

MANAGING ORGANIZATIONS IN A TIME OF CRISIS

Overcoming the Challenges of Physical Distance on Global Teams

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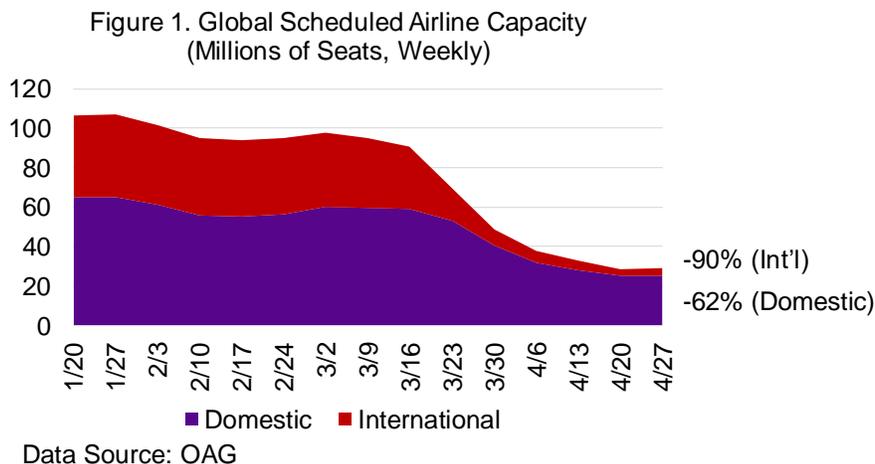
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Key Takeaways: Covid-19 has halted business travel in much of the world, depriving global teams of the benefits of in-person contact during a period of elevated organizational stress. Under such conditions, cooperation and trust are more likely to break down. Leaders can work in various ways to foster common ground across physical, cultural, and social distance.

Pandemic Risks Activating Faultlines on Global Teams

The Covid-19 pandemic has thrust the requirement of “social distancing” on organizations around the world. Many public health experts prefer the term “[physical distancing](#),” because the point is to reduce the number of people who get close enough to spread the virus, rather than to cut off social contact. But even when teams use the latest technologies to stay connected online, physical distance still affects social relations, with challenging implications for management.

While the shift from working with colleagues at the office to working from home has affected most dramatically the day-to-day routines of local teams, global teams—with members spread out across multiple countries—also face unique challenges due to Covid-19. Business travel has ground to a halt in much of the world as nearly every country has [imposed travel restrictions](#) due to the pandemic. This has resulted in a huge drop in international flights (see Figure 1).



As a result of restrictions on travel, global teams are now deprived of the possibility of meeting in person at precisely the sort of time when organizational stresses might otherwise prompt managers to bring their teams together. Macroeconomic conditions have [deteriorated](#), and multinational firms face special challenges. For example, multinational enterprises are involved in [half](#) (or [more](#)) of world trade, and trade flows are shrinking much faster than output. The World Trade Organization [forecasts](#) a 13% to 32% decline in merchandise trade volume in 2020, as compared to a 3% to 9% drop in real GDP. Firms must simultaneously manage [supply chain](#) disruptions and [workforce](#) cuts. Meanwhile, [geopolitical tensions](#) are rising, and globalization faces [major public policy headwinds](#) (Altman and Bastian, 2019), exacerbating the challenge of unifying nationally diverse teams.

In this context, it is useful to recall that international management, as Zaheer, Schomaker, and Nachum (2012) put it, is essentially the “management of distance.” International business scholars often think of cross-country differences as distances along multiple dimensions: cultural, administrative/political, geographic, etc. (Ghemawat, 2001; Verbeke, van Tulder, & Puck, 2017), and distance has also been explored as a multidimensional construct in sociology and psychology (see Lewandowski and Lisk (2012) for a review). Neeley (2015) highlights how physical distance can exacerbate the effects of social and cultural distance on global teams:

“One basic difference between global teams that work and those that don’t lies in the level of social distance—the degree of emotional connection among team members. When people on a team all work in the same place, the level of social distance is usually low. Even if they come from different backgrounds, people can interact formally and informally, align, and build trust...Coworkers who are geographically separated, however, can’t easily connect and align, so they experience high levels of social distance and struggle to develop effective interactions. Mitigating social distance therefore becomes the primary management challenge for the global team leader.”

The Covid-19 pandemic is forcing us to keep our physical distance, and the stresses it is generating in business and international relations separate colleagues in other ways that could activate “faultlines” within global teams (Cramton & Hinds, 2004; Lau & Murnighan, 1998). Faultlines can occur in teams when there are subgroups within a team that share multiple characteristics in common (e.g., nationality, country location, functional specialty, and language). When faultlines are activated, team members can come to identify more with their subgroup than with the overall team, and conflicts can develop. Power or status differences between subgroups can activate faultlines (Hinds, Neeley, & Cramton, 2014) and create difficulties in resolving them.

Implications for Managers: Overcoming Distance to Foster Inclusion

Much about the current situation makes the risk of faultlines being activated on global teams higher than usual. The requirement to maintain physical distance that prohibits face-to-face contact between members of global virtual teams, the exclusive use of technology-mediated communication tools that reduce the richness of communications, the difficult economic and financial situations faced by many organizations, and the emerging conflicts between country governments act as potential threats to team cohesion on global virtual teams.

In this circumstance, team leaders will need to work hard to create “common ground” (Cramton, 2001) and to build trust to avoid the activation of faultlines. Trying to find points of commonality or shared interests between team members in different locations can be helpful (Neeley, 2015).

An important strategy for managing global, virtual teams is to work with all members of the team to create shared team goals and norms for interaction (Crisp & Jarvenpaa, 2013; Neeley, 2015).

Even on a pre-existing team, it may be important to pause to re-examine and re-imagine the team's goals and processes given the current situation with coronavirus pandemic. Ensuring that all team members feel free to speak up about their issues or concerns in virtual team meetings (Morrison & Milliken, 2000) will be vital and is likely to be an important way to minimize perceived status differences that can activate faultlines in groups (Hinds et al., 2014). Neeley (2015) recommends framing meetings as brainstorming opportunities, which might help reduce the risk that team members identify with country-based subgroups and increase the likelihood that they identify with the whole team.

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