group management of a US financial services company set its European management the objective of consolidating as many of the company's activities as possible at favourable locations in Europe. After the telephone customer service had been taken from two countries and concentrated in Dublin, the company attempted to achieve further synergy effects by partly relocating a call centre with 150 employees from Brussels to Dublin. The activities that have been relocated are almost all, but not exclusively, call centre and back office activities. In the case study, two operational departments have been given extra attention, i.e. Customer Service and Credit & Collections. The people staffing Customer Service are doing typical call centre work, which is computerised to a very large extent. Whereas the front officers are answering inbound calls, the back officers have to support them by figuring out more difficult problems, do some verifications, etc. The unit Credit & Collections, which is taking care of overdue accounts, debt collection, etc., consists of a front-end and back-office too. The front-end has to contact defaulters and urge them to pay. Whereas this work is still 'call centre like' (a lot of outbound calls) and largely computerised, the back-office is not. When the limit of payment has been expired, the cardholder becomes an official debtor and the back-officers have to call upon lawyers, bailiffs, debt-collection agencies, etc. to try to recover the money.*

*Organisational problems arose when the front-end and back-office of the unit Credit & Collections were physically separated from each other because of the overseas relocation of the first. The organisational process in the source company used to be quite more client-oriented (employees doing a broad range of operations for a small amount of clients), the relocated unit clearly became more operation-oriented (employees doing a smaller range of operations for of a broader range of clients). After the relocation, the activities were characterised by a higher degree of division of labour and standardisation. Despite this clearly different nature of the work, the unclear division of work between the two units caused problems, due to the geographical separation of the activities. In principle, the front-end was doing all the work until the limit of payment has been expired. Afterwards, the back-office was continuing the work and taking additional steps. In practice, however, this borderline remained rather flue and it was not always that clear when the work*

*and information should be transferred from the front-end to the back-office. This problem was aggravated by the fact that there is still a lot of non-digital information in CC Benelux, e.g. the invoices, reminders to pay, letters received from or being sent to defaulters, etc. and until a case is completely finished, all documents have to be physically stored in a file. That means, most of the communication with clients is still done in written, such as registered letters, which obviously caused delays in the information flow, that was now geographically split up. Because of the relocation, a lot of these letters had to be send back and forward from Brussels to Dublin.*

*Very often, crucial information was present at the wrong location. For instance, because of the significant post delays in Dublin, back-officers in Brussels already contacted people that were not alerted by Dublin before. In addition, clients often did not know very well who to address. To use the words of one interlocutor: "It is very difficult to tackle a problem when one part of the solution is to be found in Brussels and the other part in Dublin. The company has become a really schizophrenic organisation!". The operational problems resulting from the separation constitute the major reason why both parts of Credit & Collections have been united again after half a year.*

This illustration is very instructive as it shows what consequences can be expected if the preconditions regarding standardisation and the use of underpinning technologies do not apply: the demarcation between front and back office was not clear, the degree of digitalisation was too low (paper letters to and from customers were at the wrong place, ...); the communication lines and information practices were not functioning properly. This so-called 'twilight zone' between the units seriously hampered the relocation process and co-operation over distance, even to the extent that the relocation was reversed.

A last case shows that precisely the standardisation of work processes can be one of the core motives for relocation and trigger in turn a continuous process of formalisation, standardisation and increase of productivity.

*The source company eGov is the Flemish government, obviously belonging to the public sector. It is a collection of a whole range of ministries, departments, public services, etc. employing altogether more than 11,000 civil servants. The destination company is a third party call centre belonging to the private sector 'Contact'. It is one of the world's leading call centres supporting Customer Relationship Management solutions for large corporations. We focussed on the project 'the Flemish Info Line', which is a citizens advice bureau or a centralised dial-up access point allowing every citizen to ask questions or order leaflets about any Flemish governmental body or public service. The business function customer service is fitting the core activity of the Flemish Information Line (= FIL) best - although 'citizen service' might be more appropriate here. Besides pure information supply to citizens, the FIL is now also preparing and supporting information campaigns, giving feedback to the underlying governmental departments as well as actively working on a better information 'procurement' or extraction from these departments. Some of these latter activities are more linked to information processing and editorial work, rather than customer service sensu strictu.*

*The relocation in the eGov case has however been hampered by the fact that information supply to the citizens used to be very decentralised and the different departments dealt with this task in a completely different way. In most departments, the answers were not standardised or formalised at all; the citizens could therefore get different answers to the same question, simply depending on the person answering the call. Increasing the standardisation of the information (supply) was one of the major goals of elaborating the FIL, and in order to do so, a lot of information had to be digitised and made better accessible in intelligent information systems. Although differing from department to department, the degree of digitalisation and accessibility of the information used to be rather poor and this seriously impacted on the preparation time and initial functioning of the FIL.*

All these cases show the importance of dealing with knowledge related to the work process when reorganising the production process and relocating activities. The core issues of relocation relate to

two aspects: the transformation of tacit experiential knowledge into explicit knowledge, and the shift towards comprehensive documentation and digitisation of information relating to business processes, that is required for a smooth interface between different stages of a production process or different business units. The transformation of tacit and experiential knowledge into explicit and codified knowledge, and the accompanying use of ICT for this transformation, turns out to be a key issue in the relocation processes, as it is in automation processes in general. The cases made it clear that management often underestimates the importance of this type of knowledge at the workplace. The crucial role for it for a smoothly production process, however, becomes transparent and obvious when standardisation of tasks and procedures are intensified in anticipation to a relocation process. Further, the more or less intensive co-operation between the source and the destination establishments triggers further organisational and technological change processes, leading to higher levels of standardisation, codification, formalisation and digitisation of information and communication in order to gain control over the remote co-operation.

The cases however showed that standardisation and division of delineated business processes do not necessarily end up by relocating or outsourcing only deskilled tasks and activities, as was illustrated in the case of software development activities in India.

Closely linked to this first precondition and amongst one of the most important aspects of a company-wide preparation of relocation is therefore undoubtedly the organisation of knowledge transfer and training, the lack of which can have serious drawbacks on the success of the operation. This is elaborated and illustrated in the following paragraph.

## 1.2 Dedicated and extensive efforts regarding knowledge transfer and training

Our case studies show a rich variety of ways to organise knowledge transfer between source and destination.

*Sporty is one of the world's leading companies in the field of trading sports goods. The company decided to set up a centralised European Services Centre (ESC) at the location of the existing European headquarters in a Benelux country. This implied the relocation of customer service activities, in particular the Sporty Benelux' call centre, in order to create synergies at European level. The company expected economies of scale, the opportunity for processes improvement and an increase in corporate control over the regional and national units through the most extensive possible standardisation of operations. The aim was also to increase the corporate visibility and enhance the international image of the company and its products. As usual in the sector, Sporty is not producing these goods itself - production is predominantly outsourced to subcontractors in South East Asia - but taking care of activities such as product design, merchandising, marketing & sales, logistics, warehousing, etc. Only retail customers are dealt with by Sporty's European Services Centre (ESC), a heavily computerised call centre. The retailers call to the centre to inquire about pricing, discounts, the shipping status of their orders, to make adjustments to their orders, for logistic problems, etc.*

*In Sporty the newly hired call centre operators at the destination visited the source in order to observe the work to be done, to learn about the nature of the calls, the call centre tools in use, etc. This so-called shadow training, organised before the actual relocation of the regional call centre, was important for transferring initial job knowledge to the new destination. In most cases, travelling for training purposes takes place in the opposite direction: professionals from the source company visit the destination with the aim of passing on company, project or job specific information. Sporty choose a more unusual exchange and transfer of knowledge.*

In between off-the-job-training sessions, most learning is taking place on the job or in the interaction between source and destination. Information technology can play an important role in the transfer of information and the transformation of tacit experiential knowledge into explicit knowledge. In several call centre cases investigated, companies introduce information systems and knowledge bases in which all operations and customer calls can be documented, through which details of all past inter-

actions and relevant data are swiftly and effectively available for every customer contact (regardless of which operator or which site is dealing with them).

In some cases, staff at the source company was made the offer of transfer to the destination location. This moving with the relocation had the advantage for the company that these 'expatriates' fulfil a central role in passing on know-how and experiential knowledge at the new location. In the case of *Sporty*, 43 of 250 call centre operators from all over Europe decided to make the move and relocate to the new location. This guaranteed continuity of customer service and is regarded as a success factor or facilitator in the relocation process. However, in most other case studies analysed, staff was not very interested in such a transfer or only prepared to relocate for a short time. The readiness to go to a new location is dependent on many factors such as stage of life (age), career opportunities in the regional source market, or loyalty and identification with the company.

The importance of knowledge transfer can again be stressed quite well with our failed relocation case.

*The (lack of) knowledge management and training issues undeniably played an extremely important role in the failed relocation of Credit Card. All interlocutors have identified the lack of experience and job knowledge as one of the crucial reasons why the interaction between source and destination and, in fact the entire relocation process is not working out very well. A number of aspects contribute to this problem: first there is the fact that for every relocated unit, a couple of redundant employees have been called upon to go to the destination call centre and take care of the initial training. In the beginning, there was a lot of resistance against this rather unusual strategy ('training the one who is stealing your own job'), but in the end, enough employees to do this job have been found (they received an extra bonus for it and it sometimes allowed to work a little longer). On the other hand, the knowledge transfer in Dublin occurred far from ideally: "Why taking it seriously when you are going to be fired anyway?". Among the ones that had to go over to Dublin for training purposes, there was a considerable amount of opportunists, more interested in Guinness and barhopping rather than transferring decent information about their job. Furthermore, the very high turnover in Dublin's call centre generates a continuous need for new information and knowledge transfer, which is becoming poorer and poorer all the time. The start was already far from good, but at every new transfer, more information and experiences are being lost. People who aren't very experienced themselves already have to instruct their successors or, to use the words of one interlocutor: "In Dublin's call centre, the blind is leading the blind".*

It appears that the relocation of activities and new 'spatial' organisation increases the need for smoothly working unit interfaces and effective and fine-tuned communication lines and practices. This fine-tuning is a continuous process and thus not ends up once the 'relocation' is a fact. This will be illustrated in the next paragraph.

### **1.3 The communication paradox: intensified communication, interaction and mobility in remote work**

A third organisational aspect too relates to the importance of continuous knowledge share between source and destination. The general picture that emerges from the case studies is that most relocations create or intensify co-operation over distance and thus lead to an increase of communication and mobility needs.

In every case, electronic communication plays an extremely important role in the interaction between source and destination. On the other hand, email and file-transfer have certainly not pushed aside more traditional means of communication such as the telephone (certainly for urgent matters, telephone is preferred to email). In general, email is known to be far less communication rich than face-to-face interaction. This is the reason why a lot of travelling between source and destination still takes place.

The importance of non-planned face-to-face interaction on-site can also be a barrier for successful relocation. As one employee in our case study *Credit Card* said: "It's only when they are not there any-

more that you start realising how often you drop in and out your colleagues' offices". Working together from distance not only makes it impossible to engage in non-planned interaction, it also increases the formality of the interaction. Indeed, a number of interlocutors from the case studies heavily complained about the bureaucratic character of electronic interaction after relocation. However, it has also been acknowledged that the quality of electronic communication significantly improves after having met physically. This way, engaging in efficient electronic interaction between remote entities appears to be a learning process and is as such not sufficient for establishing smooth communication lines.

*Both Contact and eGov are convinced that a smooth co-operation between the front-end and back-office is a key precondition for smoothly running the Flemish Info Line. Communication between the front-end and back-office occurs at different levels. At the level of the operators, most interactions take place via a jointly accessible information system, a shared knowledge database. Telephonic interaction on this level is not so common, but the back-office is organising a monthly meeting with the front-end operators. On a more executive level, communication and interaction takes place by far more frequently. All media are being used on this level, but face-to-face interaction is clearly preferred. Hardly a day passes without somebody from eGov visiting the call centre to discuss particular issues with the team leaders or project manager of Contact, to give some information to the operators, to prepare information campaigns, to make adjustments, etc. Because of this frequent attendance, eGov considers the geographical proximity to be a very important asset. Compared to other clients of Contact, eGov is very actively monitoring and controlling the work done in the call centre. Besides control on-site, eGov is receiving very detailed daily overviews of the call centre's performance. The information system in use also generates a lot of control possibilities.*

This case shows in addition that ICT can underpin effective and efficient communication and co-operation via shared databases for organisational learning objectives. The case further proves how proximity has been assessed as a *conditio sine qua non* for a successful relocation and as a facilitator for interaction and co-operation. In this case source and destination are indeed located very close to each other. It is obvious as well that a lot of interaction and fine-tuning problems can more easily be overcome thanks to the systematic face-to-face contact.

However, in addition to the importance of direct contact and communication, surprisingly, eWork relocations put high demands on people's physical mobility as well. Workers may have to move with their jobs to keep them, or to support knowledge transfer to the new location. *Sporty*, for example, actively encouraged workers to move in order not to lose know-how and expertise important for customer services. At *Bio*, managers and trainers from the source travel to India at the beginning at every new project or at important phases within big projects. But there is a lot of additional mobility required: managers go abroad to set up and direct new units or companies; specialists train new workers at new locations; people co-operating over long distances travel to regular meetings; etc. In the light of our case study findings, the popular image of eWork bringing the work to where people live instead of people having to commute to work, in many cases does not apply.

On the basis of our investigations, we can state that the actual location of information activities still plays an important role for source companies deciding to relocate information work and perhaps even more for destination companies or establishments attracting the new activities. This observation confirms the so-called 'location paradox', although an increasing amount of activities is becoming less tied to a particular location, the actual location of these activities and the 'management of space and distance' are becoming increasingly important!

## **2. Existing organisational structures and regulations: facilitators or barriers?**

Another organisational aspect is crucial for the execution and outcome of relocation processes: the existing organisational structure, the size and age of the company. If a relocation takes place within

an international group of companies, the required contacts, infrastructure or the legal frame can often be provided by the parent company, which undoubtedly facilitates the whole process of relocation in comparison with smaller enterprises, who cannot rely on former re-engineering experiences and on existing structures and decision making practices. This relates in particular to organisational and technical support. The support from parent or associated companies is a big advantage compared to stand-alone relocating companies, for example SMEs, that have to build up contacts, infrastructure, etc. from scratch.

The case below in particular, is an example of heavily supported relocation operations and it illustrates a specific type of relocation: the concentration and centralisation of business functions at a higher geographical level. The relocated activities could indeed be attached to the already available group facilities at the destination location. Although this relocation process implied a quite fundamental organisational shift - the company was reorganised in a way that business functions were geographically re-concentrated completely in order to gain productivity and efficiency - previous standardisation and automation of these business functions facilitated to a large extent the company's strategy.

*'Customer service is a well-delineated part of Sporty's range of activities. Although the unit is regularly interacting with e.g. Sales and Finance, the task demarcation or division of labour between the different company units is pretty clear and this certainly facilitated the centralisation of call centre activities. Furthermore, already before the relocation, the Benelux customer service unit was physically separated from the units Sales and Finance: the call centre used to be located in a Flemish municipality, Sales in Brussels and Finance initially in Brussels and later in the Netherlands. These spatial aspects of the (former) business process considerably facilitated the relocation: the units in question were already used to co-operating over distance and non-planned face-to-face interaction on-site was not playing a significant role. The high degree of digitisation and accessibility of information further facilitated the centralisation of customer service. This facilitated the whole process of relocation and concentration from the organisational and technical point of view.*

On the other hand, existing organisational structures and institutional regulations, in particular on labour conditions, can hamper the aimed company development and thus push companies to externalise specific business functions. Although this motives are mostly well-known regarding the relocation of activities to low-wage countries for cost reasons, we have chosen to illustrate this aspect with another quite specific form of relocation, i.e. from a public administration to a private profit company: eGov and Contact.

*In the eGov-Contact case an important set of motives for outsourcing/relocating the (front-end of the) Flemish Info Line is related to the difference in working conditions and terms of employment in the public sector (statutory relationship) as opposed to the private sector (contractual relationship). Because of the many regulations and heavy governmental procedures, hiring new civil servants can take quite a lot of time. This is a serious handicap for coping with the expected rapid, but completely unpredictable, growth of the FIL. It is indeed much easier to hire (and fire) private employees than civil servants. To use the words of an interlocutor from eGov: "If the amount of*

*daily calls increases by 300, I need 3 more people. Contact can offer these people from one day to another. In eGov, hiring 3 civil servants takes about a year!". In general, it appears to be much easier to cope with fluctuations in workload in the private as opposed to the public sector. The civil servants of eGov have significantly more holidays in a year than the employees of Contact. Furthermore, they have to work fewer hours a week. As a result, an in-house solution would require more manpower to achieve the same capacity, with the necessary financial repercussions. According to the interlocutors from eGov, it would not be very workable to put people with such a difference in terms of employment in one and the same office. This is another reason why outsourcing the front-end to a private company almost automatically implied relocating it.*

This relocation case confirms how contractual flexibility can be the explicit aim and outcome of outsourcing activities. Existing regulations on working conditions are experienced to be a serious handicap to organise a service that customers are assumed to expect from the government. Public services this way clearly enter into the organisational logic and practices of the market. Obviously, the emergence of a huge call centre activity in the geographical and 'psychological' vicinity of the public service, and the availability of the necessary technical (ICT), infrastructural and 'workforce' capacity, facilitated the externalisation of this, fundamental governmental information service to the broad public, to a private international company.

The previous paragraphs focussed on the organisational facilitators and barriers of the relocation of eWork. It was clear that in several cases, the organisational challenge of co-operating smoothly over distance outweighs the technical one. In a next set of organisational conditions for successful relocation processes, we focus on the process of relocation itself and the 'human factor' that has to be taken into account within this process.

### **3. The human factor in relocation**

#### **3.1 Employee involvement: not a general practice!**

Usually feelings of insecurity spread among the workforce as soon as relocation is being talked about or officially announced. Information supply and workers' involvement were therefore important in many cases. This not only relates to the threat of job loss but also to possible changes in the profile of the jobs of the remaining workforce. It is obvious that information and participation at all levels of all involved are important facilitators for smooth business reorganisations.

*The American headquarters of Bio have not pushed the establishment in leper to go to India; this decision has been taken in Belgium itself. Within Belgium, the top management took the decision not after active consultation of the management of the business division in question and the local management in the regional subsidiary in leper. In the Bio-Belindus case study, management used the experiences of workers to better prepare the outsourcing to India. All developers who had already had some experience with outsourcing to India in other companies were called together for discussions.*

*As to the reaction of the employees, they were certainly not afraid to loose their job because of the relocation: "There's plenty of work for people with there qualifications, inside as well as outside". Nevertheless, a number of employees raised some objections against the idea. Although Bio itself has no experience with IT-outsourcing to India, a lot of its employees have, and not all of these experiences were that positive: "I've seen it work and I've seen it fail; deploying Indian informaticians is certainly not a guarantee for success". This experience certainly urged the management to prepare very thoroughly the whole operation and this in constant interaction with the employees involved.*

Unfortunately, our failed case study *Credit Card*, already elaborated above, is again a worst practice example.

*In Credit Card, the decision to relocate, as well as its implementation, all happened 'top-down'. The company had felt heavy pressure from its American headquarters or top management to centralise as many activities as possible in financially attractive regions such as Dublin. The decision has been taken by the Board of Directors and personnel nor trade unions have been able to play any role in the decision making process. The relocation decision was unilaterally imposed by top management and immediately irrevocable.*

*Personnel and their representatives never had the opportunity to discuss the ground of the matter, but only secondary issues such as the conditions to leave, redundancy payments, etc. These negotiations lasted for about three months and the trade unions played this game very hard. The negotiations have even been suspended because of excessive trade union demands, but four consecutive days of collective action (e.g. strikes, blockade of the entrance, occupation of the director's office, etc.) got management back around the negotiation table. In the end, the trade unions succeeded in reducing the actual amount of redundancies and in negotiating a very favourable redundancy regulation (which, however, was considered to be cold comfort in comparison with the amount of redundancies).*

*Another group of social actors, middle management, faced a very difficult and ambiguous situation. On the one hand, the heads of department understood the reaction and actions of their people; on the other hand, they were still hold responsible for the running of their department and accounted for this. The period between the announcement of the relocation and its actual implementation (almost half a year!) was a very difficult one, as the people to be sacked soon were rather demotivated and less productive. Furthermore, people leaving the organisation were not replaced or only by temporary workers often lacking the necessary job knowledge and experience. To use the words of one head of department: "The last months before the relocation were a true nightmare".*

*The middle managers have not been involved in the decision making process, but they did play a crucial role in the actual preparation and implementation of the relocation. For every activity to be relocated entirely or partially, a so-called migration project has been initiated to prepare the actual relocation: making a concrete planning, establishing procedures, fixing concrete dates, technological implications, etc. The heads of department were responsible for working out concrete transfer procedures, creating training modules, giving some initial training, etc. For this latter aspect, giving local training in Dublin, CC also called upon employees that were going to be dismissed soon.*

A last case, *Sporty*, previously described as quite successfully, provides another illustration of the practices of some top management of big enterprises, not taking into account the importance of employee involvement. However, the problems arising from this only slowed down to a certain extent the whole operation, but not lead to a complete failure of the relocation.

*The American headquarters of Sporty are very much in favour of ongoing centralisation and scaling-up the activities in Europe, but the decision to reorganise customer service has been taken on the European level. European management initiated the process and together with a number of country managers and customer service managers, the reorganisation has been made concrete in a business plan. This all happened very secretly. After the official approval of the business plan on a European meeting, the decision has been announced simultaneously to the different national entities and their workforce. The employees of the Belgian customer service unit reacted very defeated and even disbelieving, the news coming as a real bombshell. However, the relocation decision as well as the associated collective dismissals was immediately irrevocable. Personnel and their representatives were only involved in discussing secondary issues*

*such as the conditions to leave, redundancy payments, etc. The relocation has been defined as a formal project and immediately after its announcement, a European project team has been installed to prepare the reorganisation. An important task of this team consisted of 'process mapping', i.e. visiting all regional entities and analysing their functioning, looking for best practices, etc. The team also had to work out a concrete time schedule for the relocation of the national/regional entities. In addition to this European support team, a so-called transition manager has been appointed in every country, responsible for co-ordinating the concrete handing over of activities to the Netherlands. This person was assisted by a so-called 'the A-team', consisting of the regional Customer Service Manager and a couple of experienced operators. These people had to support the start-up of the activities in Netherlands.*

*At the time of the relocation, the regional labour market was very favourable for job seekers and therefore, the redundant employees easily found new jobs, which limited a strong reaction against the company decision. One problem the company still faced was a high labour turn over, which was difficult in the transition period in particular, but this was found typical for the call centre business in general. Further, all resistance from employees involved was perceived as a classical individual 'resistance to change' reaction, which was expected to pass by after a period of adaptation.*

It is obvious that workers' involvement in fundamental company decisions such as relocation, centralisation, etc. is crucial in every phase of the process in order to create a solid basis of trust and co-operation amongst all involved. Information about what is going to happen when and how, opportunities to express doubts and fears, to exchange experiences, the setting up of accompanying measures regarding job changes, changes in the conditions of work, training, etc. are required, but, as show our case studies, not by any means a general practice. Relocations are mainly then successful if there is a climate of co-operation and trust between the employees at the source and destination locations and if there is a continuous knowledge and information transfer.

In addition to this, the case studies draw the attention to the importance of a number of 'soft issues' more precisely the cultural diversity, psychological reactions against change and other not perfectly predictable or controllable factors often significantly hampering the implementation of a sec business rationale.

### **3.2 The impact of different national/regional cultures**

Cultural diversity impacts on the co-operation between remote company units and, not surprisingly, this is heavily felt by the companies relocating work to Asian destinations. We take just one example of this from our transregional case studies. Cultural issues are certainly impacting on doing business in India or working together with Indian informaticians, which however proved to be manageable and bridgeable as was clearly illustrated with Bio-Belindus. The direct communication across cultural boundaries was the first thing to be learned.

*In Bio-Belindus, the case study on remote software development in India, culture sometimes lead to misunderstandings, but all interlocutors, from source as well as destination, were convinced that Belindus' rather original management solution is facilitating the communication and co-operation over distance: indeed, an Indian man was in charge of Belgian part and a Belgian woman was in charge of Indian part of the company. The expatriates in question played a crucial role in this case study. In general, the Belgian permanence in India is aimed at:*

- improving the communication with Belgian clients: "clients are very happy to be able to talk in their own language, to a fellow-country(wo)man";*
- creating trust and putting clients at ease, in other words, "make it seem less risky";*

- *emphasising the Western company culture, management style and organisation principles (more horizontal structures, teamwork, autonomy, etc. than the average Indian company), and this is attracting a specific type of employees;*
- *better understanding the Indian culture and mentality.*

*According to the Belgian manager living in Chennai, understanding the Indian culture and mentality is really crucial for co-operating successfully. On the other hand, it is also a steady learning process developing only very gradually. Examples of cultural issues are the different interpretation of the same English words (e.g. the meaning of 'no'), different management style and interaction between subordinates and superiors and in India (more hierarchical), the impact of the caste system (e.g. importance given to aspects such as status, position, ...), etc. The interlocutor of the source also made reference to the 'collectivism of the Eastern culture', i.e. when talking about the difficulty to assess and control the performance of individual employees. Bio doesn't know well at all who is doing what in the remote team and can only assess the output of the entire team, not of each team member individually.*

In comparison with the differences between Europe and Asia, cultural differences within Europe are in any case less important and more 'subtle', but therefore not less influencing. In fact, its subtlety bears the risk of negligence! Related to this, some interlocutors complained about (American) headquarters not paying enough attention to European diversity in the field of culture but also labour market situation, languages, etc. This was for instance the case for the relocation of Sporty's call centre activities, where the top management was originated from the US.

*In Sporty the experience learned that 'Dutchmen', without noticing it themselves, come over rather arrogantly in the ears of Flemings. In theory both people are talking the same language, in practice there are quite a lot of national and regional specificities such as typical words and different pronunciations, which are not at all clear for non-native speakers such as the American Top Management. Flemish people are 'historically' quite sensitive for feelings of superiority from, for instance, Dutch people, a factor that undoubtedly influences the results of sales activities over distance where verbal communication is essential, like it is in call centre work. This situation had to be made very clear to Dutch CSRs having to talk to Flemish clients.*

*Sporty regularly organises a kind of 'culture-training' on different behaviour and reactions between, in this case, Belgians and Dutchmen. The idea is to make people aware of cultural differences and specific reactions from people with different nationalities.*

### 3.3 The impact of corporate culture

Not only national or regional cultural differences may hamper a smooth relocation process. Also the (perceived) business culture of the destination company can impact on relocation processes and the co-ordination with the source company. No such an interesting case study to illustrate the importance and impact of corporate culture as our relocation case from a public to a private company. Indeed, eGov-Contact is the case study in which company cultures undeniably played the most important role.

*The difference in business culture and mentality between the public and private sector not only impacted on the creation and functioning of the citizens advice bureau but also on the decision to outsource and relocate it. Outsourcing to the private sector e.g. to a heavily computerised call centre, significantly increased the degree of standardisation of as well as the control possibilities on this business function. Improving the 'citizen-friendliness' of eGov was the main reason for creating the Flemish Info Line. eGov not only aimed at improving the quality of, but also at standardising the information (supply), built on the principle that every citizen is entitled to receive ex-*

*actly the same information, no matter which medium he/she uses (e.g. letter, telephone, email) or which operator he/she is talking to.*

*More important, eGov wanted to get rid of the negative, bureaucratic image in which citizens are sent from pillar to post without being helped. To avoid any association with ill-functioning government bureaucracies, an external and remote solution has been chosen for. Another major reason for outsourcing/relocation is related to the available know-how, expertise and experience in the field of professional call centre activities, which is clearly lacking in eGov but abundantly present in Contact and in the more flexible labour regulations (see above). Corporate culture, history and image building played a very important role in this case study. The public image of ill-functioning government bureaucracies was not only a major reason for creating the FIL and in fact, also for choosing an external solution. The professionalism of Contact certainly facilitated the relocation process. Whether eGov was really that bureaucratic does not really matter. A lot of departments took the job of information supply and handling citizens' problems very seriously, but others indeed did not seem to care that much. In general, giving information to citizens was not considered to as important and certainly not encouraged as much as nowadays. The creation of the FIL therefore required a change in business mentality, in the sense that the citizen is more and more considered to be the governments' client and 'the customer is always right'.*

*Initially, not all of the departments were that eager to co-operate with the FIL. There was a lot of distrust and some people considered the FIL to be an attack to their autonomy, job content and functioning. Some departments had the tendency to protect their information rather than sharing it with the FIL. These departments had to be approached in a different manner. In general, the FIL-people engaging in frequent interaction with the departments (i.e. the back-office) have to know the corporate culture of eGov well. They have to understand the sensitivities, customs and unwritten laws of the different departments and the apparatus of government in general and therefore, they had to be civil servants themselves, located as closely as possible to the departments.*

*This interface role of the back-office of the FIL was crucial for the success of this relocation operation.*

In all cases it turned out that what seems technologically and even organisationally feasible in the planning phase can in reality be hampered by various obstacles and considerable problems, in particular if informal and social structures and soft issues (such as the perspectives of those concerned) are not sufficiently taken into account. Successful relocation of eWork is considerably shaped by a climate of co-operation and trust between the employees at the source and destination locations and continuous knowledge and information transfer. Such a co-operative atmosphere is (in most cases) created if those concerned at the source location were actively involved in the decision making and relocation process and if the relocation did not lead to a threat to jobs and a cut-back in the content of work. In most cases, companies are convinced of the necessity for regular face-to-face meetings in order to ensure sufficient information transfer and to create an atmosphere of trust.

#### **4. Conclusion: the relocation of eWork as a learning process**

It shall be clear that the relocation of information-based activities cannot simply be implemented from one day to another and 'that's it'; it appears to be a long-lasting learning process initially facing the necessary teething problems and difficulties. This is one of the most important threads through the EMERGENCE case studies conducted in the Benelux. This learning process especially relates to a clear-cut division of work, formalisation of knowledge, elaborated communication procedures and practices, the consideration and 'management of cultural aspects of co-operation, the management of space and distance. In fact, not only the source companies of our case studies had to learn; the same goes for the destination companies.

Further, the observation that every company has to pay at least some dues is certainly not undoing the merits of a decent preparation. Coincidentally or not, our case companies having studied and prepared the relocation profoundly (e.g. *Bio-Belindus*, *Sporty*) turned out to be more successful than companies having minimised efforts in this field such as *Credit Card* (the organisational risks of separating the two parts of Credit & Collections have not been explored in advance at all) and some of the SME-sources where the entire decision making process took place pretty amateurishly without a profound feasibility study being absolutely out of the question.

Although in this paper, we did not focus systematically on the technical aspects of relocation, ICT was always clearly a *necessary* condition for relocating eWork successfully, but obviously is not a *sufficient* one.<sup>5</sup> The organisational, cultural and social context of relocation appears to be at least as important, as illustrated in extenso in this paper. Still, the case studies conducted in the Benelux raise some limitations of modern technology. Regardless of the business function concerned, the dissemination and frequent use of electronic mail is central to day-to-day communication and co-operation. The importance of other ICT applications varies according to function and work organisation: spatially dispersed but organisationally integrated customer service units depend on a high level of technical integration. This implies a common technical infrastructure and working on the same information systems. Software development, accounting or design functions also often rely on information systems that can be accessed from different locations. A first, rather general limitation in this respect is related to the limited capacity for engaging in electronic interaction. A broader bandwidth would be in all company's sake, but the limitation was especially felt by the source companies working together with destinations in developing countries, sometimes disposing of a rather poor telecom infrastructure. Further, problems arose in using modern ICTs related to data protection and security of electronic data transfer.

To conclude with, our case study research showed that organisational and technological changes arising from the relocation of eWork - such as increased levels of digitisation, formalisation and standardisation - will result in work organisations and information systems that make work easier to relocate again. Thus it can be concluded that 'the butterfly' is not likely to settle for good, metaphorically speaking, both because the conditions keep changing and because fluttering from blossom to blossom becomes easier every time.

## Literature

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<sup>5</sup> ICT per definition plays a crucial role in all of the EMERGENCE case studies, as only telemediated work in which a clear role of ICT could be detected, qualified as an object of study.