Virtual Organization? Factors, Advantages and Disadvantages

We are going to get information regarding Virtual Organisations. What are the factors for a successful Virtual Organisation and their advantages and disadvantages?

What is Virtual Organization?

Meaning or Definition: A virtual organization is a temporary network between a number of companies or people that come together to accomplish a specific venture or consists of a small core of full-time employees and outside specialists temporarily hired needed to work on projects. It is a network structure created to exploit fast-changing opportunities and share skills and even facilitate access to global markets.

Virtual Organization Structure

How Does Virtual Organization work?

A Virtual organization is created around a central organization the relies on other organizations to perform manufacturing, distribution, financing and other crucial business functions on a contract basis. The core of the network structure in the central organization coordinates relationships and activities with the other organizations in the network. Sharing of information between the constituents of the network organization is usually facilitated by electronic technology such as electronic mail, fax, computer etc. This avoids the expense of renting new offices for the venture and costly travel time between companies. It also uses a network of independent firms that join together, often temporarily, to produce services or products.
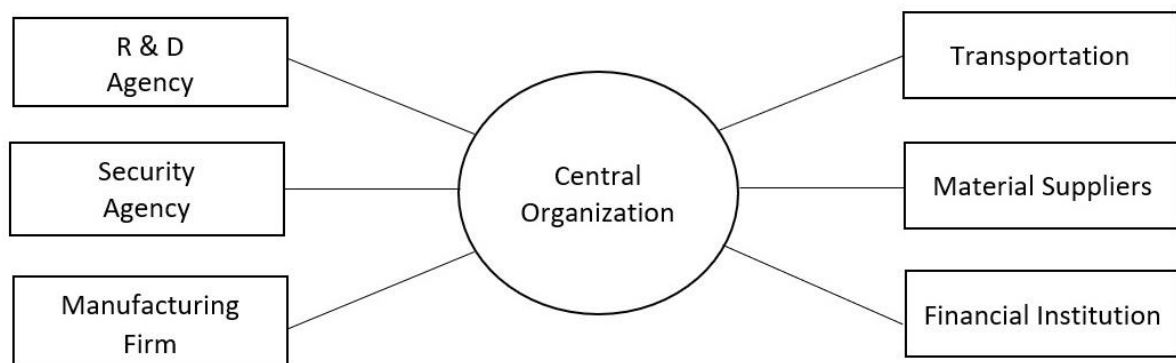
Responsible Factors for a Successful Organization

What are the factors for a Successful Organization?

As we know, every organization has some factors for success and achieve its goals. Just like that there are some **Factors responsible for the success of virtual organizations:**

1. Cooperation, trust, and empowerment.
2. Each partner contributes identifiable strength or asset.
3. Skills and competencies are complementary, not overlapping.
4. Partners are adaptable.
5. Contractual agreements are clear and specific on roles and deliverables.
6. Training is very important to team success.
7. Technology is compatible and reliable
8. Technical assistance is competent and available.

Advantages and Disadvantages of Virtual Organization

Advantages of Virtual Organization

The greatest advantage of a virtual organization lies in the fact that it eliminates the physical boundaries of the organization, and the cross-functional teams and organizations are able to operate and collaborate in space and time by communicating with each other through electronic channels. The Internet becomes a significant interface between participating organizations, teams & individuals. The e-partnerships and virtual organizations allow businesses to sell and deliver products and services across the world in the most effective way. Other perceived benefits of e-partnerships and virtual organizations may include more business opportunities, better integration of suppliers and vendors, better management information, lower operating costs, better market understanding more. expanded geographical coverage. The virtual organization also offers the opportunity of consolidating resources of all partners and organization flexibility, as others forms of inter-organization partnerships and alliances do.

Disadvantages of Virtual Organization

Some disadvantage points that we must know about Virtual Organizations:

- Less commitment of members on account of not being involved physically.
- Members are often not able to work as a team. Creation and management of teams in often difficult.
- Virtual organizations often are not economical to constitute.
- Virtual organizations are temporary arrangements, they are not permanent or perennial.
- It may not be possible to develop mutual trust between the members & firms in a virtual organization.
- The Employees or staff of some firms may find it difficult to adjust to the virtual arrangement.