ABSTRACT.

Improvements in communication technologies and the convergence of several broadband technologies have had a significant impact on how people work together and have been identified as important enablers for the operation of virtual organizations. The concept of a virtual organization has renewed interest in employee behavior since teams of employees may be distributed globally but they work toward the same organizational goals. Managing a virtual organization is not an easy task and the main benefits of a virtual organization are to better utilize the workforce, minimize the costs of office space, and gain flexibility on a global scale. Balancing the need for employees to travel in order to meet their teams physically and the use of virtual communication technologies are very important issues.

A theoretical model of the causal effects of virtual (physical) distance on employee motivations, job satisfaction, and organizational and work commitment was formulated based on findings from previous studies. The model was tested and developed using data collected by questionnaire from 253 employees based in Thailand and Indonesia who work in virtual environments in a multinational mobile telecoms equipment joint venture company.

From the findings it was seen that people with high responsibility showed more commitment to their work and their organization similarly to people who felt strongly that they had good opportunities for advancement. People who were satisfied with their job and the nature of the job they were performing showed a high commitment to their organization. Importantly, for the employees from this organization virtual distance had significant positive effects on job satisfaction and employees' perceptions that their work was being well recognized within the organization. There were no serious negative effects on work commitment or organizational commitment and these findings concerning virtual distance were different from many previous studies where it was proposed that virtual distance had negative effects on motivations, levels of satisfaction, and commitments. It appears that the organization used in this study is managing virtual distance among teams to its advantage but this may not be the case in other virtual organizations and so it is strongly recommended that the study be repeated in other organizations where virtual distance is part of the work environment.