Chapter 7

IT – Offshoring and a Cross National Intra Organizational Community of Practice:
The Case of Norway House, Vietnam

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ABSTRACT

This chapter present findings from a case study of IT-offshoring. While current research stress problems related to cultural differences and formal constrains for the development of a cross national community of practice, this chapter develops theory from the perspective of practice based theorizing. Doing so, it describes practices which promote learning across IT programmers in Norway and Vietnam. Furthermore it discusses whether or not this can be described as a community of practice and implications for management.

INTRODUCTION

The mission of this chapter is to offer an in depth description of recent IT- offshoring activities involving IT-firms in Norway and programmers in Vietnam in relation to communities of practice. This chapter is founded on practice based theorizing (Feldman & Orlikowski, 2011; Wenger, 1998) which here is used to theorize on what people do, when they try to develop community among themselves.

Lave and Wenger (1991) used the term communities of practice to describe learning through participation, which they called situated learning. The structure of the community was created over time through a process of legitimate peripheral participation. Legitimation and participation together define the characteristic ways of belonging to a community whereas peripherality and participation are concerned with location and identity in the social world (Lave & Wenger 1991). Lave and Wenger's research looked at how apprenticeships help people learn. They found that when newcomers join an established group

or community they got access to work activities they could learn from. In this chapter I suggest that in current globalized work-life that the entrance of newcomers and their journey as practioners towards mastery take other paths than described in the original work of Lave & Wenger (1991).

The case presented started off as an ordinary IT- outsourcing where Vietnamese firms where hired to do programing for Norwegian IT-firms. However the Norwegians, found it more effective to set up their own unit and hire their own employees in Vietnam. They report that they were able to better work together and learn from each other, both important features of a community of practice, across their differences this way. There is support for this claim in the literature on strategic decisions, where outsourcing might lead to the `hollow –out` of competence of the firm offshoring on the other hand might provide the advantage of skilled but relatively cheap labor at the same time as the firm can maintain more control and make their own location decision (Mudambi & Venzin, 2010). In this case the selection of Vietnam as the location for their offshored unit is emphasized as a reason for success.

Outsourcing can, be both in the home nation of the firm, as well as abroad, and involves a restructuring of the firm`s activities. Outsourcing is a planned abdication of selected value chain activities to external providers. Offshoring, on the other hand, is restructuring the firm along another dimension, namely geography. It entails the relocation of operations from the home nation to foreign location where the same company activities are performed (Contractor, et.al 2010). The decision to offshore software programming to a foreign firm is frequently looked at in economic terms – it is cheaper. However, offshoring is also troubled with difficulties. As well as the considerable challenge of controlling projects at a distance, there are differences in language, culture, business methods, and politics and so on.

In this chapter I will look at the more successful examples of off-shoring, in terms of its contribution to learning among colleagues. The main concerns discussed in the chapter are the spatial, cultural and cognitive reach across colleagues working from to different locations on the globe from the perspective of community of practice. Finally, the chapter will discuss how situated learning is shaped in this context, from the perspective of the `beyond communities of practice literature` (Amin & Roberts, 2008; Ikioda, 2012; Thompson, 2011) which that the concept of community of practice these days are used to describe phenomenon very different from the contexts it originally were developed from.

LITERATURE REVIEW

The globalization of companies, which IT-offshoring is an example of, has increased our interest in learning and knowledge transfer across the units of multinational companies. Talman & Chacar (2011) propose that the hypothetical advantage of multinational companies in accessing knowledge from different national sources is composed of multiple micro-processes at sub-unit levels, and consequently more complex than usually presented. The literature of communities of practice addresses such processes. While the original concept of communities of practice (Wenger, 1998) were based on voluntary participation where the participants also were co-located, it is difficult to find pure communities of practices across countries in IT – offshoring relations (Salminen & Karlsson, 2014). These kinds of communities of practice have a more hybrid character consisting more online interactions, formal team structures and therefore more formal constrains around who can join or leave than a typical community of practice (McDermott & Archibald, 2010).

In terms of knowledge transfer, IT offshoring offer team relations where such collaboration is problematic (Biró & Fehér, 2005; Cohen & El-Sawad, 2007; Hirschfeld, 2004; Kotlarsky, 2008; Sahay,

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