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Trust and collaboration in multicultural virtual
organizations

Summary of doctoral dissertation

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1. Research question and knowledge backgrounds

The concept of a workplace has undergone drastic changes in the last three decades driven by computer-mediated communication (CMC), destroying the paradigm of industrial economy, according to which a reserved and separated place (factory, office) is required to reach productive assets in order to work with them. CMC proves a new flexibility in the location of work, especially for knowledge workers, certain industries, multinational enterprises (MNE), providing significant advantages for employers and employees as well.

CMC changed the way of communication in the conventional, face-to-face team as well, where nowadays their interactions are based on the combination of personal communication and computer and electronic media (email, phone, video conference). Along with the transformation of the conventional

team's interaction, CMC enabled the emergence of remote or virtual work.

Virtual teamwork rewrites our knowledge about organizational behavior, and fundamentally changed the way of collaboration, knowledge sharing, decision making and the leader and follower relationship. The workplace is an important social space for personal relationships, which formulates company culture, social capital, and common identity. The virtual team construct put all this knowledge and learning into a new perspective. The virtual team required new competencies to help overcome physical boundaries and support new way of collaboration (Eisenberg and Mattarelli, 2017; Kunte, Bhattacharya and Neelam, 2020).

Scholars do agree that the change in the workplace significantly influence the development and functioning of social capital (Jensen and Meckling, 1976; Tallman *et al.*, 2004; Harvey, Novicevic and Garrison, 2005; Ariani, 2012) but surprisingly limited research examined this problem territory holistically.

Although previous, conventional face-to-face team research outlines the importance of social capital and the current virtual team's literature defines this problem territory, no clear conceptual model is supported by empirical studies.

This dissertation targets this knowledge gap, that the virtual teamwork rewrote the way of collaboration and trust since it fundamentally changed the formulation and development of social capital. Our aim was a new conceptual model of virtual team collaboration, which takes the main crux of virtual teams into consideration. Based on current literature we collected the main domains of the virtual team regarding international management, and we used these as a starting point of the dissertation.

- Virtual team represents a new norm of the workplace especially for MNEs (Harvey, Novicevic and Garrison, 2005; Eisenberg and Mattarelli, 2017; Wei, Thurasamy and Popa, 2018; Zakaria and Mohd Yusof, 2018; Toro, Elguezabal and Anacabe, 2020; Schmidt and

Santamaria-Alvarez, 2021; Shaik, Makhecha and Gouda, 2021).

− Virtual team states an indisputable competitive advantage for enterprises (Porter, 2000; Corò and Grandinetti, 2001; Weimann *et al.*, 2013; Gunawan, Jacob and Duysters, 2016; Coletti and Landoni, 2018; Nestle *et al.*, 2019) which accelerated its spread in the last decade.

− Since virtual teams are a new phenomenon, they have attracted the interest of scholars in recent years. The rapidly growing number of publications starts from different approaches. Based on literature review we conclude that there is no consensus in the definition of a virtual team, which may cause a potential definition bias in research. Chapter 3 explores this gap and restructures current literature with a special focus on regional virtual teams (cluster organizations).

− Virtual team in MNEs provides a great access to human capital and incorporate members with

different culture (Jarvenpaa and Leidner, 1998; Chudoba *et al.*, 2005; Harvey, Novicevic and Garrison, 2005; Davison *et al.*, 2017; Roehling, 2017)

− Scholars describes MNEs' virtual teams as an inter-cultural organization; however, systematic field studies that demonstrate this cultural diversity on each hierarchical level of organization are still missing.

− The change of human capital and the structure of the organization transmutes the structural and relational dimensions of social capital.

− Trust is one of the most investigated phenomena related to a virtual team, but a fundamental literature gap was observed in the trust and control relations of ill-structured and well-structured processes.

− Trust is a fundamental mediator of the successful operation of a virtual team but does not answer all the changes of social capital. On the other hand, limited empirical studies deal

with the mediators of successful collaboration and relationships beyond trust (Gilson *et al.*, 2015).

- Psychological empowerment, which is one of the most significant mediators and catalysts of collaboration, knowledge sharing, and decision making has attracted significant attention in both research and practice of conventional face-to-face teams, but very few empirical studies investigated it in virtual teams.

- Virtual team is associated with isolation therefore developing collective company culture, beliefs, values and required behavior is more difficult than in a face-to-face team.

- Social narrative study is a growing topic in psychology and social science in the creation and development of personal and collective identity, but surprisingly limited research applies on the corporate level in the development of socialization in the organization for formulating the social identity

and company culture on both individual and collective levels.

2. Problem space

This dissertation is addressed to have a comprehensive understanding of structural and relational social capital transformation in cross-cultural virtual teams and to create the new conceptual model of collaboration in virtual teams from the international business strategic point of view.

The financial pressure after the 2008–2009 global credit crisis encouraged all organizations to reduce the operational cost (personal, equipment, workplace cost), and improved financial efficiency. A virtual team fulfills these expectations on each level of working capital (Franke and Luthje, 2003; Horwitz, Bravington and Silvis, 2006; Kunte, Bhattacharya and Neelam, 2020). A better access to the required resources especially to the human resources is the second factor accelerating the spread of virtual teams, which is beneficial for employers and employees as well. The

employer becomes attractive to talents who are geographically dispersed and ensures a 'work around the clock' (Breuer, Hüffmeier and Hertel, 2016) and better proximity to local markets. The global pandemic in 2020 was the third factor, when the prevention of humanitarian disasters forced all companies and educational institutions to operate remotely temporarily. This period confirmed that the majority of the companies are ready for virtual work, and virtual teams are a good alternative or complement to conventional, face-to-face teams. These factors accelerated the transformation and virtual teams are the new norm for many companies and industries.

The definition of a virtual team and related organizational forms (hybrid team, cluster team etc.) is not homogenous and formulating dynamically, the current team forms are not the final ones, due to the highly turbinating influence of external economic and internal organizational factors.

Scholars' minimal consensus that a virtual team (1) consists of minimum two persons (2) collaborating and

coordinating their work remotely (3) to accomplish a common goal. There is no consensus regarding personal meetings, it not a requirement that all members work virtually, the minimum agreement is that (4) at least one team member works geographically dislocated (Kirkman *et al.*, 2002; Martins, Gilson and Maynard, 2004; Hertel, Geister and Konradt, 2005; Gilson *et al.*, 2015; Gibbs, Sivunen and Boyraz, 2017). In order to prevent research bias, we narrowed down our research territory to NMEs' cross-cultural cross-border virtual teams is the research territory: the global virtual teams (GVT) and regional cluster.

In a cross-border multicultural virtual teams the sustainability of collaboration highly belongs to the participants' willingness of collaboration and knowledge sharing, especially to sharing tacit knowledge (Levin and Cross, 2004; Falconer, 2006; Sheng and Hartmann, 2019). Polányi conceptualized human knowledge as it stands in an explicit and a tacit dimension; and individuals cannot verbalize tacit knowledge easily (Polanyi, 1966, p. 4). The

transpersonal process, when people intensively learn from each other and formulate the community of practice together (Pyrko, Dörfler and Eden, 2017) can be threatened by cultural differences and virtuality.

According to Coleman Social capital theory, capital resides in the social structure of relationships between people. While human capital is the skills and knowledge of people, social capital represents the capital coming from the relation among people (Coleman, 1988). Trust, reliability of the environment and authority is critical for the development of social capital (Coleman, 1990, p. 300), as this is a capital which is consciously created (or not created) by the person (Coleman, 1990, p. 317).). Strong communities originate from strong social bonding among team members and social capital may increase integrity in teams (Tzanakis, 2013) and this capital can be utilized via personal relations only (Anheier, Gerhards and Romo, 1995).

Social capital has three dimensions: structural, relational, and cognitive social capital. These three

dimensions are highly interrelated (Nahapiet and Goshal, 1998) and we used this interrelated element in our research, which investigates the connection of the three dimensions and their impact on each other in a virtual team.

Social capital affects many factors in virtual team, relationships, interactions, connections, integrity and sense of community and it development can be effected by these factors (Widjaja *et al.*, 2017). Each dimension of the social capital impacts knowledge sharing in virtual team (Petter, Barber and Barber, 2019).

Literature finds that the geographic distance results changes in the social capital of virtual team compare to the conventional teams and the social distance may negatively influence the each dimensions of social capital (Sheng and Hartmann, 2019).

3. Research approach and methodology

Organizational culture strongly determines the success or failure of knowledge management, and trust reinforces and mediates it (Butler, 1991; Levin and

Cross, 2011; Arisha and Ragab, 2013). Trust 'based on commonly shared norms, on the part of other members of that community' (Fukuyama, 1995, p. 26). Culture, cultural differences, and organizational hierarchy, all contribute to trust, and thereby promote knowledge sharing. The fundamental result of the literature review was that each component of this problem territory is complex and based on one discipline we are not be able to create our conceptual model.

With the development of human knowledge, the disciplines became more and more fragmented and new disciplines were created, further accelerating the growth and development of global knowledge. This fragmentation leads to more and more complexity in science and an increasing demand for collaboration among disciplines to solve problems. In this fast-moving ambiguous, complex world, separated disciplines – even sub-disciplines - are not able to answer to many burning topics (Nicolescu, 2002). Knowledge management and practices in a virtual world is a specialized area of transdisciplinarity.

Globalization in the digital ages transforms social behavior and influences cultures. The picture will become more complicated if we introduce the problem of multiculturalism into the context and bring the networked knowledge into organizations research, including different culture and culture's influence on people's behavior which makes a virtual team interesting for transdisciplinary researchers. It is not the change of technology, the access to knowledge and the way of communication changed in the digital society but also the way of knowledge generation. As multinational enterprises maximize the benefit of diversification, local firms become part of the global community where common knowledge is generated. This is a real cultural shift in attitude and cooperation which affects everyday practices and has long-term consequences. These learning led us to the decision to apply transdisciplinary approach in the creation of the conceptual model.

In order to define the relevant and significant gap in current science we run a systematic literature review to

select the most relevant keywords to our studies. As scholars have minimal consensus regarding the definition of a virtual team, we used 'virtual team' 'cluster team' keywords to cover the whole problem space, with 'knowledge sharing', 'social capital', 'trust', 'collaboration'. We selected papers from highly ranked (Q1) peer-reviewed journals, using the Boolean (AND) search of the selected keywords in the Scopus database based on the rank of Scimago Journal & Country Rank database.

Before presenting our main learning and the conceptual model of virtual team collaboration, it is important to mention that we discovered two significant literature gaps during the literature review. These indirectly contributed to the creation of our model, as they helped us narrow down and better define our research area. The lack of a unified definition of the virtual team was the first gap. Based on the literature, we set up a new model for the classification of virtual teams based on time dimension, territorial dimension, and the way of collaboration.

The second deficiency was related to the cultural diversity of virtual teams. Scientists treat this phenomenon as a fact, but we cannot find any research that would have proven this diversity in the organizational structure and hierarchy as well. Based on the analysis of employee data from an MNE's regional virtual team, we confirmed the cultural diversity on all levels of the hierarchy in cross-cultural virtual teams. With this statistical analysis we proved that cultural diversity, and the change of the structural dimension and ties of social capital.

We ran three quantitative studies during the study period. The first quantitative research aim was to prove and confirm cultural diversity on the different levels of the organizational hierarchy and group seniority. We analyzed 495 managers' data (location, nationality, level of seniority, department) to confirm that MNEs are a multicultural phenomenon.

In the second quantitative research our target was to confirm that trust is a critical moderator of the successful collaboration of a virtual team. Literature

discusses different ways to conceptualize and measure trust in a virtual team, but currently we did not find empirical study of trust and control in a virtual team. We targeted this literate gap as a next step for the formulation of the conceptual model. Here we faced a methodological problem whether trust is a measurable phenomenon or not. Two main approaches concern trust measurement. One part of scholars sees trust as a measurable phenomenon by measuring the components of trust to quantify components (Ferrin and Dirks, 2002; Dunn and Schweitzer, 2005; McEvily and Tortoriello, 2011). The other part of scholars sees that trust is not measurable. Our approach was closer to the second opinion, and we measured the inverse part of trust: controls in a virtual team.

The third quantitative research was a questionnaire conducted among the knowledge workers of GVT. We used a validated questionnaire with a 7-scale Likert scale from 1, "strongly disagree," to 7, "strongly agree" to measure virtual team members' perception of

psychological empowerment, sense of community and
psychological climate.

4. Research questions and hypotheses

Prior conventional team research outlines the
importance of social capital, and the current virtual
team's literature defines this problem territory as well,
but no clear conceptual model is supported by empirical
studies. The aim of the dissertation was to prepare a
new conceptual model of collaboration in cross-cultural
virtual teams with respect to changes in social capital
compared to face-to-face teams. Virtual teams rewrite
our knowledge about organizational behaviour and
international leadership, our conclusion was that we
can only understand it through a synthesis of disciplines
and a holistic methodology.

After certifying the existence of the problem space, we
narrowed down the research questions to understand
the main domains and specify a space that may
represent an original and relevant territory for
academics and practitioners.

We appointed five research questions as the primary goals of the dissertation.

1) Is remote work a new manifestation of the workplace or just a narrow area for some businesses?

2) Does remote work require new competencies and roles due to the transformation of social capital in virtual team?

3) What is the role of trust in virtual teams?

4) What are the fundamental mediators of collaboration in virtual teams beyond trust?

5) How to embed the required values into the corporate narrative?

Based on the nature of applied transdisciplinary methodology the formulated five hypotheses included quantitative and qualitative research.

Hypothesis 1: Virtual work in MNEs is the new norm of the workplace may represent competitive advantage and is associated with cultural diversity

Hypothesis 2: Virtual work in MNEs changes social capital and due to these changes, a virtual team needs

new competencies and roles on team member and team leader levels and requires the reinterpretation of global management theory.

Hypothesis 3: The combination of trust and internal control is critical for minimizing non-systematic risks. However, trust itself is not enough to compensate the impact of virtuality on collaboration.

Hypothesis 4: Psychological empowerment with its predictors is one of the most significant mediators of collaboration in a virtual team.

Hypothesis 5: The organizational mission statement may support the development of socialization in the virtual organization for the formulation of social identity and company culture on both individual and collective levels.

5. Papers included and results

The dissertation presents five publications which contributed to the formulation of the new conceptual model of collaboration in a multicultural virtual team. The papers build on each other and learning one paper

may influence the starting point for the next one. The reader can see them as one narrative to describe the change of social capital in a virtual team. Obviously, each paper is an independent publication, and all of them have a concrete aim and a well-defined problem territory is targeted by them.

In the first paper, 'Understanding the human capital development: diversification of multinational enterprises' (2019) we investigate the impact of globalization on international enterprises and their risk management: MNEs mitigate their operation risk by entering a new market, but simultaneously increase their country risk coming from the low awareness of the different cultures of the markets. Globalization has a significant impact on human capital as working for multicultural MNEs requires different knowledge and skills. While the cost of the production of the internationally active enterprises decreased, at the same time, the systematic risk increased (Causevic, 2017). Based on the literature review we provide an overview of the main challenges of knowledge sharing and trust

in this multicultural environment. We concluded that the benefits of international portfolio diversification are intelligible, but on the other hand, the effect on the human capital is not unequivocally.

The cooperation of multicultural teams is an organic phenomenon of globalized work but the multicultural team ill-functioning without trust. In the absence of trust, dialog and community of practice are ponderous. Nevertheless, when two cultures meet, the distrust is an involuntary reaction. As far as Nicolescu (2014) concerns, neither the intercultural nor the multicultural do not assure communication between all cultures, but they certainly contributed to steps toward the act of transcultural communication.

To operate on the foreign market means a significant risk (cultural differences, asymmetric information between domestic and foreign-based labor, lack of transparency, foreign exchange risks, political risks, corporate governance differences). However, to minimize the cost of capital and systematic risk, to maximize the market access and to achieve diverse

global human capital mean an enormous advantage for multinational enterprises compare to the local one. Our conclusion was that as each foreign country has a unique culture, history, and the institutional practice is different, the multinational management requires an understanding of these differences. The limited knowledge of the decision makers influences cooperation and creates a high risk of the operation. The cultural understanding and connection are crucial for knowledge management, especially how produced and how to keep within the organization, reflects the importance of trust.

The second paper of the dissertation, the 'Cluster organization: We do not know where we play' (2020) deals with the definition problem of virtual teams. Very limited study investigates the concept of a virtual team, and the definition of a virtual team is not clear. This gap motivates us to step here and prepare a conceptualization of the (regional) virtual teams based on a comprehensive literature review. Scholars appointed this literature gap related to the structural

dimension of social capital, but – since the formulation of virtual teams is an ongoing process – there is no clear definition of this operational form. Based on a systematic literature review we collect and structure the cluster operational models as a manifestation of the regional, cross-cultural virtual teams. We created a three dimension-based conceptual model of these organizational forms based on Time frame, Territory and Way of collaboration. The application of this three-dimensional model helped to classify the virtual teams examined in the publications. This precise model of the regional virtual team archetypes contributed to re-structuring the current literature and helped to define new knowledge gaps for further research. Beyond the academic level, it may help practitioners to better understand reality. We applied this systematic literature review to define the literature gap for the next step in our journey: the concepts of virtual team collaboration, trust and controls.

As we explained earlier, MNEs' virtual team is a culturally diverse team, but empirical studies do not

confirm this diversity on the different levels of the organizational hierarchy. Built on this literature gap we prepared a data analysis to confirm this preposition.

The third paper of the dissertation, 'Does trust matter? The role of trust in collaboration in virtual teams' (2020) targets a great territory of the knowledge gap to investigate how the structural and relational dimension of social capital change in a virtual team, and how MNE can mitigate the operational risk resulting from these changes. Can trust or control contribute to this mitigation? The first part of the paper confirms the structural change and diversity of the virtual team by the analysis of employee data of MNE. The second part of the paper investigates the role of trust and internal control and their impact in a virtual organization. Literature discusses different ways to conceptualize and measure trust in a virtual team, but currently we did not find an empirical study about the trust and control in a virtual team. We targeted this literate gap as a next step in the formulation of the conceptual model. The aim was to measure which part of the processes and

behaviors are covered by internal control and define the gap for un-regulated components of processes where trust exclusively leads the behavior of the team members.

The result of the statistical analysis shows that a virtual team requires new competencies and behavior, especially in the leader and follower relation. Trust is an important element of successful collaboration, but we have to go beyond trust to compensate for all the changes of social capital. Empowerment seemed to be a good direction to answer these challenges.

The fourth paper, 'Predictors of Psychological Empowerment in Global Virtual Team: Psychological Climate, Sense of Community, and office presence' (2022) utilized the result of the previous paper and narrowed down the catalysts of collaboration and knowledge sharing to psychological empowerment. Our starting point was that the most effective way to streamline all processes is to give the right level of autonomy to each level of the virtual team, which improves effectiveness, increases competitiveness and

– from employees' perspective – motivates employees and contributes to their job satisfaction and supports employee retention. Since virtual work is associated with isolation which may threaten the catalysts of empowerment, we investigated this domain holistically, including psychological climate, sense of community and seniority. This paper is unique from a methodological point of view as we divided the study group to fully virtual and partially virtual participants. Empowerment did not replace trust in our research, rather we built on our results related to our further trust research, since trust is a mediator and catalyst for empowerment. Since the individual was the subject of our investigations in this phase of the research, we narrowed our topic down to psychological empowerment, which examines the individual's perception of empowerment. It is important to see empowerment in a wider context and reiterate that psychological empowerment describes the ability of the individual to influence their environment. It is a multidimensional phenomenon, and – beyond trust –

sense of communities and psychological climate catalyze and predict it in virtual teams. Our regression model demonstrates that - similar to the face-to-face teams – psychological empowerment showed a high correlation with sense of communities and psychological climate. Our hypothesis was confirmed that each component of psychological empowerment is high in a virtual team and is an important predictor of the successful collaboration in a virtual team. The strong co-dependency shows that the change of any component of the model can move all other components to a positive or a negative direction. The correlation analysis of the quantitative research confirmed that virtuality and remote working influence all levels of the organizational hierarchy, as the change of social capital affects the entire team. These results referred back to the previous learning, that virtual team requires (more than in the face-to-face team) particular competencies on all levels of the organization. It underpinned the importance of recruitment in a virtual team and the search for these competencies during the

selection of team members and leaders. The role of the leader is transformed in a virtual environment to mentoring team members with the right level of autonomy.

Indeed, isolation is one of the biggest risks of collaboration in a virtual team, and is a fundamental part of this phenomenon, but our result confirmed that a meaningful job, recognition, right engagement, clear roles and the adapted leadership can compensate for the potential impact of this disadvantage. This research answers the dilemmas of scientists and practitioners, whether exclusively remote work and fully virtual teams could be as effective as hybrid teams. In terms of empowerment, our statistical analysis demonstrated that there is no significant difference between the perceptions of fully virtual teams and hybrid teams.

The fifth paper,) 'Role of mission statement in creating collective identity and embedding trust and collaboration in organizational narrative' (2022) focuses on the cognitive dimension of social capital. Social narrative is interesting from two points of view.

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The first reason is that social narrative is a tool to influence collective beliefs and values in the organization and a critical contributor to the company culture formulation. Secondly, social narrative is the leading element of cognitive social capital.

As discussed earlier the cognitive dimension of social capital is specified in the vision or the collective goals of the organization via shared narrative. Our starting point was Luhman's social system theory (1995), which defined the social system as a self-producing or autopoietic system of communications, where the persons or groups influence each other via their narratives. Shiller (2021) steps further and he speaks about narrative economy where the narratives have fundamental impacts on actors' behavior and economy. Social narrative is a rising territory of science, which evaluates the impact on the mind-set and behavior of individuals and teams. Our research question was, how the mission and vision statement of MNEs can fulfill this function and create a memorable, credible story about team values and influence common beliefs and

culture. We used the method of the social narrative theory to understand how communication creates a cohesion in the social identity of a virtual team.

We analyzed (qualitative research) companies' mission and vision statements to evaluate how these statements contribute to collective identity building, common mind-set, and the common values of the community.

Corporate identity is the self-presentation of an organization (van Riel and Balmer, 1997) and shows a strong interdependence with the self-presentation of individuals. Our research confirmed that the corporate mission statement has an influence on the formulation of corporate identity which directly shapes organizational culture, beliefs, behaviors and values. Our proposal that with the conscious application of the tools of social narrative science, the organizational narrative can create a link between the collective and individual narratives and facilitate the internalization of the expected and preferred values and behaviors. As we confirmed earlier, a meaningful job and strong company mission catalyze the perception of

empowerment in a virtual team. The internalized corporate mission improves employee retention, motivation, employee satisfaction, and emotional connection. Emotional connection confirms collective identity, based on common items such as collective history. Meaningfulness is a moderator of sense of community, which influences psychological empowerment and is interrelated with the cognitive dimension of social capital. Via the controlled mission and vision statement the management can influence the uncontrolled communication of team members, and organizational culture and behavior.

The paper was a pioneer in corporate narrative analysis applying a social narrative analysis method and drawing the attention to a new future research territory.

6. Main finding and comparison of thesis with hypothesis

We confirmed *Hypothesis 1* by a literature review, that the virtual work is a new manifestation of the workplace supported by a notable economic benefit,

represents significant cost reduction and competitive advantage for the enterprises. Virtual work destroys the paradigm of industrial economy, according to which a reserved and separated place (factory, office) is required to reach productive assets in order to work with them. We conclude that geographic diversification is fundamental for MNEs to reduce operational risks and ensure a better access to the human capital, but the lack of awareness of cultural differences may pose a risk to the operation.

With statistical analysis we verified the cultural diversity on the entry level of the organization, as well as the change of the structural dimension and relational dimensions of social capital (*Hypothesis 2*). Correlation analysis confirmed that an employee's position is independent of nationality, location, or the number of employees in countries.

By a literature review we investigated the levels of coexistence of different cultures: inter-, multi-, cross- and transculturalism. The conclusion is that all team members must be aware of cultural differences and the

threat on collaboration and trust. Cultural awareness is one of the most important competencies for experts in MNE.

Hypothesis 3 was investigated by a quantitative method, and the correlation analysis proved that internal control regulates all processes that we define as well-structured (finance, operation, logistics etc.). Internal control cannot regulate the ill-structured processes (human behaviour). Trust is strongly linked to human behaviour, and is irreplaceable by control. It makes organizations vulnerable, as collaboration and knowledge sharing closely belong to the individuals' decision. Build on the result of the correlation analysis we conclude, that trust is an important element of collaboration, but we have to go beyond trust to compensate for all the changes of social capital. This research highlighted that virtual work is associated with isolation where the trust alone is not enough to describe the leader-follower relations.

Our *Hypothesis 4* was that robust empowerment provided for team members to make decisions that

affect organizational outcomes, is one of the required behaviours in virtual team. The result of our quantitative research on psychological empowerment and its predictors (psychological climate and sense of community) showed a high level of empowerment in virtual team, and a high co-dependency of the predictors. The regression model confirmed *Hypothesis 4*, that the lowest possible level of decision-making authority contributes to the effectiveness and collaboration in a virtual team. According to the result, the main component of the psychological empowerment and its predictors such as job meaningfulness, recognition, role clarity, civility, and the situation-adapted leader-follower relationship are able to compensate social isolation.

The last research hypothesis dealt with the cognitive dimension of social capital. We found that the company mission and vision are a catalyst of building a common corporate identity in a virtual team, which serves collaboration and collective values in a virtual workplace (*Hypothesis 5*). The corporate mission

statement has an influence on the formulation of corporate identity which directly shapes organizational culture, beliefs, behaviours and values. The organizational narrative can create a link between the collective and individual narratives and helps the internalization of values.

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