

Trust in Global Virtual Teams: An Application of Integrative Social Contracts Theory

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Abstract

Business organizations have become increasingly aware of the power of dispersed entities actively collaborating to achieve an end greater than what would have been possible through individual effort. Starkey Laboratories, the world's largest manufacturer of custom hearing instruments, has 33 manufacturing operations across 18 countries in North and Central America, Asia, Australia, and Europe. The company maintains over 450 collaboration websites to coordinate the engineering activities of its nearly 4000 employees and has seen significant improvements in productivity (Greene, 2005). Multiple "Centers of Excellence", such as those of Motorola's Global Software Group, link software engineers together across geographical and temporal borders to work on enterprise-wide projects. Such global virtual teams (GVTs) are typical for large organizations seeking to allocate the best possible resources to enterprise-wide project. Despite their many advantages, however, GVTs face several unique problems that require active understanding and management to ensure their success. Among the most important and possibly most contentious of these issues is that of fostering trust in a dispersed, cross-cultural team environment. This paper reviews the nature of trust in GVTs in the context of Integrative Social Contracts Theory, examining the potential role of moral bounded rationality and social contracts on the management of cross-cultural virtual teams.

It has been estimated that the typical professional in the United States participates in five to eight simultaneous teams and that for one third of these individuals, at least half the team is comprised of members of external organizations (Gartner Research Report, 2004). In a global environment characterized by the rapid rise of offshore outsourcing, team members are often drawn from a variety of cultural backgrounds. In this paper, a global virtual team is defined as a workgroup in which members are separated not only by time and space, but also in national, cultural, and linguistic attributes, and

communicate with each other primarily through electronic media. While such teams have a number of advantages, they must also deal with a number of unique obstacles resulting from the virtual nature of their operational environment. Among the most critical of these is the issue of trust. Indeed, trust has been ranked as one of the top factors affecting GVT effectiveness (Tucker and Pantelli, 2005).

Trust is defined as “the willingness to be vulnerable to the actions of another party based on the expectation that the other will perform an action important to the trustor irrespective of the ability to monitor or control the other party (Mayer, et al., 1995). High trust teams are typically associated with higher job satisfaction, less process conflict and better perceived performance. Conversely, low trust teams are characterized by lack of shared goals, primacy of individual goals (as opposed to group objectives), power battles, and higher perceived stress levels (Tucker and Pantelli, 2005).

The mechanisms of trust lie in repeated personal exchanges and a shared set of socially embedded values (Handy, 1995). Further, trust built through computer-mediated communication is viewed to be less robust than the trust developed through “high-touch” interactions in co-located teams. GVTs thus exhibit structural properties that work against the development of high-trust associations despite the importance of such relationships. Given the possible lack of a shared set of social values and the nearly complete reliance on lean communication media, the management of cross-cultural GVTs poses unique problems for project managers. Integrative Social Contracts Theory (ISCT) provides a useful lens through which the dynamics of cross-cultural team processes may be viewed and understood.

ISCT is a normative theory first proposed by Donaldson and Dunfee (1994) which examines nature of interactions between individuals from the perspective of social contracts theory. The theory recognizes the ethical obligations between individuals as being based on a macrosocial contract between rational contractors and microsocial contracts by members of numerous localized communities (Donaldson and Dunfee, 1994). Further, it is argued that, based on the concept of bounded moral rationality, ethical norms must be adjusted to the notions of fairness of all the participants in a team. In cross-cultural teams, this can often be problematic. It may be possible, however, to develop a set of “hypernorms” (principles fundamental to human existence) that apply across all cultures and serve to guide lower level culture-specific norms. By identifying these hypernorms it may be possible to develop a normative model that guides managerial practices of increasing trust in GVTs. This paper will present such a model.

Selected References

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