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Part A. Task 2: Individual Assignment

Introduction

The emergence of virtual organizations is attributed to the rapid proliferation of information technology and innovative management concepts. Particularly, following the devastating impact of the pandemic on traditional business operations, virtual organizational approaches quickly permeated every enterprise. This article explores the planning, scope, and strategic issues in managing virtual organizations, while also discussing some of the drawbacks and challenges associated with their existence.

A. The concept of virtual organizations

A virtual organization is defined as "a collection of geographically dispersed, functionally and/or culturally diverse entities connected via electronic forms of communication and reliant on lateral, dynamic relationships for coordination." Virtual organizations are sometimes referred to as virtual enterprises. They are committed to managing inherently dynamic activities and seek to enhance the efficiency and effectiveness of these activities through flexible handling. The feasibility of virtual organization methods is partly due to advancements in information technology. With the aid of information and communication technologies, members of virtual organizations can achieve common goals through flexible resource allocation (Wang and Chan, 2010).

The concept of "virtual organization" can be traced back to the 1980s with the emergence of information technology and discussions around remote work and the vision of virtual companies (Baecker, 1993). For a long time, people worked in physical locations, adhering to typical office hours, attending in-person meetings, and completing paper-based paperwork, which limited companies to local talent pools. However, with advancements in information technology and a shift in work attitudes, the form of virtual offices emerged, redefining how companies operate. The event that truly propelled virtual organizations into the mainstream and to their peak was the global pandemic that began in 2020. The digital age officially became the global trend in work (Borja, 2023).

B. Planning of virtual organizations

Planning a virtual organization requires a series of steps and strategies to ensure efficient operation and achievement of set goals. Because members of a virtual organization are dispersed across different geographical locations and collaborate through internet and communication technologies, planning for a virtual organization requires both flexibility and the use of technology to ensure organizational productivity. From a business strategy perspective, planning a virtual organization must first clarify execution processes and sources of competitive advantage. The entire organizational structure is designed to ensure that the organization's competitive advantage can prevail in the competition. In this regard, the objectives of all types of enterprises are the same.

a. Macro and Microeconomic Analysis

Conducting macro and microeconomic analyses in the early stages of organizational structuring can ensure the direction and advantages of the organization from the outset of the project,

while also mitigating and reducing risks. During macroeconomic analysis, it is essential to assess the industry in which the organization operates, including industry trends, competitive landscape, market share, and whether the industry's operational model is suitable for the development characteristics of a virtual organization. Additionally, macroeconomic factors such as inflation, interest rates, policies, and regulations should also be considered. Microeconomic analysis includes production and labor cost analysis, pricing strategies, consumer behavior analysis, and financial and profit analysis. Macro and microeconomic analyses can determine whether market opportunities and competitive threats are suitable for the entry of a virtual organization into the market, or whether a traditional business model should be adopted instead. Therefore, comprehensive and detailed analysis in the early stages is essential (Whittington et al., 2019, pp.34–36).

b. Internal Analysis of Virtual Organization

The purpose of conducting internal analysis of an organization is to understand and outline the organization's primary objectives, operational mechanisms, resource allocation, business processes, and management structure. Conducting internal analysis can assist the organization in formulating more effective strategic and operational plans. Internal analysis of an organization can be performed using SWOT or PESTEL analysis methods.

Compared to traditional enterprises, virtual organizations exhibit significant differences in resource allocation, human resource management, and organizational structure. In terms of resource allocation, virtual organizations invest substantial resources and efforts into virtual organizational platforms to ensure smooth daily operations. Regarding human resource management, adjustments are made in recruitment and job descriptions due to organization members being located in different time zones and locations. In terms of organizational structure, virtual organizations are more suitable for adopting a flat management approach, which is more flexible and efficient.

c. Determining Organizational Process Architecture

Determining the process structure of a virtual organization involves designing and optimizing internal operational processes, which includes defining various business activities, information flows, and decision paths to ensure efficient achievement of organizational objectives. The key to establishing process architecture lies in identifying critical business processes, such as product development, procurement and supply, sales and marketing, and mapping out process diagrams by understanding and identifying each business process to analyze potential bottlenecks and inefficient areas for optimization.

As a virtual organization, information technology plays a crucial role in process architecture. Therefore, compared to traditional organizations, during the initial stages of determining organizational structure, consideration should be given to available information systems and tools to support process digitization and automation. This ensures that each step can be coordinated through information systems, enhancing communication efficiency and accuracy. Regular evaluations of the effectiveness of information systems should be conducted and adjustments made accordingly (Birt, 2023).

d. Developing a Marketing Plan

An important aspect of a marketing plan is market segmentation and developing marketing strategies based on market segmentation. Marketing plans are typically structured around the 4P principle: Product, Price, Place (Distribution), and Promotion. These 4Ps are then compared with the 4C model (Customer Value, Customer Cost, Communication, and Convenience) to properly cater to market demands. This process is applicable to any type of organization (Hooley et al., 2020, pp.288–290).

C. Designing of virtual organizations

Implementing a virtual organization involves long-term strategic planning and macro architecture of the organization, and the steps to implement a virtual organization encompass not only conceptual shifts but also specific behavioral changes throughout the organization. When implementing a specific design plan for a virtual organization, attention should be paid to the following key points.

a. Assessing and Integrating Resources.

When designing the structure of a virtual organization, the first step is to assess the organization's resources to ensure it can support the requirements of a virtual structure. This involves evaluating not only physical resources like computers and secure internet connections but also digital tools needed for communication and collaboration, such as video conferencing tools, project management platforms, etc. Additionally, it is essential to ensure that the organization has made corresponding adjustments in human resource management and capital operation systems to align with the operational methods of a virtual organization.

b. Designing Organizational Structure

Advanced information technology is the key to the success of a virtual organization compared to traditional corporate structures. Electronic information systems enable employees located in geographically dispersed locations to interact with each other. Unlike IT management in traditional enterprises, virtual organizations create highly integrated electronic work platforms using tools such as desktop video conferencing, collaboration software, and intranet systems to enhance information flow among team members.



Figure1. A structure of virtual organization
(Source: Płonka, 2024)

c. Building Virtual Teams

Virtual teams are the core of virtual organizations, functioning across space, time, and organizational boundaries through interactive communication technologies unlike traditional teams. Virtual teams consist of core members, project teams, and support teams. Core members include organizational management and key decision-makers. Project teams may be temporary work teams formed based on project and task requirements, while support teams encompass technical and administrative support personnel.

Taking Sun Microsystems as an example, they are considered a highly dispersed organization composed of independently operating companies, prioritizing information systems to achieve faster and better communication. Members of Sun Microsystems work across time, space, and organizational boundaries to address critical business issues. A team might include sales representatives, marketers, finance personnel, and operations staff from around the globe. Customers and suppliers may also become temporary members as needed. Weekly meetings can be conducted via conference calls (Sun Microsystems, 1999).

The key to successful team operation lies in selecting talent from within the organization, defining clear objectives for team efforts, and establishing communication links among team members.

d. Enhancing Employee Training Systems

Another key factor for the success of a virtual organization is the ability to establish world-class learning systems within the organization. These learning systems help leaders maintain and create excellent organizational teams. Effective learning systems can create pathways in a virtual organization via online means, enhancing the innovative capabilities of organizational members. To maintain a leadership position in the global economy, an organization needs to be at the forefront, developing rapid and elegant solutions for emerging consumer demands. This involves providing necessary training on work protocols, communication guidelines, and the use of digital tools to prepare team members for the transition.

e. Developing an Information Communication Plan

Regular and robust information communication is crucial for the success of virtual teams. Ensuring clear communication channels, both formal and informal, is a top priority for virtual organizations. Generally, key communication points may include data sharing, information coordination, awareness, and communication. As shown in Figure 2, communication in a virtual organization should be hierarchical and cyclical. Shared data may include archives and directories, web bookmarks, knowledge management files such as databases and repositories; information coordination can be achieved through workflows to ensure that important and necessary information reaches the right locations quickly for processing and utilization; awareness is aimed at keeping each team member informed about activities and statuses within current projects and intervening when necessary; communication primarily refers to interaction between members, which can be facilitated through instant messaging tools to discuss and update project activities and progress.

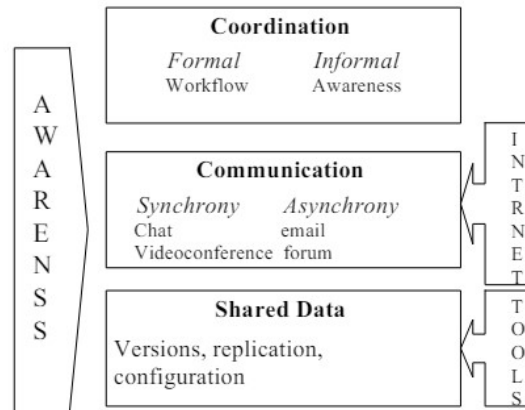


Figure2. The information communication in the virtual organization
(Daneshgar, Ray and Rabhi, 2004)

D. Leading of virtual organizations

Leading a virtual organization requires specific skills and strategies, as team members are often dispersed across different geographic locations and collaborate online. Therefore, as a manager of a virtual organization, it is necessary to adapt work methods and focus accordingly. Compared to traditional enterprises, the biggest challenge in leading a virtual organization is managing virtual teams. Virtual teams involve people working together from different geographic locations. The advantages of virtual teams are apparent; from a management perspective, teams can hire the best talent worldwide without being constrained by nationality, city, or time. Additionally, employees from different countries and regions can enrich team diversity and accelerate team growth. However, managing virtual teams presents significant difficulties. First and foremost is establishing an operational system that spans five major factors: work hours, tasks, team communication, meeting platforms, and file sharing.

For virtual teams, core criteria for remote work include excellent written and verbal communication skills, complete self-discipline, and strict time management abilities (Foulkes, 2020). The biggest challenge for managers is how to motivate team members' initiative and enthusiasm without physical constraints, thereby maximizing work efficiency.

Building trust and cohesion among virtual team members is crucial given the lack of face-to-face interaction. However, electronic communication as the sole mode of virtual work is strongly questioned from a trust-building perspective. Face-to-face contact is considered irreplaceable for establishing and repairing broken trust. Yet, in virtual teams, trust is the only way team members can overcome the psychological distance created by geographic and time differences. In this regard, the functionalities of "virtual presence" can be created to a certain extent and utilized in virtual work environments (Vartiainen, n.d.). Leaders should find ways to enhance transparency, encourage team collaboration, and foster a trusting environment. For example, organizing regular team activities within the organization to promote understanding and a sense of trust among team members. Encouraging open and transparent communication and sharing, while avoiding information barriers and alienation, are also important strategies. Additionally, in a virtual organization, maintaining synchronized tasks and schedules is crucial.

This is achieved through high-quality project management tools, and managers should ensure that each team member understands their responsibilities, deadlines, and the broader project timeline to ensure smooth and efficient progress of the entire project.

E. Advantages and Disadvantages of Virtual Organizations

The advantages of virtual organizations are evident. Firstly, organizations can recruit the best or most suitable talent for vacant positions worldwide, which not only reduces the organization's human resource costs but also promotes diversity within the enterprise. Secondly, adopting a virtual organization can save a significant amount of office-related expenses for the organization, including office space rental, hardware investments, and insurance expenditures. Additionally, employees working from home are happier; they save a considerable amount of commuting time and transportation costs, and they can enjoy a better working environment. Higher employee morale leads to better performance, which is why virtual organizations are often more efficient compared to traditional enterprises (Lok, 2020).

Virtual organizations also have some significant disadvantages. Firstly, they rely excessively on information technology and online tools. However, software applications and network information technology are not entirely reliable and stable. If there is a network or technical failure, the entire virtual organization can be paralyzed. Secondly, virtual organizations face greater risks of data security and privacy. Remote work involves various data and information being transmitted and stored on networks, posing significant security risks that are difficult to avoid. This includes various existing government laws and regulations requiring virtual organizations to continually enhance network security measures and data protection measures. Additionally, due to team members being located worldwide or in different time zones, communication barriers and collaboration difficulties within the organization are inevitable and often exacerbated by cultural differences. This increases the difficulty of human resource management in virtual organizations significantly. Managing how to stabilize the core capabilities of a virtual organization, cultivate mutual trust among team members, and strengthen team spirit and cohesion are realistic challenges faced by all virtual organization managers (Martin, 2021).

Conclusion

Undoubtedly, today's business environment demands organizations to become increasingly flexible, agile, and deliver products and services to market at faster speeds. Traditional organizational forms no longer suffice to meet the evolving demands of the globalized economy across most sectors. With organizational leaders experimenting with new management strategies and rapid innovations in network technologies, new organizational forms like virtual organizations have the potential to become the protagonists of the future. However, these new organizational forms still have many drawbacks, such as the uncertainty of new technologies or the lack of cohesion within enterprises, requiring managers to adapt to new environments and challenges. Managers must formulate and adjust corresponding management strategies to align with the operational and developmental direction of virtual organizations to sustain long-term competitive advantages and achieve success.

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Part B. Precis of Journal Article

IT Strategy and Business Strategy mediate the effect of managing IT on performance: empirical analysis

The purpose of this study is to investigate the connection between information technology (IT) and performance in order to get a better understanding of how IT helps to the generation of value within an organization. In addition to contributing to the existing body of knowledge on information systems in China, the research has the potential to serve as a basis for firms in other countries who are interested in expanding their operations overseas. The two theories that were used in this investigation were the resource-based theory (RBV) and the contingency theory. In accordance with RBV, businesses that have access to a wide range of resources have the potential to achieve greater profitability and a competitive advantage. The primary focus of information technology management is on an organization's capacity to acquire and implement new skills, such as those pertaining to its information technology infrastructure, processes, and resources. From the perspective of contingency theory, in order for intervention to be successful, information technology (IT) must function well in both internal and external environments. This study proposes that business and information technology strategies may be able to reduce the negative effect that IT management has on the performance of an organization. The research model may be broken down into the following components: information technology management, business strategy, information technology strategy, and firm performance. It is the combination of business strategy and information technology strategy that has a greater influence on the outcomes than each plan on its own. According to the conclusions of the research, improved business tactics are required to provide constructive results in order to facilitate the growth and profitability of a firm.

In this study, the researchers investigate the relationships that exist between the management strategies of information technology, the performance of organizations, and business strategy. It has been shown via the results that the business strategy of the company acts as a mediator between the link between the performance of an organization and the influence of information technology management. A number of statistical methods, including t-tests, Pearson's correlations, variance inflation factors, and Harman's single-factor test, were used in order to evaluate the reliability of the survey instrument. The structural equation modeling (SEM) method was used for the purpose of conducting data analysis. This was accomplished by using the smart PLS 3.0 platform for partial least square computing. The results are in agreement with the hypotheses H1 and H2, which state that businesses who are able to properly manage their information technology practices reap the benefits of a favorable influence on their IT strategy, which in turn is beneficial to the overall performance of the organization. In addition, the poll found that large corporations are knowledgeable about the management of information technology and have well-established business plans and IT strategies. At significance levels of 5% and 0.1%, respectively, it was shown that both business strategy and information technology strategy were considerably significantly mediated. The contribution of the research to the existing body of knowledge on information systems and the creation of theory is one of the theoretical repercussions of the study.

Part C. Summary of Journal Article (IT Strategy and Business Strategy mediate

the effect of managing IT on performance: empirical analysis

The link between information technology (IT) and company performance is the main emphasis of this research, with particular attention paid to IT's function in business value-creating activities in conjunction with other firm-level IS resources and factors. The following are the research questions:

1. What impact does IT management have on business performance?
2. How do business and IT strategies interact to moderate the impact of IT management on company performance?

The research adds to the body of knowledge on IS in China that hasn't gotten as much attention, and it may serve as a foundation for businesses in other nations to go further into their own corporate environments. Resource-based theory (RBV) and contingency theory are the two theories that are examined. According to RBV, companies own a collection of diverse resources that are uncommon, stationary, and difficult to duplicate, potentially resulting in enhanced profitability and a competitive edge. The ability of a company to develop and implement new capabilities, such as IT infrastructure, IT procedures, and IS resources, is the focus of IT management.

The need of a fit between an intervention and the internal and external environments of a company is emphasized by the contingency theory. Subject to the influence of contextual circumstances, it implies that IT investment as a management intervention proves its link with performance improvement. The contingency theory, which emphasizes contextually grounded techniques based on contingency fit rather than a single optimum way to manage an organization, is helpful in situations when there isn't an established theoretical framework.

The idea that business resources may be both mixed and immovable is the first step towards discovering sources of competitive advantage, according to RBV. When a company employs a strategy that is difficult for competitors to imitate, it may maintain its competitive edge. In addition to supporting the exogenous background and endogenous variables—such as management intervention, business strategy, and other firm- and industry-level variables—a contingent resource viewpoint expands on the classic RBV. The paper makes the claim that business strategy and IT strategy may act as a catalyst in mediating the impact of managing IT on company performance, drawing on the RBV and contingency viewpoint.

Four components are connected by the research model: business strategy, IT strategy, managing IT, and company performance. The planning, organizing, controlling, and directing of IT within an organization is referred to as managing IT. Both business and IT strategies are operational blueprints meant to improve company performance. The whole performance (market performance, operational excellence, and financial return) that compares most favorably to competitors is the firm's performance. Outcomes related to IT management will be improved more by the integration of IT strategy and business strategy than by its direct impact.

The research examines how business strategy and company performance are related, with a particular emphasis on how information systems (IS) support and influence business plans. Information and systems (IS) have a big impact on corporate strategy and organizational effectiveness. The operations, R&D, and marketing capabilities of a company enable the implementation of a business plan that aligns with the demands of its clientele.

Better business strategies, according to the study, should have a favorable impact on a company's

success. By increasing the operational effectiveness of intermediate business processes, IT generates business value. However, performance results may be hampered by a misalignment of business and IT strategy. Strategic and operational challenges are often taken into consideration when defining the IT needs for business units, managing the implementation of IT-enabled business solutions, and verifying that these solutions are in line with the company's present and future business plans.

The purpose of the research was to look at the connection between business strategy, company performance, and IT management practices. The findings demonstrated that the impact of IT management on a company's success is mediated by its business strategy. The survey instrument's reliability was verified using t-tests, and techniques including Pearson's correlations, VIFs, and Harman's single-factor test were used to mitigate the common method bias (CMB). Partial least square (PLS) smart PLS 3.0 using the structural equation modelling (SEM) approach was the data analysis method used.

The reflecting constructs met Jarvis et al. (2003) recommended criteria and were proven to be dependable. Convergent validity, discriminant validity, and internal consistency and reliability were assessed for the reflective concept assessment paradigm. Internal consistency and dependability were proven by Cronbach's alpha values greater than 0.7. The composite reliability (CR) and average variance extracted (AVE) values above the recommended criteria of 0.70 demonstrated good convergent validity. Individual items had stronger correlations with their composite scores than with other constructs, and intra-construct item correlations were higher than inter-construct item correlations in terms of discriminant validity.

Its predictive validity was confirmed by the structural model, which explained 53% of the variation (R^2) in company performance. The data supports the hypotheses H1 and H2, which suggest that companies that manage their IT practices more effectively positively impact IT strategy, which in turn enhances company performance.

Multiple PLS models were created for the mediation study, ranging from the control variables to the main and mediating effects. business size is relevant only in the complete regression model, which demonstrated that IT budget has a large and favorable impact on business performance. The findings demonstrate that big businesses have well-established IT and business strategies and are adept at managing IT. The explained variation in company performance in model 1 is 0.417, indicating a substantial and beneficial impact of IT management on business performance. The coefficient of MIT decreases when one or both strategies are included in other models, suggesting that IT strategy, business strategy, or both may be the mediating factor in the relationship between MIT and corporate performance.

The IT strategy-directed mediation was significant at a 5% significance level and the business strategy-directed mediation was significant at a 0.1% significance level, according to the Sobel test used to revalidate the mediating impact. With partial mediation with firm performance, both IT strategy and business strategy exhibited VAF values of 0.378 and 0.369, respectively.

IT investment by itself does not ensure improved business performance; rather, the integration of IT strategy with business strategy will provide more value and significance. This result is in line with other research that demonstrates how supply-chain management and business process management skills both moderate the impact of IT skills on company success.

The study's theoretical ramifications include its original contribution to the literature on information systems and theory development, especially in the Chinese context, where businesses are increasingly depending on their IT and business strategies to remain viable and competitive in

challenging times. It also shows how the impact of managing IT on company performance may be changed by the mediating function of business strategy and IT strategy.

Strategy Management

Group Presentation

Parth · Jie Liu · Rutvi

IT strategy and business strategy mediate the effect of managing IT on firm performance: empirical analysis

Ilmudeen, A., & Bao, Y. (2020). IT strategy and business strategy mediate the effect of managing IT on firm performance: empirical analysis. *Journal of Enterprise Information Management*, 33(6), 1357–1378. <https://doi.org/10.1108/JEIM-03-2019-0068>

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Part B. Identification of what problem &/or issue your chosen paper trying to solve or explain in the field. Focus on why this research is being done by looking closely for evidence of agenda or motivation of the research

By Jie Liu

- **The reason why this paper chose this topic**

1. IT technology has become an indispensable part of business operations, and extended expertise in multiple levels.
2. Current research on IT strategy and corporate performance is quite limited, and there is no clear in-depth research in a higher level
3. Business strategy is executed using a series of processes, but existing research cannot clearly clarify how IT management affects the company through IT strategy and business strategy.
4. As Chinese researcher, this paper collected the basic data and case in Chinese companies, and as a important driver of China's economic success, IT strategy study is of high practical and guiding significance.

(Ilmudeen and Bao, 2020 ;Masli et al., 2016; Mithas and Rust, 2016)

- **The problem and issue the paper trying to solve**

Against the above background and motivation, this paper poses two research questions:

1. How IT management affects business performance :

This study is the first attempt to conceptualize corporate information technology strategy and business strategy as mediating factors in the impact of information technology management on corporate performance.

2. How do IT strategy and business strategy mediate the impact of IT management on firm performance :

This study seeks to demonstrate the practical significance of improving company's performance through IT management. Based on the principles of Contingency Theory , the authors take IT investment as a form of management intervention, indicating its link to performance improvement.

(Ilmudeen and Bao, 2020)

- Reference

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