



Name: Dev Mehta

Student ID: 2319357

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Introduction

Virtual organizations are companies that work in a fully remote environment, where all employees, managers, and directors of the company work from different geographical locations. The operations use apps, software, mobile phones, computers, and other technologies. They provide their products and services on online platforms through their sites or apps. The virtual organization operates with a combination of organizational and technological resources. Due to globalization and new changes in the industries, working in a remote environment has increased and allowed people to work from different locations. These changes and evolving conditions have made virtual organizations grow and with time more established and new companies are operating virtually either fully or partly. With the growing technological and digital advancements, organizations use various software and apps to analyze and control their operations and to market their company. Some organizations are based on the structure of working fully from home, these are core virtual organizations. The paper discusses the rise of virtual organizations and their operations with the opportunities and challenges faced by the company while working remotely. It critically evaluates the strategies, designs, and management of these organizations showing the evolution of companies from traditional working to remote working.

Virtual Organizations

Virtual organization refers to a group of culturally, geographically, and functionally diverse people connected by technology and dependent on dynamic and lateral relationships. The employees of virtual organizations have the freedom to work from any place and timings are also flexible. These organizations can be identified as a flexible system of autonomous organizations, interconnected by information technology, that can exchange expertise, knowledge and access the skills of others. Regardless of the nature of the division, it creates a common perception of the organization in the minds of employees, customers, or other stakeholders.

- It provides a distributed network of people with varied skills and capabilities. People without geographical barriers are hired, which provides a wide pool of skills and abilities.
- Technology is the basis for the existence of virtual organizations. People from different places and times operate all the functions and operations on online software, apps, and other devices. Online communication and digitalization are the keys to virtual organizations.
- Flexible work – Employees, managers, and directors of the company must work from their place of comfort without the location barriers, it saves time and cost both for the employees and the company.
- Maintaining loyalty and trust- In virtual organizations, face-to-face interactions are impossible, so, employees need to coordinate and cooperate by effective online communication and awareness. Building trust and loyalty is a little complicated as compared to traditional organizations.

(Čulo, 2016).

Forms of Virtual Organizations

Virtual Organizations operate in many forms and can be classified under different management, functions, and operations categories. These classifications are as follows:

- Permanent Virtual – In these organizations all functions, operations, and management are handled virtually through the Internet. They have virtual tasks and teams who manage their coordination and cooperation virtually. They are cost-effective and flexible in their work (Tohidi and Jabbari, 2012).
- Dynamic Virtual Organizations – In some organizations, some projects are done virtually. The project planning, management, and work all are done through online communication and virtual teams. The virtual element ends with the completion of the project. This is done to respond to the market opportunities occurring in the industries (Tohidi and Jabbari, 2012).
- Virtual Teams – Virtual teams are a kind of virtual organization within the organization formed to carry out some specific functions. Virtual groups generally center on a particular subject. The teams have the expertise and skills required for the projects and their common goal is to complete the project with self-motivation (Demirel, 2017).
- Outsourcing – The organizations focus on their main tasks and outsource some of their functions to other companies who work remotely to provide support, IT solutions, and customer service (Demirel, 2017).
- Hybrid Organizations – To provide flexibility in the organizations, some companies form a combination of virtual and traditional practices. With the in-office employees, they also hire employees for work-from-home depending on the skills of staff, project, and market requirements (Demirel, 2017).

Advantages of Virtual Organizations

The organization operates by a combination of advanced technologies with production, distribution, and selling methods. The partnerships and management are flexible and there is potential for restructuring of management. Organizations working virtually is advantageous to employees and the company.

- Reduces travel time and cost-effectiveness – In these organizations employees are connected virtually, which means they can work from anywhere at any time. They are not required to relocate or have time issues. This eliminates travel costs and is economical for both the company and its employees (Törmänen, 2017).
- Diverse team and hiring of efficient human capital – As location is not a constraint in virtual organizations, everything is through online platforms, and people from different areas and cultures can be hired. This form can leverage the opportunity to hire talent from a wide pool of skills and abilities (Törmänen, 2017).
- Enhances adaptability – The flexibility and technology of virtual organizations strengthen their power to adapt to changes quickly and to rapidly respond to market evolutions. They can quickly add or reduce their workforce allowing them to react quickly to market conditions (Litorovych and Maslakov, 2021).
- Enhanced employee satisfaction and productivity – Employees working in their comfort and according to their preferences allows them to maintain a good work-life balance which boosts their satisfaction. Happy employees with flexible working environments work more efficiently, increasing their productivity and interest in work (Savu et. al., 2017)
- Innovation and creativity- Employees from all regions having diverse cultures, perspectives, ideas, and skills, work and operate with different mindsets and exchange different opinions. The use of new technologies and AI in operations fosters innovation and creativity in the workforce and company (Litorovych and Maslakov, 2021)

Disadvantages of Virtual Organizations

- Building trust- Trust among employees is an essential part of virtual organizations. Protecting data and security are the concerns when working from home as proper checks and control is a must in the organizations. It can cause legal and security dimensions to hinder the operations of the company (*Gerharz and Marquardt, 2016*).
- Communication Challenges- Face-to-face interaction is not possible and the workforce is dispersed in terms of cultures, languages, and other aspects. Without proper interaction and communication, misunderstandings can arise (*Vučeković and Medić, 2018*).
- Technology issues – Virtual Organizations work completely on online platforms. Challenges related to technology, like connectivity issues, can affect the working of the company. Additionally, if employees have any misunderstandings or have less knowledge of the apps, then it affects their productivity (*Al Zain, 2018*).

Planning and management in Virtual Organizations

Planning is a vital and fundamental process in any organization. Planning is a process that defines the objectives and goals of the company. It is a roadmap that determines the steps to achieve the objectives and helps in the efficient allocation of resources. When working virtually, organizations must leverage technology to define goals and steps to achieve them digitally. It requires managing digital resources and communication effectively (*DEMIREL, 2022*).

For managing virtual team members, the managers need to integrate tools for real-time and interval-based communications. Real-time tools like online meeting rooms, video/audio conferencing, etc., and interval-based tools like discussion boards, e-mails, etc. can be utilized for communication, feedback, and performance evaluation. The managers are required to focus on:

Frequent and open communication

Ensuring Similarity and knowledge of the technologies used by managers and employees.

Considering the time and task differences among employees.

Enhancing coordination and cooperation between diverse employees.

Proper interaction and engagement with the staff. (*Marković2 and Miškin, 2018*)

Ocado – Online supermarket

Ocado is a fully virtual organization operating in a remote environment integrating advanced technology and operations of the company. They have been enhancing their functions and giving expertise in the grocery and distribution department for the last 20 years. Ocado is an online grocery store that redefines retailing, supply chain management, and distribution in the grocery sector. Ocado operates in two divisions: Ocado Retail Ltd. deals with online groceries and Ocado Logistics has expertise in logistics and fulfillment. The company has 13 online grocery stores offering groceries to around 18,800 customers across the world, showing the growth of the company in global markets. In the logistics department, Ocado has opened 22 fulfillment stores to enhance supply chain management. With the use of artificial intelligence in groceries and supply chains, Ocado analyzes consumer behavior and tastes, offering them personalized experiences in online grocery stores. In fulfillment centers the company ensures sustainable packaging and waste reduction. For more precision and advancement, the company utilizes the advantage of robotic technology in the picking and packing process. Ocado is a virtual organization that uses the most advanced technology like AI and robotics to provide better and more efficient personalized experiences to the customers ensuring sustainability in the packaging of products and minimization of waste (Ocado,2024).

Ocado's Operations

Ocado operates by using artificial intelligence, robotics, and machine learning, for enhancing the customer experience and picking and packing process. It also ensures efficient supply chain management working towards using few bags for packaging and minimizing waste in distribution. They provide solutions for online grocery stores through Ocado Smart Platform and Ocado Intelligent Automation for development and effective working in logistics. These advanced tools and software used by the company make the basis of the virtual company more advanced and developed, setting a future trend. The solutions of the company for carrying out their businesses are:

Ocado Smart Platform (OSP)

Ocado is a technology company that created an AI and robotics system that picks and packs products from various massive warehouses. These warehouses are fully automated with automated machines and cranes that quickly pack the grocery orders and deliver them to the trucks. These quick and automated services are offered to consumers with personalization to

enhance the customer experience. Grocers face several complexities in their operations like different basket sizes and others, OSP provides a solution to these complexities through the integration of AI, robotics, machine learning, and data science. OSP is a smart platform as it evolves and grows with the number of orders, resulting in productivity and operational efficiency (Feliz, 2018).

Ocado Intelligent Automation (OIA)

Ocado is both a technological company and a supermarket. Ocado Intelligent Automation (OIA) is a technology that automates warehouse management for businesses in diverse industries, including pharmaceuticals and consumer goods, to ensure its future success. Designed to meet the needs of modern supply chains that require high-capacity storage, precise inventory management, and efficiency in automation, Ocado offers industry-leading solutions. With the company's specialized technology, the supply chain will be more efficient, faster, and more productive, optimizing logistics. The company has developed technology and expertise that has enabled it to tackle challenging supply chain scenarios, including tight margins, high volumes of inventory, and perishability issues such as raw materials or large quantities. Ocado aims to utilize automation as a forward-looking solution for growth, sustainability, and profitability in the grocery sector (Savushkin, 2024).

Structure and System in Ocado

Ocado is a virtual organization which means its employees are scattered in different geographical locations. The board that is responsible for handling and managing the functions and operations of the business are executive and non-executive directors, Executive officers, committees' secretary, and company secretaries. The organizational structure is managed as the functions, roles, and responsibilities of each department are defined and divided properly. The policy framework of the company covers all important aspects; an accounting system for financial reporting, business planning, and forecasting processes. There are different executive committees for risk assessment, information security, and data protection. An agency in charge of food and technology is responsible for developing, implementing, and overseeing the implementation of Ocado's procedures for sourcing and handling food products and other grocery items (Ocado Group, 2024).

Conclusion

Virtual organizations are companies that are completely remote or have some remote operations. Due to technological advancement, globalization, and shifts in working structures, the concept of virtual organizations has grown. These organizations provide flexibility, access to global talent, and innovation opportunities and enhance the productivity of employees and companies. The concept also comes with challenges like lack of knowledge of online apps or software, communication problems among a diverse workforce, building trust among employees, and maintaining coordination with the staff. To deal with the issues managers can leverage technology for frequent and open communication, training, and live meetings for interactions. To understand the workings of virtual organizations, Ocado is the best example. It is a technology company that specializes in AI, robotics, and machine learning. Using such facilities enhances picking and delivering grocery items to customers in time with freshness and also boosts customer experience. Ocado also focuses on logistics for effective supply chain management which reduces waste and contributes towards conserving the environment. The management of the company is discussed to demonstrate the managerial dimension of the company. The above coursework is an analysis of virtual organizations explained with the operations and management of Ocado Group.

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Appendix 1(ppt)

Corporate Governance

Corporate governance refers to the system by which corporations are directed and controlled. It encompasses the mechanisms, processes, and relations by which corporations are regulated and held to account.

It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. Good corporate governance ensures that a corporation is accountable and transparent to its stakeholders and operates in a manner that is ethical and sustainable.

Transparency
Accountability
Fairness
Responsibility

DIFFERENT AUTHOR VIEWS

According to Salehi, Rezaie, and Ansari, executive incentive compensation can influence CEO behavior and performance metrics, potentially leading to earnings manipulation in companies with higher incentives.

The study focuses on the opportunistic behavior of management, which is influenced by information asymmetry. Various proxies such as bid-ask spread, accrual quality, insider trading likelihood, return volatility, and others are used to model information asymmetry, supported by sources like Paurali & Partoo (2013)

The study by Elbadry et al. (2015) found that performance-related executive remuneration plans significantly reduce information asymmetry, as measured by the spread ratio, average volatility of daily stock returns, and share trading volume. This suggests that aligning executive pay with company performance can help mitigate information asymmetry in the stock market.

In conclusion, executive incentive compensation may lead CEOs to pursue opportunities that can impact performance metrics and earnings, potentially leading to increased compensation and earnings manipulation within companies.

Appendix 2(1000 word report)

Topic: (A)Accurate & relevant source of information and restate the author's argument but without your opinion.

Corporate Governance.

- The idea of asymmetric information is covered in the book along with how it affects investment risk and agency costs in the context of managerial opportunism. Furthermore, it emphasises how corporate governance helps to lessen knowledge asymmetry and opportunistic behaviour. Using primary data analysis, the study attempts to investigate how performance-related executive remuneration systems reduce management opportunism and information asymmetry.

- According to Kamua and Basweti (2013), corporate governance is a system of interactions between shareholders, management, and other stakeholders that guarantees efficient management and control of an organisation for the good of everyone. The agency problem can be solved by applying the four corporate governance principles that the OECD (2011) defined. Accountability, justice, duty, and transparency are these. It is anticipated that these will lessen the expectation gap in organisational management and guarantee appropriate sharing of pertinent information to all stakeholders. Elbadry et al. (2015) made the connection between information asymmetry and corporate governance, saying that the latter is a tacit weapon that principals might employ to restrain management opportunism. Since managers are tasked with overseeing financial reporting, they have the authority to determine how and presenting style as long as it adheres to accounting norms.

- According to Salehi, Rezaie, and Ansari (2014), there is less information asymmetry when agents are incentivized to divulge more information about their actions. In order to further reduce information asymmetry, they further propose that splitting the CEO and chairman responsibilities and adding more non-executive directors function as a monitoring mechanism. Given the conflicting findings of other research, their study focuses on CEO salary as a stand-in for corporate governance in order to undertake a thorough investigation of this component.

- As noted by Maseko (2015), CEOs may be more likely to take advantage of opportunities if they get executive incentive compensation, as this might allow them to influence performance metrics. Furthermore, the CEOs may work with the board and compensation committee to obtain exorbitant compensation. Benmelech, Kandel, and Veronesi (2010) found that companies that paid their executives more incentives also had more earnings manipulation.

- Benefits linked to performance are conceptually intended to persuade managers to disclose the work they do on the job. As a result, shareholder value is increased and information asymmetry is decreased. Executive remuneration packages should, according to Shleifer and Vishny (1997) and Kang et al. (2006), as closely as feasible match the interests of the owners. Executive remuneration, according to Saidu, Bello, and Jubril (2017), is any type of compensation given to directors and upper management. Either a short-term or long-term incentive is offered.

- Conflicts of interest between different groups within an organisation lead to asymmetric information. This is the foundation of the agency problem, which is based on the agents' and the principal's differing interests (Salehi et al., 2014). Information asymmetry is linked to insider trading likelihood, according to Kyle (1995). According to Watts (2003), managerial incentives to lie might be linked to knowledge asymmetry. According to Chae (2005), the size of the business may have an impact on information asymmetry. Social Science Asia, Volume 6, Number 3, pages 1–12, Boujelbene and The ABAC Journal Besbes (2012), the Official Journal of the National Research Council of Thailand, and analysts' prediction measures are among the factors that determine asymmetric information. Other factors include autocorrelation of returns and stock return metrics.

- Salehi et al. (2014) used data from 2005 to 2011 to examine the effect of corporate governance procedures on information asymmetry in a sample of 72 Tehran Stock Exchange-listed businesses. The percentage of institutional ownership, ownership concentration, and the number of board members unwilling to serve as CEOs were among the corporate governance systems examined. A proxy for information asymmetry was the bid-ask spread. The study discovered a strong and positive correlation between institutional ownership, knowledge asymmetry, and board members who refused to take on executive roles. On the other hand, ownership concentration had a negative relationship with the other factors.

- Elbadry and colleagues (2015) used the spread ratio, the average volatility of daily stock returns, and share trading volume as metrics to investigate the relationship between executive salary and information asymmetry. Through the CEO long-term mix, executive benefits, and benefits and bonuses ratio, they were able to measure executive remuneration. According to the study, performance-related remuneration plans considerably lessen information asymmetry.

- The researchers Goh et al. (2016) used 10,744 firm-year data of stocks listed on NYSE, AMEX, and NASDAQ from 1997 to 2006 to examine board independence and information asymmetry. The study discovered that more board independence lowers information asymmetry using the OLS framework and proxies for information asymmetry including the spread ratio and probability of knowledgeable traders (PIN). Increased analyst coverage, which has more sway, or increased voluntary disclosure are the two ways that this decrease is achieved.

- The opportunistic behaviour of management, which is modelled by information asymmetry, is the dependent variable in this study. The bid-ask spread, accrual quality, likelihood of insider trading (PIN), return volatility, trading volume, market depth, forecast inaccuracy, forecast dispersion, and analysts' following/coverage are a few examples of proxies that may be used to simulate information asymmetry. Sources like Paurali & Partoo (2013), Goh et al. (2016), and GarciaLara et al. (2014) support this method.

- This study's independent variable is corporate governance, which is represented by executive compensation. The three executive salary metrics put out by Elbadry et al. (2015) are used in this investigation. These are the following:

- (i) the CEO benefit and bonus ratio, which is calculated by dividing the CEO's yearly gross compensation by the perks and bonuses received),

- (ii) CEO long-term mix, which is determined by giving the CEO performance plan payments or stock options as compensation, and

- (iii) Executive stock options, bonuses, and benefits (other executives get these forms of compensation; the CEO does not).

This study concludes by emphasising the role that corporate governance plays in reducing management opportunistic behaviour. Agency concerns within organisations may be mitigated by using stock options, incentives, and perks for executives other than the CEO, and by keeping the CEO's share of yearly benefits and bonuses beyond 35 percent of total pay.

Appendix 3(precis)

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.