Chapter 7

Virtual Organization as a Chance for Enterprise Development

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The theory that enterprise has been developing along with the development of Information Technology and, especially thanks to the possibilities offered by Virtual Organisations (VO) has been presented and proven. This enterprise has both local and global effect. The enterprise development provides for an increase of both small and big organisation competitiveness and also for an opportunity for new organisational entities to enter the market. My own research on enterprise conducted in the group of economy and marketing department students have fully confirmed the conclusions resulting from D.Blanchflower’s and A.Oswald’s research on enterprise. A significant percentage of the population aim at becoming entrepreneurs (about 75% of the people with university education). The theory that VO is an effective way to become an entrepreneur and to overcome the obstacles listed in the research has been presented. The main obstacles are lack of financial resources and lack of business experience. VO not only helps in becoming an entrepreneur but also, through specially built enterprise labs, provides training opportunities and skill development for those who want to follow this particular career path.

INTRODUCTION

This chapter attempt at substantiating the theory that enterprise has been developing along with the development of Information Technology and, especially thanks to the possibilities offered by Virtual Organisations (VO). This enterprise has both local and global effect. The enterprise development provides for an in-
crease of both small and big organisation competitiveness and also for an opportunity for new organisational entities to enter the market. Activities connected with the VO development allow for decreasing unemployment level, especially amongst the people with secondary and higher education. VO has a significant share in the training and skill development within the range of enterprise.

VO also brings significant economic effects. Certain economic, technical and social barriers have to be overcome in order to create VO. The basis for the decision to use VO is constituted by the analysis of the relation between cost and effect. In the paper, this relation will be presented from both macro and micro perspective.

The basis for the presentation will be both theoretical work and research on economic enterprise. The research has been conducted on the basis of the following:

* literature analysis with special emphasis on description of working VO,
* own opinion polling conducted amongst the students (both full-time and working) of management departments,
* interviews with managers of various enterprises.

The survey has been compared with research conducted by D. Blanchflower and A. Oswald (1999). On the basis of the conducted survey, we would like to show the connection of VO with the problem of unemployment, especially amongst the people with higher education. Further research on this particular problem will follow.

VIRTUAL ORGANISATION AND ENTERPRISE

The notion of VO can be understood in various aspects. Virtual organisation is a totally new type of organisation which has developed thanks to the development of Information Technology and, especially, the existence of global information networks and big data bases. It can also be treated as a response to free market requirements and the necessity to adjust to its competitiveness.

The notion of VO has not yet been given one, generally accepted definition. This definition must surely be associated with the possibilities provided by modern Information Technology. The first to use the notion of virtual organisation were W. Davidow and M. Malone (1992). However, this notion has not been commonly accepted. Thus P. Drucker (1998) defines the organisations described by us as “network organisations,” while M. Hammer and J. Champy (1994) define them as “post-re-engineering organisations.” Quite interesting and somehow surprising is T. Peters’ (1994) definition, who calls such an organisation “a crazy institution.” It seems however, that the term “intelligent organisations” suggested by J. B. Quinn (1992) best defines the core of VO functioning.
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