Management Dynamics
in
INTEGRATING WORLD MARKETS

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SECTION - 6

TECHNOLOGY AND SUSTAINABLE DEVELOPMENT : ENVIRONMENT, ENERGY & ECONOMICS

VIRTUAL ORGANIZATION

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Now a day more and more people are talking about "Virtual Organization" and through this they are fulfilling their reqtirements for personnel and logistic matters of their business.

THE CONCEPT

First of all we must try to understand what this "Virtual Organization". is all about. We can define this in many ways. But easy to understand is that it is an organization where we do not find all the persons at a single place to render their services. These persons are scattered at different locations. In other words it is an organization, which does exist, but one cannot see it. It is rather a network, not an office.

THE TOOLS

The VO is scattered at different locations due to which services of the best skill is made available through network. Use of telecommunications and computing technologies are the backbone of a VO for its existence. Latest technologies have made it possible to distribute the work among different team members and keep a watch on the progress. These technologies have nullified the hurdles of distance and time.

FLEXIBILITY

A VO is a very flexible and fast working. It can very easily switch over from one kind of business to another totally diversified business in no time. In this way it is a very fast growing structure of an organization involving the services of variety of persons without any geographical barrier. Thus a VO has the potentiality for higher level of innovation and creativity.

THE NEED OF THE HOUR

The conditions that are compelling many organizations to opt for VO are the need for process innovations to meet the higher productivity and profitability. As it is a proven fact that a VO helps to increase the productivity by 30 to 50 percent, thus resulting in higher profits. Through VO it is possible to utilize the services of vast skills, which are available at very low cost, but are scattered at remote places. A VO needs a very little inventory of assets, thus saves a lot of valuable capital investment on these items, and at the same time reduces overheads, which directly improves the profits. Also in a VO the requirement of traveling and keeping vehicles for transportation is minimal and at the same time lot of valuable time lost in travels is also saved. All these factors have direct bearing on the profitability of the organization.

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THE WORKING

Now we will see how people work in a VO Generally employees work at a location away from the normal working place. They keep contact with the main office with the help of telecommunication equipments. Small offices and the equipments are located at outskirts of main cities, where there is no problem for space. The employees posted at these different locations, contact each other with the help of equipments such as cell phones, e-mail, pagers, laptops etc. When the employees of the organization are required to work on the customer's premises, they are provided with an office to work at there itself. Virtual teams are formed among the employees located at different places through video conferencing and other electronic equipments. Since different individuals, groups and organizations are working at different locations; it becomes very important that there should be proper interaction between different parties so that they can collaborate, co-operate and develop trust among themselves for achieving the common goal.

THE GREY AREAS

Till now we had been discussing only the advantages of a VO it is not that there is no drawback in a VO since the concept of a VO is totally dependent on the latest communication technologies and modern gadgetry, therefore these are the things, which dictate the success in this system of organization. Firstly the main dependability rests on the proper functioning of the network and its servers. When the network is down it adversely affects the communication links among the different units and thus causing hindrance in the productivity. Secondly the use of high quality of hardware and software is of great importance for the reliability and speed of the network of the communication system. Communication technology is changing very fast. All hardware and software become obsolete in no time. It becomes very difficult for the organization to keep pace with the changing technologies, which involves a good amount of capital investment every time it changes. Thirdly the security of the information stored in the systems is at risk. Since every thing is based on web, possibility of hacking is always there, which may adversely affect the organization.

THE HUMAN FACTOR

In communication, technical factor is not the only hindrance; human factor has also a big role to play in. Members of a virtual team get frustrated when their messages are misunderstood or not properly communicated to the other members, due to the use of computer or e-mail language which is quite different from the formal way of communication. This type of situation leads to a communication gap resulting into slow progress or even no progress of the job. In telecommunication face to face interaction of members and their body language is totally absent which causes difficulty in understanding the messages and sometimes it is misinterpreted which may cause great loss to the job.

THE CONTROL

Managers who are new to a VO find it hard to adjust themselves and interact with persons working under them. Initially they find it difficult to control the workers who usually work at

different remote locations, beyond their physical reach. This gives enough scope to the workers to misuse the valuable production time and valuable materials. Workers being at a remote place, a manager is not able to motivate them for higher output. In a VO a manager should be careful to see that no duplication of work is done or any important work is left out by the workers, because of his being not physically present at the actual work place. Workers who are generally at different working places lack personal contact and are unable to develop comradeship. Thus we can see and have to admit that in a VO the team spirit is not so high as compared to a conventional organization.

THE CAUTION

For the success of a VO, the entrepreneur must be very careful at the time of setting up of the business. He must setup a task force to identify a vision for the VO and to find out its basic requirements. They must conduct feasibility studies. Tie up with other partners and see that each of the partners contributes as desired. At the time of setting up of the organization a face-to-face meeting of all the partners is of great importance to discuss all the points in detail. It should be ensured that the partners are quite flexible and adaptable. Contracts and agreements should be made very clearly and specific in all respect. Providing of proper training to the partners and as well as employees is of grate importance. The entrepreneur must realize that it takes time to develop a good team it cannot be achieved overnight. The entrepreneur must make himself satisfied that the technology, which he is buying, is the best and latest available in the market. He should also ensure that it is dependable and capable of catering all his requirements without fail. Advance telecommunications supported by broader bandwidths are available in the market now a day. Also advanced third generation wireless network, which offer high speed is also available. These technologies may be opted for.

THE FUTURE

We may thus conclude that there should not be any doubt that in future enterprises will be of VO type only. It is only matter of time to see how sooner or later this transition is going to take place. We have all kinds of latest technologies at our disposal to support a VO, but it depends on the people that how long they are going to take to adopt it. We know that human nature is always to oppose any radical change in any set practice of things. However this is also a fact that changes did take place in the past, changes do take place at present and changes will take place in future.