NETWORK ORGANIZATION: A DESCRIPTIVE STUDY"

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ABSTRACT

*N**etwork/Virtual organizations do not need to have all of the people, or sometimes any of the people, in one place to deliver their service. The organization exists but you cannot see it. It is a network, not an office. Network organization is a new form of organization that emerged in 1990. It is also known as Virtual Organization, Modular Organization or Digital Organization. Simply stated, a digital organization is a network of corporations made possibly by, what is known as Information and communication Technology (ICT) which is flexible and is created to meet the dynamics of the market. In other words, the virtual organization is a social network in which all the horizontal and vertical boundaries are removed. In this sense, it is a boundary-less organization. It consist of individuals working out of physically dispersed work places, or even individuals working out of mobile devices and not tied to any particular workplace. In the digital organization, ICT coordinates the activities and combines the skills of workers and resources in order to achieve the common goal. The network of relationships permits contracting, manufacturing, distribution, marketing and other business functions. A small group of managers oversee directly any activities with the help of computer network links. Nike, Reebok, Puma, Dell Computers, HUL are some of the companies which are working virtually. Thus, it is loose web of individuals, capital and technologies which operate without time and space constraints. It operates without a fixed structure and its boundaries keep on changing.*

KEYWORDS: *Grid Computing, HRIS, HR Audit, Knowledge Facilitator, Change Agent, etc.*

INTRODUCTION

Network organization is a new form of organization that emerged in 1990. It is also known as Virtual Organization, Modular Organization or Digital Organization. Simply stated, a digital organization is a network of corporations made possibly by, what is known as Information and communication Technology (ICT) which is flexible and is created to meet the dynamics of the market.

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RESEARCH METHODOLOGY

Research Design : Descriptive Study

Research Tools : Secondary data was used. Data was collected from the Internet from various websites, journals.

DISCUSSION
History

Traditional organizations integrated work vertically; that is, they delegated authority in a pyramidal, hierarchical structure. As the pyramid shape suggests, power was concentrated primarily among the handful of individuals at the top. This organizational form, shown in Figure 1, was first developed in the United States in the late 19th century with the advent of mass production.

The prominent theorist of traditional hierarchical organizations was the renowned industrial engineer, Frederick Winslow Taylor. His book, *Principles of Scientific Management,* introduced the principles for designing and managing mass-production facilities such as Ford's automobile factory in Michigan and Carnegie's steel works in Pittsburgh.

The hierarchical structure was designed to manage highly complex processes like automobile assembly where production could be broken down into a series of simple steps. Hierarchical corporations often controlled and managed all activities of a business from, the raw materials to their allocation to consumers. A centralized managerial hierarchy controlled the entire production process, with white-collar workers establishing rules and procedures to manage a blue-collar workforce. From World War II until the early 1980s, the trend was to build increasing layers of management with more staff specialists. This centralized hierarchical structure was seen as effective for managing large number of workers, but lacked agility and was unable to process information rapidly throughout the organization.

Figure-1: The Traditional Hierarchy
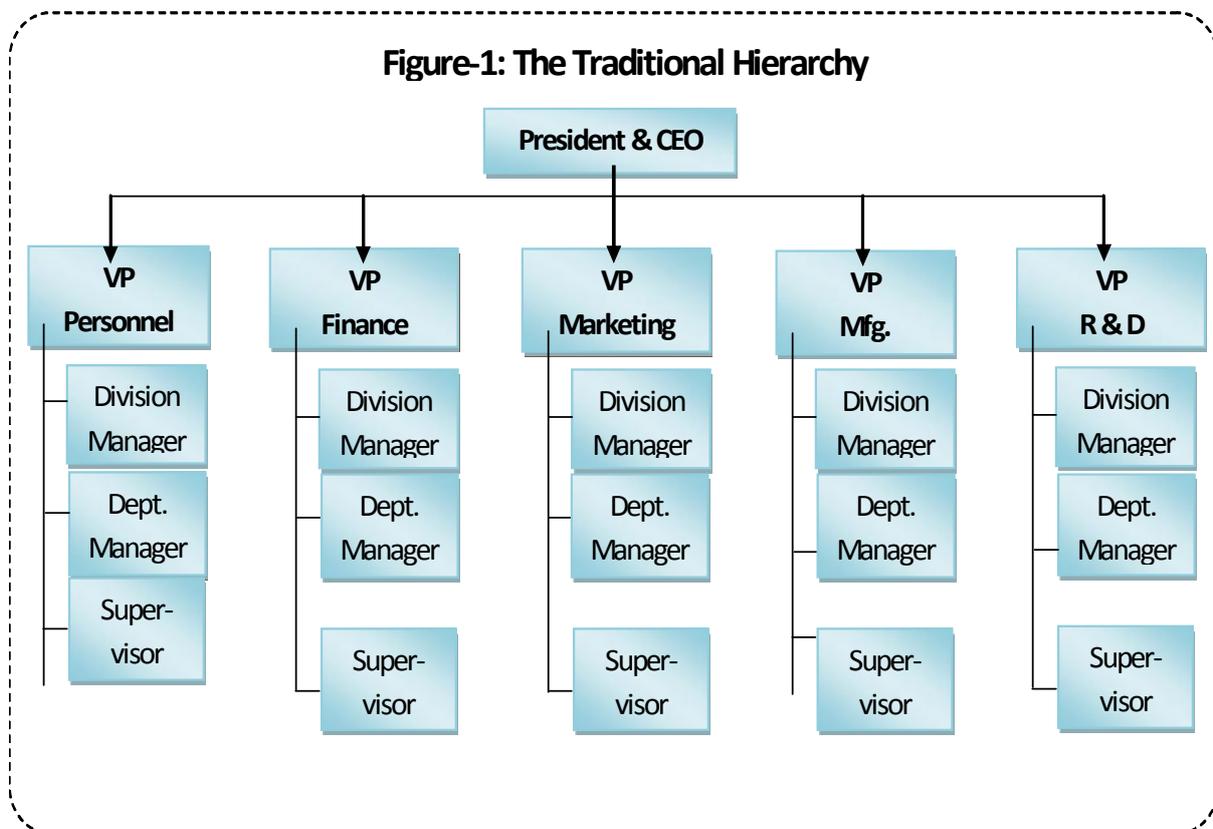
What is a Network Organization?

More and more organizations are looking at digital organizations to address critical resource, personnel and logistical issues. There are many definitions of network organizations, including:

- Network/Virtual organizations do not need to have all of the people, or sometimes any of the people, in one place to deliver their service. The organization exists but you cannot see it. It is a network, not an office.

- A flexible network of independent entities linked by information technology to share skills, knowledge and access to others' expertise in nontraditional ways

- The use of telecommunications and computing technologies—These technologies serve as the enabler that makes a VO exist. One could argue that VOs have always existed—traveling sales staff, outsourced staff and staff working at home. However, what is new is that technology has made it much easier to support distributed work teams. Barriers of distance and time have been overcome by technology.

- A form of cooperation involving companies, institutions and/or individuals delivering a product or service on the basis of a common business understanding. The units participate in the collaboration and present themselves as a unified organization.

- A dispersed network of skills and capabilities—The structure of a VO is distributed among multiple locations resulting in the capacity of bringing in a wider pool of skills and capabilities.

- Integration—When different individuals, groups and organizations get together in a VO, they need to interact collectively to achieve success. This implies greater levels of collaboration, cooperation and trust. Integration leverages the synergy of individuals.

- Flexible, dynamic, restless—Organizations no longer are constrained by traditional barriers of place and time. VOs support dynamic changes to the organization including employee work environments and processing structures. Restlessness refers to the attitude to willingly change products and services, geographic dispersion, communication patterns. This has the potential of leading toward higher levels of innovation and creativity.
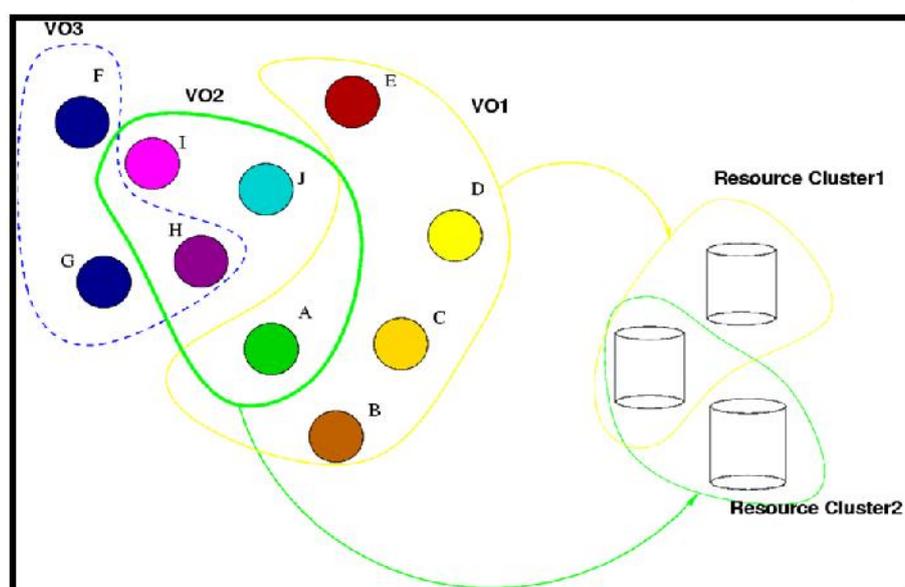
Network organization members (A–J) can group together dynamically, to use resources such as a database

Features
- ⇨ Home-working
- ⇨ Customer oriented
- ⇨ Flat Structure
- ⇨ Knowledge Workers
- ⇨ Dynamics
- ⇨ Goal oriented
- ⇨ Informal communication
- ⇨ Information sharing
- ⇨ Multidisciplinary Teams

Types of Network Organizations
1. Telecommuters
- → Employees work from their homes.
- → Interact with the workplace via personal computers connected with a modem
- → E.g.: Dow Chemicals, Xerox

2. Outsourcing:
- ↜ Outsource most or all core competencies.
- ↜ Marketing & Sales, HR, Finance, R & D, Engineering, manufacturing, Information System, etc. are the areas of outsourcing.

- ↜ Such a virtual organization performs one or two areas of core competence with excellence and other functions are outsourced.
- ↜ **E.g.:** Nike (R&D, Marketing)

3. Completely Virtual
- → This type of virtual organization is tightly linked to a large network of suppliers, distributers, retailers and customers as well as strategic and joint venture partners.
- → **E.g.:** IBM, BMW

Evaluation of Network Organization
Merits
- ⤣ Increased productivity
- ⤣ Less paperwork
- ⤣ Can be quickly reshaped
- ⤣ Saves Time & Money
- ⤣ Ability to work at home
- ⤣ Easy Excess to outside experts

Demerits
- ⤢ Difficult to control
- ⤢ Lack of physical interaction
- ⤢ Non-availability of verbal and non-verbal cues.
- ⤢ Problems with external partner can occur

Traditional Organization Vs. Network Organization

Point of Differences	Traditional Organization	Network Organization
Absence of Para verbal / Non-verbal Cues	Face to face communication	Electronic communication
Limited Social Contacts	Works manually, Easy accessibility of Social Contacts	Communication is done through internet so there are limited social contacts
Ability to overcome time & space constraints	Lack of proper utilization of technology	Highly technological in nature
Scope for technically unskilled workers	Skilled & unskilled workers are accommodated	Organizations are highly computerized so only technically skilled workers are required
Technology	Works Manually so less technological	Works through electronic media so its highly technological in nature
Effective for small/ big organizations	Small organizations - Limited area, - Work is done manually, - Work is contented with the available manpower - No need of huge technology & capital	Big organizations - Need high technology - Need higher investment - Need technically skilled persons

HR Issues in Network Organization

- ¤ Recruitment is conducted under time pressure and requires high performance expectations
- ¤ Both human capital and social capital become extricable linked.
- ¤ Social relationships do not require much stability
- ¤ Workplace is variable because there is high need for readiness to be mobilized at any moment

NETWORK ORGANIZATIONS: WORLD WIDE FUNCTIONING

Many organizations and governmental agencies have established network organizations. Below are descriptions of a number of them in the public and private sectors.

Public Sector Case Studies

US Department of Agriculture (USDA)

USDA's Animal and Plant Health Inspection Service merged all 250 IRM employees throughout the agency's 11 units into a single organization. Instead of moving employees to a centralized location, they were left physically and budgetary where they were before the initiative began. Employees are funded by one unit and receive direction from another. At the USDA's National Plant Data Center, 90 percent of interaction is done via teleconferencing, e-mail and video conferencing. "Some of the team members have never met each other in person," a USDA representative said.

US Department of Defense

All military services have constructed virtual battlefields as an integrated part of their military strategy. Besides training and mission rehearsal, these battle labs test weapons that have yet to be created. Often these battlefields are distributed and interactive. For example, war game participants are located at remote sites and use high-bandwidth telecommunication technology and high performance computing to simulate an armed conflict. Participants can provide online interactivity with real-time responses.

Private Sector Case Studies

British Telecom (Great Britain)-

British Telecommunications PLC is one of the world's leading providers of telecommunications services and one of the largest private sector companies in Europe. In April 2000, the company announced a reorganization of its activities into new, self-contained businesses that enable greater management focus. Process streamlining was initiated, concentrating on the way in which orders progressed through the organization. The preparation work was conducted in virtual teams where professionals from British Telecom and its consultants worked closely. Using the Internet and the extranet, British Telecom was successful in connecting the ordering system seamlessly to all the existing legacy systems in the organization. Processing time was drastically reduced within the expected time frame. The company can deal with much greater volumes—three to four more than before—with the same number of people. A BT spokesman indicated: "With better information more quickly available, it is easier for us to convert leads into orders. Optimizing our electronic interface has vastly improved our collaboration with telemarketing companies."

Dell Computers (US)-

Companies are rapidly moving away from self-contained, vertically integrated organizations to virtual entities that rely on business partners to fulfill major parts of their supply chains. This means a company will outsource any part of its operations to companies that can more efficiently, reliably and cost-effectively implement the work. For example, most of the components in a Dell computer are made by other companies while Dell focuses on its strengths—marketing, customer support and integration of these components into the final computer products. When buying a computer from Dell, the virtual organization includes the Dell customer service rep, assembly line and assembly crew, supply people for various components, the UPS truck and driver who delivers the computer and people from MasterCard who pay for it. All of the inventory in the system, regardless of location and ownership of the company, can be viewed as a single system. Benefits may include overall lower inventory levels in the whole system and better customer service. For example, Dell tries to keep as little actual inventory on hand as possible.

A WORD OF CAUTION

The business environment will no doubt require firms to become even more flexible, more agile, and to bring products and services to market at an increasing rapid pace. Traditional organization forms are no longer capable of sustaining the needs of this relentless pace. New forms of organizing, such

CASE STUDY: FIRST HRM PORTAL LAUNCHED

India's first comprehensive HRM portal was launched in New Delhi. Developed by Reach Interactive Pvt. Ltd., the HR site (www.UReachUs.com) is a one stop solution to all HR issues. Peddled as a first-of-its-kind HR site in this, this portal provides a vast gamut of services in the areas of HR management. The domain has been divided into 20 'easy-to-browse' practical areas, covering such issues as: Best compensation practices; employee training & development; organizational design and development; talent management, etc. At each link section the portal provides four distinct services: ASPs, catalogue product, publishing products and referral products. Other interactive features include expert counseling, discussion fora, chat and opinion polls. The chat sessions will be conducted by senior HR professional. Parag Diwan, CEO, Reach Interactive.com claimed that the portal will provide valuable insight to both job seekers and job providers.

The key asset of the site is, however, well-researched content. This includes real life case studies, new articles, and web-based tutorials, along with opinion polls, chat, discussion forum, expert interviews and a host of other interactive features. The layout is clean and navigability fairly easy.

as the virtual organization, hold promise as organizational leaders experiment and learn new strategies for managing in the twenty-first century and beyond. These new structures, however, will require managers and leaders to face exciting challenges as they move into an environment of increased uncertainty and volatility.

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