

THE VIRTUAL ORGANIZATION IN THE GLOBALIZATION ERA

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Abstract

In this paper we introduce some aspects regarding the globalization and the virtual organization (as a new organizational structuring), asserting the main advantages, disadvantages and relevant characteristics.

Keywords: Globalization, Virtual organization, Management, Communication

1. INTRODUCTION

One of the challenges of the contemporary society is represented by the rhythm of the technological changes, especially when it comes to informational technologies, the post-industrial society being described as an "informational" one. The introduction and putting in practice of the new information technologies, noticed and discussed especially by John Naisbitt (1989) aims at the levelling or even at renouncing to the hierarchies in favour of the communication networks, a direct consequence being the turn from vertically structured organizations to the horizontally structured ones. Alvin and Heidi Toffler (1995a, p. 45) write the following: "Fighting to adapt to the fast-paced changes, the companies make haste to loosen the bureaucratic structured they inherited in the Second Wave. The industrial era companies typically had similar organigrams – pyramidal, monolithic and bureaucratic. The nowadays markets, the technological and consumer-ship needs involve such rapid changes and subject the enterprise to such pressures, that the bureaucratic uniformity is vanishing. New structuring forms are being needed. "The reengineering", for example, the current management slogan, tries to restructure the company rather around processes than around markets and segmental specializations (Verboncu, 2011; Brezoiu, 2012; Balanescu and Soare, 2013). The relatively standardized structures are being replaced by matrix organizations, "ad-hocratic" project teams, by profit centers and by a growing

diversity of strategic alliances, joint-ventures and consortia – many of these going beyond the national frontiers.

2. GLOBALIZATION – ADVANTAGES, DISADVANTAGES, IMPLICATIONS

The topic of globalization is still widely debated, arresting the attention of a great number of advocates, on one side, and opposers, on the other, each of them trying to argue their opinion.

The globalization involves a “spread over the national borders of the social, political and economic activities, in such a way that the events, decisions and activities from a region of the world mean something for the individuals and communities from distant regions of the world” (Held et al., 2004, p.39). The transformation the globalization brings generates transcontinental and interregional flows, activity networks and power-exerting interactions.

Referring to globalization, the Nobel Prize Laureate in Economics, Stiglitz (1998, p.10) asserted that this means: “breaking the barriers to the free trade and the national economies integration”, offering a somewhat novel approach to the trajectory covered by certain countries in their road to a new type of economy (knowledge-oriented) and mentioning several elements of the crisis with which the whole world is confronting nowadays.

The phenomenon of globalization brings rapid environmental transformations (meaning a growing of its uncertainty and turbulences) and a competition growth. To that effect, as early as in the '80s of the last century, Toffler (1980) stated that the organizations and the business corporations would confront more and more with a growing turbulence, meaning that the number of crises the managers would have to face, the pressures generated by competition to make a decision faster were going to grow. Furthermore, the fact that the organizations would have to function in turbulent environments would force the organizations to permanently “explore” several structures, strategies, technologies and alternative management practices. To that effect, starting from the assumption that “the turbulence level and its absolute growing rhythm will be significantly higher than in the past”, some analysts argue that the “turbulent environments” in which we all live don't represent by any means a transition to another stage, as the managers could believe and hope, while they were expecting some stable times. On the very contrary, “these turbulent times represent the new era; they are the future on the long term” (Huber and Glick, 1995, p. 7).

No matter if the globalization brings with it advantages or disadvantages (drawbacks) for the organization, according to the economic and political circumstances of the society in which it functions,

the process in itself can't be overlooked. The increasing competition in a global economy leads many organizations into developing a series of strategies used to exploit the opportunities by breaking the boundaries of the state of affairs' local approach. In other words, an organization that wants to function on a global market must adapt from a structural point of view, meaning to engage in new activities and to rethink its strategy, to reconsider its functioning structures. If we take as example an organization with a classical functional structure and that mainly aims to sell its products and services abroad (or simply wants to make use of the advantage brought by a cheaper manpower to produce the same type of products or services for the domestic markets), the most appropriate strategy would be to create a department charged with solving the issues related to import and export (usually signing some outsourcing contracts with the experts from the markets in which it wants to involve). Using this sort of strategy, the organization doesn't necessarily become an international one, but, as it accumulates experience on the international markets, it will be capable to notice in a subtler way the opportunities and the constraints (obviously trying to exploit the opportunities). As the activities expand, and the international market sales become the main source of income and profits for the organization, as the suppliers, producers and distributors coming from various countries manage to form an interdependent network, the respective organization truly becomes a multinational corporation.

"To become global means, more than anything, to coordinate your dispersed activities, and in order to coordinate them, you need proper operating and control systems" (Farley and Kobrin, 1996, p. 197).

In spite of this, the new organizational structures involve a "democratization" of the organizational life, considering the fact that the entire activity is centered especially on knowledge and communication and less on control, as it happens in the case of the traditional industrial organizations. This is one of the main differences between the network organizations and the classic organizational structuring, specific to the industrial era. The progresses achieved regarding the informational technologies mainly explain this transformation of the company's organizational structures. The researches dedicated to the impact the technological progress has over the postindustrial structuring proved that the new informational technology's putting in practice had at least two consequences:

1. The increasing of the information processing capacity inside the organization.
2. The decreasing of the information processing costs.

These consequences also lead to lower costs regarding the organization coordination.

3. THE VIRTUAL ORGANIZATION – CHARACTERISTICS

In the last decades of the XXth century the terms of “networks organization and virtual organization” have been mentioned with an increased frequency in the scholastic literature, Mowshowitz being the first to introduce this term of “virtual organizations”.

The network organization’s appearance was mostly determined by the increasing of the complexity of the corporations’ interdependence, while everybody became aware that they can’t function and derive any benefits isolating themselves from the competitors, but, on the contrary, interacting, cooperating. The network can be an efficient spreading mechanism of relevant information and knowledge regarding the markets, the suppliers, the clients, a fact largely related to an open form of making a decision.

The network organizations almost have totally replaced the vertical communication and control relationships with horizontal relationships. Inside a network, the assets and values are distributed among partners of that network, meaning that we have to deal with a network –producer or supplier. A typical example for the necessity to enter and function in a network is represented by the banking sector (see the case related to the automated teller machine –ATM). Thus, as the automated teller machines network became more extended and successful, the banks became aware of their common interests, entering into electronic networks which went beyond the national frontiers.

In its turn, the virtual organization is a network of partially independent and partially dependent organizations, connected through the information and communications technology (ICT) with the purpose of taking advantage of the business opportunities by resources splitting (the employers’ abilities and competencies, the costs, the access on the market (Ghilic-Micu and Stoica, 2004). The purpose is to reach the maximum access speed and market integration, to the detriment of the organizational synergy.

The virtual organization can be considered to be a conglomeration of various persons and organizations, geographically spread on a relatively large area, aiming at attaining a common objective through each person’s contribution. Therefore, the location isn’t that important anymore, the emphasis is laid on the people, on their knowledge, competencies, results and their attained performance, not on their seniority and experience inside the same organization.

In the virtual organization, the daily information flows become the main work content, replacing the exchange of real products or traditional objects. Electronic information could be found anywhere, can be simultaneously used by several users, regardless of their geographic localization on the globe.

One of the factors that greatly influence this kind of organization's success is represented by the informational infrastructure's level of development.

Among the first elements that differentiate the virtual organization from the traditional one (also introduced in Table 1), are:

1. The existence of small partners, contributing only with the essential competencies, but having to display an enhanced flexibility and speed of reaction.
2. The relationships established between partners are less formal and are maintained as long as they explore a certain opportunity.
3. Replacing the traditional pyramidal hierarchy with a horizontal hierarchy.
4. The difficulty of achieving a unitary organigram, because the virtual organization is formed from several organizational structures.
5. Team working, collaboration/cooperation represent the organization's key elements.
6. The emphasis is laid on the creativity and the innovation capacity of all the involved partners.

TABLE 1 -THE VIRTUAL ORGANIZATION'S CHARACTERISTICS

General characteristics	Structural characteristics	Information processing	Work design	Management
The organization is hyper-flexible, adaptive, permanently innovative, client and consumer oriented.	Leveled hierarchies, decentering through self-regulation, control through culture and values.	Telecommunication integration, data and video technologies processing; the integration of the planning with the work processes flow.	Individual/group empowering; self-control, assumed responsibility, continuous (lifelong) learning.	Less demanding management, tolerant to ambiguities, grants a great amount of trust to people.

It's impossible to contest the fact that the organizations do what can be possibly done to exist, and in order to do this they have to permanently adapt to the changes from the work market, to the clients' requirements, to the products. But the organizations not only aim to survive and have to adapt to serve this purpose; they also try to influence as much as possible the future by innovating.

The competitive organization's management believe that the employers become much more interested in knowledge production activities (innovation), in its spreading or in learning, in things that challenge them to display their creativity and inventiveness and in rewarding activities. These kinds of activities don't involve an authoritarian supervision, or a strict and exhaustive hierarchic control; their subtle

character makes the distinction between the formal and informal side to fade away, and the control (which becomes inoperative) is replaced by the self-control. The management is focused on the aspects related to the elaboration of the strategic view, involving the competent and cooperative workers, capable of self-responsibility in all aspects, including the decision-making. The manager is the one to design “architectures” of systems and processes, validates solutions; the range of different roles he plays is enriched with the one of facilitator, mentor, arbiter or promoter. There are some titles that try to cover these transformations, so we encounter the terms of “chief knowledge officer” or “chief information officer”, who are responsible for competencies development projects, for organizational learning etc. But in order to exert these kinds of roles, there are needed some proper types of managerial abilities, especially strategic comprehension, capacity to build interpersonal relationships, project handling and change management. By their very nature, the virtual organizations involve the collective competencies management as sources of systemic viability. Widely speaking, the competencies designate what an organization knows and what it’s capable to do considering its own objectives and the fixed environmental circumstances, using the its members’ individual abilities, systemically articulated and strategically mobilized. Speaking about the existent state of affairs on the Romanian market, the Online Work International Brief, created by the Elance Enterprise , with the headquarters in California –USA establishes that the number of worldwide companies that hired employees using the e-platform increased, in 2013, by 51% in relation to the last year. “More than 800.000 companies invested over 830 million dollars, until now, in order to hire online the necessary manpower. This boost reflects the companies’ growing preference to contract independent online professionals, a part of the market that is expected to reach 5 billion dollars until 2015”. According to this company, Romania is one of the main countries from this platform, allowing to the 800.000 companies to find independent specialists for its various projects. The online freelancing is growing at a fast pace both at the international level, as in Romania and the number of freelancers and enterprises (big, small, medium-sized) that prefer to work independently is growing.

“The companies gain access to a much wide range of extremely well qualified professionals, without being forced to restrict themselves to the frontiers of a certain country or region. They spare some money, but not as a consequence of the fact that they hire the specialist cheaply, but because of the fact that they aren’t compelled to pay taxes, insurances or other kinds of benefits for the employees, while they don’t have to invest in logistics – offices, personal computers etc.” The enterprises can create online teams capable to work 24 hours a day, 7 days a week. In the second semester of 2013, 4599 projects were given to Romanian freelancers, increasing by 126 percent over the previous year. Most projects were granted to the contractors that worked in the following field: design and multimedia, IT,

programming, but the greatest increase was recorded in the categories engineering and production (495%) and administrative support (267%). The competencies the companies seek at the Romanian freelancers are PHP and MySQL programming, but also iPhone, iOS, iPad and Android programming. “Romania maintains its key-market position for Elance, continuing to offer an increasing number of professionals exhibiting the necessary technical abilities, in a period of time in which the demand for these kinds of competencies is growing at the international level”, declared, in a press statement, Kjetil Olsen, Elance vice-president for Europe. No less than 5.701 Romanians registered on Elance in the second semester of the year 2013, rising 316% over the last year. At the present day, over 31.000 Romanians are registered on the platform Elance.

The architects, the engineers and the IT specialists earned the biggest hourly earnings in this year’s second semester, and the average of the hourly earnings for all the categories of work offers reached 16.2 dollars.

4. CONCLUSIONS

It’s more and more obvious that the organizational structures belonging to the beginning of this century look different from the ones employed in the middle of XXth century. The virtual organizations are rapidly developing, and the informational and communicational means that are being used nowadays, the products and services that are being offered, are enough to guarantee to obtain the needed performances and to gain a competitive advantage on the market they operate. Once entered in the new world of the ever-changing enterprises, we must face the challenges. Still, in spite of the potential advantages offered by the new organizational forms, there are some questions whose answers are yet to be found. For example: are we prepared enough in order to work inside boundless organizations, without knowing or understanding what is happening inside them? Are we qualified enough to renounce to identify ourselves to an organization? To what extend will we be capable to satisfy our needs of affiliation and association with somebody, in the circumstances in which we will be “colleagues” only with persons we don’t actually see, to whom we only communicate on the Internet, in a virtual space? Is it possible to establish trust-based relationships with these kinds of persons?

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