

Virtual Organization as an Innovative Form of Business Management

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Abstract – This paper for proceeding contains the concept of virtual enterprise, also the peculiarities of functioning of virtual enterprises in the sphere of international and domestic business are considered and SWOT-analysis of functioning of virtual organizations is carried out.

Keywords – virtual organization, virtual enterprise, informative-telecommunication technologies, innovative structures, integration, synergetic effect.

I. Characteristic signs and examples of a virtual organization

The rapid pace of economic changes requires the creation of a new type of flexible and adaptive structures. Recently, virtual organizations are increasingly becoming such structures. They are voluntary informal forms of cooperation of several independent partners on the basis of distance cooperation and the unification of the information structure [1, p.122].

As a virtual organization, in essence, is a network that includes the pooling of resources of different enterprises and their integration with the use of computer networks, it allows participating companies to adapt to the dynamic environment as much as possible, which is especially relevant in the current conditions of the domestic economy.

Among the features of virtual organizations that distinguish them among all other forms of doing business, the main ones are [2, p.14]:

1. The absence of a geographical center, since such organization consists of separate units of different enterprises, which can be geographically separated from each other.
2. Lack of legal basis and legally enshrined rights and responsibilities of the participants of the organization, since companies cooperate only on the basis of mutual contracts.
3. An extremely important factor is the development of information technology, because cooperation takes place through the use of computer and telecommunication networks that provide response speed to market changes.
4. For virtual organizations there is no need to centralize management, since management, like production, is distributed.
5. The main task is to take advantage of the opportunities of the global economy to create products that as much as possible correspond to the development of science and technology.

6. Most of them are characterized by the rejection of mass production, because such organizations are created for the release of a unique product, produced in the form of individual specimens or small batches.

So we can see that this form of business organization is quite innovative and non-traditional. However, international business already has significant experience in the the practical functioning of virtual firms. The first areas of application of the so-called "virtualization" were consulting and outsourcing services. Over time, cooperation between enterprises expanded, diversified and, accordingly, new forms of integration appeared:

- Procter & Gamble, which supplies personal hygiene products on the Wall-Mart shelves;
- Michelin, which delivers automotive tires right to Accelerators for America's Future;
- American Airlines and the Hilton hotel chain etc.

In recent years, the European consortium "Airbus Industries", which combines the efforts of Apple and Sony, has been a well-known project based on virtual organizational forms. As for Ukraine, here, as N. Rud' testifies [3, p.202], Kharkiv Virtual Business Incubator «Kharkiv Technologies», Kiev Technopark «E.O. Paton Electric Welding Institute», Lviv Informational, Innovative, Educational and Educational Consortium (cluster) and other forms of innovative virtual organizations function quite successfully.. Therefore, we can say that such a form of business is gaining popularity both abroad and in the domestic market.

II. Analysis of the pros and cons of a virtual organization

Thus, a virtual enterprise is a mobile enterprise consisting of geographically separated groups, people, united for solving certain tasks, achieving a certain goal, activity of which is carried out with the help of information and communication technologies

So, it's necessary to determine what makes virtual organizations so popular and what can be the negative effects of such cooperation. To do this, we'll use the SWOT analysis shown in Table 1.

Table 1
SWOT-ANALYSIS OF THE VIRTUAL ORGANIZATION

Strengths	Weaknesses
1. The flexible structure allows you to use the resources you need as efficiently as possible and also this structure can be quickly restructured	1. The need to keep confidential information from unauthorized access 2. The need for control over the activities of participating companies
2. Quick production because of the labor specialization 3. Reduced rental, transport, as well as administrative costs, costs for legal registration of transactions, etc.	3. Lack of proper social protection and material support of partners, as a result of the rejection of traditional labor relations

CONTINUATION OF TABLE 1

Strengths	Weaknesses
4. A general information platform about partner agents, their functional capabilities (competencies) and technological operations 5. Network infrastructure allows the exchange of knowledge 6. Focusing on customer needs and the organization for a comprehensive service through the joint efforts will lead to an increase in demand 7. The lack of entry barriers and the lack of standardized forms of co-work allows you to combine into rather large "hybrid" groups without losing flexibility 8. Such cooperation can lead to an additional synergistic effect.	4. Uncertainty about membership in the organization and uncertainty in the planning of activities for participants 5. Excessively large information base, the complexity of systematizing information and quantitative survey of association activities 6. The need for specific skills of employees and managers, as well as the need for constant updating of communication tools 7. The complexity of determining the boundary between the external and internal environment as a result of deep informational integration; 8. Excessive economic interdependence of partners, due to the narrow specialization of the organization.
Opportunities	Threats
1. Search for partners without borders between countries, which complies with the processes of globalization 2. Partners' ability to migrate and rebuild manufacturing processes in virtual space as needed 3. The opportunity to reduce the barriers to entering new markets 4. Ability to adapt flexibly to environmental changes 5. Efficient execution of market orders and providing exclusive novelties to the market 6. Ability to attract highly skilled specialists regardless of their place of residence	1. The psychological dissociation of members of the virtual enterprise can lead to distrust in the team or the emergence of conflicts 2. Uneven development of information systems in different countries 3. Psychological "unpreparedness" of many subjects to intensive work in an artificial "virtual" space 4. The development of the legislative framework lags far behind the progress in the field of new technologies 5. Lack of interest of creditors in financing intangible assets 6. Tax evasion charges

Table was made by author using source [4].

Conclusion

In conclusion we can note that virtual organizations in the conditions of the information economy attract more and more attention from the theorists and practitioners.

They achieve real competitive advantage in the market by saving time, reducing costs, internationalizing business, increasing flexibility and adaptability, and enhancing innovation activity. Getting the synergy effect on virtual enterprises becomes possible thanks to the integration of resources, knowledge and efforts of partners, their concentration on key competencies.

However, despite the significant benefits of such organizations compared to traditional enterprises, before realizing the idea of virtualization, it is recommended to explore the possibilities of the market for the activities of similar organizational structures. Therefore, the subject of analysis should be the degree of globalization of the industry, the size of costs, the possibility of flexible behavior, innovative potential etc.

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