E-Leadership and Trust Management: Exploring the Moderating Effects of Team Virtuality

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ABSTRACT

Trust is considered a key factor in virtual team performance and outcomes. Recent studies suggest that e-leaders significantly contribute to trust development in their teams and that their contributions depend on the team’s level of virtuality. The purpose of this paper is to analyze the behaviors and practices that enable e-leaders to build trusty relationships in their teams. Using leadership behavioral complexity theory, we focus on the roles played by e-leaders in managing their teams. To this end, we conducted a large survey with virtual team members. The results highlight the importance of the roles of rational goals and human relations in trust management. With regard to the effects of virtuality, distance is found to have a significant negative moderator effect on the contribution of leadership to trust development, while the moderator effect of ICT use is positive.

Keywords: Leadership Behavioral Complexity, Leadership Roles, Structural Equations Modeling, Team Virtuality, Trust Building

INTRODUCTION

Trust in virtual environments has become an increasingly important and acknowledged topic in both computer-supported cooperative work and in e-business research. In virtual collaboration, trust is identified as a key factor in successful interactions and is associated with cooperative behaviors, coordination and high virtual team performance (Bidault & Castello, 2009; Jarvenpaa et al., 1998; Jarvenpaa & Leidner, 1999; Kanawattanachaï & Yoo, 2002; Liu et al., 2011). However, the specific characteristics of the virtual context inhibit its establishment and development. This is due to virtual team members’ reliance on computer-mediated-communication (CMC) that eliminates the face-to-face interactions, physical proximity, verbal cues and facial expressions which contribute to interpersonal relationship development (Brown et al., 2004; Greenberg et al., 2007; Handy, 1995; Mockaitis et al., 2009; Townsend et al., 1998). This is why most studies consider the virtual context to be a barrier to trust building, and consequently attempt to improve the situation by identifying factors that can facilitate trust management in virtual teams.

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Current literature on the topic shows that leadership plays an important role in fostering trusting relations between remote members. Many studies have revealed that effective leaders develop high levels of trust, which in turn results in enhanced team performance (Jarvenpaa et al., 1998; Kayworth & Leidner, 2001/2002). Yet, less is known about how e-leaders build and develop trust in virtual teams, or the mechanisms that help them to do so. Previous studies have identified strategies and determinants for establishing trust, without specifying the leaders’ contribution to these strategies, despite their role in dealing with the challenges virtual teams face. The effects of team virtuality on relationship building are also understudied, even though they result in different mechanisms and processes. Indeed, varying levels of virtuality generate varying communication needs and behaviors as well as varying trust management practices (Casey, 2010; Furomo & Pearson, 2006; Muethel et al., 2012; Robert et al., 2009).

Thus, the purpose of this paper is twofold. First, we analyze how leaders’ actions and behaviors enable them to build trusty relationships with their team members. Second, we attempt to identify how virtuality parameters influence the contribution of e-leaders to building trust within their teams. To this end, behavioral complexity theory (BCT) provides an insightful framework to explain effective leadership. BCT presents the behaviors and actions of effective leaders in a context with a high level of ambiguity and complexity. We also draw on the findings of recent studies on virtuality and the impact of the variation of its level on teams’ outcomes. These developments enable us to build our research model that is presented in the second section. We empirically tested the model via a large survey of virtual team members. The data collected was then analyzed using structural equation modeling. The data collection and analysis procedures are presented in the third section, followed by a presentation of the results in the fourth section. In the fifth section, we discuss our findings and present their contributions to the literature and to virtual team management as well as their limitations and avenues for further research. The conclusion summarizes our aims and our main findings.

**THEORETICAL BACKGROUND**

**Trust-Building in Virtual Teams**

Trust is a key element in building successful interactions and overcoming selfish interests, and it plays an important role in the construction and stability of interpersonal relationships. Trust provides a means of coping with complexity and uncertainty in contexts where high levels of interdependence and interaction between different actors exist. It helps to create a climate of cooperation and shared social context at both individual and collective levels. It also encourages good citizenship behaviors and improves the quality of decisions made (Kanawattanachaï & Yoo, 2000; Mayer et al., 1995; McAllister, 1995; Paul & McDaniel, 2004).

Trust in virtual teams is considered as:

One of the fundamental factors that are believed to be important in determining the success or failure of virtual teams. [...] This is because trust functions like the glue that holds and links virtual teams together (Wilson et al., 2006, p.188).

However, the absence of physical proximity, a shared social context, and the limited lifespan of virtual teams themselves hinders the development of trust (Hung et al., 2004; Newell et al., 2007; Webster & Wong, 2008). The paradoxical situation of trust in virtual teams was the starting point for an increasing number of studies on how to build effective strategies for trust development. These studies focused on identifying the factors that influence levels of trust, the effects of trust on teams’ outcomes and its link with other organizational issues. The main results of this body of research consider that trust develops swiftly in virtual teams (Jarvenpaa et al., 1998; Kanawattanachaï & Yoo, 2002; Piccoli & Ives, 2003). Swift trust is
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