Virtual Organizations B.E.T. on People to Succeed! Human Factors in Virtual Organizations: Boundary-less Communication, Environment, and Trust

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Twenty-first century business is in the midst of a social and economic revolution, shifting from rigid to permeable structures and processes and creating something new—the boundary-less organization.[1] Handy asserts that large parts of organizations are now made up of ad hoc mini organizations, projects collated for a particular time and purpose, drawing their participants from both inside and outside the parent organization. These entities exist "as activities not as buildings; their only visible sign is an E-mail address!"[2] The term *virtual* tends to be used in reference to things that are not real but are primarily carried out in an electronic medium.[3] On the other hand, boundaries, environment, and trust are very real human factors that emerge in the virtual environment and need to be addressed to achieve organizational success. The three primary objectives of this paper include: (a) to provide a broad inclusive rather than a rigid definition of virtual organizations by examining various uses and context of the word virtual, (b) to address three essential human factors (e.g., boundary-less communication, environment, and trust) that emerge from the interpretations of other researchers in conjunction with virtual organizations, and (c) provide leaders of virtual organizations with suggestions for addressing key human factors. These human factors are organized using the acrostics B.E.T. which illustrate B for boundary-less communications, E for environment, and T for trust. Each objective is addressed in this paper and helps to delineate the scope upon which the rest of this paper can be built.

Defining Virtual Organizations

Cummings and Worley point out that increasing global competition and rapid technological and environmental changes are forcing organizations to restructure themselves from rigid bureaucracies to leaner, more flexible structures.[4] Byrne, Brant, and Port define *virtual organizations* as a temporary co-operation of independent companies—suppliers, customers, even erstwhile rivals—linked by information technology to share skills, costs, and access to one another's markets.[5] Fulk and DeSanctis describe a virtual organization as an "organization in which workers are not physically but electronically connected."[6] These structural changes can be viewed as a deeper paradigm shift described by Ashkenas et al. as the emergence of the boundary-less organization.[7]

These virtual structures are defined, redefined, and described by a variety of names and contexts including shamrock organizations,[8] modular organizations,[9] cellular corporations,[10] spider webs,[11] and starbursts.[12] Ashkenas et al. add that these new organizations can be described as front/back organizations, cluster organizations, chaotic organizations, ad hoc organizations horizontal organizations, empowered organizations, high-performing work team organizations, process reengineered organizations, and virtual organizations.[13]

Known by many names, the term virtual is usually taken to be something that does not exist in reality. We begin to see how information and communications technologies can exploit the dimensions of time and space to link geographically disbursed organizations. These links enable an organization to efficiently share skills, costs, distribute work, and expand markets. Virtual organizations by name and description tend to redefine organizational boundaries and link separate business units to facilitate task interaction. The importance of relationships is described by Davidow and Malone as "an ever-varying cluster of common activities in the midst of a vast fabric of relationships."[14] These networks of people and relationships performing different aspects of work set the stage to explore the *human factors* of virtual organizations.

Human Factors B.E.T. on People

Attracting the world's best knowledge workers requires communications. Creating an environment for personal growth and achievement are crucial to creating and sustaining virtual organizations.[15] Talented individuals are more discerning and they can increasingly dictate where and how they will work.[16] If they want to surf 6 months a year in California, and work the rest, they will. If they like the lifestyle in Southern France or Tuscany and can still offer a good service, that's the lifestyle they will not give up. Handy says, "Technology on its own is not enough . . . 'virtuality' requires trust to make it work."[17] Three essential human factors emerge from the literature on virtual organizations. These factors include the need for (a) boundary-less communication, (b) environment, and (c) trust. Each factor is discussed separately.

Boundary-less Communication

In describing boundary-less organizations, Ashkenas et al. presents communications as a problem on every employee attitude survey.[18] Surveys report that employees generally feel they are not informed enough or are actually misinformed about organizational goals and initiatives. Virtual teams may also suffer communication barriers because they consist of diverse people with varying backgrounds who are compelled to work together while separated geographically and temporally.[19] The main problem lies with the fact that employees of virtual organizations may tend to interpret communication, whether spoken or written, through their own cultural filters.[20]

In light of this, virtual organizations can have a lot of information, but this information may not be the right information. Communications must be understood, current, and targeted to the right teams of people. Companies begin dialogues with their customers and from these, new possibilities such as shared information and recalibration of roles and responsibilities emerge.[21] The dispersed nature of virtual organizations could make it difficult for team members to know where their pieces fit in the overall organizational picture.[22] Employees may find it difficult to

take empowered actions on their own or to feel they have a voice in the organizations. Without information employees cannot provide or share critical information that is needed to "get through boundaries to move ideas, information, decisions, talent, rewards, and actions where they are most needed."[23]

Environment Still Matters

A sense of place is as important to most of us as a sense of purpose.[24] Email and voicemail have many attractions, including immediacy, but they are not the same as watching the eyes of others. Even office politics and gossip have their attractions, if only as an antidote to the monotony of much of what goes on in the name of work. Knowledge workers must have one seamless environment for managing individual and organizational knowledge and enhancing productivity.[25] "The ultimate goal is to provide the highest degree of support possible, regardless of location (home, office, or mobile)." [26] This includes the creation of virtual environments for knowledge workers that provide 24/7/365 secure communications and networking. However, virtuality isn't always as much fun as it is supposed to be.[27] A room of one's own, or at least a desk of one's own, has been the executive security blanket for a century or more. Few are going to be eager advocates of virtuality when it really means that work is what you do, not where you go.

The above examples support the need to provide stimulating, futuristic working environments enhanced with the latest technology, infrastructure, and knowledge management tools and practices. It stands to reason that virtual workers will be more productive because they will work when they need to, as well as be able to manage their personal affairs, from anywhere in the world. Fast and efficient learning techniques, says Murray and Greene, will help these workers to stay relevant and in demand in a world "where globalization is increasing competition and knowledge float is a thing of the past."[28] They go on to say, "Companies that create such an environment will be able to capture and retain critical knowledge, and attract and retain the next generation of workers. Environment helps virtual organizations to discover new ways to boost knowledge workforce performance by on all levels."[29]

Trust is the Heart of the Matter

Trust is the heart of the matter.[30] Trust is the one thing that is common to every individual, relationship, team, family, organization, nation, economy, and civilization throughout the world; the one thing which, if removed, will destroy the most powerful government, the most successful business, the most thriving economy, the most influential leadership, the greatest friendship, the strongest character, the deepest love.[31] If subordinates are to willingly change their attitudes, values, assumptions, and commitments to bring them more closely in line with those of the organization, they must have deep trust in the integrity and credibility of their leader.[32] Trust seems obvious and trite, yet most of our organizations tend to be arranged on the assumption that people cannot be trusted or relied on, even in tiny matters.[33]

Handy and Covey, as well as the other cited authors, build a powerful business case for trust. We can see that trust can change the quality of every present moment and can alter the future of the virtual organization. Trust is a very tangible, actionable asset that can be created and rebuilt if

necessary—much faster than probably thought possible. At its simplest, the managerial dilemma comes down to the question, "How you manage people whom you do not see?" Handy declares the simple answer is, "By trusting them."[34] Of great concern is that this simple solution could be hiding a larger human productivity problem. "If they don't trust me," employees might say to themselves, "Why should I bother to put their needs before mine!" If developed and leveraged, Covey believes that trust has the potential to create unparalleled success and prosperity in every dimension of life. Trust, Covey concludes, may be the least understood, most neglected, and most underestimated possibility of our time. [35]

Suggestions for Addressing Key Human Factors

This section provides basic suggestions for addressing key human factors. The purpose here is to open dialogue for addressing human factors in virtual organizations, rather than to discuss details of day-to-day execution. Although a number of improvements are listed, they are meant to be descriptive and not prescriptive. Virtual organizations and the people that work in them are unique living organisms that will, based upon Katzy's premise, be frequently (re)created, and sustained to capture the value of a market opportunity.[36] There is no one-size-fits-all solution for addressing human factors.

Improving Boundary-less Communications

Skyrme proposes the following principles for creating and maintaining innovative networked structures.[37] Using communications technologies to overcome the constraints of time and distance, it becomes possible to create and sustain communication in virtual organizations.

1. Every individual must have a sense of self-value and must value every other team member for their contribution—these should become explicit and expressed as the team's "core competencies." Individuals should learn from each other, from the results of their own actions, and from collective experience.
2. Individuals must be mutually supportive; commitments made should be met—where circumstances prevent this, other team members must be informed as soon as possible.
3. Reciprocity must reign—give as much as you get, in terms of support, transfer of information, and knowledge. Lack of reciprocity leads to unbalanced relationships and ultimately to hierarchy, withdrawal, or team collapse.
4. Individual feelings must be recognized and expressed. Sharing these is a good way to start and end team meetings.
5. Every knowledge worker should belong to at least two separate teams. This helps the organization achieve cross functional co-operation; it helps the individuals gain a broader perspective.
6. An individual can have several roles in the team. These roles can change and be exchanged (for example, during holiday periods, to balance workloads, or to broaden individual experience). Distinguish the role from the person. [38]

Environment Enhancement

Knowledge workers desire maximum flexibility and the opportunity for continuous personal learning and growth.[39] A highly productive workforce means greater satisfaction, less time wasted, and increased output with the same staffing levels. Attracting, retaining, and growing adaptive and innovative leaders and knowledge workers is a top priority in building the enterprise of the future.[40] Leaders of the enterprise of the future face the challenge of designing and co-creating ideal work environments. Future workspaces must support fast learning, innovation, and growth, both for individuals and for the organization. Holtshouse indicates that a holistic, integrated, systems approach is needed because business process and organizational changes are sometimes implemented without fully understanding the disruption the changes may have on work patterns and social networks that are the informal bedrock of the workplace.[41] An integrated systems thinking approach to the workplace needs to exhibit the following characteristics:

1. Enterprise-wide adoption and cultivation of fast learning techniques.
2. Strategic focus on innovation; innovation is thoroughly embedded in all aspects of the organization.
3. Pervasive and systematic attention to knowledge creation, flow, and retention both within and across enterprise boundaries.
4. Strong emphasis on creating work environments which attract, retain, and grow talent.
5. Creation of an agile and adaptive business ecosystem that supports work anytime, anyplace, and in any way.
6. Workspace designs which take into account: (a) physical space, (b) information space, (c) organizational space, and (d) cognitive space.
7. Focus on competencies, their identification, tracking, development, and application.
8. Compensation systems which are appropriate given the nature of the task, project, mission.[42]

Skyrme concludes that a combination of technology advances (such as better networking, groupware, and videoconferencing) and social trends (more individual choices, more flexible labor markets) make the growth of virtual teams, either within a single organization, between organizations, or between dispersed individuals, more of a norm.[43]

As we look to the future, it is wise to consider the working environment and how it will be affected by what Skyrme would call "technology advances, social trends, individual choices, and flexible labor markets."[44] These factors will influence the expansion of virtual organization as they become more of the norm than the exception.

Trust Building Relationships

In the previous section, the research established that trust affects the quality of every relationship, every communication, every work project, and every business venture in virtual organizations. The ability to build trust with customers, bosses, coworkers, and subordinates is essential to business success. Covey breaks trust down into five waves: (a) self trust, (b) relationship trust, (c) organizational trust, (d) market trust, and (e) societal trust.[45] Relationship

trust is all about consistent behavior. Selected dimensions of Covey's relationship trust building are discussed in the following paragraphs.

Building Trust Accounts

The fastest way to build a trust account is to stop making withdrawals. You also have to be aware that withdrawals are bigger than deposits, each trust account is unique, there are two ways of viewing a trust account (your way and their way), and what is a deposit in one person's account may be a withdrawal from another person's account. Selected relationship trust building behaviors include:

Talk straight! Say what is on your mind. Don't hide your agenda. When we talk straight we tell the truth and leave the right impression. Most employees don't think their bosses communicate honestly. This creates a trust tax. This may cause speed to go down and costs to go up. We spend entirely too much time trying to decipher truth from spin.

Straight talk needs to be paired with tact. There is no excuse for being so blunt that you hurt feelings and destroy relationships. Tact is a skill that can be learned and when coupled with straight talk, will build relationship trust.

Demonstrate respect. The principle behind demonstrating respect is the value of the individual. The behavior is acting out the Golden Rule. Almost every culture and religion recognizes the value of the Golden Rule. We should treat people the way we want to be treated. Our actions should show we care. Respect is demonstrated in the "little" things we do daily.

Create transparency. Tell the truth in a way that can be verified. Transparency is based on principles of honesty, openness, integrity, and authenticity. It is based on doing things in the open where all can see. Part of transparency is sharing information. If ever in question, err on the side of disclosure.

Right wrongs. To right a wrong is much more than apologizing. It involves making restitution. With customers it may include that free gift along with the sincere apology. We have all been to a restaurant where we received an apology along with a free dessert or a coupon for something free the next time we eat there. It is the principle of going the extra mile.

Show loyalty. Covey focuses on two ways to show loyalty to your employees. Both help to increase trust and will have a direct impact on the bottom line.

> First, give credit to others. As a leader you need to give credit to the individuals responsible for success. A leader should never take credit for the hard work of others. Just as bad is the one who gives credit to someone in their presence, but then down-plays their contribution to others.
>
> Second, speak about others as if they were present. Some people think it builds relationships to talk about others. The opposite is true. Talking about others behind their back will decrease trust with your current audience.[46]

Deliver results. The fastest way to build trust with a client is to deliver results. Results give you instant credibility and trust. Delivering results is based on competence. This behavior grows out of the principles of responsibility, accountability, and performance. The opposite of deliver results is performing poorly or failing to deliver. The counterfeit is delivering activities instead of results. Delivering results converts the cynics, establishes trust in new relationships, and restores trust that has been lost due to lack of competence.

Get better. In today's ever changing environment, one must continue to improve or become obsolete. You cannot learn a skill and ride that one skill for 30 years. You have to constantly be improving. When others see you continually learning and adapting to change they become more confident in your ability to lead into the future. Be careful not to become a lifelong learner that does not produce, or one who sees only one way to improve self and others. Covey suggests two ways to get better. First, seek feedback from those around you. Second, learn from your mistakes.[47]

Confront reality. We cannot close our eyes to the tough realities we face. If we are honest about the difficult issues and are addressing them head-on, people will trust us. We have to avoid the temptation to avoid reality or act as if we are addressing the difficult issues, while we are actually evading them.

Clarify expectations. It is important to focus on a shared vision of success up front. This is a preventative measure. When expectations are not clearly defined up front, trust and speed both go down. A lot of time is wasted due to leaders not clearly defining expectations. Failure to clarify expectations leaves people guessing. When results are delivered they fall short and are not valued.

Practice accountability. Great leaders build trust by first holding themselves accountable, then holding others accountable. Holding yourself accountable includes taking responsibility for bad results. It is often our natural response to blame others for failure. When we fail, we need to look in the mirror. Covey says holding others accountable allows performers to feel good about the job they are doing. It also increases trust by assuring performers that slackers and poor performers will not pull them down.[48]

Listen first. Listening before prescribing builds trust. Trying to give advice before knowing all the facts is a waste of time and simply not fair. You need to be careful not to learn the mechanics of listening and leave the impression you are listening when you really are not. If a person is displaying a high level of emotion, they don't feel understood. Keep listening. Also, a person is not likely to ask for advice until they feel you understand all the pertinent information. Don't give advice too early.

Keep commitments. This is the "Big Kahuna" of all the trust behaviors.[49] When you make a commitment you build hope. When you keep a commitment you build trust. Be careful when making commitments. Make only the commitments you can keep. There are implicit and explicit commitments, and violating either is a huge withdrawal from the trust account. Be aware of the commitment expectations. Some companies are strict with internal meeting times and others are

more flexible. Also, remember family commitments are just as important, if not more so, than work commitments.

Extend trust. The behaviors above help you become a trusted leader; this final behavior helps you become a *trusting* leader. We should extend trust to those who have earned it. Be willing to extend trust to those who are still earning it. Be wise in extending trust to those who have not exemplified a character.

The literature supports that employees must have deep trust in the integrity and credibility of their leader and this must be earned by leaders. Covey's principles set the path forward towards improving trust in organizations.[50] Handy warns that it is easy to be seduced by the technological possibilities of the virtual organization, but the managerial and personal implications may cause us to rethink what we mean by an organization.[51]

Conclusion

Murray and Greenes state that in the industrial age, even information age, organizational structures are inadequate for achieving high performance in a flat world.[52] Hierarchies and matrices need to be replaced by fluid, agile, social networks and communities. Ashkenas and friends imagine an organization with external boundaries that separate it from its suppliers and customers, and internal boundaries that provide demarcation to departments. In this organization with no boundaries, the goal is to develop greater communication, flexibility, and responsiveness to change and to facilitate the free exchange of information and ideas.[53]

Handy (1995) says that for society as a whole the challenge will be to make sure that virtuality brings benefits to all and not just to a favored few.[54] Organizations and, in particular, business organizations, are the linchpins of society, which gives them responsibilities beyond themselves, responsibilities that virtuality throws into high relief. Moving decision-making authority down the organization requires trust that employees at lower levels will make accurate, well-informed decisions. "Employees are more trustworthy when they have accurate information and are competent to make decisions."[55] This trust is directly linked to the loosening of boundaries surrounding competence and information. Technology on its own is not enough.[56] If we are to enjoy the efficiencies and other benefits of the virtual organization, we will have to rediscover how to run organizations based more on trust than on control. Employees must have deep trust in the integrity and credibility of their leaders. All of the above leads to the need for virtual networks to B.E.T. on the human factors of boundary-less communications, environment, and trust to ensure business success.

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