Challenges of a Virtual Organisation: Empirical Evidence from Australian SMEs

Walied Askarzai, Yi-Chen Lan and Bhuvan Unhelkar

School of Business University of Western Sydney, NSW Australia

Abstract

Virtual Organisation (VO) status has been idealised as desirable, with the lure of promised low production costs and work-home balance amid other advantages. Many organisations have hastened to acquire a reputation as VO and many more appear to be on the verge of achieving this. However, the empirical results of this study suggest that face-to-face interaction needs to be assured, along with other traditional work values, lest such organisations risk losing employee support.

Keywords: Virtual Organisation, SMEs, Virtual Employees

1. Introduction

The VO is acquiring growing reputation through the omnipresent technologies of the Internet, a globalised workforce, decentralised management structure and freelancing spirits of the employees. Increasingly, Small and Medium-sized Enterprises (SMEs) see the VO concept as a way to shift from organisational rigidity.

Yet how the VO is perceived by employees is something that should not be overlooked. Despite extensive research there is not even a single study that adequately covers the ways Virtual Employees (VE) perceive Virtual Management (VM). This study addresses the question of how Virtual Employees (VEs) as opposed to Non-Virtual Employees (NVEs) perceive VO and Virtual Management. Through the use of in depth semi-structured interviews the study addresses the question, "Are VEs more contented than NVEs?"

2. Literature Review

For the purpose of this study the term VO refers to the VM being undertaken within VO. Hence for the sake of practicality, we have used the two terms interchangeably. Askarzai [1] defines *Virtual Organisation* as a type of temporary or permanent organisation with geographically and time-dispersed members (individuals, departments or organisations). The members share their core-competencies towards the production of a product that cannot be achieved by a standalone member. Core competencies refer to the main strengths of an organisation that can be utilised as competitive advantage. The operation of VO is enabled by Computer Mediated Communication (CMC). CMC refers to communication processes where computer-mediated technologies are used as a medium. CMC is divided into two synchronic states; asynchronous (different-time) communication, such as e-mails, and synchronous (same-time) communication, such as video conferencing. The essence of a VO is process management and customer satisfaction.

Although Virtual Operation was formerly reserved to large organisations, it now promises lower production costs, competitive advantage and focus on core competencies for SMEs. However, collaboration with marketing agencies, accounting firms and IT services is needed to take full advantage of what VO offers [2]. Full or partial transformation to VO status can enable sharing of knowledge and resources over a wide geographical area. VO has been seen as a way for SMEs to increase their competitiveness [5]. The Virtual Organisation can be a strategic tool for an SME to reach foreign markets [6].

A considerable amount of literature has been published on VO. However, far too little attention has been paid to understand the *perception* of VEs towards VM. Perception is a process of interpreting and giving meaning to one's surroundings in order to make judgements and decisions. Perception may differ from reality [7, 8 & 9]. Factors that shape one's perception are three dimensional: there are factors within the perceiver, factors in the object and factors in the environment [7].

The objectives of this research are to determine whether or not VEs are more contented than NVEs and what then can VOs do to create perception of a good work environment by VEs?

3. Methodology

Various methods have been developed to determine employee perception of management; for the present project, it was decided to conduct in-depth semi-structured interviews. Nine VEs and nine NVEs volunteers participated in the study. The participants were randomly recruited from SMEs located in Greater Western Sydney, the fastest growing region in New South Wales, where SMEs play a major role [10]. VE and NVE are used as codes for the two groups of participants. Thematic analysis was used to analyse the interviews.

4. Results and Discussion

Six NVEs had a positive perception of their organisation and management, as evidenced in the following NVE statements:

"The organisation is conscious of environment and safety of employees" (NVE 1).

"The organisation provides me greater choice in learning and development and areer progression" (NVE 4).

"Management is supportive and consultative" (NVE 8).

Three NVEs had a negative perception, as evidenced by the following statements:

"The organisation does not invest in innovation and its people" (NVE).

"Management conflict of opinions does take place—the stronger party wins, but the stronger party is not stronger by numbers but by position" (NVE 9).

\Seven VEs had positive perception of their organisation and management, as evidenced by the following VE statements:

"I do like the VM scenario" (VE 2).

"VM is a feature of future work-environment" (VE 1,VE 2 and VE 5).

"The benefits of VM are very useful" (VE 8).

"I perceive VM as very positive"(VE 9).

Two VEs had negative perception of their organisation and management (i.e. VM):

"I don't like virtual management" (VE 2).

"VM will not take the place of face-to-face work. VM can be seen to be inefficient sometimes" (VE 7).

The benefits of VM were perceived positively by all nine VEs. For example:

"Work flexibility, working out of office hours, working independently, working more freely and better work-life balance" (VE 1, VE 2, VE 5, VE 8, VE9) were among the benefits of VM.

Overall the VEs were more content than the NVEs. However, the VEs were still concerned about some aspects of traditional work environment, in particular face-to-face interaction with co-workers. For example: *"VM will not take the place of face-to-face work"* (VE 7).

Furthermore, five VEs cited lack of face-to-face interaction as a major downside of VM and wanted some kind of face-to-face interaction in the VM context. Five VEs stressed that their team norms and culture had been affected by VM:

"Team culture is difficult to keep strong after VM" (VE 1).

"Team culture has been affected after VM" (VE 5, VE 8 & VE 9).

The results of this study corroborate findings of previous work in this field, for instance, [Biglow 11, Brown et al. 12, Cisco 13, Derven 14, Ebrahim et al. 15, Foti 16, Gupta et al.17, Hunsaker & Hunsaker 18, Intranet Focus 19, Mulki et al. 20, RW Culture Wizard 21, Sundin 22, Pang 23, Vinaja 24].

5. Conclusion

This empirical study highlights the need for VOs to maintain aspects of a traditional work environment. Face-to-face interaction appears to be vital in the shift from non-virtual to VM.

References

[1]   *Askarzai, W.* Outline of a Process Model for Virtual Organisations: A Research Perspective, IJBMT *2013*; 3 (6).

[2]   Van den Berg, E. Outsourcing for SMEs, Information on ProQuest Central database.

[3]   Thomson, A, Stone, A & Ion, W. Enabling Creative Virtual Teams in SMEs, Information on www.irma-international.org/viewtitle/22168

[4]   Ebrahim, NA, Ahmed, S & Taha, Z, Virtual R & D teams in small and medium enterprises: A literature review, Scientific Research and Essays 2012, 4 (13), pp. 1575-1590.

[5]   Pihkala, P, Varamaki, E & Versalainen. Virtual organisation and the SMEs: a review and model development, Entrepreneurship & Regional Development: An International Journal 1999; 11(4), pp.335-349.

[6]   Hassouneh, D & Brengman, Virtual worlds: A gateway for SMEs toward internationalisation, Journal of Brand Management 2011; 19**,** pp. 72–90.

[7]   Robbins, S, P., & Judge, T, A. Organisational Behaviour (12th ed.) 2007; New Jersey: Prentice Hall.

[8]   Buchanan, D. A., & Huczynski, A. A. Organisational Behaviour (7th ed.) 2010; UK: Pearson.

[9]   Smith, P. E., Yellowley, W., & Farmer, M. Organisational Behaviour, 2010; London: Hodder Education.

[10] University of Western Sydney. SMExcellence, Information on http://www.uws.edu.au/mtd/strategy_and_planning/what_we_are/responsive_ and_results-oriented/smexcellence..

[11] Biglow, D. Challenges to the Virtual Organisation, 2000; Information on *www.pmir.com/html/pmdatabase/file/articles/challenges.pdf*

[12] Brown, M. K., Huettner, B., & Tanny, C. J. Managing Virtual Teams: Getting the Most from Wikis, blogs and other Collaborative Tools, 2007; Texas: Wordware Publishing, Inc.

[13] Cisco, A Study: Understanding and Managing the Mobile Workforce, 2007; Information on *newsroom.cisco.com/dlls/2007/.../MobileWorkforce_071807*

[14] Derven, M. The remote connection: Leading others from a distance requires set expectations, trust, and unique methods of evaluation 2007; Information on www.docstoc.com › ... › Periodicals › Business & Economics

[15] Ebrahim, N. A., Ahmed, S., & Taha, Z. Virtual Teams: a Literature Review 2009; Information on papers.ssrn.com/sol3/papers.cfm?abstract_id=1501443

[16] Foti, L. Managing Virtual Employees 2009; Information on *www.think-train.com/timia/content/Virtual_Employees.pdf*

[17] Hunsaker, P. L., & Hunsaker, J. S. Virtual teams: A leader's guide. Team Performance Management, Emerald Insight 2009;14(1), 86-101.

[18] Gupta, V., Wiesenfeld, B., Garud, R., & Raghuram, S. Factors contributing to virtual work adjustment 2001; Information on *scripts.cac.psu.edu/.../23.Journal%20of%20Management*

[19] Intranet Focus. Managing Virtual Teams 2012; Information on www.annualreviews.org

[20] Mulki, J., Bardhi, F., Lassk, F., & Nanavaty-Dahl, J. Set up remote workers to thrive 2012; Information on sloanreview.mit.edu/article/set-up-remote-workers-to-thrive.

[21] Peng, Q., Chung, C. Yu, C., & Luan, T. A networked virtual manufacturing system for SMEs 2007; Information on http://dx.doi.org/10.1080/09511920600877494.

[22] Sundin, K. Virtual Teams: Work/Life Challenges-Keeping Remote Employees Enganged 2006; Information on www.ilr.cornell.edu/.../Spring10Mtng_RemoteWorkersEngage

[23] RW Culture Wizard. The Challenges of Working in Virtual Teams 2010; Information on *rw-3.com/VTSReportv7.pdf*

[24] Vinaja, R. Major Challenges in Mutli-Cultural Virtual Teams 2003; Information on *www.sbaer.uca.edu/research/swdsi/2003/papers/068.pdf*.