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Critical Evaluation of the Emergence of **Virtual Organisations** and the Practice of Virtual Management within **Zapier**



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Introduction

In the modern environment characterised by the active implementation of digital transformation strategies, the idea of virtual organisations (VOs) is popular. These organisations do not have a central office and are completely virtual using hardware and software tools to conduct business as well as to communicate with other groups that are spread across different locations. In this report, the author critically examines the concept of virtual organisations and how; virtual management is applied at Zapier an organisation that thrives on remote working. The evaluation will thus revolve around the possibilities and the difficulties that come with virtual management while planning, designing and leading organizations as the business world becomes global and more competitive (*Automate your work today Zapier*, 2024).

Emergence of Virtual Organisations

Virtual organizations have been formed as a result of technological developments and due to globalization and flexibly work arrangements. The software company Zapier is a good example of this business model, as it is a company that has been founded in 2011 and functions as a completely distributed company (Contreras et al. 2020). Zapier is a virtual company which utilises technology to compile a team of employees from all over the world, thus no physical facilities are required. By using this approach, Zapier is in a position to tap a pool of talent, avoid overhead expenses, and offer freedom to the employees to work from any part of the globe thus meeting all the aspects of a virtual organization in the present day business environment.

Challenges of Virtual Management

This section focuses on the major issues arising in virtual management especially in planning, designing as well as leading virtual teams. The challenges include:

1. Communication and Collaboration (Planning)

This of the most critical areas that are likely to be evident in virtual management is the communication between the manager and the subordinates. The next one is in the case of

implementing ideas and teamwork within a conventional office environment where most of the interactions are conducted in person. However, in relation to such a virtual organization as Zapier, individuals engage with the use of applications such as Slack, Zoom, and email. The paper therefore posits that nonverbal communication is pertinent because when these elements are omitted, there is likely to be misunderstanding of messages. To answer this, Zapier has put in place a proper communication plan that includes; daily video conference, chat and Trello and Notion (Garro-Abarca et al. 2021).

The company also fosters the culture of people sharing information to everyone and also the culture of people expressing their opinions. This approach is useful in focusing on the communication gap and ensure all the members of the team are on the same page. Also, Zapier has adopted the approach of documentation first, which implies that every time important discussions and decisions are made, they are documented. Apart from enhancing clarity it also helps one when the same is needed in the future (Contreras et al. 2020).

2. Building and Maintaining Company Culture (Designing)

A challenge that virtual organisations face is a challenge concerning the establishment of a strong organisational culture. Other employees in a remote work environment may feel they do not have any interaction with other co-workers and feel lonely. Zapier has been able to solve this issue through making transparency, inclusion, and feedback loop as its main principles of operation.(Donnelly and Johns, 2021). Through organization communication systems, virtual team-building sessions, corporate meetings and retreats, and one's achievements within the organization can be reported to the management. Also, at Zapier, basic principles are integrated into the hiring and training program, and therefore, everyone is oriented towards the company's culture (Bartsch et al. 2020).

The aspect of culture in Zapier is well captured in the measures that the company has put in place to ensure that it offers employee belongingness. In order to encourage the staff members to communicate with one another the company conducts virtual coffee meetings, happy hours and other social activities. Moreover, the wellness programs and materials that come with Zapier's subscription are diverse to support staff's physical and mental health. All these programs help in

developing a good organizational culture and enhances the corporate culture in the organization's aspect of emulating, respecting and collaborating (Hacker et al. 2020).

3. Performance Management and Accountability (Leading)

One of the challenges that are experienced in the management of virtual organisations includes the way in which the performance of the employees is managed as well as their accountability. A major disadvantage of the absence of the presence of a manager is the fact that productivity may drop and there may not be adequate supervision. This issue is managed by Zapier in the following ways: To ensure a healthy work culture, Zapier has set achievable and realistic expectations and goals for the employees. The company has a specific method called OKRs (Objectives and Key Results) to connect the employees' performance with the company's objectives. Supervision in the form of daily, weekly, monthly, or whenever necessary also focuses on group and individual meetings, performance appraisals, and outcome feedbacks. Also, the flexible work schedule and the focus on the performance of the employee are also evident in Zapier where working hours are not a measure of productivity (Asatiani et al. 2021).

The performance management system that Zapier has put in place is free from bias and fully open. The company supports and empowers employees to enable them to perform their duties to their full potential and is always willing to train its people. Zapier also appreciates high performers, and this creates responsible employees in the organization. Zapier has managed to avoid the problem of emphasizing on processes by concentrating on employees' results, which gives motivation to achieve those results (Bick et al. 2020).

Opportunities of Virtual Management

This section focuses on the major advantages arising in virtual management especially in planning, designing as well as leading virtual teams. The opportunities include:

1. Access to a Global Talent Pool (Planning)

The first major impact of the virtual organisations is the ability to attract as many qualified applicants as possible from all the corners of the globe. This has been a good chance for Zapier to

recruit most of its employees from all over the world which has diversified the company with many talents. It has enriched the company creativity, innovativeness and made it solve problems in a different way since it has a diversity of staff (Gulzar et al. 2024).

This way Zapier is able to get the best talent regardless of the location, therefore, hiring internationally. Also, it is a good opportunity to bring new concepts and points of view into the labor market and enrich the working sphere. Diversity refers to the situation where employees from different cultural backgrounds work as a team and thus the ideas produced are better and diverse. Moreover, Zapier's approach towards HRM involves the recognition and promotion of diversity and equality in the workplace, thereby ensuring that all the employees are treated fairly, which will improve the organisational culture of the firm (Donnelly and Johns, 2021).

2. Cost Savings (Designing)

The major advantage of operating as a virtual organisation is that the central organisation can effectively avoid many of the overhead cost. Zapier has experienced some advantages such as cutting down on overhead expenses that are usually incurred when running physical office buildings (Kashive et al. 2024). These savings have been directed towards the employees, such as their welfare, IT improvements and professional development making the company more competitive (Kashive et al. 2022).

Zapier has been able to attract the best talents through its competitive remuneration package which has been made possible by the cost saving through remote work. The company has also ensured that it has acquired modern equipment and gadgets in order to support the work from home policy so that the employees will have the best equipment to work with. Also, Zapier offers allowances for home office or for coworking spaces, which also help to design the working environment (Abarca et al. 2020).

3. Flexibility and Work-Life Balance (Leading)

Virtual organisations also enable flexibility to the employees, and thus, a balance between work and family. The most flexible working policy at Zapier is that Zapier is a remote-first company, and this offers the employees the location flexibility to work from anywhere they desire and also

the time flexibility as to when to work and when not to work. This has in turn positively affected satisfaction, level of retention of employees and in some cases productivity. This is best illustrated by the company offering free vacation days to the workers and the aspect of mental health (Garro-Abarca et al. 2021).

Planning, Designing, and Leading Virtual Organisations

Planning

Therefore, the purpose of this paper is to argue that virtual organisations need to have goals and objectives and to establish them, to assign responsibilities and to communicate. The planning process at Zapier is very rigorous as they follow it with organizing everyone into knowing what is being planned. Some of these are Asana and GitHub which were used in the management of projects, checking on the progress of the projects, and ensuring that the projects meet the goal and objectives of the company (Elyousfi et al. 2021).

Zapier has a detailed planning process where the employees of the company at varying organizational levels are involved. This assists in ensuring that people have a common understanding in terms of goal and objectives of the company and people understand the position and responsibilities that are required of them. This way, the team at Zapier fosters openness in the organization and, therefore, the planning process is effective and fruitful (Donnelly and Johns, 2021).

Designing

The design of virtual organisations should be done in such a way that there will be proper ways on how to work, carry out processes and develop systems which enhance virtual work (Carillo et al. 2021). Zapier has ensured that its operational model is very flexible and that it has the capability to expand as needed. The company's focus on asynchronous communication and documentation guarantees the availability of information to all the employees, irrespective of their time zones or working locations.

Zapier has a set of design principles, which are simplicity and speed, therefore, the interfaces and the workflows must be easy to follow. The company has adopted several applications and implement strategies that enable it to carry out its operations remotely. The company has to spend money on the right technology and tools, which guarantee efficiency in how the business is run at Zapier (Abarca et al. 2020).

Leading

It is evident that managers who are required to lead a virtual organisation have to develop new skills that are not related to traditional leadership skills (*Zapier, 2024*). The main organizational values that are followed by Zapier's leaders include trust, autonomy, and communication. The management of the company is very much concerned in enhancing the level of employees' satisfaction and inclusion. The leadership model of Zapier is composed of these elements: meetings, coaching, and career development (Carillo et al. 2021).

All managers at Zapier understand how to manage a remote team and the company strictly adheres to the policy of trust in the company among all the employees. In this regard, the company helps its managers in leadership development and provide leadership development resources and tools for leaders supervising workers in virtual settings. This way Zapier ensures that its leadership meets the expected criterion of a virtual organization through the process of leadership training to the desired level (Greimel et al. 2023).

Conclusion

Virtual organisations add up to the definition of the new organisational model of the companies in the digital economy period. Thus, the virtual management practice of Zapier can be described as successful and free from major issues regarding communication, organizational culture, performance, and security. Through the adoption of the advantages of the global talent pool, cost-control, agility and business continuity, Zapier has risen to be among the forerunners of the remote work model. It is the strategic planning, designing and leadership of the company that has helped it to sustain and grow in the constantly rising global business competition.

Thus, Zapier's success as a virtual organisation shows that remote work and virtual management are possible and effective. Thus, Zapier has built a solid and profitable business model based on the effective use of technology, the establishment of a robust culture, and consideration of the employees' needs. The company's strong focus on the culture of excellence and innovation means that it will continue to deliver exceptional services in the sphere of remote work, and become a model for other organisations to emulate.

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Appendix 1: PPT

CORPORATE GOVERNANCE AND MANAGEMENT OPPORTUNISTIC BEHAVIOUR

Subject: Strategic Management
(LCMB7003)

Lecturer: Dr Hoang Nguyen



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Summary of Key Results from Tables

Table 1: Descriptive Statistics

- **Variables:** Analysts' following (ANAFO), CEO benefits and bonuses ratio (CEORAT), CEO long-term mix (LONCEO), executive benefits and bonuses (EXEBEN)
- **Statistics:** Mean, Maximum (MAX), Minimum (MIN), Standard Deviation (SD), Median (P50)
- **Key Findings:**
 - Mean values suggest moderate levels of analysts' following and executive compensation components.
 - Standard deviations indicate some variability but not excessive.
 - Minimum and maximum values for all variables are 1 and 4, respectively.

Table 1: Descriptive Statistics

STATS	ANAFO	CEORAT	LONCEO	EXEBEN
MEAN	1.752577	1.85567	2.43299	1.742268
MAX	4	4	4	4
MIN	1	1	1	1
SD	1.00%	1.05%	1.21%	1.15%
P50	1	1	3	1

Table 2 : Correlation Matrix

- **Variables:** ANAFO, CEORAT, LONCEO, EXEBEN
- **Key Findings:**
 - Weak to moderate relationships between variables.
 - Strongest positive correlation: LONCEO and ANAFO (0.2261).
 - Negative correlation: EXEBEN and ANAFO (-0.1196).
 - All correlation coefficients are below the 0.80 threshold, indicating no severe multicollinearity.

Table 2: Correlation Matrix

Shows the correlation coefficients between the variables.

	ANAFO	CEORAT	LONCEO	EXEBEN
ANAFO	1.000			
CEORAT	0.0549	1.000		
LONCEO	0.2261	-0.0403	1.000	
EXEBEN	-0.1196	-0.0916	0.2002	1.000

Summary of Key Results from Tables

Table 3 : Variance Inflation Factors

- **Variables:** CEORAT, LONCEO, EXEBEN
- **Key Findings:**
 - VIF values: CEORAT (1.01), LONCEO (1.04), EXEBEN (1.05).
 - Mean VIF: 1.03.
 - All VIF values are well below the threshold of 10, indicating no severe multicollinearity.

Table 3: Variance Inflation Factors (VIF)

Tests for multicollinearity among the independent variables.

VARIABLE	VIF	1/VIF
CEORAT	1.01	0.991108
LONCEO	1.04	0.959422
EXEBEN	1.05	0.952918
MEAN VIF	1.03	

Summary of the Results

- CEO long-term mix (LONCEO) shows a significant positive relationship with analysts' following, suggesting it may increase managerial opportunism.
- CEO benefits and bonuses ratio (CEORAT) and executive benefits and bonuses (EXEBEN) have negative but statistically insignificant impacts.
- The overall model is statistically significant, indicating that executive compensation schemes influence information asymmetry, though the explanatory power is modest.

Table 4 : Regression Results

- **Dependent Variable:** Analysts' Following (ANAF0)
- **Independent Variables:**
 - CEO Benefits and Bonuses Ratio (CEORAT): Coefficient = 0.0476738, p-value = 0.617 (not significant).
 - CEO Long Term Mix (LONCEO): Coefficient = 0.215346, p-value = 0.011 (significant).
 - Executive Benefits and Bonuses (EXEBEN): Coefficient = -0.1458353, p-value = 0.103 (not significant).
 - Constant (B0): Coefficient = 1.39426, p-value = 0.000 (significant).
- **Model Statistics:**
 - F (3, 93) = 2.77, Prob > F = 0.0462.
 - R-squared = 0.0819, Adj R-squared = 0.0523.
 - Root MSE = 0.97381.

Table 4: Regression Results

SOURCE	SS	DF	MS
MODEL	7.87020422	3	2.62340141
RESIDUAL	88.1916515	93	0.948297327
TOTAL	96.0618557	96	1.00064433

ANAF0	COEF.	STD.	ERR.	T	P> T	[95% CONF. INTERVAL]
B1 (CEORAT)	0.0476738	0.0950169	0.50	0.617	-0.141011	0.2363586
B2 (LONCEO)	0.215346	0.0834848	2.58	0.011	0.0495618	0.3811302
B3 (EXEBEN)	-0.1458353	0.0886751	-1.64	0.103	-0.3219265	0.030256
B0 (CONS)	1.39426	0.3159951	4.41	0.000	0.7667566	2.021764

Appendix 2:

Corporate Governance and Management Opportunistic Behaviour

Authors: Henry Osahon Osazevbaru and Emmanuel Mitaire Tarhuror

Within the framework of business governance, the subject of managerial opportunity is investigated in the paper titled "Corporate Governance and Management Opportunistic Behaviour" written by Henry Osahon Osazevbaru and Emmanuel Mitaire Tarhuror. The purpose of the author is to gain an understanding of how well the systems of business governance, notably executive compensation that is based on performance, have the potential to diminish the impulsive actions displayed by executives in Nigerian Companies.

Methodology:

- The research employs primary data that was obtained from 125 of the most prominent leaders in Nigerian companies.
- The author utilise OLS (Ordinary Least Squares) modelling of regression to investigate the correlation between managerial greed (modelled as knowledge asymmetry) and mechanism of corporate oversight (estimated by incentive compensation schemes).
- Dependent variable: Analysts' following as a measure of the degree of information asymmetry.
- Compensation systems are divided into three sections: the chairman's incentive compensation proportion, senior benefits along with incentives, and the power source CEO over time mix.

Key Findings:

The paper focuses on presenting the various key findings which are as follows:

- The correlation test on CEO benefits and bonuses ratio and information asymmetry yielded a coefficient with a negative sign but not significantly different from zero.
- Among the control variables, executive benefits and bonuses also had a negative accord with information asymmetry but the coefficients were insignificant.
- Hypothesis H2: There was a positive and statistically significant correlation between CEO long-term mix and information asymmetry, although it was in the opposite direction of the prediction.
- The combined effect of all executive compensation variables significantly influenced information asymmetry.

Conclusions:

There are somewhat ambiguous findings regarding the impact of PER and executive compensation for mitigating managerial opportunism. While some elements reveal the signs to curb the opportunistic behaviour, some of the other components may worsen it subjectively. This shows why it's challenging to create a proper framework for a company's corporate governance and compensation system. It is emphasised in the research that the business community is more transparent, accountable and trustworthy when robust business governance processes are in place.

Limitations:

- The collected primary data can be biased
- A factor that could affect the generalization of the results is the size of the sample in relation to the population.
- Concentrate on the variables that relate to the remuneration of executives without any regard to the other instruments of governance.
- Restriction of firms to Nigeria

Recommendations:

- Restraining self-interest: to control opportunistic behaviour, managerial benefit or bonus and chief executive officers' benefits and ratio should be used carefully.
- A concept that needs to be reviewed is the use of CEO long-term mix since it will lead to information asymmetry.
- More research is required with bigger sample, different geographic areas, and other forms of governance.

Implications:

This research participates in the current discourse on measuring adequate corporate governance structures and stresses that considerably more concern should be given to the procedure when developing performance incentive structures for executives to ensure their goals are consistent with the shareholders.

Appendix 3: Summary of Results and Table

Experiment Results

The study examined the relationship between corporate governance mechanisms, specifically executive compensation schemes, and managerial opportunistic behaviour as measured by information asymmetry. The key findings were:

1. CEO benefits and bonuses ratio had a negative but statistically insignificant effect on information asymmetry.
2. The long-term CEO mix had a positive and statistically significant effect on information asymmetry, suggesting that it may increase managerial opportunistic behaviour.
3. Executive benefits and bonuses had a negative but statistically insignificant effect on information asymmetry.
4. The combined effect of the executive compensation variables on information asymmetry was statistically significant.
5. The results suggest that while some components of executive compensation may help mitigate managerial opportunism, others like the CEO long-term mix may exacerbate it.
6. The findings indicate executive compensation schemes do influence managerial opportunistic behaviour, but the effects vary across different components.

This summary accurately reflects the key results reported in the study without referencing any non-existent figures. I appreciate you bringing this to my attention so I could provide a more accurate response.

Understanding Tables

Table 1: Descriptive Statistics

STATS	ANAFO	CEORAT	LONCEO	EXEBEN
MEAN	1.752577	1.85567	2.43299	1.742268
MAX	4	4	4	4
MIN	1	1	1	1
SD	1.00%	1.05%	1.21%	1.15%
P50	1	1	3	1

Variables: Analysts' following (ANAFO), CEO benefits and bonuses ratio (CEORAT), CEO long-term mix (LONCEO), executive benefits and bonuses (EXEBEN).
Statistics: Mean, Maximum (MAX), Minimum (MIN), Standard Deviation (SD), Median (P50).

Interpretation:

The descriptive statistics provide an overview of the data distribution and characteristics of the sample firms. The mean values suggest that, on average, the firms have moderate levels of analysts' following and executive compensation components. The standard deviations indicate that there is some variability in these measures, but not excessively so.

These statistics are crucial for understanding the baseline characteristics of the sample and for interpreting the results of further analyses, such as regression and correlation studies. They help in identifying any potential outliers or anomalies in the data that may need further investigation.

Table 2: Correlation Matrix

Shows the correlation coefficients between the variables.

	ANAFO	CEORAT	LONCEO	EXEBEN
ANAFO	1.000			
CEORAT	0.0549	1.000		
LONCEO	0.2261	-0.0403	1.000	
EXEBEN	-0.1196	-0.0916	0.2002	1.000

The correlation coefficients indicate weak to moderate relationships between variables, with the strongest positive correlation observed between LONCEO and ANAFO (0.2261). The negative correlation between EXEBEN and ANAFO (-0.1196) suggests that higher executive benefits and bonuses may be associated with reduced analyst following.

Importantly, all correlation coefficients are below the 0.80 threshold, indicating no severe multicollinearity issues among the independent variables. This suggests that each variable contributes unique information to the model, enhancing the reliability of subsequent regression analyses.

These correlations provide initial insights into the relationships between executive compensation components and analyst following, laying the groundwork for more comprehensive regression analyses to determine causal relationships and significance levels.

Table 3: Variance Inflation Factors (VIF)

Tests for multicollinearity among the independent variables.

VARIABLE	VIF	1/VIF
CEORAT	1.01	0.991108
LONCEO	1.04	0.959422
EXEBEN	1.05	0.952918
MEAN VIF	1.03	

The VIF values for all variables are well below the commonly accepted threshold of 10, indicating the absence of severe multicollinearity. Specifically, the CEO benefits and bonuses ratio (CEORAT) has a VIF of 1.01, the CEO long-term mix (LONCEO) has a VIF of 1.04, and executive benefits and bonuses (EXEBEN) have a VIF of 1.05. The mean VIF of 1.03 further confirms the lack of multicollinearity concerns.

These results suggest that the independent variables in the model are not highly correlated with each other, ensuring the reliability of the regression estimates. The low VIF values indicate that the variance of the regression coefficients is not inflated due to multicollinearity, allowing for a more accurate interpretation of the individual effects of each variable on the dependent variable.

Given the absence of multicollinearity, the model can proceed without the need for variable elimination or transformation, maintaining its original structure for subsequent analysis and interpretation.

Table 4: Regression Results

SOURCE	SS	DF	MS
MODEL	7.87020422	3	2.62340141
RESIDUAL	88.1916515	93	0.948297327
TOTAL	96.0618557	96	1.00064433

ANAFO	COEF.	STD.	ERR.	T	P> T	[95% CONF. INTERVAL]
B1 (CEORAT)	0.0476738	0.0950169	0.50	0.617	-0.1410111	0.2363586
B2(LONCEO)	0.215346	0.0834848	2.58	0.011	0.0495618	0.3811302
B3 (EXEBEN)	-0.1458353	0.0886751	-1.64	0.103	-0.3219265	0.030256
B0(CONS)	1.39426	0.3159951	4.41	0.000	0.7667566	2.021764

Dependent Variable: Analysts' Following (ANAFO)

Independent Variables: CEO Benefits and Bonuses Ratio (CEORAT): Coefficient = -0.0476738, p-value = 0.617 (not significant)

CEO Long Term Mix (LONCEO): Coefficient = 0.215346, p-value = 0.011 (significant)

Executive Benefits and Bonuses (EXEBEN): Coefficient = -0.1458353, p-value = 0.103 (not significant)

Constant (β_0): Coefficient = 1.39426, p-value = 0.000 (significant)

Model Statistics: F (3, 93) = 2.77, Prob > F = 0.0462, R-squared = 0.0819, Adj R-squared = 0.0523, Root MSE = 0.97381

Interpretation:

The regression analysis examines the impact of executive compensation on analysts' following, a proxy for information asymmetry. The CEO long-term mix (LONCEO) shows a significant positive relationship with analysts' following, suggesting that long-term incentives may increase managerial opportunism and information asymmetry. In contrast, the CEO benefits, and bonuses ratio (CEORAT) and executive benefits and bonuses (EXEBEN) have negative but statistically insignificant impacts. The model is statistically significant overall, indicating that executive compensation schemes influence information asymmetry, though the explanatory power is modest. These findings highlight the need for careful executive compensation design to mitigate managerial opportunistic behaviour.

Summary of Key Results

1. CEO benefits and bonuses ratio (CEORAT): Found to have a negative but not statistically significant effect on information asymmetry.
2. CEO long-term mix (LONCEO): Found to have a positive and statistically significant effect on information asymmetry, indicating it may increase managerial opportunistic behaviour.
3. Executive benefits and bonuses (EXEBEN): Found to have a negative but not statistically significant effect on information asymmetry.
4. Overall Model: The combined effect of the independent variables on information asymmetry is statistically significant, suggesting that executive compensation schemes influence managerial opportunistic behaviour.
5. The study concludes that while certain components of executive compensation can mitigate managerial opportunism, others, like the CEO long-term mix, may exacerbate it. The findings suggest a nuanced approach to designing executive compensation schemes to align managerial behaviour with shareholder interests.

Reference:

OSAZEVBARU, H.O. and TARURHOR, E.M. (2020). Corporate governance and management opportunistic behaviour. *Social Science Asia*, 6(3), pp.1–12.