

Charter Quality in International Business Courses: Does it Really Matter?

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Abstract. Previous research shows that the use of team charters or contracts may be helpful for process management but does not result in higher quality outcome performance for global virtual teams (GVTs). However, this begs the question, does the quality of the team charter matter? We extend the research on charters and show that when considering the quality of the team charters and comparing the top and bottom quartiles of charter quality, differences in GVT outcome performance were marginally significant (at $p=0.051$). Teams that reported increasing process conflicts (but not task or relationship conflicts) reported conflicts to the project's administration and also referred to their charters. On the other hand, when teammates had greater respect for each other, they reported more conflicts to the administration. This suggests that informal processes may be more important than formal deliverables such as team charters in terms of effectuating GVT outcome performance. However, we found charters consistently important to process management, suggesting that they are still useful project management devices. Implications and suggestions for effective use of charters are reported in the paper.

Keywords: team charter, team contract, global virtual team, quality, performance.

1. Introduction

Team charters, sometimes referred to as team contracts, are “formal document(s) written by team members at the outset of a team’s life cycle that specif(y) acceptable behaviors in the team” (Courtright, McCormick, Mistry, & Wang, 2017: 1462). Previous work on the use of team charters in global virtual teams suggested that there may be process performance effects but that charters had little to no effect on substantive or outcome performance (Johnson, Baker, Dong, Taras & Wankel, 2021). Other research has shown some connection to team performance in teams in general (Courtright et al., 2017). However, none of these

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previous studies looked at the quality of the charter nor how often team members referred to the charter during times of conflict. Team dynamics are complex, particularly when analyzed within an international, multi-cultural context, and more research is needed to determine the effects of team charter use on project success (Mitchell, Parker, Giles, & Boyle, 2014; Lane & Maznevski, 2018; Maznevski, Davison, & Jonsen, 2006; Johnson, Korsgaard & Sapienza, 2002; Halverson & Tirmizi, 2008).

If team charters are to specify acceptable or appropriate behaviors in a team, then their importance may increase in the situation of global virtual teams (GVT), which are defined as international teams where team members are dispersed around the globe and rely on online communication and coordination tools (Johnson et al., 2021). Even before Covid-19, GVTs as a form of organization were becoming more prevalent in the workplace, with 78 percent of white-collar employees in OECD countries reporting at least occasionally working in GVTs (Culture Wizard, 2018). Simultaneously, GVT-based student projects were increasingly used as experiential learning tools in university courses (Jimenez, Boehne, Taras, & Caprar, 2018; Taras et al., 2013). GVT projects have increased in recent years as cost and time pressures arise in higher education and business in general. Thus, research on charter use and GVTs is potentially important for educators and managers as they grapple with changing classrooms and workplaces to fit the new digital communication and global realities in which an increasing proportion of work and study is now conducted online (Bankins, Griep & Hansen, 2020).

With the preceding paragraphs in mind, this paper extends work on team charter use in GVTs by examining whether the quality of the team charter actually makes a difference to the GVT's outcome performance.

2. Conceptual Development

According to Johnson et al. (2021), team charters are formal, written constitutional planning devices that teams can ostensibly utilize to better manage a project's team processes by setting agreed-upon expectations and rules for conducting team tasks. Some examples of these tasks and expectations include information on team member availability, scheduling constraints, roles and responsibilities, deadlines, and other organizational structures agreed upon in an explicit written form created with the input of all project members (Bird & Luthy, 2010; Cupello, 1995; Derven, 2016; Goh, Di Gangi, & Gunnells, 2020; Hill & Bartol, 2018). Team charters can also be viewed as formal learning mechanisms for determining how a team will behave under future scenarios. They have been recommended in management practice literature (e.g., Cupello, 1995; Derven, 2016; Hill & Bartol, 2018; Moussa, Boyer, & Newberry, 2017, etc.), but their efficacy is still uncertain as most studies are anecdotal in nature. This led us to

explore the question: Are team charters, and in particular their quality, really useful for team-based projects?

Team charters can be likened to non-legally binding contracts (Courtright et al., 2017; Johnson et al., 2021). As such, they can be viewed as control system artifacts. Two theories have been identified that relate to the use of charters as contracts and team control systems. The first, control theory, views charters as team-level behavior control mechanisms (as per Courtright et al., 2017). The second, psychological contracting theory, views charters as explicit contracts but also posits the existence of implicit contracts that exist among team members, which may not be articulated in the charter itself (as per Johnson et al., 2021).

Control theory suggests that the more detailed the contract, as per the notion of formalization, the more useful the contract will be for behavioral controls (Cardinal, Sitkin, & Long, 2010; Eisenhardt, 1985; Ouchi, 1977, 1979; Snell, 1992). Some research suggests that it can be useful in reducing social loafing (Robert, 2020). Psychological contracting, on the other hand, suggests that behaviors cannot be “controlled” per se but rather “influenced” via informal means (Rousseau, 1995).

The previous findings of Johnson et al. (2021) suggested that charters were useful for process performance effects, such as team members’ individual satisfaction with the team process within GVTs but had no significant effect on actual performance. Indeed, extant empirical research has found team charters create a positive effect on process performance (Aaron et al., 2014; McDowell et al., 2011; Pertegal-Felices et al., 2019; Tornwall, Fitzgerald & Hrabe, 2021). If charters are not useful for outcome performance, this may represent somewhat of a blow to the “charter as team-level behavior control mechanism” perspective (Courtright et al., 2017). However, because the quality of the charters was not measured in the study by Johnson et al. (2021), this aspect of the charter as a team-level behavior control mechanism might still be valid. Perhaps higher quality charters (measured in terms of details on things like leadership, task distributions, and general professional quality of the final document) might be critical to performance effects.

The logic from the previous discussion provides for a number of null hypotheses that we can test with data from GVTs. The first hypothesis is that there is no difference between the outcome performance of GVTs that used a team charter and those GVTs that did not. This follows the logic from the findings of Johnson et al. (2021) that while charters can help with team processes, they do not provide a substantive effect that relates to the final output of the project itself. That is, teams without a charter (perhaps with intelligent and knowledgeable team members who manage team processes informally) can perform just as well as teams with charters (with team processes being more formally managed).

Hypothesis 1: The average outcome performance of teams that create a charter does not differ from that of teams that do not create a charter.

However, the quality of the charter might make a difference because perhaps it is the use of the charter itself rather than the mere existence of a charter that can affect team processes, which may eventually influence team outcome performance. If that is the case, then teams that score higher (by an independent judge) on charter quality should have higher team outcome performances. Thus:

Hypothesis 2: For teams that create a charter, the average outcome performance of teams with higher quality charters is greater than that of teams with lower quality charters.

The difference in performance may have little to do with the charter quality as much as the team's overall propensity to utilize the charter (which, of course, could be correlated with team charter quality - with higher quality charters being referred to more). Because one of the reasons for using a charter is to deal with team conflicts when they arise, we need to examine the effect of team charter use on reported conflict. Ostensibly, teams that do use their charters actively during the GVT project should see a significant decrease in conflict throughout the project. However, reality is much more complicated. Team charters are designed to be constitutional devices in times of team disagreement. Thus, we may actually see an increase in charter use when conflict happens, which we will discuss later.

It is also important to point out that not all conflicts or disagreements are inherently bad or harmful to performance. For example, if we delineate conflict into the three types most identified in literature: task, process, and relationship (e.g., Jehn, 1997), we see potentially differential effects on performance. Note that we can classify disagreements by types of conflict. Task conflicts involve issues about work items and deliverables. Process conflicts involve issues about scheduling and work distribution. Finally, relationship conflicts involve issues about interpersonal experiences, personality clashes, etc. Conflict research has demonstrated that task conflict can inhibit groupthink and improve strategic decisions and creative performance in teams (Amason & Schweiger, 1994; Jehn, 1995; Jehn & Bendersky, 2003; Kiernan, Ledwith & Lynch, 2021). Process conflict can result in positive outcomes when it leads to better procedures and more efficient team processes but generally it is found to be negative (Jehn & Mannix, 2001). The relationship is quite often tied to negative outcomes such as increased organizational turnover and lower cognitive task performance (e.g., Pelled, 1996).

Given the differential effects of conflicts by type described above, we expect that we might find that charter use will have different performance outcomes based on conflict type. Specifically, these differential effects suggest that task conflicts will be less likely to trigger charter use than process and relationship conflicts. This leads to the next two hypotheses.

Hypothesis 3: An increase in task conflicts does not lead to an increase in charter use.

Hypothesis 4: An increase in process or relationship conflicts lead to an increase in charter use.