Chapter III

The Impact of External Factors on Virtual Teams: Comparative Cases

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Abstract

Practitioners and researchers need to pay attention to how corporate organizing structures are impacting and are impacted by virtual work environments. Virtual teams are powerful organizing mechanisms, but they are not without limitations. This chapter reports on two cases in which dynamics outside the virtual project teams powerfully affected the teams. These cases, both based on studies of real project teams operating inside corporations, highlight the desirability of understanding virtual teams in context. While external factors are not unique to teamwork, their role has not been explored in depth in research on virtual teams. Dynamic forces outside teams seem more difficult to anticipate and to identify when team members are working virtually, and these powerful but invisible dynamics can be frustrating to virtual team leaders and members. Concluded in this chapter is that contrary to initial expectations, virtual teams are not
replacing traditional forms of organizing. They are coexisting with traditional forms and dynamics, such as business drivers, hierarchies, departments, strategic priorities, and business needs. This coexistence can be fraught with conflict.

Introduction

Virtual teams are powerful organizing mechanisms (Fukuyama & Shulsky, 1997; Goldman et al., 1994; Hedberg et al., 1994; Jackson, 1999; Oravec, 1996), but they are not without limits (Hale & Whitlam, 1997). Considerable research has focused on internal virtual team communications and management for performance (Haywood, 1998; Hightower et al., 1998; Igbaria & Tan, 1998; Jarvenpaa & Leidner, 1998; Karolak, 1998; Kayworth & Leidner, 2001; Lyons, 2000). In contrast, this chapter examines two cases where dynamics outside the virtual project teams affected the teams.

These cases, both based on studies of real project teams operating inside corporations, highlight the desirability of understanding virtual teams in context. In both cases, forces outside the virtual project teams (e.g., hierarchies, departmental allegiances, and rewards) were stronger than anything the teams could do. While external factors are not unique to teamwork, their role has not been explored in depth in research on virtual teams.

Dynamic forces outside teams seem more difficult to anticipate and identify when team members are working virtually, and these influential but invisible dynamics can be frustrating to virtual team leaders and members. More importantly, they raise issues for organization and management theorists and practitioners: Are corporations really ready for virtual teams? What needs to be understood to enhance performance in virtual environments? What are the key characteristics of organizational environments that permit virtual team success? This chapter only begins to try to answer these questions.

Background

Virtual teams are groups of people employed in a shared task while geographically separated and reliant on electronic forms of communication (Palmer & Speier, 1997; Palmer, 1998). As such, virtual teams represent novel structures for organizing work and new vehicles for attempting socialization. They represent a different formal approach to work and a different informal approach to
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