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MANAGEMENT OF VIRTUAL TEAMS: BEHAVIORAL ASPECTS

Since the announcement of the COVID-19 pandemic, the vast majority of companies have switched their employees to remote work. This has led to a number of problems, both technical and psychological. Technical problems related to online work are accompanied by questionable employee productivity and an unsatisfactory psychological climate in virtual teams.

In order to address these shortcomings of working in virtual teams, the purpose of the article is to systematize employees' feedback on the specific positive and negative aspects of remote work, and to propose effective methods for improving the efficiency of such work, using the principles of behavioral economics already tested in practice.

The paper attempts to describe the importance of a comprehensive approach to evaluating work in virtual teams, which is based not only on the analysis of the effectiveness of such work, but also on the moral and psychological state of the team. It is also shown that behavioral principles (including various motivational tools) should be considered in the management strategy of virtual teams.

The article proposes a comprehensive approach to the management of virtual teams based on the systematization of problems and specific ways to solve them.

As a result of this study, it is proposed to use behavioral science approaches to improve remote work, such as loss aversion, endowment effect, framing effect, priming, and social comparison, which has already proven to be effective to a certain extent. Further studies, taking these aspects into account, will need to be undertaken.

Keywords: remote work, virtual team, communication, team building, incentives, behavioral science.

JEL classification: D03, D21, M31, M37

Introduction and research problem. In early 2020, as pandemic-related lockdowns became common around the world, the vast majority of customer contact organizations were forced to move all or most of their agents to a work-from-home model in a very short time. During only the early part of the coronavirus crisis, about 80 % of global companies had shifted to virtual teams' collaboration. The pandemic has accelerated the trend for increased remote working — with many companies forced to adapt faster than they expected to do. In most cases, virtual teams are more effective in doing their jobs. Despite a fast-changing world, many organizations are applying old performance management strategies which resulted in lower employee's performance and some degree of psychological detachment in the form of social distance and low group identification.

Recent publications analysis. During the past 30 years much more information of the problem of behavioral aspects of work and possible changes to people's behavior was reflected in a large number of studies and books by well-known behavioral scientists such as D. Kahneman, R. Thaler, D. Ariely, R. B. Cialdini, A. J. Clark, and A. Oswald. Problems

of management of purely virtual teams are considered by such researchers as M. Aguayo-Camacho, V. Garro-Abarca, Ch. Lin, Y.-Ch. Liu, S. Morrison-Smith, P. Palos-Sanchez, J. Ruiz, C. Standing, and many others.

Unsolved parts of the problem. The vast majority of researchers concentrate their attention on the technical and organizational problems of managing virtual teams. Technical problems related to online work are accompanied by questionable employee productivity and an unsatisfactory psychological climate in virtual teams. In order to address these shortcomings of working in virtual teams, the purpose of the article is to systematize employees' feedback on the specific positive and negative aspects of remote work, and to propose effective methods for improving the efficiency of such work, using the principles of behavioral economics already tested in practice.

Research goal and questions. The main research goal is to describe the importance of a comprehensive approach to evaluating work in virtual teams, which is based not only on the analysis of the effectiveness of such work, but also on the

moral and psychological state of the team, and on the behavioral characteristics of team members.

Main findings. Multiple comprehensive and independent research surveys conducted on hybrid and remote work, following the widespread availability of vaccines, consistently demonstrate a significant preference for working from home for a substantial portion of respondents. The majority of participants express a strong desire to work from home at least 50 % of the time, while approximately one-fourth to one-third of individuals express a preference for full-time remote work. For example, a Harvard Business School study on remote workers found that (Harvard Business School Online, 2021):

- 27 % hope to work remotely full-time;
- 61 % would like to work 2-3 days a week from home;
- only 18 % want to go back to the office full-time.

A study by the Society for Human Resource Management discovered the following (SHRM, 2021):

- 52 % would like to work from home permanently full-time if herd immunity to COVID is never achieved;
- 34 % would still like to work from home full-time and permanently even if herd immunity was achieved;
- 35 % would accept a reduction in salary to work from home permanently.

Below the table presents a comparison of two more surveys in 2021 — Pulse of the American Worker Survey (Prudential Financial, 2021) and WFA + Remote Work Statistics for 2021: Understanding Remote Work Data (Owl Labs, 2021).

Other important results of these surveys are as follows (Prudential Financial, 2021):

- 68 % perceive a hybrid model of significant remote and in- person work as the ideal model;
- 48 % feel more pressure to be online all the time while working remotely;
- 39 % find it difficult to socialize with co-workers;

- 42 % of workers who plan to leave their current employer would grade their employer’s efforts to maintain culture during the pandemic as a “C” or lower compared to 30 % of all workers.

Finally, the fourth survey of remote workers finds that (Owl Labs, 2021):

- 81 % think their employer will support working from home after the pandemic;
- 74 % would be less likely to leave their employer if offered remote work, and 71 % would be more likely to recommend their company to a friend;
- 23 % of full-time employees would take a pay cut of over 10 % in order to work from home at least some of the time 57 % were not concerned that working remotely would impact their career progression;
- 77 % report that working remotely would make them better able to manage work-life balance;
- 32 % report that training in remote work would make them more effective.

It is noteworthy that according to the last two polls 34 % want resources to help set up a home office, and 33 % want resources to subsidize other remote work expenses (Prudential Financial, 2021), but no more than 25 % of companies pay or share the cost of home office equipment (Owl Labs, 2021).

To sum up, there are some main points from comparison of these three surveys.

1. If the option of working remotely two to three days a week were not available, over two-fifths of employees would consider leaving their current job.
2. Most employees view telework and its flexibility as a significant benefit and are willing to sacrifice a significant portion of their earnings for it.
3. More than two-thirds of employees who worked remotely during the pandemic desire and expect to continue working from home at least half the time or permanently. Additionally, over one-fifth prefer full-time remote work.
4. If they were working from home while their peers were not, over two-fifths of employees, especially younger ones, would feel concerned about their career progress.

Table 1. Comparative Survey Characteristics (2021)

	Comparison parameters	American Worker Survey	Remote Work Statistics
1	Percentage of people who look for another job provided that their company will continue remote work in the long run	42 %	46 %
2	Percentage of people who would like to work remotely at least some of the time	87 %	80 % (three times per week)
3	Percentage of people who do not worry because of their career growth through separated work	50 %	57 %
4	Average load increase	35 %	extra 26 hours each month
5	Percentage of employees who were able to adapt to remote work and consider it more productive	76 %	75 %

Source: based on (Prudential Financial, 2021; Owl Labs, 2021)

5. After the pandemic, more than a quarter of employees, especially those who rate their company cultures as “C” or lower, plan to leave their current job.

6. With the permanent option of telework for two to three days, over three-quarters of employees would experience increased happiness, engagement, willingness to go the extra mile, reduced stress, and improved work-life balance.

7. On average, employees are significantly more productive when working from home.

8. Poor virtual communication and collaboration are reported as the most significant challenges of remote work by over three-fifths of employees, and many express the need for additional training in these areas.

9. Employees require financial support for home offices and equipment, but only up to 25 % of companies have provided such funding thus far.

10. More than half of all employees feel overwhelmed and burnt out and desire fewer meetings.

The problem of remote work was raised by top-managers and global leaders very often during the last years. For example, Elon Musk demanded that all Tesla staff return to the office full-time in June

2022, according to an email sent to executive staff and leaked on social media, Musk said in a tweet that those who do not want to come to office should “pretend to work somewhere else.” Musk wrote in another leaked email that those who work remotely are “phoning it in.” He highlights the importance of being visible and cites his own notoriously long working hours as an example (BBC, 2022). Moreover, Elon Musk says remote work is “morally wrong” and that the “laptop classes are living in la-la land” in May 2023. The 51-year-old provocateur told CNBC that remote workers needed to “get off the goddamn moral high horse.” Musk told Tesla workers last year that they could work in the office full-time or quit (Business Insider, 2023).

Despite Elon Musk’s technical brilliance, his claims regarding poor productivity among remote workers are *simply incorrect*.

We conducted a study to find out what are the main advantages and disadvantages faced by top managers of Ukrainian companies working remotely. And the problem of inefficiency of virtual teams is not even in the first or second place.

Table 2. Survey of Ukrainian business in remote work in 2023

Expert #	The main problems of remote work	The main advantages of remote work	How do you motivate your colleagues to work remotely?	Would you like to continue working remotely when there is no urgent need for it?
1	2	3	4	5
IT, outsourcing				
1	<ol style="list-style-type: none"> 1. Loss of control 2. Issues take much longer to resolve 3. Much more difficult and time-consuming recruitment 4. Gates of communication with the company and the team 5. Meetings become more formal 	<ol style="list-style-type: none"> 1. Flexible schedule 2. Ability to work from any location 3. Saving time and costs for traveling to the office 4. More balanced work-home format 5. Teams become more diverse 	<ol style="list-style-type: none"> 1. Small talks before each meeting 2. Turn on the camera 3. Meetings are more interactive 4. Try to keep personal contact with everyone 5. Emphasize the achievements of each of them and the team as a whole 	The best option is a hybrid format (2-3 days a week in the office/remotely)
2	<ol style="list-style-type: none"> 1. Unwillingness of managers to realize the new reality 2. Problems with the forced return of employees to the offline format 3. Weakening of social ties within the company 4. Dismissal of some positions 	<ol style="list-style-type: none"> 1. Saving time 2. Saving resources 3. Expansion of hiring opportunities 	<ol style="list-style-type: none"> 1. Organization of online games or events 2. Regular Sync up with each team member 	Yes, of course
3	<ol style="list-style-type: none"> 1. Emotions are not reflected in correspondence 2. Teamwork is lost 3. It is necessary to self-discipline 4. Bad impact on personal life 	<ol style="list-style-type: none"> 1. Do not need waste time on logistics 2. Reaction to problems faster, messages are only to the point 3. More flexible personalized schedule 	A separate person should motivate, who shows how to achieve results by his/her example	Yes, to continue

Table 2 (continued)

Expert #	The main problems of remote work	The main advantages of remote work	How do you motivate your colleagues to work remotely?	Would you like to continue working remotely when there is no urgent need for it?
1	2	3	4	5
IT, outsourcing				
4, 5	<ol style="list-style-type: none"> Lack of personal contact Distracting environmental factors Difficulty in time management Difficulty in clearly separating work/personal time 	<ol style="list-style-type: none"> Flexibility of scheduling No time wasted on the road Possibility to choose a convenient environment 	<ol style="list-style-type: none"> Clear setting of tasks and deadlines Self-improvement programs, additional bonuses Penalties for failure to fulfill tasks 	Hybrid option
6	<ol style="list-style-type: none"> Control over business processes Some employees find it difficult to define KPIs Problems during power outages 	<ol style="list-style-type: none"> Cheaper – savings on rent More efficient Less emotions and communication Relatively free schedule, you can work from anywhere in the world More opportunities to hire employees from all over the world 	Money (fulfillment of KPIs + bonuses)	Only online
Audit and Consulting				
7	<ol style="list-style-type: none"> Reduced leverage over the team's work Increased workload due to the actual absence of a normalized working day Loss of a sense of teamwork Unproductive use of working time 	<ol style="list-style-type: none"> Greater security during the war No time wasted on traveling to and from work More flexibility in forming my work schedule 	<ol style="list-style-type: none"> Team is sufficiently self-motivated Sufficient self-motivation is one of the main principles of recruitment 	Yes
8	<ol style="list-style-type: none"> Less involvement in the team and deterioration of corporate culture Slower interaction with team members Poorer development of social skills 	<ol style="list-style-type: none"> Ability to work from wherever you want More flexible work schedule Saving time, energy, and money on the way to the office 	<ol style="list-style-type: none"> Personal calls Coaching sessions 	Yes
9	<ol style="list-style-type: none"> The problem of effective communication with new staff It is difficult to control working hours Problems with team building 	<ol style="list-style-type: none"> Self-organization in work, independence Saving time and resources Mobility 	<ol style="list-style-type: none"> Regular calls to discuss issues, tracking KPI, setting goals Once in 2-3 weeks – meetings in the office Department meetings for joint activities once a month 	Possibility of a hybrid format if desired (with constant access to the office)
10	<ol style="list-style-type: none"> Lack of full control over work Delay in solving business processes Exhaustion from online calls, correspondence 	<ol style="list-style-type: none"> Ability to adjust work to your own schedule No need to spend time traveling Training of independence 	No way	Approximately 2-3 times to go to the office, and the rest of the week remotely
11	<ol style="list-style-type: none"> Deterioration of work discipline Absence/decrease in live communication with colleagues It is more difficult to switch between working and non-working hours 	<ol style="list-style-type: none"> Saving time to get to work Ability to work at a convenient time Easier ability to solve personal issues during working hours 	Not relevant	In the 50/50 format: 2-3 days remotely, 2-3 days in the office

Table 2 (continued)

Expert #	The main problems of remote work	The main advantages of remote work	How do you motivate your colleagues to work remotely?	Would you like to continue working remotely when there is no urgent need for it?
1	2	3	4	5
Research and experimental development in the field of social sciences and humanities				
12	<ol style="list-style-type: none"> 1. Blurring of the boundaries between working & personal time 2. The need for an employee to arrange his/her workplace independently 3. Absence or difficulty of informal communication as an element of team building 4. Weakened executive discipline due to distractions from everyday life 	<ol style="list-style-type: none"> 1. No time spent on traveling to and from the office 2. Ability to work without being tied to a specific place or geographical location 3. Saving production costs for the employer 	<ol style="list-style-type: none"> 1. Bonuses for high-quality work 2. Ability to flexibly manage your time 3. Recognition of the merits of colleagues (praise) 	A hybrid option would be optimal
Telecommunications				
13	<ol style="list-style-type: none"> 1. There are many distractions at home, sometimes it is more difficult to focus on tasks 2. Due to the specifics of the work, it is sometimes necessary to show the product to customers live, therefore completely remote work is impossible 3. Sometimes a problem that can be solved in an hour in the production swells up to several days of calls and emails 	<ol style="list-style-type: none"> 1. Work-life balance (an opportunity to combine family and work) 2. Mobility (the ability to work from anywhere in the world) 3. The ability to work for the result, as tasks arise, and not just sit out the hours in the office 	No way	Yes, but hybrid format of work to be the most effective (remote work + office visits if necessary)

Source: author's research

Analyzing the results of the survey of managers and executives, we can draw certain conclusions. First, the majority of those who work remotely are in the IT and consulting industries. This is not surprising, as these are the areas that are most adapted to working online, which does not reduce the quality of their services to customers/consumers.

Secondly, based on the feedback from executives of various companies on the main problems of working with virtual teams remotely, general patterns can be identified. These include a decrease in levers of control over the team's work and the problem of effective communication with new staff, an increase in workload due to the actual absence of a standardized working day, a gradual loss of a sense of teamwork due to insufficient personal communication (and, as a result, poorer development of social skills), unproductive use of working time due to a large number of online calls and meetings, or even exhaustion from online calls and correspondence. This was reported by 7 out of 13 managers surveyed. Some also noted that there is a reluctance of other top managers to realize the new

reality that most people do not want to go to offices. Therefore, there are problems with the forced return of employees to the offline format. There is also staff turnover due to the redundancy of some professions: office managers, event managers, travel managers, etc. 4 out of 13 managers reported that they face problems with setting KPIs for employees who find it difficult to self-discipline. Two managers noted that there are technical problems, namely, the lack of webcams, internet, or electricity.

Thirdly, many managers were unanimous in identifying the advantages of remote work compared to the offline format. In particular, these include flexible schedules, the ability to work from anywhere on the world map, saving time and costs for traveling to the office (and a specific dress code), and a more balanced work-home format. More than $\frac{3}{4}$ of all respondents answered in this way. Approximately one third of respondents mentioned the benefits that relate specifically to employers, in particular, saving production costs for the employer by reducing the cost of maintaining the office and related staff.

Although the problem of self-organization of virtual teams remains relevant, 4 respondents mentioned independence and self-organization as advantages of the remote approach. An interesting observation is that some managers (two of the respondents) appreciate the opportunity to hire teams with more diverse geographical, background, experience, cultural and national characteristics. Although this is, in fact, both an advantage and a potential risk and challenge. A specific advantage of remote work for Ukrainian realities is greater security during the war, as noted by one respondent. Someone else mentioned that it is a plus for introverts – less emotions and communication.

As for how managers motivate their colleagues to work remotely, the respondents' opinions were divided. More than half of them consider it necessary to invest in staff motivation, both financially and non-financially. Material incentives include bonuses for high-quality work (KPIs + bonuses); meetings for joint activities once a month, such as cinema, bowling, and theater.

Intangible elements include small-talks before each meeting, turning on the camera and motivating others to do the same, making meetings more interactive, including some entertainment, trying to keep personal contact with each employee to understand the overall state of affairs not only at work but also in their lives (the so-called Sync-up), coaching sessions and public recognition of merit (praise).

However, some managers (less than half) believe that their team is sufficiently self-motivated and does not need additional motivation; sufficient self-motivation is one of the main principles of recruiting new employees. Some believe that the leader is the best motivator by example, while others believe that enough time has passed for employees to adapt to the new realities without additional motivation.

Finally, 6 out of 13 respondents chose a hybrid option for further work, when they work remotely for 2-3 days and in the office for 2-3 days. The rest chose an exclusively online format. However, none of the respondents agreed to work exclusively offline, even if external circumstances such as a pandemic or war disappear.

In general, the results of the survey of Ukrainian managers are consistent with the results of surveys of foreign employees. The peculiarity of Ukrainian business in the remote work format is, firstly, the presence of technical problems with electricity, the Internet, and the cost of purchasing equipment as negative factors. And secondly, the possibility of staying in safe places (shelters) during missile attacks as a positive aspect of online work.

Moreover, the COVID-19 pandemic has accelerated the shift towards increased remote working, catching many companies off guard and leading to challenges such as decreased agent performance and longer hiring and onboarding cycles. Despite these obstacles, contact center leaders are recognizing the benefits of remote work and are willing to make the necessary efforts. Embracing the work-from-home model allows companies to access better-qualified and more cost-effective employees while offering the desired flexibility. Currently, 77 % of service organizations are either adopting or expediting their work-from-home programs, a significant increase from the pre-pandemic average of 6 % (Deloitte, 2021).

Researchers and practitioners recommend how to improve the effectiveness of managing virtual teams (Team Building Hub, 2021):

- Onboarding – virtual onboarding is the process of training new members and making them truly feel like a part of the team.
- Leadership Activities – leadership activities go a step above regular team building exercises.
- Effective Meetings and Events – every team meeting or event should have an intention that leaves attendees feeling either inspired, motivated, or like they understand their given tasks.
- Training – in order for employees to perform their best, it is a good idea to train them. Teach new employees how to do their tasks, what your expectations are, and what resources they can utilize to get better or if they need assistance in the future.
- Retention – retention is the ability or rate at which your organization maintains people as employees.

A further research is needed to fully understand the implications of remote working. However, several new studies serve as an important initial step in addressing new work challenges. It was explored how **behavioral science concepts** such as *loss aversion*, *endowment effect*, *framing effect*, *priming*, and *social comparison* can impact employee performance and consequently, a company's bottom line. The experiment was successfully carried out for a full month. During that time, individuals in the experimental group achieved a sales ratio of 3.56 % of total incoming calls, while the sales ratio for the control group was 3.26 % of total incoming calls. Hence, the new incentive architecture improved the sales representatives' performance by **10 %**. After these initial results, the company decided to implement the new incentives architecture to the whole team (more than 4.000 employees) obtaining an overall improvement in the sales ratio of around 16 % compared to the previous period (De Rus, 2022).

In Ukraine, work in virtual teams, which began during the coronavirus pandemic, actually helped to quickly adapt to new realities with the start of a full-scale war. Physical loss of jobs/homes/property, rapid evacuation and departure to safe places in the absence of previous two-year training could turn into a collapse, for example, for teachers of a higher school or for

IT specialists. Instead, the acquired skills made it possible to continue working and studying anywhere in the world.

To adapt to the remote working environment, tangible factors like the piggy bank or printed rankings should be replaced with digital tools. It is essential to test the effectiveness of this digital version of the behavior intervention.

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МЕНЕДЖМЕНТ ВІРТУАЛЬНИХ КОМАНД: ПОВЕДІНКОВІ АСПЕКТИ

З початку оголошення пандемії COVID-19 переважна кількість компаній перевела працівників на дистанційний формат роботи. У зв'язку з цим виникло багато проблем як технічного, так і психологічного характеру. Технічні проблеми, пов'язані із забезпеченням онлайн-роботи, супроводжуються сумнівними показниками продуктивності працівників та незадовільним рівнем психологічного клімату у віртуальних командах.

Для усунення зазначених недоліків роботи у віртуальних командах було поставлено за мету систематизувати відгуки працівників саме про конкретні позитивні та негативні аспекти дистанційної роботи, а також запропонувати дієві методи поліпшення ефективності такої роботи, використовуючи вже апробовані на практиці принципи поведінкової економіки.

У статті автори описали важливість комплексного підходу до оцінювання роботи у віртуальних командах, що спирається не тільки на аналіз ефективності такої роботи, а й на морально-психологічний стан колективу. Показано також, що поведінкові принципи (включно з різноманітними мотиваційними інструментами) слід враховувати у стратегії менеджменту віртуальних команд.

Методами дослідження є описовий (для визначення поточної ситуації з дистанційною роботою), аналітичний (для опрацювання статистичних даних), методи синтезу та порівняння (для опрацювання запропонованого авторами опитування). У результаті проведеного аналізу у статті запропоновано комплексний підхід до менеджменту віртуальних команд на основі систематизації проблем та конкретних шляхів їх вирішення.

У результаті цього дослідження запропоновано використати підходи поведінкової науки для поліпшення дистанційної роботи, як-от: неохочість до втрат, ефект наділення, ефект фреймінгу, праймінг та соціальне порівняння, що вже до певної міри доводить свою ефективність. Подальше впровадження таких елементів поведінкової науки є одним із завдань майбутніх досліджень такого втручання. Цю статтю можна використати для подальшого та глибшого практичного дослідження позитивних і негативних аспектів у роботі віртуальних команд в умовах довгострокової роботи в гібридному форматі.

Ключові слова: дистанційна робота, віртуальна команда, комунікація, формування команди, мотивація, поведінкова наука.

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