Chapter 2
The Role of Vertical and Shared Leadership in Virtual Team Collaboration

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ABSTRACT

This chapter reviews current trends in the literature related to the influence of vertical and shared leadership styles in the context of virtual teams, unpacking the influence of team structure and task structure to better understand the mechanisms influencing team effectiveness. The authors start by reviewing key features of virtual teams and different aspects of leadership and its influence in the virtual team environment. They argue that both vertical and shared leadership have strengths and limitations, and both styles may complement one another. The authors discuss the influence of leadership on virtual team processes and outcomes and examine contingency factors related to team and task structure in order to identify the boundary conditions for the effectiveness of vertical and shared leadership. The chapter offers a conceptual framework to guide future research in this domain.

INTRODUCTION

Technological advancements have enabled unprecedented growth of virtual teams within organizations. About 66% of multinational companies rely on virtual teams (Society for Human Resource Management, 2012) and their popularity is expected to keep increasing as information and communication technologies (ICTs) evolve (Gilson, Maynard, Jones Young, Vartiainen, & Hakonen, 2015). Virtual teams offer a number of benefits ranging from providing access to remote expertise to reducing costs. However, they

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are also associated with a number of challenges (Erhardt & Gibbs, 2014). Leadership has been advocated for decades to address issues in traditional collocated teams (Avolio, Walumbwa, & Weber, 2009; Day, Fleenor, Atwater, Sturm, & McKee, 2014; Hiller, DeChurch, Murase, & Doty, 2011); thus it is not surprising that leaders are also called upon to resolve virtual team issues. A key source of contention in the literature, however, has been whether virtual teams require unique leadership competencies, and if so, what style of leadership works best.

Some research advocates strong vertical leadership to provide virtual teams with structure (e.g., Hambley, O’Neill, & Kline, 2007; Kayworth & Leidner, 2002). Other research emphasizes more decentralized forms of shared leadership, which is associated with distributed authority in which team members share responsibilities and take on leadership roles to lead each other toward mutually established goals (e.g., Hoch & Kozlowski, 2014; Pearce & Conger, 2003). Research on leadership, specifically in virtual teams, seems to be moving away from traditional leadership styles that are rooted in hierarchy to embrace the notion of shared leadership, defined as “an emergent and dynamic team phenomenon whereby leadership roles and influence are distributed among team members” (D’Innocenzo, Mathieu, & Kukenberger, 2014, p. 5). While shared leadership may work quite well in a number of different situations, its presence does not necessarily replace vertical leadership styles (Hill, 2005). In fact, a paradox exists in that shared leadership may depend on a formal leader to empower team members to take on shared leadership roles.

Research has often taken an “either-or” approach, and leadership studies tend to contrast vertical and shared leadership (e.g., Hoch & Kozlowski, 2014; Pearce, Yoo, & Alavi, 2004). The authors argue here that this is an overly simplistic view of leadership in virtual teams, in that both shared and vertical leadership are necessary in virtual teams. Rather than regarding vertical leadership and shared leadership as mutually exclusive, the authors recognize that both styles can co-exist and that both may be needed to some extent. The aim of this chapter is to examine the boundaries of both vertical and shared leadership effectiveness and highlight contingency factors that may limit its influence across the complexities of virtual collaboration.

Contingency theory (Galbraith, 1972) is used to frame this chapter. By drawing on contingency theory, the authors attempt to flesh out key factors that may drive and undermine the effectiveness of different types of leadership. Two overarching categories of contingency factors are considered: team structure and task structure. Team structure is conceptualized here using dimensions of virtuality that have been shown in earlier research to influence collaborative processes among virtual team members (Gibson & Gibbs, 2006); vertical leadership is proposed to be more effective for teams that are higher in virtuality. Task structure is conceptualized here as the extent to which a team has task interdependence and complexity; shared leadership is proposed to be more effective for teams with more interdependent and complex tasks. The authors start out by reviewing the literature associated with leadership in the context of virtual collaboration and then develop a contingency framework to integrate the effects of leadership across team and task structures. The authors conclude the chapter by examining the implications and future research directions for leadership in virtual teams.

BACKGROUND

Research on teamwork has long noted the importance of teams as knowledge integrative mechanisms (Erhardt, 2011; Grant, 1996). Over the last few years, teamwork has become increasingly virtual with the use of ICTs in the workplace. However, while enabling access to expertise and facilitating collaboration,