

Chapter 14

Building and Maintaining Business Relationships in a Virtual Environment: The Role of Trust in New Forms of Organisation Based on Virtual Teaming

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ABSTRACT

In this chapter the authors propose a framework based on team characteristics to assess the trust requirements in virtual team-based organisations. They start off by looking at what is meant by new forms of organisation and the drivers for new forms by reviewing relevant literature. They proceed to an examination of factors impacting on the effective working of the virtual organisation emphasising the role of virtual teams in such organisations. This leads to a discussion of the reliance on trust rather than on management through control systems and processes. It is then recognised that there is considerable diversity in the form and purpose of virtual teams. This leads to the development of a conceptual framework for assessing the need for trust for a team to be effective rather than managerial processes and control mechanisms. Finally, areas for further research and exploration are put forward.

INTRODUCTION

The many changes that are taking place in the business environment are forcing companies to look closely at the way they operate (Kalakota and Robinson, 1999; Harigopal, 2006). The complexities

of business have grown over the last few decades to the point where it is not possible to directly employ people with all the specialist skills and knowledge needed to tackle complex decisions and their implementation across ever-globalising businesses (Smallbone and Rogut, 2005). Moreover, as they face up to global competition, businesses are getting increasingly focused on ‘lean’ working as they

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attempt to reduce their fixed cost base in order to increase their competitiveness (Cruet et al., 2008).

It is widely accepted that several new organisational forms emerged simultaneously during the 1980s: globalisation, reduced technology cycles, shifting demographics, changing expectations among workers and customers, the restructuring of capital markets, the exponential expansion of information technology and computer networks, the rapid advances of information science, as well as the dismantling of hierarchy, are all examples of trends acting as drivers for changes in organisations (D'Aveni, 1994; Beatty and Ulrich 1993).

As identified early by Stewart (1993), one of the consequences of these trends is the frantic pace of change in technology, geopolitics and markets, which has left many organizations vulnerable. Computerised information systems have led to lower unit costs and higher productivity: sheer size is no longer sufficient for large companies to dominate in a world of fast-moving, flexible, smaller organizations; moreover, rapidly changing technology has made the concept of the experience curve obsolete as a strategic competitive tool, and the customer and consumer are both smarter and more demanding. In addition, emerging around the trends identified above is the whole new information economy in which the fundamental sources of wealth are knowledge and communication, rather than natural resources and labour (Robertson and Hammersley, 2000).

Developments in information technology have freed up much work from a physical location so that virtual working is increasingly commonplace for the individual (Birchall et al., 2008). Virtual team working with team members distributed across nations and cultures is also, increasingly, the norm for staff in global organisations. More and more, the old models of control within organisations are being eroded and, increasingly, work is being performed across time and space without necessarily strong contractual ties between parties, with an open-source model, whether in software, R&D or the innovation process (Castells, 2004;

Harigopal, 2006). However, in order for these virtual teams to work effectively, a certain degree of trust is required (Birchall et al., 2008; Birchall and Giambona, 2007). Trust allows teams to organise their work more quickly, manage themselves better and work more creatively (Lipnack and Stamps, 2000; Handy, 1995).

In this chapter the authors propose a framework, based on team characteristics, to assess trust requirements in virtual team-based organisations. They start off by looking at what is meant by new forms of organisation and the drivers for new forms by reviewing relevant literature. They proceed to an examination of factors impacting on the effective working of the virtual organisation emphasising the role of virtual teams in such organisations. This leads onto a discussion of the reliance on trust rather than management through control systems and processes. It is recognised that there is considerable diversity in the form and purpose of virtual teams. This leads to the development of a conceptual framework for assessing the need for trust for a team to be effective rather than managerial processes and control mechanisms. Finally areas for further research and exploration are put forward.

THE VIRTUAL ENTERPRISE: ITS ORIGINS AND FORM

Alternative forms of organisation have been of interest to thinkers, researchers, and organisational leaders for not just decades but probably the whole of the last century: the advent of the Internet in the 1990s has given a fresh stimulus to the debate as increasing connectivity was seen as offering possibilities to bring changes in work organisation not seen in earlier periods other than in exceptions (Harigopal, 2006). Not only did the development of the Internet, accompanied by the emergence and rollout of 3G, play a part in this, but also societal changes were having an impact on business effectiveness (Birchall and Lyons, 1996).

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