Virtual Organizations: Support System for facing market challenges

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Abstract

The virtual organizations have opened up avenues to meet challenges given by the market. This may also be called as the market driven approach. This research throws light on the importance of the virtual organizations. It also shows its implications in the different industries. The logic of virtual organizations is linked with knowledge management. This may not be a new approach because it is worth noticeable that in the times of industrial revolution U.K. also lead the manufacturing by using the technique of virtual organization and knowledge management.

Keywords: Virtual Organizations, Knowledge Management, Market Driven Approach

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Introduction

Twenty first century organizations are connected with a prolific network system. This concept is growing exponentially. With a constant demand for excellent services and performance on behalf of the firms, there remains no alternative but to deliver the same. This in practice cannot happen for the simple reason that mastering is not so easy. A firm can broaden its avenues by focusing on one segment but for it to be best in all the segments is quite difficult. But today consumer does not want to compromise in any way. So this creates a requirement for a firm that deals with every aspect with efficiency. This problem is resolved with the help of organisations that are created virtually to sort such a problem.

Every organization is known for the knowledge base that it has. Knowledge is the identity of the organization. There is a dearth of knowledge, not every firm is well versed with latest technologies. But still increasingly, knowledge is the true resource of a company. Without knowledge, an organization could not organize itself; it would be unable to maintain itself as a functioning enterprise (Davenport and Prusak, 1988).

The important task thus for any organization is primarily to ascertain that it meets the requirement of the clients by enhancing its knowledge management quotient. The solution again to this problem or demand merely lies in collaboration. The question is that if this collaboration an easy process, it of course would require cumbersome paper work and a lot of waste of time. This again can prove to be a negative factor. Therefore all this is done virtually, where no such formal contacts are signed.

There are many industries switching on to this concept. The information technology industry, requires to do a lot of outsourcing and hence immense potential, which is met with this simple concept of virtual collaboration. The construction industry has adopted for decades the modus operandi of the so-called virtual enterprise (VE) (Camarinha-Matos and Afsarmar, 1999).
There is a requirement of a specially well developed communication network as well. One cannot imagine the operation of such organisations without an active communication network. Hinks, J.(2002) Virtual businesses seem to be characterisable by being communications-centric and implicitly less physically grounded and reliant on operational property. There also needs to be scope to operate communications over distance. Any concept requires a support system for its existence. This support system is an amalgamation of technologies, resources and knowledge.

An interesting (proposed) development in the relationship/technology management interface is that reported by Tait (2000). General Motors, Ford and Daimler-Chrysler plan to create the world's largest electronic marketplace and could involve tens of thousands of suppliers. This figure is not just big but is also an indicator of the future growth.

This concept also would lead to either a merger of the small organisations or even removal of them from the industry. But this would also open up new for them to expand in terms of knowledge and the matured organisations have their own style, standard approach and specific missions. They are the core of any business, these are also one of the gifts that small organisations may get from the so called giants in the industry.

**Literature review**

Franks J, (1998). There will probably be two kinds of managers in the future virtual organisation. One kind will be those responsible for ensuring that the key processes operate effectively. They are likely to be high level specialists in a given field. The second kind of managers will be there to ensure the harmony of the various partnerships, and especially of the remote workforce.

Vakola, M.; Wilson, L.E. (2004). The shift towards virtual organisation is related with a fundamental change in organising and managing daily operations. The success of collaborative work therefore relies not merely on the introduction of different technologies, but also on critically analysing the “human” aspects of organisation. Virtual
teams bring people together across disciplines, departments, functions, and geographical locations.

Hinks, J.(2002) For many of the highly knowledge-based service industries, the move to virtual will translate more to a decentralisation of some, not all, of its operations and hence facilities, rather than to a complete elimination of facilities needs. In this context, the term virtual may relate to the lack of a singular identifiable facility from which the remote functions are coordinated, and which would conventionally provide the symbolic and practical organizational hub.

Davidow and Malone (1992). The complex product-markets of the twenty first century will demand the ability to deliver, quickly and globally a high variety of customised products. These products will be differentiated not only by form and function, but also by the services provided with the product, including the ability for the customer to be involved in the design of the product. A manufacturing company will not be an isolated facility in production, but rather a node in the complex network of suppliers, customers, engineering and other "service" functions.

Sabel (1989). Flexible specialisation was first identified in central and northwestern Italy in the 1970s and 1980s and was responsible for the creation of areas of focused skills and production methods. The "Third Italy" is a string of industrial districts that are political and/or social associations that exist to service an entire community.

Walters, D.(2000) The researcher has attempted to suggest that the virtual organisation has its roots in the industrial structures of the past. Certainly, different perspectives obtain but it is suggested that environmental change has led to adaptation rather than innovation and that we have differences of emphasis rather than new structures.

**Rationale and Conclusion**

All the above mentioned literature adds to the fact that virtual organisations are the need of the hour. They function on the strong base of knowledge management. A perfect
coordination of the both can establish a virtually existing organization that has its relevance in the world for it would be able to cater to the requirements of the market on a 360 degrees focus. Several industries are adopting this technique of meeting the requirements of their clients.

Reference


