

CHAPTER 2

LITERATURE REVIEW

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2.1 Introduction:

Choon-Ling Sia in his article 'Virtual Organizations: The Business Design For The Twenty-First Century' pointed out that "The opening up of the world economy and facilitated by the advent of advanced telecommunications, information and internet technologies has been the growing emergence of virtual organization".

William Davidow and Michael Malone (1992), authors of *The Virtual Corporation*, claim that virtual corporations will be central to the new business revolution. Their concept of the virtual corporation brings diverse innovations together such as just-in-time supply, work teams, flexible manufacturing, reusable engineering, worker empowerment, organizational streamlining, computer-aided design, total quality, and mass customization into a coherent vision for the Twentieth century Corporation.

Also William Davidow and Michael Malone (1992) explain that "Members of the virtual organization, in turn, create a network of interdependent relationships. These relationships require firms to be much more dependent on one another than they have been in the past, demanding unprecedented levels of trust. Strong interdependencies cause organizations' boundaries to be blurred as competitors, suppliers, and customers enter into cooperative agreements. These new relationships among firms obligate organizations to use innovative management practices".

According to Mike Johnson and Andrew Chadwick (2009) "Trends such as telecommuting, job sharing, part-time work, interim and outsourced work have been around for many years". Also they stated that "Today's employees know how to make the choices that get their chosen life/work back on track". Also they found that "The most common location for remote work are home(87%), a customer's place of business(41%), and car(37%)".

Alvesson (1995), Kunda (1992) explain that "Software work is usually conducted in non-bureaucratic working environment with loose form of management".

Doral Marks (2004) states in 'Human Resource Management Journal' that, "Work-life boundary flexibility will be positively related to trust in the organization i.e. for

organizational commitment, the key finding was that the greater organizational support for non-work commitments, which meant that employees were not required to sacrifice personal demands in order to get ahead, generated greater trust and in turn affective attachment to the organization”.

According to Marita Haas, Mathias Noester (2007), “Most of the virtual organizations have a high focus on core competences, the use of ICT is not excessively high, almost all networks are based on a long-term perspective, and the personal ties between the partners in the networks seem to be important”.

So, virtual organization is the new and advanced concept in 21st century which is mainly have effect on softer employees who generally, work for more than their office time schedule. Virtual organization provides facilities like work from home, flexi time, flexi work etc. and because of these facilities employees personal and professional life can get affected. But the most important factor in virtual organization is trust which is difficult to handle.

2.2 Definition of Virtual Organization:

Following are some of the definition of virtual organization-

Fuehrer, Votalk (1997) in “A virtual organization is a temporary network of independent institutions, businesses or specialized individuals, which work together in a spontaneous fashion by way of information and communication technology, in order to gain an extant competitive edge. They integrate vertically, unify their core-competencies and function as one organization (or organizational unit)”.

P. Sieber (1998) defines Virtual Organization as “any institutionalized form of the ability to provide its products and services more time and location independent than its competitors”.

Research by Society of Management Accountants of Canada states that “Whatever the virtual corporation turns out to be, flexibility will be its defining characteristic”.

Grenier and Metes (1995) states that “virtual organizations consist of a hybrid of groups and individuals from different companies that might include customers, competitors, and suppliers who have a focused purpose of bringing a high-quality product or service to market as rapidly as possible. These alliances may be temporary with short concept-to-delivery cycles”.

The phrase ‘virtual organization’ stands for a task, project or permanent organization which is decentralized and independent of any spatial connection (Fisher and Fisher 1998; Hoefling 2001).

“VO refers to a temporary or permanent collection of geographically dispersed individuals, groups, organizational units which do or belong to the same organization or entire organizations that depend electronic linking in order to complete the production process” (B. Travica,1997).

Virtual Organization defined as “any institutionalized form of the ability to provide its products and services more time and location independent than its competitors” (P. Sieber, 1998).

“Virtual organizations are electronically networked organizations that transcend conventional organizational boundaries, with linkages which may exist both within and between organizations.” J. Burn (1998, p. 3)

Therefore virtual organization is refer to the temporary or sometimes permanent organization which shares skills, knowledge, costs to complete the task in minimum time of period from geographically dispersed area. In which flexibility and information technology is the most important characteristics.

2.3 Benefits of Virtual Organization:

Following are some benefits of virtual organization-

O'Neill T. A., Lewis R. J., and Hambley L.A. (2008) in their 'Leading Virtual Teams' explain that " Virtual teams present a unique opportunity to build a win-win situation between employers and employees by offering an attractive work/life balance for employees while also reducing facilities and infrastructure costs for employers". Also they states that "A commonly quoted advantage of global virtual teams is the ability of an organization to leverage competencies and skills from all parts of the world".

Te-Hsin Liang (2009) in his article, 'Association between use of Internet services and quality of life' carry out that' "Total Internet services is positively correlated with the overall quality of life in terms of social-economic status, self-esteem, social competence, psychological pressure and physical health and also internet services usage could raise people's satisfaction on the relationship with others such as families, colleagues, friends".

Therefore Virtual Organization mainly affect on quality of life (personal life) and quality of work life (professional life).

Apgar, (1998), Baruch,(2001), Kurland & Bailey, (1999) explain that, "There are many advantages to both employees and employers in the use of telecommuting, and while these are documented more in depth elsewhere, they include more flexibility, fewer distractions, reduced office space cost, compliance with environmental regulations, increased productivity, and increased talent pool".

A study by the Office of Information Resources Management (2000) reported a substantial increase in satisfaction levels and quality of work life as a result of a virtual work arrangement, or flexi place:

- 93% achieved greater balance between their professional and personal lives
- 88% experienced a lower level of stress
- 82% reported their morale improved
- 59% were more motivated while telecommuting

So the term virtual organization mainly concern with flexi time, flexi work and work from home facilities which has some advantages like positive impact on personal life (eg. Sharing more time with family members) as well as improves employees moral, job satisfaction and reduces employees turnover and absenteeism and retain skilled employees.

2.4 Demerits of Virtual Organization:

Following are some disadvantages of virtual organization-

Te-Hsin Liang (2009) states that, "internet service usage for e-Business has a slightly negative correlation with Community Support and also relying entirely on Internet services for e-Business may isolate people from the community and decrease their interaction with the real world".

Boreenstein (1996) coined point that, " more distant employees are from the vision of the company, the less they understand the company's strategy and are less able to execute their jobs without close supervision".

Virtual organization has some disadvantages like negative impact on community support, people isolation and decrease interaction with the real world etc but if virtual organization has effective core competencies and trust among each other then these barriers can be minimized.

2.5 Discussion:

Virtual organization is having facilities like work from home and flexi time which has remarkable impact on quality of life and quality of work life. Though flexi time and work from home are saving cost of travelling and spending more time with children, family and society but they need regular career counseling and career development programs for getting challenging job opportunities by virtual organization. Also employees who work from home and flexi time must have meetings with top management for taking feedback about work. And management also consults with employees before redesigning job. And

it is very important for employees who work from home and flexi time must participate in decision making through teleconferencing or video conferencing.

Employees who work from office think that because of virtual organization employees leads to less individual contacts and make life alienated from society which is true up to some extend. For this, employees who work from home or flexi time should meet for once within 15 days and if not possible should have to be connected through internet or telephonic conversation.