Perception of VO Reliability

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INTRODUCTION

This article puts forward a thesis on the effectiveness of virtual organizations for profit, along with a preliminary test and discussion. In all likelihood, effectiveness is strongly influenced by ethical features stemming from universal values (see Damon, 2004; Küng, 2002; Seligman 2004). It is widely believed that the main problem in virtual organizations concerning ethics is reliability and its psychological equivalent—trust, both within the organization and among its electorate.

BACKGROUND

According to various studies, reliability and trust are major business success factors. The issue of trust in virtual organizations was first approached in an article by Handy in the “Harvard Business Review” (1995), and subsequently put to a test by empirical studies. The issue is multifaceted. The theoretical and empirical approaches differ from each other and the possibility of synthesis lies far ahead.

Generally speaking, trust in virtual organizations is fragile and temporary. Trust is reinforced by multiply determining factors. For example, one can expect electorate to have trust in virtual organizations when organization members themselves take the risk of trusting their coworkers and when they have the knowledge of control procedures governing their commercial partners (Tan & Thoen, 2002; Wallace, 1999). Because in the near future trust will remain the decisive factor for success or failure of e-businesses, it is very important for Internet companies to act in a way that engenders such trust amongs those who use their services. Efforts to increase the security of ecommerce systems and trustworthy behaviour of online retailers will prove to be of advantage for both consumers and companies engaging in ecommerce (Grabner-Kraeuter, 2002). According to various authors, trust in virtual organizations is built rather by procedures than by personal ties (see Clases, Bachmann, & Wehner, 2003). This hypothesis is further reinforced by Block (2001) who wrote on “cyberslacking.” Block did not reflect specifically on the morality of cyberslacking, but he did relate it to the issue of productivity improvement. Speaking generally, whilst there is seldom one solution to problems of organizations because situation vary so much, trust is always an important issue.

ELECTORATE’S PERCEPTION OF RELIABILITY: A PILOT STUDY

Following various empirical data, the general assumption is that a virtual organization is an organization where small and medium enterprises can enter the global market and compete against even big and renowned companies (see Kisielnicki 2002, 2003). However, in spite of the possible benefits, virtual organizations are still approached with apprehension both by their employees and clients. A pilot study in Poland was conducted between 1999-2000 and in 2005, where the fears concerning business activities, which were undertaken within virtual organizations, as well as the sources of those fears, were analyzed. The authors studied real and potential electorates of virtual organizations using a trial group comprised of working students from Polish universities, MBA students and postgraduate students representing various categories: suppliers, potential employees, bank employees, investors, state administration employees, and business students (n = 1110).

In the first stage, the respondents assessed virtual organization reliability as compared to a traditional (non-virtual) organization. They were asked for direct assessment of the virtual organizations and a declaration as to whether they would enter into professional relations with one of them. The respondents decisively judged virtual organizations to be less reliable than