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Heidi Bertels Stevens Institute of Technology, hbertels@stevens.edu

Peter Koen Stevens Institute of Technology

Elko Kleinschmidt McMaster University

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SUMMARY

VIRTUAL CORPORATE ENTREPRENEURSHIP TEAMS: DOES CULTURE AND DO COMMUNITIES OF PRACTICE HELP?

Heidi Bertels, Stevens Institute of Technology, USA Peter Koen, Stevens Institute of Technology, USA Elko Kleinschmidt, McMaster University, Canada

Principal Topic

Virtual team's usage has been growing exponentially (Kirkman, 2002) and new product development (NPD) initiatives are no exception. Increasingly teams which develop new products consist of geographically dispersed members who must jointly develop a product. Smith, Collins & Clark (2005) showed that strong network ties and favorable organizational cultures increase the percentage of new products developed. However, virtual teams lack strong ties which are necessary for transfer of tacit knowledge. Therefore, having a favorable culture is likely even more important.

Many companies have also begun to adopt Communities of Practice (COPs) which are groups of people informally bound together by a shared expertise in a volunteer organization supported by the corporation (Wenger and Snyder, 2000). They may be thought of as enhanced or focused knowledge sharing networks. For example, one of Shell's most effective COPs is one that focuses on geological structures called turbites. Geoscientists throughout the company meet together on an informal basis to discuss the geological and reservoir characteristics to determine the best spots for development.

Method

Our overall research design entailed a survey using the Strategic Business Unit (SBU) as unit of analysis. We have received survey responses from 121 SBU's – including companies such as 3M, Intel, GE and J&J. Median demographics for the SBU's are: \$1.8 billion in annual sales revenue and 3.5% R&D expenditures to sales. We regressed NPD success on virtual teams and included organizational culture and communities of practice as moderators.

Results and Implications

The results indicate that corporations with effective virtual teams are more successful in NPD. We also found that communities of practice moderated the relationship between virtual teams and product development success. Culture showed a strong direct effect on NPD success, enhancing the performance of both more and less effective virtual teams. A company with more effective knowledge sharing networks, as measured by our constructs for culture and COPs, has more effective virtual teams. Many companies spend considerable resources in enhancing their virtual team tools (e.g. video conferencing). These results provide strong evidence to corporations that strengthening their information sharing network through culture and COPs may be equal or even more important.

CONTACT: Heidi Bertels; hbertels@stevens.edu; (T): 201-216-5560; (F): 201-221-7788; Stevens Institute of Technology, Hoboken, NJ 07030.