

Leadership Functions and Challenges in Virtual Teams - A Review Paper

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Abstract. In virtual teams, team members mostly communicate with each other via technology instead of face-to-face meetings, therefore virtual teams experience unique challenges during their activities. The geographical distribution of members and communication technology restrictions also create unexpected challenges during the life of the team. This paper presents a review of some of the current literature about the functions of virtual teams' leaders, also called e-leaders. In addition, the paper highlights the main challenges that e-leaders may face during their careers.

Keywords: Virtual Team, Distributed Team, Leadership, E-leadership, E-leader

1. Introduction

Virtual teams have been formed in order to respond to the unique problems that organizations have faced due to dispersion of headquarters and globalization. By using virtual teams, organizations get the advantages of employing the most eligible employees without considering their geographical locations [1]. Also, using virtual teams is beneficial in many other aspects for organizations since there is no need to invest money on building offices in numerous locations across the world [2]. But how should leaders manage virtual teams? What are the differences between leading conventional teams and virtual teams?

Leadership in virtual teams also called e-leadership, has recently received a great deal of attention. Unfortunately, e-leadership functions and challenges have not yet been extensively explored by many researchers. The main aim of this paper is to review various functions and challenges of e-leadership.

2. Virtual Teams

2.1. Conceptual Background

Information and communication technologies have hasten the changes in all parts of our lives. These changes provide an opportunity for organizations to employ experts from all over the world in project teams. Therefore, the limitation of using local employees has been removed [1]. Moreover, globalization has led to more complex and dynamic jobs and forced managers to lead organizations that consist of geographically dispersed headquarters. Sometimes employees in these scattered organizations are distributed in different continents with different time zones. New changes in organizations and teams' formation force managers and employees to communicate more with each other via telephones, faxes, emails, and video and voice conferences instead of face-to-face meetings [3]. In order to adapt to new demands, organizations have formed a new type of team by using the new communication technology which is called virtual team or e-team. This new type of team needs a new type of leadership which is usually labelled "e-leadership" or "virtual leadership".

The main reason of developing virtual teams is to solve geographical or temporal separations, though some other advantages, such as reducing office-space costs, removing the physical boundaries, availability to form new partnerships without considering location, competency optimization and efficiency of project execution phase are enhanced by using virtual teams [2].

2.2. Definitions

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Virtual teams are described in many articles as a group of individuals who are geographically and/or organizationally dispersed and communicate with each other via new types of technology in order to do their specific tasks [4]. There are many other definitions for virtual teams. For instance, Chinowsky and Rojas [2] defined virtual teams as:

“A group of people with complementary competencies executing simultaneous collaborative work processes through electronic media without regard to geographic location”

However, same characteristics of virtual teams, such as their new way of communication and distributed team members, are usually highlighted in different definitions. For example, there is another common definition which describes virtual teams as geographically and/or organizationally distributed team members that are using a mixture of information technology and telecommunication to do organizational tasks [1, 3, 5]. In general, virtual teams are made up of team members who rarely have face-to-face meetings.

3. Leadership in Virtual Teams

3.1. Functions of E-leaders

In virtual teams, the leadership roles and functions are necessary to improve the team’s performance and success. Generally, leaders should enhance their team effectiveness. They also need to guarantee that the social and material resources of their members are met so that team members can achieve their goals successfully. Based on these necessities, Zaccaro and Bader [3] proposed three main responsibilities for all leaders: team liaison, team direction setter and team operational coordinator. Team liaison refers to the ability of leaders to scrutinize and search the events that occur whenever teams perform their tasks. Leaders, as team direction setters, should define the goals of their teams clearly. Also, leaders, as team operational coordinators, need to provide essential resources for their team’s specific tasks. In their virtual work environments, e-leaders need to find out what critical issues may affect the teams’ performance. They should also set the goals and visions of their teams. Moreover, they are also expected to coordinate the functions of their teams. Hence, e-leaders perform as team liaison, team direction setter and team operational coordinator.

Hunsaker and Hunsaker [1] considered performance management and team development as two further fundamental functions of e-leaders. They suggest, as noted previously, that in order to achieve a good performance in virtual teams, e-leaders should set the goals and visions, stipulate the direction of all tasks for all members and establish routines and habitual meetings and standard operating procedures clearly. Additionally, in order to develop virtual teams, e-leaders have to create opportunities for building trust among all team members and encourage incentives through providing the recognition for success.

3.2. Challenges

Developing a virtual team is a challenging issue for many organizations. A number of reports exist about the failure of organizations in developing virtual teams [2]. In the process of developing virtual teams, e-leaders usually face challenges on trust establishment, communication conflicts, deadlines and team cohesiveness [6-10].

In virtual teams, all relationships are based on virtual communication instead of face-to-face meetings. Consequently, establishing trust is considered as the most important challenge in creating, developing and leading virtual teams [2]. Technology concerns like finding the most appropriate data storage system or choosing the most proper way of communication for teams’ tasks and members, is another challenge for virtual teams. Both Gould [11] and Olson and Olson [12] argue that if technological matters are not considered carefully, virtual teams may fail in their tasks since they only rely on technology for their communications and exchange of information and data, this topic is more discussed by Chinowsky and Rojas [2].

In order to enhance the collaboration and resolve the ambiguities and uncertainties among members, leaders need to communicate with team members clearly; positively and constructively [1] but communication technologies and lack of non-verbal communication make this process more complicated in virtual teams. Therefore, these aspects necessitate some new skills in leading virtual teams in comparison with the conventional teams. These aspects also create some unique challenges facing e-leaders. Researchers

have identified some major challenges that leaders encounter in virtual teams [1, 3, 4, 13]. These challenges can be summarized as follows:

- Building trust
- Communication difficulties
- Cultural diversity
- Complexities in data exchange

These four challenges are addressed in the sections below. As it can be seen, researchers have focused mostly on building trust and communication difficulties as major challenges of virtual teams. Research on the impact of cultural diversity and complexities in exchange of data on e-leaders' functions is still limited.

3.2.1. Building Trust

Creating a trusting work environment is one of the most challenging functions of e-leaders. Virtual leaders must create opportunities for building trust among all team members [1] to enhance the collaboration in their teams. Many scholars have addressed the trust in virtual teams. For example, Zaccaro and Bader [3] have developed a holistic approach in which trust is seen as the foundation of team cohesion and confidence. A team's cohesion, in turn, influences a team's success [1].

In short, building trust is one of the most significant challenges of e-leaders. Not only do leaders need to trust their team members but they also have to establish and enhance trust among them. According to Hunsaker and Hunsaker [1], an e-leader can use the following five approaches in order to heighten trust among members in a distributed team:

- Create face time. This enables the team members to become familiar with other team members.
- Set goals and expectations. Setting goals and expectations helps the members to plan their future target and motivate them to reach their expectations.
- Provide on-going feedback. Use of feedback can improve quality of team members' performance and reduce confusion regarding expectations.
- Show-case team members' competences. Determining members' roles clearly and letting the other members know all these roles.
- Foster cultural understandings. When cultural understanding is lost in a team it causes lots of difficulties like distrusting, different perception of the same task, etc.

Focusing on establishing trust in the initial phases of projects helps the members of virtual teams to share their beliefs and perspectives [4]. Thus, connecting the members through establishing trust in the first stages of forming a team gives e-leaders the chance to solve the trust problems.

3.2.2. Communication Difficulties

There are two main aspects of the challenge of communication: Choosing the best type of communication for each situation, and choosing the best type of communication for the members of virtual teams. This section investigates both of these aspects.

In virtual teams, members and leaders use indirect ways of communication such as phone conversation, e-mail, instant messaging, and voice mail. According to Cascio and Shurygailo [13] these means of communication cause some difficulties due to two main reasons. Firstly, the team members need to learn how to use these types of communication properly. Secondly, team members need to know when to use each of them since all of these means of communication are not suitable for all situations. Therefore, a leader in virtual team needs to know the strengths and shortcomings of these means of communication.

It is also a challenge for e-leaders to know which means of communication fit best with the capabilities of the group and the project that they have to deliver [4]. As a result, a leader in virtual teams needs to make sense of technology in order to use it in an efficient manner. To accomplish this, it is suggested that e-leaders be trained about communication tools.

3.2.3. Cultural Diversity

As mentioned earlier, little research has been done about the impact of culture on e-leadership functions and challenges. Thus, further investigations need to be conducted in this subject.

Virtual team members with different cultural background apparently interpret written and oral communication according to their own cultures [1] so cultural differences cause different perceptions of team members from a specific task. Cultural differences have been identified as one of the main sources of negative influence in the coordination among the team members in virtual teams [14]. It is worth noting that cultural differences can originate from either national or organizational differences [13]. Therefore, both geographical and organizational cultural differences should be taken into account by e-leaders.

4. Conclusion

Reviewing current literature on leadership in virtual teams, illustrates that virtual team members and leaders face unique challenges within virtual environment compared to the conventional teams. Moreover, it was found that there is a rational similarity and relationship between the problems of forming and developing virtual teams and the challenges that e-leaders may face in subsequent phases. Building trust, communication difficulties, cultural diversity and complexities in exchanging data and information are identified as the main challenges facing e-leaders. This study shows that technology restrictions and geographical dispersions, two unique specifications of virtual teams, are the main reasons for these challenges, since organizations and leaders have had little experience about the possible effects of them on virtual teams' productivity. Thus, e-leaders need to manage these key challenges and set their strategies with respect to these impediments. In order to overcome these e-leadership challenges, there is a need for developing training programs for e-leaders. Also, it is evident that future research should be conducted on technological problems such as finding suitable software and data storage systems for virtual communication and the impact of cultural diversity on e-leadership functions and its challenges for e-leaders.

5. References

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