

PREREQUISITES FOR CREATING EFFICIENT VIRTUAL TEAMS IN BANKING INDUSTRY

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Abstract

In today's rapidly changing global economy organizations, including banks, should create virtual teams of competitive advantage using best specialists in field and to be closer to the customer, fulfil customer's wishes faster and at a higher quality.

The aim of this paper is to improve knowledge about the prerequisites for effective virtual team creation in banking industry.

Methodology used by the author is based on a literature review and interviews with experts and practitioners in the field. The paper has identified and discussed the prerequisites for taking decision on using or setting up a virtual team in the bank. The paper type is a case study.

The banks could use this paper to understand what the prerequisites to create virtual teams are. It will be easier for the banks to come to a decision to use virtual teams.

Originality and innovation aspect here is looking into banking industry possibility to get better quality of their work, be faster competitors and save financial resources.

Keywords: virtual teams, team management, virtual management, banking industry, process re-engineering, prerequisites.

1. INTRODUCTION

We used to work together, live together and to socialise together. Now we work across different offices, floors, buildings, businesses and even continents. The big question today is no longer "Am I in a virtual team?" "so much as "How virtual am I?"

Most of banks in Northern Europe are very conservative, they work with old methods; they accept the new organizational methods' and process re-engineering in banking industry very slowly. Knowledge-based networked economy and the flattening of organizational structures has accelerated the need for companies to coordinate activities that span geographical, cultural, temporal, as well as organizational boundaries (Kedia and Mukherjee, 2009; Purvanova and Bono, 2009).

Virtual teams in organizational structure are the present and could be a future for many of Northern Europe banks. What are the prerequisites to implement or use the virtual teams in structure? - these are the questions what author finds out in a research to give a driver to bank's managers to start thinking this why.

Mostly virtual teams are used for new product development, strategic planning review, and customer support purpose (Rosen, Furst, Blackburn, 2006). The bank's using virtual teams could be more competitive and innovative in new product development, customer support and business process management.

The aim of this Paper is to improve knowledge about the prerequisites for creation of effective virtual team in the banking industry.

The main tasks are:

- to study the prerequisites for an implementation of virtual team in the organization available in literature;
- to collect the virtual team theory from previous researches and to give a new view;
- to research the prerequisites affecting virtual team managing and implementation in Northern Europe banking industry;
- to find out the main prerequisites for effective virtual team implementation in banks.

Research object is the banks in Northern Europe.

First of all author collects theory about virtual teams, analyses literature and previous researches about factors affecting effective virtual team implementation. There is a growing amount of researches on virtual team factors that facilitate effective virtual team work. Researches in financial and banking industry are insufficient. Originality, innovation aspect here is looking into the possibility for banking industry to get better quality of their work, be faster as competitors and to save the financial resources.

Multinational organizations often employ virtual teams to take advantage of globally dispersed knowledge and innovation resources, and successfully enabled coordinate, and facilitate strategic activities that, in turn, improve flexibility and market responsiveness (Lagerstrom and Andersson, 2003; Lunnan and Barth, 2003).

As the result the author raises hypothesis to approve the main prerequisites affecting virtual team implementation in banking industry and develops questions for virtual team managers in banking industry to understand why they use a virtual team concept, what are the main challenges and what are the benefits from usage of virtual teams.

Interviews are the best way to make empirical study about virtual team managing process. Interviews help to communicate and to receive the necessary information and to receive the best feedback about specialists' experience in unrestrained manner.

The research novelty is to provide practical appliances for banks' leaders and senior management giving insight in different factors to be considered before making decision on implementation of virtual team in bank's process management. Research finds out that prerequisites are different and future research is needed to understand cultural differences regarding communication technology usage skills and people readiness to work virtually.

Implementing virtual team working in organisation need to be considered as a business initiative and not a technology, IT initiative. Success in implementing virtual team working is more about processes and people than about technology.

Virtual teams provide cost saving on travelling, and at the same time the organization will join a carbon-neutral team, making its own contribution to fighting global warming and being environmentally friendly. It could even become a part of their marketing strategy.

Cost saving is only one of the virtual team advantages. What is the virtual team? There are quite many definitions in literature.

2. VIRTUAL TEAMS

Stough, Eom and Buckenmyer (2000) stress that the concept of teams and teamwork is increasingly becoming an important key to productivity and employee satisfaction in the contemporary workplace. One of the ways innovative ways of using teams is the virtual corporations.

As defined by Jarvenpaa and Leidner (1999), virtual team is a "temporary, culturally diverse, geographically dispersed, electronically communicating work-groups of members who think and act in concert within the diversity of the global environment".

As defined by Bredin (1996) virtual teams are typically equipped with some combination of technology that enables information workers to re-create the support services of the traditional offices.

According to Ratchevva and Vyakarnam (2001), a virtual team is seen as a pool of experts that temporarily band together to tackle some customer or organisational need.

While according to Horwith, Bravington and Silvis (2006), virtual teams are groups of people working on interdependent tasks, geographically distributed, conduct their core work mainly through an electronic medium and share responsibility for team outcome.

Meanwhile Lipnack and Stamp (2000) consider that virtual teams are groups of people working interdependently with a shared purpose: across space, time and organization boundaries using technology.

According to Malhotra et al. (2007), virtual teams are groups of geographically and/or organizationally dispersed co-workers that are assembled using a combination of telecommunications and information technologies to accomplish an organizational task.

In the works by Byrne(1993) defined a virtual corporation as "a temporary network of independent companies – suppliers, customers, even erstwhile rivals- linked by information technology to share skills, costs, and access to one another's markets".

Taking into consideration the definitions given above, the following chapter summarizes the main advantages of a virtual team.

2.1 Main advantages of virtual team

Reduce travel cost and reduction in face-to-face meeting time also reduces the level of disruption to every day office life (Opper and Fresko-Weiss, 1992).

Virtual teams enable recruiting the most talented employees in the field. A virtual employee can easily serve on multiple teams, geographical location is no longer a criterion for team membership. Flexibility of this type allows an organization to maximize its human resources by allowing team members with particular skills to serve on several teams concurrently (Hertel, Konradt, and Orlikowski, 2004).

Diversity helps engender creativity and originality among virtual team members. Virtual teams are much more powerful and effective structures compared to traditional team structures influenced by time and place and it gives an increase of productivity.

New ways of enhance customer service, better access to global markets and environmental benefits (Cascio, 2000).

Virtual teams discourage age and race discrimination because the performance management of employees is primarily based on their productivity as opposed to other attributes. It promotes equity among employees (Bergiel et al., 2008).

Peters (1992), Steward (1994); Mowshowitz (1997) and Snow (et al., 1996) claims that the benefits associated with virtual teams are such as flexibility, responsiveness, lower costs, and improved resource utilisation necessary to meet every changing task requirements in highly turbulent and dynamic global business environment.

Those factors are very important for the banking industry. Banks must be faster, be closer to the customer, be more resource-effective and ensure the best service to its customers.

Of course, there are also disadvantages – setup, maintenance, training costs, and potential cross-cultural difficulties in team interaction, feelings of isolation and lack of trust. (Cascio, 2000)

Banking industry is changing continuously today. Most of the banks do re-engineer processes with a different methodologies (Lean, Benchmarking, Total quality management, etc.), including virtual teams as a tool for improvement of business process outcome.

2.2 Business process re-engineering in banking industry

There are two ways how to build virtual teams in banking industry: building a brand-new team or integrating new members into an established team. Leaders function is to develop these individuals into a coherent and well-integrated work unit (Kozlowski, Gully, Salas, and Cannon-Bowers, 1996).

Retail banking currently being directed at customer retention in the quest for greater profitability (Roth and Van der Velde, 1991; Rust and Zahrik, 1993).

Most of the banks today make improvements in service quality, customer satisfaction, and corporate profitability and they reach it with business process re-engineering.

Majority of bank process re-engineering is limited to single processes rather than corporate transformation (Newman, Cowling, Leigh, 1998).

The evidence indicates that two different strategies are being pursued: one is emphasis on cost cutting, the other emphasis on service quality, relationship marketing and customer satisfaction (Brent and Finegold, 1996).

According to Bowen and Schneider (1985), the good quality of service which generates customer satisfaction and retention is relationship between customer satisfaction and staff attitudes.

Financial services main motivator for changes is enthusiasm of the CEO and senior management next is competitive pressure to reduce cost and customer demand for quality (Survey in 1994, McCabe et al., 1997).

Are those motivators also important today? It is the question for this survey.

If an organization or bank decides to change processes with corporate transformation (virtual teams), it requires a holistic and strategic approach to human resources, training and development, management structure and definition of core processes. Corporate transformation entails change in mindset, beliefs and values of organization (Newman, Cowling, Leigh, 1998).

Newman, Cowling, Leigh (1998) find the key weaknesses in terms of structure, operations, management and marketing. From these findings, poor distribution network and customer service and service quality are the areas that can be improved by introducing virtual branches or teams in financial sector. A high level analysis of banking processes identified the core business processes and each of the teams that was served

those processes was supported by an external consultant who acted as a personal coach and advisor to the team and to employees who have been given new skills in core business process execution (Newman, Cowling and Leigh, 1998).

Today's technological developments allow us to reach the aim of building the expertise and skills in order to serve customers' needs better than the competitors. It means using the staff that we could find not only in organization's place of establishment or country, but also abroad. Most of organizations are taking personal responsibility for career development: a bank would now actively encourage and support its staff to take responsibility for their own career planning, skill development, and employability.

Next step is teamwork strengthening- it is seen to be the key to ensure that all streams worked together to deliver for the customer rather than creating internal rivalry.

Everyone must work professionally, fast and error-free. These standards of behaviour projecting a caring, helpful and professional image together with improved communication with customers were expected to help to build customer relationships. Virtual branches are teams of experts and they work together for one target, aim, it is a way to reach standards of preferable behaviour, quality. Service quality is consistently meeting or exceeding customer expectations at a price which is acceptable to customers and at a return which is acceptable to the organization.

As a service quality and satisfied customer is a priority for most of the banks, banks should know and take into account the prerequisites for virtual team implementation before re-engineering of their internal processes.

2.3 Prerequisites for virtual team implementation

What do we need to implement a virtual team? What are the tasks to be done in the preparation phase? To start process implementation in organization you should:

- Obtain top management support- decision to implement virtual teams usually are determined by strategic factors such as mergers, increase of the market span, cost reductions, flexibility and reactivity to the market, etc.(Hertel, Geister and Konradt, 2005).
- Evaluate and redesign processes- examine existing process and implement new performance monitoring management scheme. The first of all it is careful planning. The initial task during the implementation of a team is to define and pinpoint the general purpose of the team together with the determination of the level of "virtuality" that might be appropriate to achieve various goals. (Hertel et al., 2005).
- Team establishment- specify objectives, common purpose for team, but also each team needs to create and validate its own rules, training programmes, identify responsibility for each.
- Process management- documentation for all processes and being prepared for loss in performance. If a bank chooses virtual team concept not for their talents, but for reducing costs, for effectiveness in flexible working hours, then development of recruiting and personal selection procedures is necessary. Procedures need to have a good balance of technical and interpersonal skills.
- Society - new delivery channels and new means of fostering long-term customer relationships may prove critical for success in the financial services industry. Today's society is internet user's society. Hagel and Armstrong (1997) in their book put forward the proposition that virtual communities are the first serious value- creation models for the Internet owing to the way in which they combine content and communication. People who use internet and share a common bond through internet are called "virtual communities". Consequently, there is a community that is ready to work on their own and communicate through communication tools over a distance. A virtual community may create value by "selling" customers to each other- or making their part of the product or service. Virtually people provide information about their jobs, about their feelings about their possibilities and it also could be a way how we provide information to our peers that we are working at home, at the beach, on a trip. We are then truly working in virtual teams.

It is important to assess the prerequisites before virtual team implementation, considering also that the virtual teams should work effectively and achieve the organizational goals. What are the factors for creation of effective virtual team?

2.4 Effective virtual teams

Virtual teams are communication challenged, culturally challenged and task challenged (Malhotra, 2003). It suggests that efficiencies are achievable when operating in this manner though not without difficulties.

For creating a new model for virtual team working, the Author determined common critical aspects identified from the literature review. These are:

- **Setting goals and objectives for the team**

According to Cascio (2000), business reasons for virtual teams are reduced workspace costs, increased productivity, new ways of enhancing customer service, better access to global markets and environmental benefits.

Some find this business practice negative if cost savings is the only reason for the implementation of the virtual team (Robertson, 2006).

Horwitz, Bravington and Silvis (2006) researched what virtual teams must do to be sure that a team ensures a successful start:

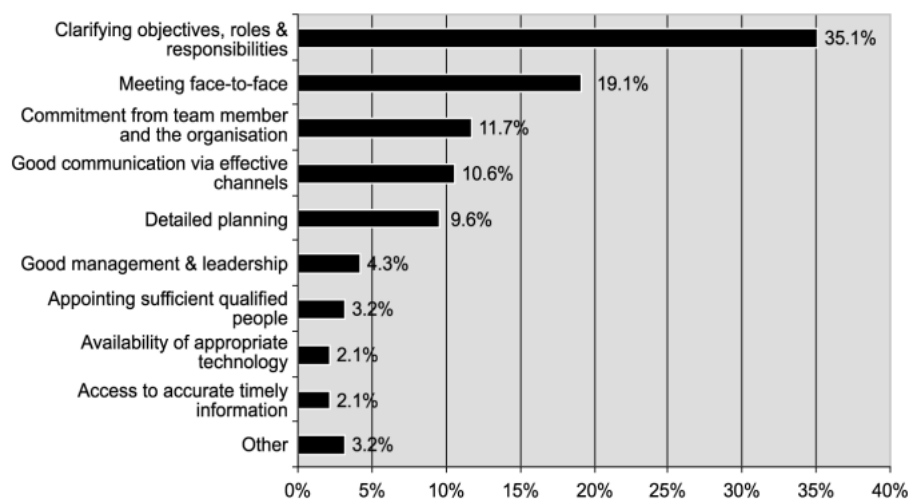


Figure 1. Requirements for a successful start

Source: Horwitz, Bravington, Silvis (2006), page 483

Managers should provide their employees clear objectives, roles and responsibilities. Then the possibility to meet colleagues face to face comes - it helps to build relationships that are essential in the success of any team, but especially in virtual teams (see Figure 1).

- **Finding the right people**

DeLisser (1999) found in his research that the ability to work in virtual teams has started to play a big role in the recruitment and retention of employees.

People should be extremely “people-oriented”, going the extra mile to form a good relationship with their virtual colleagues and understand the possible impact that their actions may have on someone they rarely, if ever, see. Team members and leaders should have very effective communication skills.

For some individuals working at home is a terrific option. The people working virtually have no need for an office or a parking space, air pollution and traffic congestion are reduced. Others worry that they will miss interaction with their colleagues, and they worry about lack of individual recognition, celebration of team accomplishments, lack of project visibility, the constraints of technology and lack of trust. But despite some of the potential pitfalls for virtual teams, the research data reveal that the benefits of virtual team phenomenon ultimately outweigh the pitfalls (Robertson, 2006).

Hunsaker P. and J. (2008) claim that virtual teams allow organizations to access the most qualified individuals for a particular job regardless of their location, enable organizations to respond faster to increase competition, and provide greater flexibility to individuals working from home or on the road.

- **Leadership and team member roles in team building**

Leaders should select key personnel, designing tasks, setting up an appropriate reward system. Selection of pertinent technology is the other important leadership responsibilities at the beginning stage (Hertel et al., 2005).

Leaders must remember that team members are not “human doings” but “human beings”, it often results in them actually delaying the work flow. People are not “owned” by a business, they are participants in the business. The successful virtual team leader balances people, tasks and technology and recognises that they are different but equal.

Members of virtual teams may be scattered across the globe (e.g. Montoya-Weiss, Massey, and Song, 2001; Schweitzer and Duxbury, 2010), located in different time zones and may belong to totally different cultures (Martins, Gilson, and Maynard, 2004). Such characteristics pose serious challenges to manage virtual teams effectively. Managers need to build trust, shared identity, build system how to effectively provide flow of knowledge/ information among the virtual team members may become extremely difficult and complicated (Kerber and Buono, 2004; Konradt and Hoch, 2007).

According to Cascio (2000), the managers with results- oriented management style, which need structure and control are unlikely to be effective managers in virtual –work environments. Hence a new forms of organisational governance may become more pertinent (Morris,2004, p. 264) and as with every team, good management and leadership are essential. Davison, Hambrick, Snell and Snow (1996) identified different leadership styles that are needed at different stages in the virtual team lifecycle. These are: the advocate (prior to team formation), the catalyst (as the team evolves) and finally the integrator (as the team matures).

Appropriate selection of technology, and technical and cultural issues which can affect effective communication and relationship building of virtual team;

Choosing the right technology, factors affecting the choice of technology are synchronous and asynchronous activities, levels of virtuality, software compatibility, and others. One of main factors of effective virtual team operations are informational and communication technology and communication quality.

Technology can be liberating in enabling people to work at times and in places of their own choosing. Technology also has enormous potential to transcend geographical, cultural and temporal boundaries and so increase collaboration amongst organization and their members. Yet, at the same time, technology gives to organizations the capability to more closely monitor employee performance (Cartwright, 2003).

Technology infrastructure will facilitate information processing and dissemination, planning and allocating goals, decision-making, and conflict resolution processes (Bell and Kozlowski, 2002). The team members will also need to be able to efficiently utilize them (Mukherjee, Lahiri, Mukherjee,D., Billing, 2012).

- **Using the technology effectively**

Team members need to use the right technologies, not spending hours in order to understand how to use a certain technological tool and finding out what skills are they missing.

Leaders must establish and communicate project mission, priority and success criteria and determine technology requirements- determining what technologies will be used to communicate and what for training, if any, will be required for team members. All technological decisions should be made with cognizance of bank’s policies and technologies regarding security (e.g. firewalls and the ability to communicate outside bank’s networks).

- **Alignment of organisation and team processes**

Requirements for effective virtual teams highlighted in the literature review included delegation of responsibility, decision making and dealing with ambiguity (Kirkman, Rosen, Gibson, Tesluk and McPherson, 2002). Accountability and responsibility were raised as one of the main contributing factors in the form of the importance of commitment to the team success and employee relations.

Turel and Zhang (2010) have drawn attention to the configuration of teams- how the way teams are configured can affect performance outcomes. Team members need to be extroverts and have openness to experience, that means they are required for effective and efficient online asynchronous, text-based interactions that may be emphasised in such settings (Balthazard, Potter and Warren, 2002). At the same time, personality characteristics that are relevant in face-to-face situations may be negated by the virtual environment. For example, introvert people are more likely to participate in online discussions than in face –to- face ones (Townsend, DeMarie and Hendrickson, 1998).

- **Performance measures and rewards for virtual teams**

Joinson (2002) observes that managers have to give more support and positive messages when working virtually. Casio (2000) considered that a challenge in virtual team management is performance management, requiring manager do three things well: define, facilitate, and encourage performance. It is more difficult to coach and advise, assess training needs and give feedback to team members who are not in view. Virtual managers should set up a system where all employees know what is expected from them, how they will be

assessed, how their productivity will be measured, how they will be rewarded, and the rewarding needs to be equal and fair.

- **Virtual team facilitators**

The organization of the way the teams work appears to be a continuous and evolving process throughout the life of the partnerships without clear boundaries between different roles, decision –making responsibilities and communication rules. As there were no observed levels of authorities, an initial assumption was that specific communication and coordination patterns link different team members and diminish the need of authority exercise (Ratcheva and Vyakarnam, 2001).

Team leaders need to periodically examine how well the team is functioning. Early detection of problems, combined with early correction will not only save time but also money. Effective team leaders should demonstrate the capability to deal with paradoxical situations and contributions by performing multiple leadership roles simultaneously (Kayworth and Leidner, 2002). Facilitate all processes in virtual team's means that virtual team leaders should support and motivate individual team members actively to ensure their participation. Virtual team leaders must actively manage the combination of team member knowledge, background and work process familiarity to ensure project success.

- **Security issues**

Working in virtual teams increases chance of proprietary information falling into the wrong hands. People also tend to be more lax about security measures in the home office because they do not think about security (Bredin, 1996).

However, the security of a traditional office is sometimes overestimated. Virtual teams can have an infinite number of participants. Virtual teams enable the members to keep their participation anonymous, because it can be also designed to conceal the identities of those involved in the virtual team and even to conceal the existence of the team itself. A traditional team may be more vulnerable to security problems as it is based on face to face meetings.

If you are working virtually at home, your obligation as an employee is to follow the same security rules when you are telecommuting that you follow when you are in the office. Your software lock must be placed on the system whenever it is left unattended, change your password frequently, encrypt the data, embody in contract a clause on who is the responsible if there is a security breach, etc.

- **Having appropriate guidelines and structure for effective virtual meetings**

Virtual teams do not have the frequency of synchronous real-time communication characteristic of traditional team structure. Anderson, McEwan, Bal and Carletta, (2007) suggested that the “effective use of communication, especially during the early stages of the team’s development, plays an equally important role in gaining and maintaining trust”. Team members must be cognizant of the importance of providing timely accounts of work deliverables and offer feedback on the contributions of other members. Leaders of virtual teams must work cooperatively with their team members and establish strict guidelines concerning not only “what” and “when” to communicate but also “how” to communicate (Ojala, 2004). Daily communication between a team leader and individual team members is the glue that holds a virtual team together (Bergiel et al., 2008).

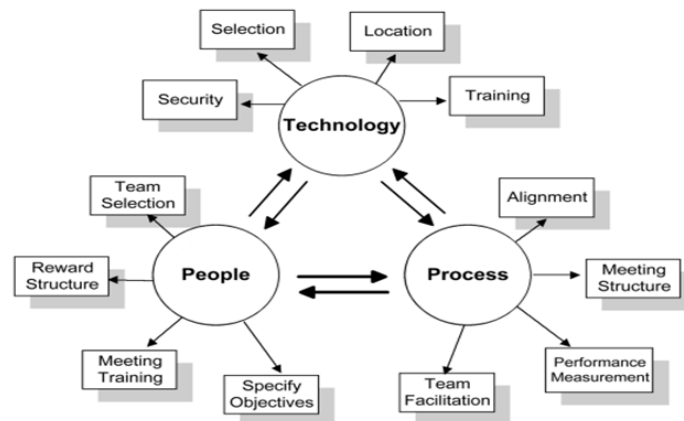
Since developing an effective meeting agenda involves mapping the technology to achieve what the meeting is to accomplish, therefore it is necessary to match the technology used to the purpose of the meeting. Technology used depends on the level of interaction required in a meeting, and the level of interaction depends on what is to be achieved (output) in a meeting – a business decision, a document, new product design and so on (Bal and Teo, 2001).

Bal and Gundry (1999) included the same factors for effective virtual team creation- organization/ bank should specify objectives; align processes; measure performance; reward and facilitate team members, measure security (see Model 1).

Effective virtual team introduction in existing bank structure is a complicated process. First of all, a bank should be ready to re-engineer processes and top managers should be ready to support this process. Main factors for effective virtual team work are the possibility to find the right people or employees, obtain and set up the right technology. The bank should have all IT technologies and procedures for safe and secure work from home, as well as performance measures and rewards system should be elaborated.

H1: Prerequisites such as technology, adequate employees, and security and performance measurement system are the main factors for effective introduction of virtual teams in the banking industry.

The hypothesis raises four factors as the prerequisites for the possibility to implement virtual teams in the banking industry, but there also theory according to which challenges are identified that a virtual team employees are faced with.



Source: Bal and Gundry (1999)

Model 1. New model for effective virtual teamworking

Source: Bal and Teo(2001), page 278

3. CHALLENGES

The financial institution using virtual teams should take into account challenges (Jarvenpaa, 1998; Kitchen and McDougall, 1999; Lipnack and Stamps, 2000; Robey et al., 2000; Warkentin, Sayeed and Hightower, 1999):

- Trust

Building trust is a major factor of team success. Trust is negatively influenced by time, distance, culturally diverse and globally spanning members and the reliance on computer mediated technology (Meyerson et al., 1990, as cited by Jarvenpaa, 1998).

Most of organizations choose to introduce virtual teams to take advantage of “just-in-time” talent. But it is a challenge for virtual team leaders to work with team members with vastly differing levels of trust, expectations, experiences, cultures and personalities can clash.

Leaders should ensure there is trust among virtual team members. Building trust requires regular face-to-face interaction, the very activity the virtual form eliminates. A lack of trust can undermine measures taken to ensure successful virtual work arrangements.

- Communication

Communication as a challenge in virtual teams is the lack of non-verbal cues, the inability to take advantage of incidental meetings and learning, difficulty engaging in spontaneous communication, and insufficient attention to socio-emotional issues (Hron, Hesse, Cress and Giovis, 2000; Jarveenpaa, 1998; Lipnack and Stamp, 2000; Warkentin et al., 1999). Virtual team members may fail in their attention to the emotional aspects of the environment. Chung (1999) and Lipnack and Stamp (2000) suggested to develop communication rules, prompts. Lipnack and Stamps (2000) and Robey et al.(2000) recommended that teams will meet face to face whenever possible.

What to do?- create face time- physical face time, set goals and expectations; provide ongoing feedback; define clear roles and share with all team members; foster cultural understanding.

- Deadlines

Virtual team leaders need to closely monitor any changes in environmental conditions. Because virtual team members are distributed, they are less aware of the broader situation and the dynamics of the overall team environment. So, as external conditions change, such as modified task specifications, a new deadline, or changes in the team’s goals, leaders need to facilitate adaptive and appropriate changes within their team (Hunsaker and Hunsaker, 2008).

Deadline is very necessary for the team synergy. Synergy awareness is an understanding of how the activities of others, provide the context for your own activity (Dourish and Bellotti, 1992). Awareness deficits can create problems for team synergy and effectiveness (Jang et al., 2000). Without deadline,

common awareness deficits are lack of awareness regarding each other's availability, no knowledge of colleagues' key task requirements and lack of knowledge about how team members felt about an idea or suggestion. Sharing this information is continuous communication.

○ Team cohesiveness

Team cohesiveness is performance management and team development (Bell and Kozlowski, 2002). The ability of leaders to monitor team member performance and to implement solutions to work problems is severely restricted by the lack of face-to-face contact within these teams. Also performing mentoring; coaching and developmental functions are difficult to manage. One of the suggestions is making teams more self-managing teams (Manz and Sims, 1987). Leaders will need to implement a system in which team members will be able to regulate their own performance as a team (Kozlowski et al., 1996). It is clear direction and goals that enhance individual self-regulation and enable team members to monitor their own performance, gather their own feedback, and evaluate their own performance (Kozlowski, 1998; Smith, Ford, and Kozlowski, 1997). Leaders set rules and guidelines that specify appropriate team member behaviour- communication rules.

According to the literature reviewed, there are different prerequisites and challenges in connection with a virtual team introduction in the banking industry. The main prerequisites are included in the hypothesis. What methodology is used to prove the hypothesis?

4. METHODOLOGY

The hypothesis must approve or rebut key factors which to take into account when implementing virtual team in a bank.

These factors are suitable technology, adequate employees, and data security and performance measurement system. Banks must be sure that they have or will have suitable technology, have or will find adequate employees, have or will have the best data security system, and have or will obtain or develop excellent performance measurement system.

Individual interviews are used to prove the hypothesis. Interviews are the way how to receive information and get additional information if it will be necessary by the time the interview is held.

Respondents were the following – Contact Centre managers in banking industry from Estonia (2 years experience), Lithuania (no experience), and Finland (no experience) and project manager from Latvia (4 years experience) and Denmark (2 years experience). Project manager from Denmark is managing a team in India. The project manager manages the team by distance or manages a virtual team responsible for different document updating, checking, error correction. Latvian project manager manages teams in the Baltics and Sweden responsible for payment back office duties.

Interview lasts 30 minutes for each interviewer. Interviews were conducted by telephone.

The survey included questions needed for the validation of the research hypothesis.

Questions to respondents are open-ended and qualitative and every answer is unique. To obtain explanatory data on problems encountered and better learn how respondents attempted to remedy them and share experience of important aspects of virtual team effectiveness.

Respondents were asked to evaluate- what is the main factor for virtual team implementation in a bank.

Factors raised were- availability of technology, employees' availability, possibility to ensure data security, good employee's performance measurement system bringing the highest quality, profit and innovation as a result of the job.

Interview questions were divided into 4 parts and their aim were to receive a broader view on most important factors in virtual team implementation in the banking industry (see Table 1).

What are the main prerequisites to decide to implement virtual teams in bank or in the department?

Table 1

Study case questions for respondents

Questions about technology	Questions about people	Questions about data security	Questions about performance measure process
Are you using latest communication technologies to	What was the reason to introduce virtual teams? What kind of teams those	How do you ensure data security in virtual teams? What level of management	How do you measure employee performance in virtual teams?

<p>communicate with your employees? What kind of communication tools do you use? What tool do you use in which situation? To what extent are these communication tools sufficient to regularly communicate with employees over a distance? How often do you use these tools to communicate with employees? What would you suggest to improve in regard to communication tools available to your team or department? What kind of communication problems have you encountered the most?</p>	<p>are? What is the target or purpose of these teams? How fast did you find people ready to work from distance or virtually? What kind of employees are in virtual teams - internal or external, from other organizations? How did you prepare employees for this work? What kind of training did you offer for these employees? What were the main challenges in team implementation process? How often do you meet face-to-face with these team members? What would you suggest to change in virtual team implementation process?</p>	<p>is required to be involved in implementing virtual teams? What kind of additional costs was required for safety assurance?</p>	<p>How effective or lucrative is job performance in virtual teams? What kind of specialists are working in virtual teams? How much of those employees have with specialised knowledge in the relevant field? By what percent or amount have you reduced your expenses, since using virtual teams? What are the advantages and disadvantages in managing virtual teams? What kinds of questions are still open or misaligned?</p>
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5. FINDINGS

The author found that the main reason for virtual team implementation in the banking industry is process re-organization that has an impact on cost reduction.

For project managers it means that some of banks processes are taken outside of bank employee's daily responsibility and given to the project group to do. The project manager of Latvia said that the main reason is cost reduction not only in managing level, but also in executive level. Most of executives are employed in places where costs are lower. Estonian virtual teams are using virtual teams to be more flexible in planning the work of full-time employees. Estonian virtual teams assist full-time employees in help hotline for internal customer- to other employees.

Bank's branches in Finland and Lithuania are not using virtual teams for process managing. The reason for this is that no one actively encourages virtual team implementation in the branch.

The prerequisites raised in hypothesis are the following:

- **Available technologies** – in terms of this prerequisite the North European banks do quite well and work very well, actually daily using e-mail or telephone with sharing of the desktop, but for weekly or monthly meetings communication methods are used involving tele presence. The manager from Latvia for daily managing prefers to use communication or telephone. The manager of the virtual team in Estonia prefers to use telephone and e-mail for communication with employees.

Meetings face to face for process manager of Latvia are very important for building trust and the manager tries meeting every employee at least once a month, and once in quarter all directly managed employees meet each other.

- **Employees suitable for work virtually** – this prerequisite is actually quite well achieved, in most of situations employee selections are delegated to outsourced companies and only last few candidates met with direct manager face to face or by tele-presence communication.

The Estonian and Latvian managers argue that at the beginning employees are coming from internal resources through recruitment process. Today all employees are recruited taking into account the specifications to work virtually.

Their main challenge is cultural diversity and possibility for the manager to find the right communication approach. The Danish team manager stresses this argument as the main one for managing a team in India, the same argument was expressed by the Latvian team manager. For example, Swedish people on average find it very difficult to adopt the latest communication facilities, while the Baltic countries are much more open to new communication facilities.

The Estonian team leader said that the main challenge is to get all employees together and arrange meetings for all virtual team members.

According to the managers, employees have been more satisfied with working from home or working at another place but servicing several companies at the same time or having more flexible working hours.

Fundamental obligation of enforcement trainings are provided to an employee in the workplace or through e-meetings or teaching by themselves using presentation in intranet. Special trainings are provided in companies head office or to another place where this training are provided, basically it is outsourced companies that arranged training for capacity-building. Managers recommended arranging meetings with virtual team members at least once a year face-to-face. It will build up trust and commitment with each other, of course, company should reserve budgeted for such meetings.

The Estonian manager met face to face very rarely- once or twice a year. The manager's answer is "We have no need to see them if the work is done and everything is working, because we can share info and get feedback using email, phone and e-meeting program." What about trust building?- trust was and will come, because employees working in those teams are employees who can't work full time for some moment (maternity leave, sickness, etc.). Employees are very satisfied – according to the manager, they said that "it is easier to get started with full-time work when maternity is over and it is a good financial support being on a maternity leave."

- **Data security** – most of managers view this prerequisite as a legal question. And so far claim that employees' fears from legal liability are high and it works. This is an indication that there are no additional costs or safety.

Only the Estonian team members have to install a special security program on their work stations, and license generation process for this security programmes is complex.

- **And performance measurement system-** is the prerequisite that in most of teams is not working, maybe that is the reason why the Lithuanian and Finnish branches are not using virtual teams for bank's process managing.

Virtual teams are measuring each member's job, their KPI (Key performance indicator)- how well each job is done, but there is no measure for all team performance compared to teams working at the same place (face-to-face).

The teams used in this research had no comparison data that could provide an insight into virtual team effectiveness. The main arguments from managers that virtual teams are effective are that virtual employee workstation costs might be cheaper than the office one, that this way of organizing work allows using cheaper employees from different countries, and virtual teams are an opportunity for employees to be more flexible, to work part-time, be more satisfied and bring the company better performance results and more new ideas.

Findings give an initial insight into the main prerequisites raised in the hypothesis. More sophisticated statistical methods and wider statistical information in general will give a more significant contribution in the field.

6. FUTURE RESEARCH

The author would suggest that in future more surveys are carried out to study if those virtual teams in the banking industry are working more effectively than face to face teams. Also a more in-depth research would be needed on cultural differences when working in virtual teams in different countries in the banking industry. What kind of communication is the most effective one? What tools of communication people prefer to use in different countries? What are the possibilities to change these habits? Is it necessary for better performance results? Is the lack of skills to use these communication tools a barrier or resistance to the introduction of a virtual team?

For future researches the author suggests to review the latest scientific publications in a larger extent, in order to find out more prerequisites for effective virtual team implementation and to find answers to the questions raised.

7. CONCLUSION

This research shows that literature provides information on different prerequisites about conditions important for effective virtual team creation, but there are no researches performed about banking industry.

Theory gives quite many definitions about the term - what is a virtual team?

The author provides a new definition for virtual teams taking into account the peculiarities of the banking industry - virtual teams are a group of experts that working geographically distributed, assembled using a combination of telecommunications and information technologies to accomplish an organizational interdependent task and enable organization to respond to be faster to increased competition and provide greater flexibility to individuals working from home or on the way.

The individual interviews help to find out how virtual teams affect the work and managing processes, providing also insight about the main challenges for such kind of organizations.

The aim of this Paper is to improve knowledge about the prerequisites for effective virtual team creation in banking industry and hypothesis is to prove that technologies, security, people and performance are the main prerequisites for banking industry to implement the virtual team.

The hypothesis was partly proven- prerequisites like the technologies and security do not impact the implementation process. But somehow measurement of effectiveness of virtual teams is very important for banks, and is one of the prerequisites in virtual team implementation process.

Bank's top level managers should make calculations regarding team effectiveness, and identify the person interested in virtual team implementation and use of a virtual team in bank's process management.

Readiness of people to work virtually, skills to use communication tools, manager's possibility to manage employees of different cultures are very important for effective virtual team work. The banking industry should take into account the factor regarding the readiness to work virtually on the part of the virtual team manager and also executives. Banks should take into account employee skills already in the recruitment stage and/or organize trainings to improve technology usage skills for existing employees.

Not all virtual team managers have all the necessary knowledge on how to manage these teams. They work by "know-how" and change communication plan with their subordinates when it is necessary and try to find the best way to provide information, to get feedback, to achieve the best performance results.

The aim of the paper was achieved and researchers could take in a view this case study in their future researches. Using the results of this research the banks' top level managers will expand their knowledge about virtual team managing.

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