Trust as a Factor of Virtual Leadership
How Significant is it in Swedish Organisations?

Bachelor’s thesis within Business Administration

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Jönköping, May 23rd 2011
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Date: 2011-05-23

Subject terms: Business, Communication, E-, Factors, Leadership, Organisation, Significance, Swedish, Team, Theory, Trust, Virtual

Abstract

Teams can be a fundamental part of an organisational structure. A virtual team is characterised by having its team members spread across different locations, but they remain interdependent in their tasks. Nowadays, virtual teams have become more common as it is an effective way to share resources and remain competitive on the market. However, as virtual teams being a relatively new concept, it is still in need of a well-defined role of leadership.

Recently, researchers have begun to realise that certain key factors exists within virtual leadership that facilitate and drive the success of teamwork within the virtual environment. For example, in order to function, a virtual team is dependent on technology, which classifies as a factor of virtual leadership. Other factors are communication, goal setting, leadership behaviour, and trust.

The purpose of this paper is to investigate the significance of trust within virtual teams in Swedish organisations. Furthermore, it is also the aim of this thesis to investigate trust as a factor of virtual leadership and its relation to other factors of effective virtual leadership.

To evaluate the significance of trust as a factor of leadership, we collected data by doing semi-structured interviews with four representatives from four organisations. This work process is influenced by a hermeneutic epistemology and we report our findings from these interviews in a narrative manner. Furthermore, we have adopted an inductive approach similar to grounded theory in order to analyse the data and to reach our conclusions.

Our point of origin was that trust is the most significant of the leadership factors. However, our thesis concludes that communication is in fact the more significant of the different factors of virtual leadership. Without proper communication, none of the other factors carries any substance. Good communication yields trust and so does the other factors if they are well executed through proper communication. In that sense, all factors are interdependent within Swedish Organisations.
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Preface

In January 2011, we met on a Monday morning brought together by our common interest in leadership and our hope to learn more about organisational structures. Because of our combined interest of the virtual environment, we teamed up and embarked on this journey. As for the topic, virtual leadership, it seemed to be a relevant topic as the three of us had recently developed an increased interest of the topic.

Throughout the process of writing this thesis, we have received a number of highly appreciated contributions without which we could not have done this. Therefore, we would like to thank Ph.D. candidate Duncan Levinsohn for his advice, criticism, and encouragement during the process of writing. Additionally, we would like to acknowledge the help of the interviewees for their contributions with empirical data to this thesis.

We would also like to take this opportunity to clarify two things. Firstly, this bachelor’s thesis is produced within the framework of the course ‘Bachelor Thesis in Business Administration’ given at Jönköping International Business School (JIBS), spring semester of 2011. Secondly, this thesis is written mainly for practitioners, but also for the scholarly community as it is, in fact, a research project. Therefore, an effort is made to put facts and analysis in a context that primary communicates to these two audiences.

Moreover, this bachelor’s thesis is an effort to investigate and clarify an uncertainty that seems to exist in Swedish organisational research. Our ambition with this work has been to build a reliable, and valid theoretical concept for virtual leadership that can add some value to the theory that already exists. We wanted to shed some new light on how to meet the challenges associated with virtual leadership. We hope that this thesis will help to provide answers that make this research area a little more clear than it was before. It is our hope that this thesis will help others understand how to be a better leader.

Jenny Falk, Raheel Imran, & Anders Saltin
- Jönköping, May 2011

Added for the online version of this thesis:

If you have questions regarding this thesis, or if you want to get hold of a version with appendices, you are welcome to contact Anders Saltin by E-mail via Saltin.Anders@gmail.com.

Anders Saltin
- Jönköping, June 2011

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**I Introduction**

**1.1 Background**

**1.1.1 The Evolution of Virtual Teams**

In the trail of the global society, organisations have grown and become multinational and multidimensional, with offices, factories, headquarters, and employees in more places around the globe than ever before (Read, 2003). Thus, the communication, cooperation, and exchange of information between these entities, have become an indispensible part of functioning in any organisation. Moreover, as the technological progress constantly has brought new forms of worldwide communications, the organisational structure in the traditional company has changed and evolved.

As a response to the evolution in the business environment organisations have been forced to rethink the way they are structured (Powell, Piccoli, & Ives, 2004). To adapt to the changing environment, organisational leaders today are focusing on designing a flexible and versatile structure in order to meet the changing demands of the market. To achieve this, to implement speed, efficiency, and flexibility into organisations, a more lateral organisational structure is needed (Utley, Brown, & Benfield, 2009).

One way, amongst others, that have helped organisations to achieve this, is teamwork. Teams offer the benefits of collaboration where different minds can share knowledge, expertise, and concerns in order to make the best decisions. Teams also offer an increase in effectiveness of utilising resources, such as time and the intelligence of employees, to identify various alternatives and analyse them (Utley et al., 2009). Organisations use teams in their daily operations to innovate themselves, to make decisions, and solve complex problems (Lurey & Raisinghani, 2001).

Overall, organisations have spent enormous resources on reorganising the workforce into teams, as teams often are considered a superior form of structure to accomplish a variety of difficult tasks. However, even the best team in a workplace may sometimes not be able to accomplish their objectives due to the inaccessibility of critical resources, such as information, knowledge, or technical equipment (Lurey & Raisinghani, 2001).

As new technologies have sprung forth, people can now communicate, coordinate, and interact across geographical distances. Organisations have come to realise that they can overcome some of the difficulties of the traditional team, such as having the right competence at the workplace, by taking advantage of the new technologies. Resources that previously never would have reached beyond the traditional team or workplace have become accessible for the whole organisation.
The advances in information and communication technologies enabled organisations to form teams of employees from different geographical locations. Nowadays, people do not need to be in the same location in order to work together (Ahuja & Carley 1999; and Martins, Gilson, & Maynard 2003). This new form of team construction is often referred to as virtual teams (Lipnack & Stamps, 1999).

A virtual team is characterised by three main attributes that separate them from an ordinary team. (1) Firstly, the team members are dispersed geographically; (2) secondly, the team members interact with the help of technology; (3) thirdly, the team is reliant on each other in regard to task management and they have a shared responsibility for the outcome of the project (Bergiel, B. J., Berigel, E. B., & Balsmeier, 2008; and Potter, Balthazard, & Cooke, 2000). In this context, it is important to note that a team does not need to be dependent on one organisation, i.e. three persons from three different organisations can also form a virtual team.

Some of the direct benefits of virtual teams in comparison to the traditional team – where all members gather at a physical location, and meet in person – are that team members do no longer need to work face-to-face, or even be present in the same location. Additionally, a virtual team have the benefits of access to global markets, reduced real estate expenses, the possibility to hire employees regardless of their geographical location, and environmental- and financial benefits due to reduced travelling needs (Cascio, 2000). Today, virtual projects and teams have become a common strategy for businesses to uphold growth, and a strategy to remain competitive on the market.

1.1.2 Factors of Effective Virtual Leadership

As virtual teams have become more common, the need for virtual leadership has increased. However, as the concept of virtual teams is relatively new on the organisational chart, virtual teams are still in need of a well-defined role of leadership. As researchers are just now beginning to realise, there exists certain key factors that facilitate and drive the success of teamwork within a virtual environment (Kanawattanachai & Yoo 2002).

In order to function, a virtual team is dependent on technology; the Internet, telephones, cameras, intranets, extranets, etc. are all examples of technological aids that is needed in a virtual team to communicate, coordinate, and collaborate (Handy, 1995). However, technology alone is not enough to guarantee success. To ensure that virtual teams work effectively, one must also address the human errors that exist. Therefore, social, co-operative, and knowledge related issues must also be considered when working in virtual teams. A key factor, which is essential for the development of these issues, is trust (O’Hara-Devereaux & Johansen, 1994).

In any successful organisation or part of an organisation, such as a virtual team, strong leadership is a key element (Bolman & Deal, 2008). Furthermore, a team is usually brought together with an objective in mind. Proper goal setting for a team is therefore essential in order to enable a team and to motivate its team members (Locke & Latham,
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1990). Additionally, goals, as all information, need to be conveyed in some way, and having team members in different locations requires clear communication between team members. Otherwise, misunderstandings and misrepresentations might occur due to the team members’ different background, previous experiences, knowledge, or culture (Jarvenpaa & Leidner, 1998).

If trust, communication, goal setting, technology, and leadership behaviour are considered and appropriately exercised by a team leader, he or she will achieve effective leadership within the virtual environment (Bolman & Deal, 2008; Bergiel et al., 2008; and Barczak, McDonough, & Athanassiou, 2006). Consequently, in this thesis we will work under the assumption that virtual teams in Sweden utilise these factors on order to achieve effective virtual leadership.

As for this thesis, we have chosen to define effective virtual leadership as a leader’s ability to consider these five components when leading a virtual team, as this should help a leader to help his team to complete the task that is put before them in a sufficient manner. We choose this definition because several experts within the field maintain that trust, communication, leadership, goal setting, and technology are the factors that should be considered in order to achieve successful virtual leadership.

1.2 Problem Discussion

The fact that many organisations utilise virtual teams in their daily operations, makes it interesting and commercially relevant to identify, analyse, and explain differences between organisational structures and their priorities – in this case, to investigate the significance of trust and the relation between trust and the other factors of successful virtual leadership within Swedish organisational culture.

As virtual teams have become more common, the need for virtual leadership has increased. However, as the concept of virtual teams is relatively new on the organisational chart, virtual teams are still in need of a well-defined role of leadership. Since the organisational structure has evolved rapidly, managers that are set to lead virtual teams have not been able to adapt to the new demands required to lead virtual teams in a satisfactory manner. Creating and leading a virtual team, constitute a relatively new challenge for leaders in any organisation (Denton, 2006).

The issues connected with this new way of collaboration are still relatively understudied. Principally it seems that there is a gap in the existing research within the subject of leadership in connection to virtual groups and there seems to be a lack of research that serves both the research field and the field of practitioners (Hoyt & Blasovich, 2003; Powell, et al., 2004; and Kahai, Fermestad, Zhang & Avolio, 2007).

Additionally, prior studies of virtual leadership have mainly addressed virtual leadership on a global level or addressed virtual teams that operate between two, or more, countries. Therefore, we have decided to put emphasis on a specific geographical area, as there seems to be a gap in the existing literature. By conducting this study, we hope to
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fill a small portion of this gap. To accomplish this, we investigate virtual leadership and virtual teams that operate entirely in Sweden. By doing this, we move from the international level of virtual leadership, into the level that take place within the Swedish organisational culture.

The focus of this work is the significance of trust in teams within the virtual environment. Furthermore, we also want to investigate the relationship between trust and the other factors of successful virtual leadership in a Swedish setting. The reason for this is the fact that trust seems to be of vital importance, even among the five factors. For example, O’Hara-Devereaux and Johansen (1994) advocate trust is possibly the most critical element of success for virtual teams. Others claim that trust is an indispensable part for effective collaboration, essential for developing knowledge sharing relationships, and a decisive condition for the success in any team (Jarvenpaa, Knoll, & Leidner, 1998).

As already mentioned, social, co-operative, and knowledge related issues must be considered when working in virtual teams, and trust is the key factor for the development of these issues (O’Hara-Devereaux & Johansen, 1994). Trust is essential to ensure that virtual teams work efficiently and effectively (from a business perspective). Without trust, such dysfunctions as low individual commitment, role overload, absenteeism, free riding, or loafing might occur. In this sense, trust affects the reliability and the consistency, of the virtual teams’ performance and results (Jarvenpaa & Leidner, 1998). Consequently, the aim of this study is to determine the significance of trust in effective virtual leadership in Swedish organisations.

1.3 Purpose

The purpose of this thesis is to investigate the significance of trust in effective virtual leadership within Swedish organisations and its relation to other leadership factors.

1.4 Research Questions

By setting research questions, we aim to break our purpose into smaller, more manageable parts, which should be easier to answer when each is isolated from the other.

1. How are trust, communication, technology, goal setting, and leadership behaviour connected with each other concerning virtual leadership?
2. Is trust dependent on the other four factors? If yes, in which way?
1.5 Delimitations

In this thesis, we work under the assumption that an organisation utilises the five factors trust, communication, technology, goal setting, and leadership behaviour, in order to achieve effective leadership. The factors that we use are essentially made up of smaller components. However, we feel it is useful to gather the vital fragments of virtual leadership into parts that are more concise in order to keep it at a manageable level.

We have chosen to label these vital parts of virtual leadership as factors of virtual leadership. The factors and its labels are inspired by, amongst others, Bolman and Deal. Bolman and Deal are established researchers in the field of leadership and organisational structure, and their publications and ideas influence students all over the world. Therefore, we have chosen to use these five factors as a foundation for this thesis.

Regarding the organisational and environmental setting, we have chosen to explore virtual leadership within Swedish organisational culture. However, this thesis does not investigate or explain how Swedish organisational culture is different. We have actively chosen to exclude this in order to stay within the given framework of this research process. Mainly since the Swedish organisational cultural is a subject suitable for a thesis of its own. For more information regarding the organisational culture, we want to direct the interested reader to Hofstede’s (2001) Culture’s Consequences.

Furthermore, the leadership theories that are presented in this thesis are intended as a mean of assistance. The described theories are supposed to explain concepts, to show parallels, and to put facts into perspective. Thus, the theories and facts that are reviewed are intended to function as support in the investigation, rather than being an exhaustive review.
Chapter one contains an introduction to the subject. This introduction is formed by a background and problem description that specifies why an analysis of the subject is important. In this section of the thesis, the purpose and the research questions are stated. Theses sections are constructed from the previous background description and problem discussion. In this chapter, one will also find the delimitations of the study and the outline of this thesis. The outline is presented to generate a complete overview of the thesis for the reader.

The second chapter contains the theoretical framework of this thesis. In this chapter, a brief description is given of the relevant research that already exists within the field. The theoretical framework acts as a continuation of the introduction chapter as we elaborate the concepts covered earlier in the background and problem discussions. In this chapter, we aim to examine the theories that are connected with trust and virtual leadership. Consequently, it is in this chapter that we relate to the theoretical definitions and models we use in the thesis to achieve our purpose.

In chapter three, we state our epistemological position. Furthermore, the third chapter also gives a review of the methods used to produce the thesis. In this chapter, we describe the selection process of the respondents together with a presentation of how the empirical work were prepared and conducted. Lastly, the analysis process is described together with reflections regarding the methods of this thesis.

In the fourth chapter, the empirical work is presented i.e. the conducted interviews. The findings are presented separately for each respondent in a narrative manner. Firstly, the respondents are presented, followed by a short company presentation. These are followed by their views on the subject and their concerns.

With the fundamental principles of virtual leadership explained, how to achieve it, and how Swedish organisations tries to achieve successful virtual leadership, chapter five analyse the significance trust. The aim of this chapter is to provide the foundation from which the conclusions of this thesis are to be deduced.

The thesis closes with our conclusions in chapter six, together with the authors own thoughts and reflections of the topic in chapter seven. An illustration of the outline and a description of how the chapters are connected with each other are presented in figure 1-3.
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Figure 2: Illustration of the Outline of this Thesis.

Source: The Authors.

1.7 Summary

The objective of this section is to summarise why this topic is interesting and what we want to achieve with this thesis. Not all forgoing sections will be touched upon in this sum up, as we strive to highlight the main points.

The objective if this thesis is to highlight the importance of trust in virtual teams. More exactly, how important is trust within virtual teams in Swedish organisations? The main reason we conduct this study is the fact that, today, many organisations utilise virtual teams in their operations. Previous studies that has investigated the significance of trust in virtual teams, or virtual teams in general, have mainly adopted a global perspective. Therefore, we set out to identify and explain how significant trust is in a Swedish setting, as it is interesting and relevant to see if there are differences between organisational structures.

In this context, it is also important to know which factors that influence the development of trust. They are communication, goal setting, technology, and leadership behaviour. Consequently, in this thesis we will work under the assumption that virtual teams in Sweden utilise these factors in order to achieve effective virtual leadership.

Therefore, the questions that we address in this thesis are:

1. How are trust, communication, technology, goal setting, and leadership behaviour connected with each other concerning virtual leadership? And;
2. Is trust dependent on the other four factors? If yes, in which way?
2  Theoretical Framework

2.1  Overview

Being a new concept, much of the research about virtual leadership is still under analysis. However, several experts within the field of leadership, management, and organisational structures agree that there are certain key elements that managers and leaders need to think in order to deal with the issues that arise. These factors are trust, communication, technology, goal setting and leadership behaviour (Bergiel et al., 2008; Barczak et al., 2006; and Couzine & Beagrie, 2005).

In this chapter, these key factors are presented together with an explanation of how the factor are connected, and how they affect trust. Consequently, trust together with these four components lay the foundation for the rest of the thesis and form our theoretical framework.

There is more than one source that supports the following theories in this chapter. The reason for the sources we have is that the researchers are among the most cited and have the most experience within the field. In the end of this chapter, a short summary is provided, where the main findings are presented.

2.2  Trust

Generally, trust is easier to demolish than to build. To emerge and grow, trust needs specific criteria to be met; these can be culture, time, social values and background, physical closeness, information exchange and means and modes of technology used to share this information (Jarvenpaa et al., 1998). The common denominator is that you share a thing with others.

Trust is essential in any type of working group. It is a decisive condition in virtual teams (Jarvenpaa, Knoll, & Leidner, 1998). Research studies has confirmed that it can not only boost self-confidence and security in mutual relationships, and encourage information exchange (Earley, 1986). Moreover, trust also seems to have a positive effect on business; a high level of trust decrease business costs, conciliation costs, and costs connected to conflict resolution processes (Zaheer, McEvily, & Perrone, 1998).

Collective trust is a key aspect of virtual teams. Collective trust can be defined as a mutual mental status in a working group that is considered by an acceptance of liability based on prospect of team objectives or the behaviour of others group members (Rousseau, Sitkin, Burt & Camerer, 1998; and Cummings & Bromiley, 1996).

2.2.1  Communication Builds Trust

Communication is the means of sharing and exchanging information with other people. Efficient communication is helpful for execution of organisational strategies, policies, goals, objectives and other day-to-day activities within or outside of an organisation by
Theoretical Framework

workers, employees, management and leadership. (Luhmann, 2006) Hence, to attain and establish trust one needs communication.

There exist numerous articles, which discusses the importance of communication, that focus on the need of creating exceptional communicators, on how importance of selecting the right means of technology, and on the difficulties connected with communication within the virtual environment (Chase, 1999; Alexander, 2000; Solomon, 2001; Lurey & Raisinghani, 2001; and Luhmann, 2006).

As non-verbal communication is a vital part of communication, the common lack of face-to-face communication may increase the level of complexity and the risk of misunderstandings during a communication process. Severely reduced levels of physical and face-to-face interaction may cause feelings of isolation, lack of trust, or understanding and integration. Individuals may feel left out, less important or disconnected from the team. Moreover, the absence of facial expressions, gestures, and vocal inflection make communication more difficult to convey and may cause relevant information to go unseen (Kirkman, Rosen, Tesluk, & Gibson, 2004).

Furthermore, poor communication may also affect the understanding, motivation, and cohesion of the team or the individual; especially as each individual interpret information differently. Since the team is separated, misinterpretation is highly probable. The complexity of a message may be increased considerably when several boundaries need to be crossed and ineffective means of communications are used (Maznevski & Chudoba, 2000).

Proper communication is essential for establishing trust. First, punctual communication between team members is assumed an essential quality of trustworthy interactions. This kind of trustworthy interaction is necessary to feel secure in the job at hand (Kanter, 1994). Without appropriate communication, supportive working relationships lean to suffer. Constant interactions enable them to avoid serious conflict and clashes. Thus, communication irons out the potential and unfavourable twists in every-day activities and establishes reasonable working relationships.

Secondly, team members within virtual teams necessitate facts about other co-workers integrity and trustworthiness, communication ease that process. Without providing positive information, this process would take a long time. Sharing information leads to information, proportion and symmetry rather than information irregularity and asymmetry (Hart & Saunders, 1997). Deliberate and conscious communication results in confidence and intimacy amongst team members. A mutual communication process creates sincerity, a persistent information stream among team members and creates a trusting working environment (Das & Teng, 1998).

Third, communication provides continuous contacts that further develop common values and norms. Persistent relations are influential means for binding the team members together. Through information exchange, team members recognise and build up more
commonalities, emphasising a sense of trust (Jarvenpaa et al., 1998). According to O’Hara-Devereaux and Johansen, (1994) in a virtual environment, “[t]rust is the glue of the global workspace”, communication strengthens that glue in greater extent.

### 2.2.2 Technology Helps Communication to Build Trust

Technological advancements in the working environment are considered a primary factor in sustaining a competitive advantage for enterprises. Consequently, organisations identify the need to concentrate on the technical awareness and skills for their workforce. The goal of effective communication channels, like media technology, can only be achieved through technology (Lei, 1997). Virtual leaders dealing with introducing new technology with trust as a central matter should be more straightforward and easier to communicate (Bergiel et al., 2008; Barczak et al., 2006; and Couzine, & Beagrie, 2005).

According to Bolman and Deal (2008), structures have to be designed to fit current circumstances and environment of organisations. In a virtual working environment, new and improved technologies are required. Technological advancements in the virtual workplace continue to be the crucial factor in sustaining a competitive advantage for the company and therefore organisations needs to be aware of technical information and skills of their employees. Media technology as a tool for communication is often measured in the sense of richness as it provides swift feedback, variety of language, personalisation and multiple nodes (Zigurs, 2003).

Technological modernisation helps leaders to provide regular, comprehensive and prompt communication, by using appropriate equipments like intranet and videoconference equipment (Lei, 1997). Technology boosts trust of virtual leaders, as it makes easier to communicate (Bergiel et al., 2008). Technological equipment like videoconferences helps to avoid any miss-interpretation that is caused by the lack of trust (Joinson, 2002; and Kayworth & Leidner 2002). As it is valuable for all team members to be able to connect with each other face-to-face with a name, videoconference equipment is a right step in the right direction (Bergiel et al., 2008).

Electronic communication, in particular relaxes restrictions of physical closeness and structure, by making it possible for remote team members to exchange and provide messages with one another (Feldman, 1987). Electronic communication realises the real power of virtual forms of collaboration by providing effective communication processes (Ring & Van de Ven, 1994; and DeSanctis & Monge, 1999). The role of technology is more prominent in virtual leadership compares to traditional leadership because of the common fact of lack of face-to-face communication where technology provides means to communicate via a medium that is suitable for physical situation, social framework and the level of formality that is necessary (Haywood, 1998). Effective communication channels and face-to-face meetings through technological advancement not only reduce the risk of misinterpretations, lack of trust and communication problems but also leads to achieve effective virtual leadership (Joinson, 2002).
2.2.3 Goal setting and Trust

Goal setting is a powerful way of motivating people. The value of setting appropriate goals is well recognised as an important factor of successful leadership, and goal setting theory is generally accepted among the most valid and useful motivation theories in organisational and leadership research. Consequently, it is also an important factor to consider when working within the virtual environment (Locke & Latham, 1990; and Bolman & Deal, 2006; Bergiel et al., 2008; and Barczak et al., 2006).

Goal setting theory stress that there is a link between the way a team or an employee performs and setting goals (Bolman & Deal 2008). According to Locke and Latham (1990), effective leaders should set goals that are precise, measurable, achievable, and appropriate, all within a suitable time frame. Furthermore, Locke and Lantham (1990) have established five principles of goal setting in order to encourage employees and workers. The five principles that a leader should take in consideration are:

1. clarity,
2. challenge,
3. commitment,
4. feedback, and
5. task complication.

It is the responsibility of virtual leaders to set goals and communicate them with trust; it will not only help in goal setting for their organisation but also make their way to effective leadership. Trust is also related to inter-organisational performance and collaboration in terms of goal implementation, features, suitability, and flexibility (Zaheer et al., 1998). The goal setting theory argues for a link between goal setting and the way workers perform (Bolman & Deal 2008). Locke (1968) states that employees are motivated by clear goals, and appropriate feedback.

Furthermore, goals should be referred to by the team leader frequently in order to encourage the team-members, and to stay on the right course in the efforts to accomplish the team’s goals (Nesbitt & Bagley-Woodward, 2006). Losing sight of the set goals opens up for the possibility of making mistakes and unwanted behaviours within the team as the likelihood that misconceptions and misunderstandings with poor individual or team performance as a result. The more dispersed a team is, the clearer a goal must be as the opportunities for the team leader to direct her team members is increasingly reduced (Bergiel et al, 2008; and Forester et al, 2007).
DeRosa, Hantula, Kock, & D’Arcy, (2004) mention that goal setting theory was selected as part of the theoretical framework for this thesis research because of the fact that virtual team group efforts are combined and not individual. Team efforts must lead toward a group goal. Specifically, team efforts must be directed toward a group goal of establishing team trust. Virtual leader need to use goal setting in the workplace session and practice as an opportunity to develop trust within their team members. When both of them work on the goals to be achieved, roles, responsibilities and expectations, team members become more open and that sincerity can be used to develop trust between leader and virtual teams (cited in Davis 2004).

2.2.4 Leadership’s Ability to Create Trust

Trust as an important factor of virtual leadership, is believe to be established by the leaders among their co-workers, especially in case of virtual teams due to variation in nature of their remote location (Bergiel et al, 2008). Leadership is the process of persuading, recognising and approving others about what needs to be done and how it can be done effectively to achieve the shared objectives. According to Bennis (1999), strong and effective leadership is concerned with doing the right things, rather than doing things right. The creation of vision for the team, convey them and provide support of numerous workers, calls for determinedness, flexibility, self-assurance, certain skills and capabilities. Characteristics linked with strong leadership includes risk taking, trust building, elasticity, and self-assurance, skills, supervision by walking around, task potential, intelligence, willpower, awareness of followers, and courage (Bolman & Deal, 2003).

According to Covey’s theory, trust is the utmost form of human motivation, creating and sustaining trust is much harder than lose it, trust needs to be delivered for it to be received, and supporting and strengthening character is the key to building trust. The leader of a team constantly needs to examine, and re-examine how well the team is functioning. It is also important for leaders to create coherence when attempting to blend the work processes of a virtual team (Majchrzak et al, 2004).

For any leadership style, trust is a key element that can be utilised to increase the leader’s overall impact extensively (Covey, 2008). Rousseau et al., (1998) conclude that two conditions are indispensable for building trust: risk and interdependence. Risk is considered essential in emotional, social, and economic concepts of trust. Coleman, (1990) states that some negligible level of risk necessitates trust, however, too much risk counters the tendency to trust. The ability of risk taking creates an opportunity for trust.

Bolman & Deal (2008) state that there are two leadership styles, Transactional and Transformational, which harmonize each other. To emphasise the importance of trust with respect to these leadership styles, we will discuss them in details. Transactional style of leadership creates the feeling of team members consent to obey their leader thoroughly when they accept a job. The "transaction" means usually the organization pay-
The theoretical framework explains the relationship between the team members in return for their effort and obedience. The leader has a right to "criticise" team members if he finds their work doesn't meet the solid standard.

Team members have a hard time finding out how well their job performance is under transactional leadership style. This style is really a type of management, not a true leadership style, because it focuses on short-term tasks. It has strict limitations for knowledge-support or creativity within team work; however it can be effective in other situations.

Transformational style based on a higher-level relationship rather than any kind of exchange as mentioned above. People with this leadership style are true leaders who motivate their teams constantly with a shared vision of the future and trust.

Although the Transactional style may be the most prevalent, the Transformational style can generate superior outcome and explains the ideal and perfect situation between leaders and followers (Homrig, 2001). In this ideal situation involving Transformational style, both the leader and followers share the same goals and values. In order to move followers into the Transformational style, the most crucial component is according to Covey’s book ‘The Leader in Me’, where he states that essential imperative of leadership is building trust. To be reliable, a person needs to have both capability and character (Covey, 2008). A leader with strong character and temperament magnetise followers and proves he or she can be trusted (Clark, 2008).
2.3 Summary

In any successful organisation or part of an organisation, such as a virtual team, there are certain strong key elements. Past research shows that there are certain factors that any leader of a team or organisation will need to consider in order to lead successfully (Bolman & Deal, 2008; Bergiel et al., 2008; and Barczak et al., 2006). These factors are:

1. Trust,
2. Communication,
3. Goal setting,
4. Technology, and
5. Leadership Behaviour

Figure 3: The Five Factors of Virtual Leadership.

All factors contain several concepts; trust is influenced by all factors and all factors are influenced by trust. In this sense, all factors are intertwined and interconnected with each other.
Methodology and Methods

3 Methodology and Methods

3.1 Overview

In this thesis, we distinguish methodology, and method from each other. By methodology, we mean the theories of knowledge that explains our epistemological and ontological position, from which we study our world. By method, we mean the body of principles and practices that we have used to study our field of interest and how we come to our conclusions (Fuglsang & Olsen, 2004; and Dannefjord, 1999).

In this chapter, we first present our epistemological and ontological views – our methodology. Secondly, we describe our method and thoughts of our empirical approach. We will also explain why we chose to do as we did, together with an explanation of our selection of interviewees. Additionally, we also present our analytical method in connection to the method description. Lastly, we present a review of our chosen methods that guides this paper before we summarise the main points of this chapter. Our motives with this chapter are to explain our research and ourselves in order to make our research processes and worldview as valid, and as trustworthy, as we possibly can be.

3.2 Methodology

In essence, we have adopted a methodology that builds upon hermeneutics, an interpretative epistemology, as we aim to search for truths within existential dimensions, which are inherently immeasurable. It is simply not possible to measure trust and other similar dimensions of human feelings and emotions, e.g. joy and suffering, regardless of how great of an effort you put into operationalise these incorporeal terms (Williamson, 2002; and Gustavsson & Ödman, 2004).

Additionally, our methodology rests on the foundation of constructivist ontology. This worldview means that we consider scientific and everyday knowledge about reality as constructions, influenced by social and historical frames. For example, social constructs are not given by nature, they are rather constructed by our interactions as human beings (Williamson, 2002; and Fuglsang & Olsen, 2004).

Consequently, we are a part of the reality that we examine, as we are not separable from each other. We do not observe reality independently from ourselves as reality is not predetermined; it is given and created by us observers. By adopting the ontology epistemology that we do, we can get a grasp of incorporeal dimensions as they then are measured by our interpretation of social actions and interactions. We do not claim that this is how reality is, only that this is how reality is experienced and interpreted.
3.3 Methods

3.3.1 Empirical Approach

This is an exploratory study and we have chosen a qualitative approach to answer our purpose. We chose a qualitative approach since we are focusing on rather abstract entities. Normally, entities as trust are problematic to measure due to its incorporeal nature (compare, Methodology, Section 3.2 of this thesis). A qualitative approach let us put emphasis on words and constructs during the research process. This is what we need in order to interpret how individuals perceive his or her reality.

In order to collect the primary data that we need in order to find out how significant trust is in Swedish organisation, we decided to use semi-structured interviews. Not only does this approach fall in line with our methodology, it also provides us with the qualitative approach we need to get the right kind of in depth answers to achieve our purpose.

By using semi-structured interviews, we have the opportunity to structure and adapt the interview in relation to the answers that we get from the interviewee. Semi-structured interview provides us with the flexibility that enables us to explore our interviewees’ answers further. For example, we can ask the interviewee to elaborate, which allows us to immerse into areas we feel are important during the interview. Furthermore, we can guide the interviewee towards areas not considered in the first place if something of interest suddenly appears.

Additionally, by collecting data through Semi-structured interviews, we followed a general outline in order to conduct an interview (see Appendix A, page Error! Bookmark not defined. [removed in the online version of this thesis]). An outline allows us to control the interview as we introduce a point of reference for the interviewees. This enables us to channel and sort out important information from all the potential information that we would receive through open interviews. Furthermore, by introducing reference points the information that we receive are more comparable, which makes it easier to conduct a proper analysis.

To sort out relevant organisations to study, we have handpicked our interview subjects, i.e. we have strategically chosen the subjects that are studied in this thesis (Grønmo, 2006). It should be noted that the sampling method was not entirely random. It is our belief that only people who work within the virtual setting are knowledgeable enough to answer our questions, and thereby be capable of providing us with the answers that we need. Nonetheless, it is important to keep the sampling method in mind before making any general conclusions or recommendations based on this study.

In this study, we focus on a Swedish setting. Therefore, we have selected organisations with offices in several places in Sweden. The participants that we interviewed are native Swedes and consider their workplace as typical Swedish, i.e. they consider their work-
place to have Swedish norms and values. In the end, our strategic selection process resulted in that we interviewed four representatives from different organisations.

### 3.3.2 How the Interviews Were Carried Out and Transcribed

The theoretical framework adopted for this thesis has been used to help us generate our interview questions (compare, Appendix A, page Error! Bookmark not defined. [removed in the online version of this thesis]). Moreover, the framework has also been used to provide us with knowledge of the subject and help us form the perspectives and boundaries that are used in this thesis.

To make our interviews as similar as possible, all interviews were conducted by either telephone or videoconferencing, as we did not possess the monetary founds to conduct all interviews in person. The interviews were conducted one by one, on different dates. In each interview session, there was one interviewer and one interviewee present.

One of the four interviews was recorded. The reason for all four not being recorded was due to the wishes of the interviewees and due to a combination of technical difficulties in connection to time constraints on the interviewee’s side. Because of the fact that only one interviews was recorded, entire transcripts from all interviews cannot be accounted for. Therefore, to make the interviews as comparable, understandable, and meaningful as possible, we have transcribed and arranged them in a narrative manner in order to improve the readability and comparability between them.

### 3.3.3 Method for Analysis

We have an interpretive methodology, which builds on a constructive ontology, and the aim of this research process is to generate new theory in relation to previous research. Consequently, our qualitative research approach have resulted in that we, essentially, adopted an inductive method of analysis as our methods puts emphasis on creating new theory in relation to the theory that already exists. Moreover, we draw generalising conclusions based on our empirical findings in our investigation; i.e., classic inductive thinking where we derive conclusions based on our experiences (Bryman & Bell, 2005).

On a deeper level, the analysis of our interviews in this thesis is founded on an approach often referred to as grounded theory. Grounded theory is a systematic process and that contains both inductive and deductive thinking, making our analysis both inductive and deductive. A founding concept is that grounded theory aims to develop and elaborate already existing concepts and theories. The process in doing this is based on both the actual data that is collected, and a methodological view, which is interactive, repetitive, and recursive. This means that the collection of data, as well as the analysis of it, occurs on a parallel level and in correlation with each other (Bryman & Bell, 2005). Consequently, the data that is collected throughout the research process is systematically analysed as we collect it.
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In grounded theory, there is a close connection between the data collection, the analysis of it, and the conclusions – the new theory – in which the work results in. The analysis process constantly swings back and forth between data and theory. This makes grounded theory well suited for qualitative research. For example, grounded theory enables us to find in different levels in social constructs or concepts during interviews (Gustavsson, 2004). Moreover, grounded theory builds on the same methodological values, processes, and structures as our hermeneutic methodology.

Figure 4: The Analysis process in Grounded Theory

![Analysis process in Grounded Theory diagram](source)


Regarding the actual execution of our research process and analysis, it can be described as follows:

1. Formulated first theory in accordance to our purpose (hypothesis is this picture).
2. Created a theoretical framework and conducted a first round of decoding this data.
3. First round of primary data was collected and a second round of decoding occurs.
4. Revising the first suggested theory.
5. Adapting theoretical framework, which affects our perspectives.
6. Second round of collection of primary data and decoding of it.
7. Once again revision of the suggested theory.
8. And so forth.

In the actual analysis process, all steps are overlapping and it is not possible to tell when one ends, and another starts. However, we hope that this crude draft should enable the reader to gain insight of how our analysis process was executed.

Regarding the decoding of our data, our analysis is characterised by questions aimed towards the data that was collected in order to scrutinise it. Possible questions aimed towards the data in an effort to decode it could be:

1. What is said?
2. What does this represent?
Methodology and Methods

3. How is it said?
4. In what context is it said?
5. What is the meaning of it?
6. How is it described?

By asking questions, we can clarify the information it contains and break it down into concepts and categories. It then becomes possible for us to find connections between these as we might find common contexts, patterns, or causes that links concepts and categories together. As a last step in the decoding process, we selected a core category that integrates all other categories together to create a line of argument through the process (compare, Bryman & Bell, 2005).

3.4 Review of Our Methods and Methodological Approach

We have chosen interpretative, hermeneutic, and qualitative research methods since we study non-quantifiable entities, e.g. trust. However, all methods have drawbacks and limitations and the approaches we have adopted in order to find an answer to our problem are no exception. In order to increase the transparency and validity of our research, we feel that it is necessary to provide the reader with a review of the limitations concerning our methods of choice, even if they are the methods available to us that are considered the most appropriate in relation to our purpose.

Concerning our methodology, hermeneutics put emphasis on the researcher’s views and experiences. Hermeneutics also show sensitivity to a specific context and have strong connections to the researchers own person. Therefore, the results of the process will depend on the user. Overall, this makes our methodological approach rather subjective, as we are a part of the context that we examine (compare section 3.2, Methodology, of this thesis).

Regarding our methods, in all qualitative and inductive processes, it can prove difficult to replicate the research process, as it is relatively unstructured and highly dependent upon the researcher imagination. In this kind of research, the scientist is the most important tool in the collection of data. For example, what kind of information that is observed and registered, together with the direction of the research, is largely dependent on the researcher’s interests and experience (Gustavsson, 2004).

Additionally, it is hard to generalise beyond the factual situation in which the theory where produced. A small number of interviews make it difficult to argue for general applicability of our conclusions. Are they applicable to other settings and environments? Therefore, the results of this qualitative process should only be generalised to theory, rather than populations or actual situations.

There are also difficulties connected to Grounded theory. As there is a constant interaction between data collection, analysis, and the development of theory, the process is hard to finalise. This makes it hard for researchers to finish their work before a certain
Methodology and Methods

date. Furthermore, as grounded theory is interactive, it is relatively unclear at what stage of the process critical findings might occur.

Regarding the method of how the empirical data is presented, some critic should be mentioned. Even if a narrative approach is a popular way to declare for your empirical work, a narrative approach makes it harder for other researchers to perform a secondary analysis of the material (Bryman & Bell, 2005). Furthermore, it decreases the transparency of our work, as others cannot fully assess our interpretations and analysis. I.e. it gets harder to establish that our findings are true and how our analysis was conducted (Bryman & Bell, 2005; and Gustavsson, 2004).

3.5 Summary

We set out to develop or elaborate already existing concepts and theories. To accomplish this, we adopted an interpretative and hermeneutic worldview, as we want to measure trust, which is a rather incorporeal entity. Accordingly, through our worldview, we do not see the reality as separate from ourselves.

The thesis utilises a qualitative approach and we rely on semi-structured interviews to gather data in order to form a basis for our analysis. The collected data is accounted for in narrative form and the findings of the empirical research are seen in the light of the results from the theoretical framework. Moreover, the analysis of the empirical study is carried out gradually as we collect data. The analysis is done by an inductive/deductive method commonly known as grounded theory.

The main critic that we want to aim towards this research project is that it builds upon an interpretative – a subjective – epistemology and a relative small number of interviews. This has a negative effect on the applicability of our conclusions, as it is hard to generalise beyond the factual situations that we have covered. Furthermore, a narrative presentation of the empirical data has a negative impact on transparency of our work. A narrative approach reduces the possibilities to do secondary assessments of our findings since the raw data is not provided for.
4 Empirical Findings

4.1 Overview

In this chapter, we set out to report the results of our empirical work about the significance of trust and its relation to other leadership factors. To evaluate trust as a factor, we interviewed four representatives from virtual teams in their respective organisation. They were all asked questions through semi-structured interviews regarding how they perceive trust and the other four components that have been described in this thesis. The first two and the fourth interview were done with a team member in each organisation, and the third interviewee was a leader of a virtual team. This way we got both sides view on the subject.

In order to account for our interviews, we have chosen a narrative approach and we present the results of the four interviews one at the time. We first give a brief introduction of the organisation and the interview to set the scene. Secondly, we present each interviewee’s views on virtual leadership. Thirdly, we declare for the team construction and the work process within the interviewee’s team. This is followed by what issues the interviewee think is connected to his work.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Main Activity</th>
<th>Geographical Spread of the Team</th>
<th>Number of Team Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Brooks</td>
<td>Banking and Financial Advising</td>
<td>National</td>
<td>3-20</td>
</tr>
<tr>
<td>Mr. Andersson</td>
<td>Sales of workshop equipment</td>
<td>National</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Olsson</td>
<td>Real Estate Sales Manager</td>
<td>National</td>
<td>Varies</td>
</tr>
<tr>
<td>Mr. Johnsson</td>
<td>Sales of Green Tech</td>
<td>National</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: The Authors.
4.2 Interview With Mr. Brooks – Financial Taskforce Advisor

4.2.1 Introduction

The interviewee desires to be anonymous, due to the sensitivity of corporate information. It has also been a request from the organisation not to explicitly mention their name in the thesis. Consequently, we will refer to the interviewee as Mr. Brooks, and to the organisation, as a Swedish bank.

The interview with Mr. Brooks was performed by telephone. The whole interview was conducted in Swedish and took about 45 minutes. The organisation got roughly 400 employees spread throughout Sweden in different offices.

4.2.2 Views on Virtual Leadership

Mr. Brooks’ view of virtual leadership is that it is something that takes place in all situations where people work together but do not interact face-to-face. In Mr. Brooks’ line of work, he feels that trust is crucial since the information that he receives from others is used to make informed decisions. His decisions will in turn affect other decisions. Therefore, it is extremely vital that the communication channels works as intended and that the information is accurate.

Mr. Brooks put strong emphasis on the importance of clarity in communication. According to him, it is important to be excessively clear in all forms of communications all the time, especially when it comes to the expectations of the team. Communications is important due to the fact that it is used to convey where we are, where we are going, what has to be done, what should we do, how do we solve problems, and is the given time frames reasonable (or any frame for that matter). Therefore, excessive clarity with what is expected of the team is fundamental. To achieve this, it is vital to communicate constantly with each other within the team.

Mr. Brooks added that the most important things to consider as a leader, is to make sure issues are not left behind; all matters need to be attended. The most common reason for this is misunderstandings of who does what. It is the manager’s, or the leader’s, role to address the problems that arise. Furthermore, it is the leader’s role to tell the team what is right, and what is bad. The leader is responsible and shall make sure matters are attended to in an appropriate manner.

4.2.3 Team Construction and Work Process

Mr. Brooks works within the internal treasury department, and when he is assigned to a virtual team his role is to act as a special advisor. Moreover, Mr. Brooks works with two different kinds of virtual teams. There is a large team that do the long-term work, in which Mr. Brooke’s day-to-day work takes place, and different small teams, which are used to solve specific tasks. In the large team, there are 40 team members on average. In the smaller team, there are about five people in the team on average.
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The people who work together within these teams have sometimes met in person, but certainly not all of them have met with each other. Mr. Brooks stated that the organisation arranges special activities to get people to meet and develop relations amongst one another. Such activities are for example regional meetings, office meetings, company picnics and kick-offs, and the occasional a party. According to Mr. Brooks, these events do not occur as often as preferred in order to get to know his team members.

On a daily basis, Mr. Brooks uses his telephone, E-mail, and the organisation's intranet system to perform his work. However, he pointed out that certain situations call for other measures such as teleconferencing, or even face-to-face meetings. The means used are dependent on the situation and the task. For example, in the long-term team Mr. Brooks communicates with his fellow team members on a daily basis, whilst the short-term teams may demand more specific communication channels and time intervals.

4.2.4 Issues Connected to Teamwork

Mr. Brooks believes that the most common source that causes problems is misunderstandings between team members. Other sources that cause problems are budget constraints or the lack of decision makers due to the hieratical structure of the company. Then there is also perhaps a lack of trust between team members due to inaccurate information.

According to Mr. Brooks, the most common reason for problems to occur, is that people misinterprets information. Mr. Brooks believes that the most likely reason for this to occur is that people have different backgrounds and competencies and that people assume that their co-workers know more than they actually do. They assume that one knows the context of a situation, or they assume that you know the full meaning of a technical term. People tend to assume that they share beliefs with each other. When different areas within the organisation communicate with each other, there can be interpretation mistakes. A member from the IT-department will probably interpret a phrase differently than the internal treasury department. As a solution to this problem, Mr. Brooks suggested that one should simply write in a more explicated communication style, and talk about context rather than just mentioning it.

Because of this, people do not take the information they receive for granted, as people are aware of the communication issues. This could of course be a problem, for example, Mr. Brooks said that he is confident in his manager and trusts him. However, due to knowledge of the communication issues, Mr. Brooks do not take information for granted, not even when it comes from his own leader. Mr. Brooks said, “no one knows everything”. Therefore, it is only natural that one lacks some competence within certain areas.
Empirical Findings

To deal with these matters, Mr. Brooks suggested that improvements about ownership direction would be preferred to get a unified view and purpose of the organisation. Better communication from corporate management is needed, as well as an implementation of a visible and clear line of argument (red thread) throughout the entire organisation – a clear corporate culture, if one will. Mr. Brooks felt that his organisation lacks a clear mission statement. In addition, Mr. Brooks suggested that the organisation should benefit from a more open minded structure, as this will affect the set goals throughout the whole organisational structure.

To help improve the clarity of communication within a team, one could set better, more clear goals. Furthermore, one could have more defined roles of each team member when it comes to who is in charge of a team or a task.

4.3 Interview With Mr. Andersson – Workshop Sales Agent

4.3.1 Introduction

This interview was done with a person who wishes to be anonymous; we have chosen to call the interviewee, Mr Andersson. It was done via videoconference through Skype. The interview was conducted in Swedish and lasted about an hour and.

Mr. Andersson is one out of five sales representatives in an organisation that sells workshop equipment. Mr. Andersson has been employed three and a half years and is a part of a virtual team scattered around Sweden, with a virtual leader situated in the head office. The company have 13 employees.

4.3.2 Views on Virtual Leadership

Mr. Andersson started the interview with telling his own thoughts about what virtual leadership is to him. It entails contact with other employees via telephone and E-mail. Further on, he explained that one of the responsibilities, as a virtual leader is to make sure that employee’s get the information they need and encourage team members with both individual meetings and group meetings via telephone and E-mail threads.

It is essential with response discipline. It can get frustrating if the response time to a message is very long or if the response is nonexistent. If an answer is needed about prices for a customer and you cannot give the answer to the customer because the other team member did not answer, “Then I feel that I cannot do my work properly”.

Mr. Andersson considered virtual leader should be more of a leader than an entrepreneur. The leader has to make sure the path that was chosen is still the right one further in to the process and that the team have a sufficient amount of resources to carry out their job. Good communication yields trust which leads to motivation and better results for the organisation.
4.3.3 **Team Construction and Work Process**

Mr. Andersson works as a sales representative in an organisation that sells workshop equipment such as, vehicle lifts, oil and air pressure measurements and brake-testers. Their virtual teams consist of five peoples who mainly deal with sales of workshop equipment. Mr. Andersson explained the outlook of their virtual teams that are scattered around whole Sweden, with a virtual leader operating in the head office. Mr. Andersson works in the head quarter of the factory company.

Next information about how virtual leadership works in their organisation were given. With phone and E-mail, he explained, is information exchanged. The team and leader communicate on a daily and weekly schedule. They meet face-to-face as a whole group every quarter. Mr. Andersson meets the team leader a couple of times every week, as he lives in the city where the headquarter is located. Meeting the whole group every quarter he feels is sufficient for now. Mr. Andersson told that their company use appropriate technology in the form of mobiles and computers, which is provided to all team members.

4.3.4 **Issues Connected to Teamwork**

Today, one of the major problems that the factory company is facing within their virtual teams is a lack of trust. Lacking of trust in the organisation between team members and the leader has a negative impact. Nothing is concretely done either to create or to uphold trust within the group. This, Mr. Andersson explained, is unfortunate because it is truly important with trust in virtual leadership. It is important because the lack of face-to-face interactions. Mr. Andersson suggested that there should be casual coffee-brake meetings. He felt the reason of their problems lies in the fact that their leader acts more like an entrepreneur rather than a leader. He is not committed to the task of being a leader.

Mr. Andersson wishes that it would be easier to get in touch with the other team members in between the face-to-face meetings. As he said before, the response discipline is not at where it should be. With good communication, a sense of trust is built together with confidence; this is why it is so valuable with communication.

Mr. Andersson feels that the factory company is not using appropriate technology. This is unfortunate, since he considers technology as vital for communicating information, especially regarding goals and how the means to reach them. If this is done well, he continued, it will yields trust.

The goals are to a 75 percent extent set by the leader and the remaining 25 percent as a team. Because of the lack of use in technology and the bad response discipline, goals are not communicated well. The goals play a big role in how the team feels trust Mr. Andersson said. If the goals are unreasonable and no tools are given to achieve these goals, it will affect the group badly. Motivation will be poor, and this leads to poor per-
formance and turnover. The heaviest responsibility lies on the leader to make sure trust is created and upheld.

Mr. Andersson stated that the most important part for a virtual leader is to make sure that messages are communicated appropriately and to make sure that everybody is involved and that the team have the tools necessary to complete the set up goals. This will yield good results and confidence in the leader. Mr. Andersson said that, in a general sense, trust is an important part of many different virtual leader activities. However, it seems to be least existent in their organisation due to that a lack of proper technology. Therefore, the communications of the set goals are insufficient. He finalise the interview by stating that all factors overlap with each other.

4.4 Interview With Mr. Olsson – Real Estate Agent

4.4.1 Introduction

Mr. Olsson works at a real estate company called, Fastighetsaktiebolaget Norrporten. The interview with Mr. Olsson was performed by telephone and lasted for about half an hour. The interview was conducted in Swedish.

Norrporten have divisions from Luleå, in Sweden to Hamburg in Germany. Their Business concept entails “Norrporten is a real estate organisation that acquires, develops and manages high quality commercial properties, often with attractive central locations”. The company have about 80 employees in 12 offices.

4.4.2 Views on Virtual Leadership

Mr. Olsson started the interview with explaining his own thoughts on the subjects of virtual leadership. The activities a virtual leader should be responsible for are to secure effective group communication and to develop goals. A virtual leader also has to think about giving co-workers feedback and keeping up an ethical environment. To improve working habits a virtual leader has to be able to solve conflicts, deal with complaints, and delegate.

Effective virtual leadership, he carried on, cannot be carried out without strong leadership this is essential. It is important because if there is no strong leader the team can easily stray. The contributing elements to strong leadership he explains are planning and interactions with team members. Solving conflict and making sure the staff has the proper education are other important factors of effective leadership.

4.4.3 Team Construction and Work Process

The number of team members varies in his company from project to project. Mr. Olsson told us that to build trust among co-workers that are working at different geographical places different meetings are held, where they deal with subjects such as ethics and morals. Mr. Olsson stated that they play a game to start a discussion on the subject of
Empirical Findings

ethics in order to learn how to act in different situations. The game entails 30 different questions and 6 possible answers.

Mr. Olsson explained what they use to communicate information through their intranet and by using videoconference equipment. Every district owns its separate videoconference equipment. Drawback of this technology is that sometime it does not work. He felt that the level of technology must be a high so that information can be passed on in the most efficient way. Aside from this, they all meet once every six months.

Furthermore, as communication is crucial when sharing information this activity needs to be successful in order to be effective. Communication proves helpful to solve conflict within moral and ethics issues.

The virtual leaders of the different departments are responsible for that the goals that are discussed during these meetings are carried out in accordance with the overall ambition received from the CEO. The personal action plans are made individual though. Most of the staff has a good idea how the goals of the organisation are to be carried out. Mr. Olsson told us that his own leader’s best qualities are in customer relations and developing goals and standards.

4.4.4 Issues Connected to Teamwork

Mr. Olsson explained communication plays an important role in building trust and achieving organisation goal. Their company is using private intranet system for communication and videoconference equipment. Even each company district owns its separate videoconference equipment. Still there is a drawback of this technology since sometimes it does not work. One cannot always depend on technology to be working properly, so it is important to have backups.

Mr. Olsson believed that the level of technology must be high, so that information can be passed on in the most efficient way. Furthermore, as communication is crucial when sharing information this activity needs to be successful in order to be effective. Mr. Olsson said that communication proves helpful to solve conflict within moral and ethics issues.

It is also very important for a virtual leader to listen to their employees. Listening is a big part of communication Mr. Olsson explained. If the leader do listen and the team members really feel that he or she takes into consideration what they say, trust will be a following fact.
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4.5 Interview With Mr. Johnsson – Seller of Green Tech.

4.5.1 Introduction

Due to the wishes of the interviewee, this person is anonymous and Mr. Johnson is not his real name. The interview lasted for 45 minutes and was done via videoconference. The interview was conducted in Swedish.

Mr. Johnsson sells products, systems, contributing to clean, and safe working environments. The focus of this international company is clean air, recycling and environmentally friendly transport management. The company has about 1500 employees.

4.5.2 Views on Virtual Leadership

Mr. Johnson travels in the south of Sweden and sells green tech products. Mr. Johnson’s view in virtual leadership is to tell the team members about their tasks and the goals via different means of communication, such as telephone and E-mail. It is also a virtual leader’s job to encourage the team and give feedback.

If communication is done well, which entails good use of technology then this yields trust? This is why communication is so important for virtual leaders to think about.

4.5.3 Team Construction and Work Process

He is a part of a virtual team of ten people, scattered around in Sweden containing different sales representatives with responsibilities for different geographical areas. The team and leader have a phone conference every Friday. They all meet face-to-face two to four times every year. In between E-mail and telephones are used frequently. The company also have an intranet that the virtual leader encourage the team to visit to keep updated. These means of communication are working well. There is a high policy for responding to phone calls and E-mails and it is upheld well. Communication is really working well Mr. Johnson explained.

Sometimes one is handed a special honour task, this makes the team feel important and makes them feel like their leader have trust in them, which then makes the team feel trust in their leader. Once a year they meet for teambuilding around Christmas. It feels good that the leader takes time for this; it feels like he is invested in us. Once the virtual leader set up a sales goal, and if they reached it, which they did, he would buy them a trip to Portugal. These are all things that yields trust in the virtual leader and they do have trust in their leader and in the team. Trust is important he explained because of the distance and no casual day to day interactions in a coffee room. However, Mr. Johnson feels that they meet face-to-face sufficiently.

We asked Mr. Johnson who sets the goals in their company. He answered that the virtual leader of the Swedish sales team, together with the vice president set the goals. The team has no influence of the set out goals. However, the goals are communicated well. In the end, Mr. Johnson thinks this is not a proper way to set goals for the team.
4.5.4 Issues Connected to Teamwork

The goal setting issues mentioned in the previous section brings down the level of trust. Since the team is expected to reach the set goals, they should be a part of the budget decision. They know best what tools are needed and how much money they need to reach the goals.

Because of bureaucracy and hierarchy, communication can be hard when one does not know where to turn with a question. The company has many middle managers, and if any of these middle managers are not contacted, they can cut the communication line and information is lost. If there were more clear guidelines where to turn in case of different questions.

Trust is important in virtual leadership, and the reason for this is, as Mr. Jonson mentioned before, the lack of face-to-face conversations. Trust and communication have a strong bond. They overlap. In the same sense, good leadership behaviour, which entails communicating goals well, is also a source of trust.
5 Analysis

5.1 Overview

In this chapter, we examine our empirical data and reflect over the meaning of our findings. Our research questions provide us with some guidelines for this analysis as the result of the analysis should provide us with answers to our purpose.

The disposition of the analysis is as follows: First, we evaluate each interview in relation to our theoretical framework. Secondly, we evaluate the significance of trust as a factor of virtual leadership in Swedish organisations.

5.2 Analysis of the Interview With Mr. Brookes

The general impression of the interview with Mr. Brooks is that two factors appear as crucial for successful leadership – communication and leadership. At first glance, trust, goal setting and technology do not appear as central as communication and leadership, even if the interview suggest that all factors are intervened with each other.

McDonough et al. (2001) argue that if processes, goals, and roles are not clearly conveyed through proper communication channels, misunderstandings are likely to occur. In our opinion, this is what has happened in the Swedish Bank. According to Mr. Brooks, sloppy communication is the main source of the misinterpretations and misunderstandings that occur. Nevertheless, if problems in the communication process are one of two main reasons for tasks not being done properly, the lack of proper leadership is the other.

As we learned earlier, through our theoretical framework, effective leaders provide regular, comprehensive and prompt communication through effective communication channels (Lei, 1997). A virtual leader also set proper goals and follows them up (compare to Nesbitt & Bagley-Woodward, 2006). Furthermore, the performance of the group need to be followed up in order to make sure nothing is left behind. According to Mr. Brooks, it is the leader’s role to make sure this is done. However, within their organisation this is not done in a proper manner.

It seems that the tasks are not dealt with appropriately due to the lack of clear leadership roles within the Swedish Bank. This results in that no one takes responsibility, and do not stop to look back on what has been done, and what is still to be done. Due to the lack of leadership, Mr. Brooks’ organisation seems unstructured and disorganised. This is probably a result from the lack of clearly assigned leadership roles and the absence of directions from higher management levels.

As for the level of trust, Luhmann, (2006) says that in order to attain and establish trust, communication is of the essence. We would say that this is reflected through the interview with Mr. Brooks as well. Mr. Brooks says that he trusts his team leader, but he does not take information that he receives from him for granted due to the risk of mis-
understandings. This can be interpreted as a sign of mistrust, regardless of how you want to label it.

Lastly, considering the technology available in Mr. Brooks’ workplace, it seems to be sufficient and work as it intended. When touching upon the subject Mr. Brooks returns to issues regarding communication and not the technology used to convey the interactions. It appears that the technology itself is not a problem. Instead, it is the information that is exchanged through it, together with the context it is transmitted, that seems to be causing problems.

Trust is not a central issue in Mr. Brooks’ organisation. Instead, trust is something that comes naturally between members when communication and leadership behaviour are well executed. Regarding goal setting, it seems closely connected to the leadership issues that exist. The lack of clear leadership affects the goals that are set within the organisation. Mr Brooks seems to think that the set goals are murky at best.

### 5.3 Analysis of the Interview With Mr. Andersson

Mr. Andersson as well as some of the researchers from our theoretical framework, Chase, (1999); Alexander, (2000); Solomon, (2001); Lurey & Raisinghani, (2001); and Luhmann, (2006) believe that communication is essential and needs to be dealt with on a daily basis. Because of a lack of face-to-face interaction, it is even more important in virtual teams than in traditional ones Mr. Andersson explained. There are no casual conversations over a cup of coffee or a quick chat during lunch hour to create trust. This is something that during our theory research we did not come across.

Mr. Andersson puts emphasis on communication and feels it is fundamental for everything else to work. Without communication, trust cannot exist. “technology is vital for communicating information” Good technology helps communication and a good virtual leader knows the importance of communication and make sure to do it well. Communication needs to be a two way street and responding to messages and phone calls are important for good communication and for the team members to feel trust. The importance of response that Mr. Andersson puts emphasis on is not something we have come across during our theory research.

Goals set by the leader need to be achievable as well as communicated. Locke and Latham (1990) also talk about the importance of goals to be achievable. Again, Mr. Andersson emphasise the importance of communication, how it ties the other parts together. However, Mr. Andersson is also mentioning that trust is very important as well, trust is in everything they do.

Commitment from the leader is important for the team members to feel trust. If the leader is not committed, it usually shows and team members get hesitant to why they should be committed if not their leader is, Mr. Andersson explained. Katzy (2009) as well as Mr. Andersson states that commitment from a leader is of big importance.
Trust mainly comes from well communication. If goals are communicated well and new state of the art technology is used to help the communication and if the leader is committed to the goals that has been set and are communicated then one feels trust in both the organisation and the leader. Trust yields good results; however, it cannot be done without communication Mr. Andersson explained. One person who agrees with that communication is essential is Luhmann (2006).

5.4 Analysis of the Interview With Mr. Olsson

Researcher like (Chase, 1999; Alexander, 2000; Solomon, 2001; Lurey & Raisinghani, 2001; and Luhmann, 2006), in our Theoretical Framework highlights the believe that the role of communication in virtual teams is crucial for ultimate success. Mr Olsson agrees with this research that without proper communication, it is difficult to perform desire task and to achieve mutual trust within organisation.

Mr. Olsson also states that communication is a vital element to get feedback for challenges and task one performs in day-to-day operations. Researcher such as (Hightower et al., 1997; and McDonough et al., 2001), emphasise importance of communication for positive and constructive feedback.

Appropriate technology is essential to facilitate team communication. Haywood (1998) believes that means and modes of technology need to achieve level of formality and physical situation of that particular organisation. Videoconference equipment is an up-to-date technology for effective communication (Joinson, 2002), yet it proves to be inefficient in real estate company. Mr Olsson finds it unproductive for effectively connecting them with each other.

To construct attainable goals, quality and ability is a necessity (Locke and Latham, 1990), Mr. Olsson, also believes this is something that is very important for leaders to consider. He also thinks achievable goals create trust and positive feedback for organisations, as majority of staff have a good idea how the environmental goals are to be carried out too.

5.5 Analysis of the Interview With Mr. Johnson

All factors are important and overlapping according to Mr Johnson but it seems. Communication for Mr. Johnson is the most significant factor in effective virtual leadership.

A good virtual leader communicates on a regular basis and clearly (Lei, 1997). According to Mr. Johnson, it is the leader’s role to make sure goals are set and that he or she communicates them well. The communication is working well in Mr. Johnson’s company because the all communicate often and regularly with the latest technology, which makes communication easier. Luhmann, (2006) says that for trust, communication is essential. This is aligned with what Mr. Johnson told us. We interpret Mr. Johnson’s interview that trust exist when all other four factors are done well. Mr. Johnson agrees
with Locke and Latham (1990) who mention the importance of, goals to be clear and communicated well. Another interpretation is that communication is supposed to be executed with effective technology and the information that needs to be communicated are the goals, so the team knows what to do and how. This is good leadership behaviour. Good leadership behaviour yields trust, well used technology for communication yields trust. Communication is highly emphasised and this seems to drag down the level of significance of trust. It seems that trust does not need to be a major priority if all other parts are done well, however, it does not mean that it is not important.

### 5.6 Evaluation of Trust as a Factor of Virtual Leadership

The evaluation of trust as factor of virtual leadership is based on our empirical studies conducted within four different organisations working in entirely different sectors. The Evaluation process involves analysis of qualitative data collected from interviews and further more analysis identifies the interconnections of five factors as factor of effective virtual leadership. Additionally, the categorical framework provides the structure for comparing our empirical data.

In our analysis, we analyse the five main investigative findings factors of virtual leadership: communication, technology, trust, goal settings and leadership behaviour. The five analytical findings consist of four different organisations interviewees’ analysis that proves core findings of our thesis research. This approach helps us to find the most significant factor of virtual leadership within Swedish organisational structures.

Our first analytical findings factor communication is well defined in our theoretical framework by researchers like Chase, (1999); Alexander, (2000); Solomon, (2001); Lurey & Raisinghani, (2001); and Luhmann, (2006), who believe that communication is decisive element of virtual projects in any organisational structure. All four interviewees have the same opinion. All interviewees emphasise intensely on communication. They all state that to attain precise and correct work achievement, communication contribute a big part of virtual leadership within Swedish settings. Even communication seems to be dominant in comparison with value of trust, which feels to be least but important within their organisations.

In their theoretical research, Hightower et al., (1997); and McDonough et al., (2001) portray the value and worth of feedback provided by mutual communication of virtual team member. Mr. Andersson, one of our interviewees, articulate that little face-to-face interactions of team members increase significance of these feedbacks provided by communication. This goes hand in hand, with what Kirkman, Rosen, Tesluk, & Gibson, (2004) believe.

Second indicative findings factor technology involves in virtual arrangement of communication within remote operational teams. All four interviewees agree with Haywood, (1998) believe that technology is a fact and critical for communication due to
lack of face-to-face communications in virtual teams. Technology creates technophobia that need to be dealt to avoid communication distress. Technological communication equipment like Videoconference is used as a means of effective communication (Joinson, 2002) in Interviewees organisations also like, Mr. Olsson use to communicate effectively with his virtual teams by using this equipment.

Locke and Latham (1990), illustrate our third analytical findings factor Goal setting in these words that one of the principles that a leader need to consider when it comes to goal setting is to set achievable goals. Our third interviewee, Mr. Olsson, also believe that this is something that is very important for leaders to consider. Furthermore, he assumes that feedback is also important for goal setting.

Commitment is another principle of Locke and Latham (1990). Our second interviewee, Karl stated that leader commitment is important for the goals and tasks of organisation. In addition to this Karl think, if the leader wants to be a leader then commitment will be a decisive factor, as it creates trust that can be easily noticed by team members. Mr. Andersson also stated the need for goals to be clear; this goes hand in hand with the principle of clarity from Locke and Latham (1990).

Mr. Brooks and Mr. Olsson, two of our interviewees, point out our fourth critical findings factor Leadership behaviour. Both of them seem to be agreed upon the fact that it is critical for a leader to deal with conflict resolution. This agrees with what Majchrzak (2004) states about leadership behaviour. Commitment is something that Katzy (2009) teaches us is important for a leader to have. As stated before this is something that Mr. Andersson agreed with too.

Communication is key element when it comes to our fifth investigative findings factor trust. According to our interviewees and theory researcher such as Luhmann (2006) and Katzy (2009), Commitment from the leader yields trust. One of our interviewee, Mr. Andersson states trust is embedded in all things any leader does. Trust overlaps with communication, technology, goal setting and leadership behaviour. Trust needs to be in all of these factors. However, without communication, there cannot be any trust. Mr. Brooks, Mr. Andersson and Mr. Johnson feel this way.
### Analysis

#### Table 2- Significance According to the Interviewees

<table>
<thead>
<tr>
<th>Interview</th>
<th>Trust</th>
<th>Leadership</th>
<th>Goals</th>
<th>Communication</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Adviser</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workshop Sales Agent</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Agent</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Agent, Green Tech.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: The Authors.*

#### Table 3- Is trust built on the other four factors?

<table>
<thead>
<tr>
<th>Interview</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Adviser</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Workshop Sales Agent</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Real Estate Agent</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Sales Agent, Green Tech.</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

*Source: The Authors.*

#### 5.7 Summary

The analysis is based on the evaluation of qualitative data collected from the interviews with representatives from four different organisations. Our analysis identifies the five main investigative findings of virtual leadership within Swedish organisational structures: communication, technology, trust, goal settings and leadership behaviour that proves core findings of our thesis research.

All four interviewees coincide with researchers such as Solomon et al., (2001) about the intense and decisive importance of communication for building trust and providing information feedback to attain precise and correct work achievement. It becomes obvious that communication contributing a big part of virtual leadership as compared to trust by showing its dominant significance within Swedish organisations due to little face-to-face interactions. Within Swedish organisations, the critical and meaningful role of technology seems to be prominent. All our interviewees agree with Haywood, (1998) and Joinson, (2002) who believe that appropriate technological communication equipment like videoconference effectively dealt with the communication distress generated due to due to lack of face-to-face contacts.

Luhmann (2006) and Katzy (2009) research seems to be coincide with our three interviewees who believe that trust is embedded in all things any leader does. Trust overlaps with all other four factors. However, without communication, there cannot be any trust.
6 Conclusions

In the beginning of our research project, we constructed two fundamental questions that would help us to determine the significance of trust in Swedish Organisations. We have been able to answer our two questions and we will start by providing our answers to them in order to draw an overall conclusion about the significance of trust.

First, is trust dependent on the other four factors? If yes, in which way? Since trust is correlated to all other four factors, the answer to the question is yes. Trust is built on technology, communication, leadership behaviour and goal setting. All factors affect trust individually as well as a group since they are inter-related in one way or another. For example, communication builds trust, technology helps communication to build trust and a leaders ability to set well communicated goals yields trust. Good communications depend on technology, this works as a base for good leadership and goal setting, and when all this is achieved, we will reach trust. In this sense, trust is linked with all four factors as trust is influenced either directly or indirectly by all factors. The relationships could be illustrated as follows from figure 5 below.

Secondly, how are trust, communication, technology, goal setting, and leadership behaviour connected with each other concerning virtual leadership? All factors are intertwined, interdependent and interconnected with each other. The relationships could be illustrated as follows from figure 6 below.

Figure 5- How Trust is Built

Source: The Authors.

Figure 6- Connectedness of Trust, Communication, Technology, Goal Setting, and Leadership Behaviour
Conclusions

Technology makes it possible to communicate effectively, and effective communication between team members yields trust. Moreover, proper communication is essential in order to convey the set out goals and to send and receive proper instructions. Successful leadership behaviour deals with communication, commitment, and solving issues that may arise. Therefore, the leader’s actions influence the level of trust. A leader must consider what the appropriate action in every situation is. Additionally, it seems to be the leader’s role to make sure the team has the necessary level of technology is available to their disposal. Another example of leadership behaviour that gives a sense of trust is the empowerment of team members.

How significant is trust in effective virtual leadership within Swedish organisations? Our point of origin was that trust was the most significant of the leadership factors. However, our research leads us to conclude that communication is in fact the more significant among the different factors of virtual leadership. Without proper communication, none of the other factors carries any substance. The significance of trust is dependent on the level of effective communication. Effective communication generates a higher level of trust among team members. Nevertheless, communication is more significant within Swedish organisations as good communication yields trust and so does the other factors if they are well executed through proper communications.
Discussion

7 Discussion

7.1 Overview

The purpose of this section is to support the level of our thesis report to a more general perception, from which we can disclose the interconnections of our findings. We want to present our personal thoughts about the subject. We also want to present any additional findings learned during the process of this thesis that are not directly connected with this study.

The idea of this section is that it will dissolve the deadlock of our reports research question and instead provide us with suggestions, which can help us in realising the basics associated with virtual leadership within Swedish organisation. We will summarise what we believe is our contributions to understanding the virtual leadership, and working process. Lastly, we will try to indicate areas for further research in this field.

7.2 Discussion of the Subject

This thesis makes numerous contributions to our knowledge about leadership within a virtual environment. First, this research process reveals the importance of five factors of virtual leadership within Swedish organisation. Furthermore, this thesis has found that specifically communication, as a factor of virtual leadership, plays a decisive role in connecting all of the factors with each other. In the end, this is what let the team achieve their goals and achieve successful virtual leadership. This, of course, rests upon the assumption that the team has technological aids to their disposal.

All factors overlap each other in accordance with the internal situation of different Swedish organisation. We also realise that all five factors described by well-known researchers such as Bolman & Deal contribute in developing co-worker job performance and satisfaction within virtual teams.

We complete our interviews from existing virtual team members and leaders that work in different organisations. By doing this we increase the external validity of the findings. Our research demonstrates the significance of the virtual aspect of virtual teams and that not all of virtual teams can be categorised identically in future empirical studies. Overall, our thesis studies provide collective data that the dynamics of virtual teams differs from co-located face-to-face project teams. This thesis reveals the importance of five factors to virtual leaders in developing virtual team’s job performance and satisfaction. Theoretical suggestions in frame of reference sections facilitate virtual team effectiveness to leadership research in organisations and practical allusions.
7.3 Contribution

Our aim in this research is to guide leaders to become more effective at leading virtual teams. We also try to provide guidelines to fellow students who are interested to do research in virtual leadership; therefore, we want to position our research in the service of practitioners and academic purposes. The topic of virtual leadership has hardly been studied thoroughly, although during last some years there was some research carried out in this field. Most research methods either were limited to internet-based surveys like online questionnaires or partially structured interviews with managers. In few cases, the research in the form of questionnaires or interviews was limited to employees of one organisation only. Before 2005, most books and articles we found on virtual teams concentrated on the management aspects. Based on all the above pointed out aspects, our research and the contribution that we expect to make as a result is unique, in the sense that in our study of virtual leadership combines all previous mentioned aspects.

We have gathered information from employees, leaders and managers from different organisations operating in different working environment and sectors by conducting qualitative research methods like interviews. Our work provided us with experience of leading virtually and by supporting the question; “What we are learning as a virtual leader”. In summary, we would argue that our contribution is not only connected to the facts that we researched into virtual leadership that has been insufficiently observed so far, but also related to the approach that we choose for looking at virtual leadership. we hope that the multiple questions we answered from interviews will provide guideline and the unanswered questions that we kept alive during research will offer other research fellow students motivating way for further work in this field.

7.4 Possible Areas of Further Research

Before we put an end to this investigation, we would like to suggest some aspects for future research that may lead to new insights and revolutionising ideas within the field of virtual leadership. There are especially two areas that we want to consider for future research, if given the chance.

Firstly, it would be interesting to investigate how people use, and what they achieve, by using technological equipment and advancements in IT like teleconferences, WebEx, net-meetings, intranet websites like SharePoint, and blogs when working together from different remote locations. This might prove to be an important aspect in future of the virtual workspace as it represents a few explicit ways of working virtual.

Secondly, our research has not considered the use of the so-called ‘social media’; examples of this are Facebook, Twitter, and LinkedIn, to mention some. Nowadays, these social media are playing a key role in different organisational structures. We are convinced that in the future social media will play a huge roll within the virtual workplace, especially in intra-organisational relations.
List of References


List of References


