Chapter IX

A Dynamic Perspective on Knowledge Creation in Virtual Teams—In a Search for New Insights

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ABSTRACT
Virtual teams have been defined as teams of self managed knowledge workers, linked by information technology to share skills, costs and access to each other’s markets. The key purpose of such teams is “new knowledge creation,” an in-depth understanding of which can only be developed in the context of the complex interaction processes involved. The focus of this study, therefore, is the dynamics of organising social activities in which knowledge is embedded. The chapter aims to contribute to the debate about the unique nature of the knowledge creation processes in virtual partnerships by offering an integrated view on knowledge management and inter-organisational interaction and communication patterns in virtual teams being a powerful combination for the future of knowledge management practices. The chapter presents an initial conceptual framework of knowledge creation in virtual partnerships, which builds on recent research studies and theoretical developments in virtual team dynamics, knowledge networking and biological phenomenology.

INTRODUCTION
It is increasingly argued that work organisation is undergoing rapid transformation similar in magnitude with the rise of the bureaucratic form in the late nineteenth
It is suggested that the 'matrix' organisation based on project teams, which emerged a few decades ago and replaced the more traditional bureaucratic forms, is being superseded by organic and virtual organisations. These new forms are based on dynamic networks, where slimmed-down organisations buy-in services and facilities by 'subcontracting' to external agencies. Organic or dynamic networks consist of loosely connected 'webs of agents and brokers' across industries, with a central core staff setting the strategic direction and providing the operational support necessary to sustain the network. With a range of facilities bought-in, the boundaries of the organisation become highly fluid and dynamic. The "firm is really a system of firms—an open-ended system of ideas and activities, rather than an entity with a clear structure and definable boundary" (Morgan, 1986, pp. 79).

Since the boundaries of such networked enterprises are difficult to determine, we may speak of blurred boundaries which are constructed socially by the network members. By taking this perspective, the focus shifts from products and firms as units of analysis to people, organisations and interaction processes that bind together in ongoing relationships (Webster, 1992). Similarly, Reich (1991, pp. 81) depicts a firm as "a façade, behind which teams an array of decentralised groups and subgroups continuously contracting with similar diffuse working units all over the world." Using new technologies to work better, faster and cheaper, many businesses are finding that virtual teams can bridge these boundaries and provide a considerable competitive advantage. The formation of such inter-organisational teams allows organisations to improve efficiency and productivity by strengthening their knowledge base. However, the key to obtaining long-term competitive advantage is not to be found in the administration of existing knowledge, but in the ability to constantly generate new knowledge, which can be applied in novel combinations of products and services (Seufert et al., 1999).

Virtual teams have been defined as teams of self-managed knowledge workers, linked by information technologies to share skills, costs and access to each other's markets. Previous studies confirmed that such teams represent novel patterns of interactions as they incorporate diverse expertise without permanent arrangements. The key purpose of such teams, therefore, is new 'knowledge creation,' a comprehensive understanding of which can be developed in the framework of the networked relationships and interaction and communication patterns. The formation and development of such teams, therefore, cannot simply be considered in terms of processing information, making decisions and solving problems as they are based increasingly on new knowledge creation.

This chapter aims to contribute to the debate about the nature of knowledge creation and sharing in a distributed organisational environment and improves the current understandings about the sources of the creative potential of such teams. It has adopted the view that an in-depth understanding of new knowledge creation depends on considering knowledge as socially constructed, or more simply stated as embedded in the organising practices of human activities (Kogut & Zander, 1992). An underlying belief, therefore, in the development of the proposed conceptual
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