Trust and Member Satisfaction in a Developing Virtual Organization: The Roles of Leader Contact and Experience with Technology

Justin M. Taylor, Department of Psychology, Northern Illinois University, DeKalb, IL, USA
Alecia M. Santuzzi, Department of Psychology, Northern Illinois University, DeKalb, IL, USA
Derrick L. Cogburn, School of International Service, American University, Washington, DC, USA

ABSTRACT

Previous research suggests that trust is an important antecedent to effective collaboration in virtual settings. The current research utilized survey data obtained from a developing virtual organization to examine the relationship between trust and satisfaction and the extent to which leadership contact factored into trust and satisfaction within the developing virtual organization. Additionally, previous experience with technology was proposed to moderate the relationship between leader contact and trust. Results indicated that contact with multiple leaders was positively related to perceptions of trust within the organization. Further, perceptions of trust were related to satisfaction with relationships within the organization. The proposed moderation was not supported. Limitations and future directions are discussed.

Keywords: Leadership, Satisfaction, Trust, Trust Development, Virtual Community, Virtual Leadership, Virtual Organization

INTRODUCTION

An organization refers to “a consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals” (Robbins & Judge, 2007). By this definition, not only are large corporations and businesses considered organizations, but so too are schools, non-profits, and interest groups. Also, the definition does not require organizations to complete their functions in a single, common location. With the assistance of technology and social media, members of organizations can complete their functions despite geographic distances among them. The present study examined a developing organization that began as an inter-
est group on LinkedIn and recently moved to a private platform. The primary goals of the organization are to connect entrepreneurs with investors and to facilitate their collaborations on endeavors.

VIRTUAL ORGANIZATIONS

Although organizational research has a long and rich history of examining the so-called “brick and mortar” organizations (see Katzell and Austin, 1992 for a historical review), the emergence and implementation of new communication technologies has influenced organizational functioning such that nearly all organizations have at least some component of virtual communication allowing them to complete interdependent tasks despite “localational, temporal, and relational boundaries” (Martins, Gilson, & Maynard, 2004, p. 808). That is, individuals and teams within organizations no longer need to be face-to-face to accomplish organizational goals (Kozlowski & Bradford, 2001). Accordingly, DeSanctis and Monge (1999) modified the basic definition of organizations to accommodate virtual organizations, or organizations that function entirely in virtual space. These researchers define a virtual organization as:

...a collection of geographically distributed, functionally and/or culturally diverse entities that are linked by electronic forms of communication and rely on lateral, dynamic relationships for coordination. Despite its diffuse nature, a common identity holds the organization together in the minds of members, customers, or other constituents. (DeSanctis & Monge, 1999, p. 693)

The virtual organization’s ability to transcend geographic and temporal boundaries affords several benefits for organizations as well as the individuals within the organization. For instance, the use of virtual communications allows individuals increased flexibility in work schedules allowing for greater work-life balance (Townsend, DeMarie, & Hendrickson, 1998).

For organizations, virtual teamwork affords the opportunities that previously might not have been feasible. For instance, organizations might experience fewer challenges in establishing high-quality teams of individuals, and thus realize the increased productivity of collaborative efforts, that previously were limited by geographic location. Also, organizations might use technology to gain access to expertise that was once inaccessible (i.e., individuals outside the organization), thus maximizing the quality of their information and decisions. Given these benefits, it is perhaps not surprising that virtual communications are quickly becoming more prevalent within organizations (Martins et al., 2004).

Despite their apparent popularity, virtual communications are not without their drawbacks. The reduced availability of social cues and reliance upon technology tools might introduce new challenges beyond those of traditional organizations. Although geographic dispersion can afford an organization a number of previously unavailable benefits, they come with the cost of new challenges to the development of relationships within organizations. The development of trust—a key component in relationship development—has consistently been identified as a major challenge for virtual teams and organizations (Jarvenpaa, Knoll, & Leidner, 1998; Pauleen, 2003; Powell, Piccoli, & Ives, 2004).

The purpose of the present study is to provide an empirical investigation of factors that contribute to trust, the role of trust in relationship satisfaction, and factors that may moderate these relationships within a developing virtual organization. We begin by reviewing some of the extant research on trust within virtual organizations, providing an argument supporting the importance of contact with leadership in establishing trust within virtual organizations. Next we present research addressing the extent to which trust influences satisfaction in organizations. We then draw on ideas consistent with Resource Allocation Theory to make predictions regarding the extent to which experience with various communication and collaboration
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