Leveraging Virtual Communities for Global Competitiveness

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The increasing competition due to globalization has caused organizations to venture beyond their traditional boundaries in their efforts to seek and sustain competitive advantage (Lynn, 2005). Organizational boundaries become less clear when organizations collaborate with suppliers upstream, customers downstream, or even competitors laterally for mutual competitive gains. Recent advancements in information and communication technology have provided organizations with an effective means of collaboration in the form of virtual communities (Kirkman & Mathieu, 2005; Majchrzak, Maholtra, Stamps, & Lipnack, 2004).

Virtual communities refer to geographically and/or organizationally dispersed co-workers who work together to accomplish organizational or inter-organizational tasks (Dube & Pare, 2001). Members of virtual communities typically come from different countries, interact via information and communication technology, and rarely see each other in person. Virtual communities can significantly raise organizational or inter-organizational performance in various ways. These ways include access to expertise, round-the-clock service to customers, fast response to global market demands, and saving of travel costs. Virtual communities have the ability to reconfigure themselves in response to changes in environmental conditions. However, team diversity and space-time dispersion in virtual communities can pose both opportunities (Qureshi & Zigurs, 2001) as well as challenges (Kayworth & Leidner, 2002) for organizations. For instance, while team diversity has been celebrated for stimulating creativity and allowing a diversity of skills to be brought to bear on complex problems, it may also reduce team cohesion and increase conflict (Kankanhalli, Tan, & Wei, 2007).

As organizations increasingly rely on virtual communities to seek and sustain competitive advantage, scholars and practitioners need to know when and how to exploit the opportunities presented by virtual communities as well as when and how to avoid the pitfalls accompanying the use of virtual communities. Theories that incorporate key antecedents (e.g., task objectives, community composition, and technological support) and moderators (e.g., organizational context and environmental conditions) pertaining to the effectiveness of virtual communities can contribute to such a cause (Sia, Teo, Tan, & Wei, 2004). Although some preliminary
research findings on virtual communities have been reported over the past few years, there is still a clear lack of coherent theoretical development and systematic empirical investigation on this topic.

Research attention is particularly needed on a few areas where virtual communities have been used increasingly within and across organizations. These areas are communities of practice (in the context of knowledge management), communities of customers (in the context of Internet commerce), and communities of software developers (in the context of software project management).

- **Knowledge management:** Two major approaches to knowledge management are codification (e.g., involving transmission of knowledge via electronic knowledge repositories) and personalization (e.g., involving transmission of knowledge via electronic communication with experts) (Kankanhalli, Tanudidjaja, Sutanto, & Tan, 2003). Considering that organizations are using both approaches simultaneously in communities of practice, research is needed to help organizations understand when and how best to leverage each approach (e.g., what technology to use, what organizational practices to put in place, and what security policies are needed) for competitive advantage (Boella & van der Torre, 2006; Griffith & Sawyer, 2006).

- **Internet commerce:** Successful organizations (Internet vendors) have been able to enjoy a price premium over their competitors. This price premium has been attributed to the lower price sensitivity of customers when non-price factors (e.g., commitment and trust) assume greater importance in electronic markets. Communities of customers can be used by Internet vendors to build trust, thereby allowing these Internet vendors to enjoy a price premium (Thatcher & George, 2004). Research is needed to help organizations understand when and how best to build up nonprice factors to their advantage through communities of customers (Dellarocas, 2006; Phelps, Lewis, Mobilio, Perry & Raman, 2004).

- **Software project management:** Large-scale software projects are increasingly being developed by global communities of software developers. Using virtual communities in this manner is part and parcel of organizational information technology sourcing strategies (Whitten & Leidner, 2006). To effectively employ such source strategies, organizations need to be cognizant about the benefits (so that these can be exploited) and challenges (so that these can be alleviated) of leveraging on global communities of software developers. Given that this sourcing phenomenon is here to stay, research is needed to help organizations understand when and how best to facilitate the efforts of and avoid the hurdles confronting global communities of software developers (Sutanto, Kankanhalli, & Tan, 2004; Zhang, Tan, & Tan, 2006).

Rapid advances in information and communication technology would equip future virtual communities with more and more powerful tools, through which organizational or inter-organizational tasks can be accomplished. As organizations embrace the unavoidable trend of globalization, virtual communities would increasingly become a source of competitive advantage (if used appropriately) or a source of competitive disadvantage (if used inappropriately). Therefore, it is imperative that research be carried out to develop theories surrounding
the effective use virtual communities in various key organizational contexts so that these theories can inform practice.

REFERENCES


