



Managing Virtual Relationship - A Challenge for HR

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Abstract

Now a days organizations are spread across industries and geographies. This has lead to a change in the approach to handle employees as well as processes. It is giving rise to the concept of virtual organization. This force of change is bringing new realities for the organization and HR.

When employees are distributed, advancement in the communication and decision support system provides means for the organization to create virtual team in order to enhance the performance. Virtual team is a pool of talent which integrates information from own employees, partner firms or consulting agencies in order to meet the demand of competitive world. It integrates the knowledge and skills which is not available on-site. The development of personal relationships between team members is recognized as an important factor in enhancing effective working relationships among members of both co-located and virtual teams. This paper is focused on understanding the virtual relationship which comes from intellectual capital. It also aims at gaining insight of how human resource management deals with the problems created by virtual relationship.

Key Words: Virtual Organization, New Realities, Decision Support System, Virtual Team, Architecture & Designer

Managing Virtual Relationship - A Challenge for HR Introduction

"The real basic structure of the workplace is the relationship. Each relationship is itself part of a larger network of relationships. These relationships can be measured along all kinds of dimensions - from political to professional expertise. The fact is that work gets done through these relationships."—Michael Schrage, No More Teams The development of personal relationship in the organization plays an important role in enhancing the performance of employees as well as growth of the organization. Over a period the nature of team as well as work they do changes drastically. The relationship within the organization and outside the organization is becoming more important. Virtual relationship in the organization changed nature of team in the organization.

When the employees are spread across may be geographically or dispersed organizationally, it is necessary to create virtual teams to carry out organizational activities. The virtual team integrates knowledge and information which is not available on-site from own employees, partner firm or consultant agencies as per demand.

The virtual team is characterized by:

- Dynamic nature
- Changeable structure
- Edgeless, within permissible boundaries
- Temporary or Contractual relationship

"Truly virtual organizations create new problems for human resource management. A networked company does not require a personnel function but its core management must be adept in managing people at a distance, some of whom may not be

'employees' as such. They are true 'human resource managers' "(Thomson and Mabey, 1994: 5)

In the industrial era, the organizations were in the form of a business unit and production was the business activity. Now in Information age both unit and activity are replaced by 'Business Web' which provids means for developing a virtual organization. Through web enabled technology and customer education, customers are better informed than before. They can readily access information for the product or services which they want.

"In the future, because of business webs, virtual organizations will have many of their means of production dispersed across many corporate entities with the integration less bureaucratically controlled and replaced by a shared commitment to a common customer value proposition. As such, virtual organizations will be more concerned with building relationships with and customizing offerings to customers than control over resources." (Schwartz, 1999)

Thus new business realities led organizations to mould them self into new form i.e. virtual organization. This posed new challenges the team manager as well as HR person in the organization. It requires management functions to be placed for a people at a distance."New realities with customers, technology, industry, and investors shape new rules for winning." (Friedman, 2000). Because of these changes, organization have taken new forms which may be called as horizontal alliances, network organization, and lateral structure or shared services etc.

Thus we can say that virtual relationship in any organization can be governed as follows:

- A network of people or organizations which are independent.
- Those people and organizations are realizing a common project or common economic activity.
- The communication and information processes are held through information technologies.
- The organization does not depend on time and space to be made up.

Objectives:

- 1. To understand the concept of virtual organization.
- 2. To study the characteristics of virtual team.
- 3. To know how to manage virtual relationship within the organization.
- 4. To comprehend the role of HR in managing virtual relationship.

Research methodology:

This paper is descriptive in nature. The study is based on secondary data. The paper gives insight about virtual organization and management of virtual relationship in order to gain competitive advantage.





Nature

Often virtual organization is used to describe new organizational business form that emerge with the latest application of information and communication technology. According to Fisher (1998) & Hoefling (2001) virtual organization stands for a task, project or permanent organization which is decentralized and independent of any spatial connection. It is the aggregate of behaviors, interactions, norms, personal and professional connections through which work gets done and relationships are built among people who share a common organizational affiliation or cluster of affiliations. It consists of a dynamic set of personal relationships, social networks, communities of common interest, and emotional sources of motivation.

Virtual relationship is fast becoming an integral part of organization structure. Organizations are formed voluntarily association with their employees. The employees or workforce choose to work with the organization voluntarily as opposed to traditional permanent employee. This is the basis of virtual organization.

The virtual organization can be divided into following categories:-

- 1. Alliances Organization: Organizations functions along with their linked partner considering their area of expertise.
- 2. **Displaced organization:** Organization members distributed geographically and connected by information technology. Internationally, a virtual shift system may operate when teams around the globe deal with the same project at different times, each group leaving progress reports for the next as they conclude their working day. e.g. A company having Head office in one country and support activities or back office in other country.
- 3. **Invisible Organization:** It has no physical structure as such. Business is conducted by telephone. e.g. Insurance company
- 4. **True Virtual Organization:** Customers come to the company via Internet Service Providers (ISPS), often from links on the web pages of 'affiliates' who promote particular product and are paid by commission. e.g. Amazon.com book store.

According to Palmer, J & Speoer, C: (1997, 2001), the virtualization process of an organization may take following forms:

- Virtual team, which is the simplest form of a virtual organization, is a local team using information technologies to coordinate their connectivity and share their knowledge at lower cost.
- Virtual project can involve several people or organizations in the realization of certain task which has a beginning and designated end.
- Temporarily virtual organization is likening a virtual project involving several organizations in a designated period of time.
- **Permanent virtual organization** is created when there is no designated period in their cooperation

Managing virtual relationship is managing the team – the virtual team. Virtual teams need the same things that all teams need - a clear mission, an idea about their roles and responsibilities. Managing a virtual team means managing the whole spectrum of communication strategies and project

whole spectrum of communication strategies and project management techniques as well as human and social processes in ways that support the team. Virtual team is a pool of talent which integrates information from own employees, partner firms or consulting agencies, in order to meet the demand of competitive world. Virtual teams are building blocks of organizational learning.

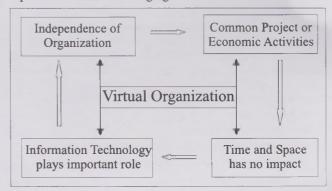
Within organization virtual teams can take following forms:-

- a. Executive teams: It is a team of managers who are heading the team because of their position in the organization. These teams are usually semi-permanent teams with responsibility for specific divisions or functions in the organization.
- b. Project teams: These types of teams are created for doing specific task. Members of the team are selected on the basis of their role and expertise in relation to the particular task. The life of such team is till the end of the project for which they are working.
- c. Community of practice teams: This is a support team where people who are working on common tasks or in the same professional field. They can enjoy benefit from sharing experience. Membership on these teams is voluntary. These teams don't usually have specific deliverable. These types of team are focused on learning.

Characteristics

The virtual relationship provides medium to cope with organizational dynamics in order to compete in the market. The thrust for acquiring emerging knowledge and technology leads to the formation of virtual organization. The three important factors which contribute in this process are as follows:

- Rapid growth: Rapid growth in industrialization had led the foundation for new creative ideas. According to Starbucks chairman Howard Schultz, "You can't grow if you're driven only by process, or only by the creative spirit. You've got to achieve a fragile balance between the two sides of the corporate brain." (Fast Company article on rapid growth, July 1998)
- Learning organization: The virtual status of the organization, where members are virtual pool of experience, talent and discipline shares their knowledge thus keep themselves updated with respect to any problem or at least try to understand the problem in a better way.
- Idea generation: The virtual teams are the best sources of generating innovative ideas. These team members are more comfortable with new technology for their operations. The principle characteristics of the virtual organization are represented in the following figure:-







There are certain characteristics which differentiate virtual teams from traditional ones.

- **1. Always in evolving stage** Virtual Team members need to update their knowledge with respect to their operation as well as organizational activities on continuous basis.
- 2. Skilled and comfortable with Technology As the nature of work and communication among geographically dispersed team work demands for adoption and use of new technology, it aims for inside knowledge to be seen.
- 3. Adaptable to circumstances As the nature of the work and responsibilities are dynamic, virtual members need to adopt them with the situation quickly. The quality of adjusting with changing market is the requirement of successful virtual team member.
- **4. Dynamic and responsive** Team members should be better trouble shooter or problem solver so that can able to handle team member as well as customer in a proper way.
- **5. Excellent self motivation** Team needs to be self motivated and independent to be effective.
- **6. Treating people as individual** Virtual Team members are from different geographic and cultural background based on their skills and capabilities. Each team members should be treated respectfully. There should be openness while accepting new team members.
- 7. Expected trust and reciprocity As there is no regular face to face meeting among the team members and with the manager, there should be trust from both the side and reflected in the form of reciprocity.

Getting Acquainted with Virtual Relationship

Working with virtual team, we need to extend our team process to accommodate them to new environment. The orientation process for some of the team member can be difficult because there is no direct interaction between them.

Purpose: To determine the success of the virtual team is a critical factor. A virtual team may need more frequent and more explicit check-ins about their purpose. The new technology environment provides some advantages as it provides multiple ways to remind team members about purpose (as well as goals, tasks, timings) as part of day today interaction through various communication means.

Roles: Manager or Team leader should able to give clear cut idea about the role and responsibility of each team member in the organization or department or within the team. For all roles, virtual teams need to spend more time being explicit about mutual expectations for facilitators, managers, and members. Otherwise may be handsome chances of misunderstanding and hence frustration from both the side.

Culture: Virtual relationship is not only meant for information exchange, but also for supporting relationship. It is necessary to think that whatever media we are using, how it will affect cultural environment of the team. It is important to set norms, decide strategy which will help to create mental map of this relationship in order to stand against their expectations.

Communication: Communication is the critical aspect of the virtual team. The effectiveness and success of virtual team depends on the communication. In a face-to-face dialogue, managers watch body language and facial expression and lots of other signals to develop a sense of what's going on. Participants in virtual teams convey this same information in

different ways. It's important to find ways to identify what is being communicated about the data with respect to process or operation. As communication in virtual environment is asynchronous in nature, it is necessary to maintain pace of communication.

Feedback: By developing proper guideline for giving feedback virtual relationship can be managed successfully. Manager can help the team member to access more of their own feelings and reactions to messages using technology.

Networking: It is very important aspect of virtual team. It provides information about what is happening in the team? How as a manager or team leader you can be effective? What is expectation of team members from manger and organization? It is necessary to understand that,

- Virtual teams form and share knowledge on the basis of information pull from individual members.
- Virtual team able to the transform individuals' personal knowledge into organizational knowledge.
- In order to have fruitful conversations, it is necessary to create common platform where proper conversation can happened among the team and manger.
- There should be always organizational learning which will provide achallenging environment for building prospective through proper interpretation. It can build good decision support system for the organization.

Technology for Virtual Team. It is important to have proper communication between the team members as well as within and outside the organization. Communication plays vital role in case of virtual organization. Different advanced media can be used by participant for various purposes. It is important to create integrated communication system which should take care of all the aspect of virtual relationship. Six areas of electronic communication research provide implications for the major aspects of virtual organization design:

- Communication volume and efficiency,
- · Message understanding,
- Virtual tasks,
- Lateral communication,
- · Norms of technology use
- Evolutionary effects

Many organizations are using their corporate Intranet to support communication within each virtual team. The intranet application includes:

- Web pages: It provides members of the organization an access to documents that can be searched, and that may include text, graphics, and multi-media.
- Web conferences: It is useful for conducting discussion among the team members as well as team leader. It provides the facility to interact with Head of the department even with CEO of the company
- E-mail: It can be of two types: Internal mail service through dedicated server within the organization. External mail service by means of which one can communicate within as well as outside the organization
- Directories: Of the people and offices in order to maintain





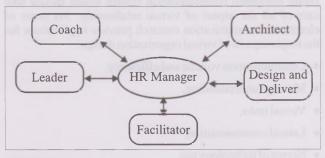
contact.

The terms "virtual conference", "virtual group", and "online group" refer to many technologies. They may be real-time activities, like video teleconferencing or audio conferencing, where people are in different places participating at the same time; or, they may enable participants to join in from different places at different time.

Managing Virtual Relationship

"The organizations that will truly excel in the future will be the organizations that discover how to tap people's commitment and capacity to learn at ALL levels in an organization." - Peter Senge, The Fifth Discipline. This new form relationship in the organization is very employee dependent. Formation of virtual relationship has very different issues as compared to traditional one. It is very difficult to build a team, when workforce is dispersed geographically or organizationally. To build trust among team members is also one of the important aspects. There are ample chances for misunderstanding due to functional, cultural and technology diversity. Another issue is related to the performance of the virtual team. As communication is based on new technology, some times it becomes a very complicated process to handle. In virtual context, it is expected that communication should be very fast, customized, temporary in nature, greater in volume, more formal, and more relationship-based. Creating an integrated communication strategy that addresses all the employees in the organization, stake holders and the customer is required.

To meet these increased expectations, HR professionals must be more than partners; they must be players. HR must be able to contribute, should be able to add value. It is expected that HR should do things differently than others. HR professionals can contribute to a great extent for organization in following ways.



HR as Coach What is expected from coach?

He should participate to see or observe what to do and what not to do. He be should able to guide them on how to improve the performance. Coaches have to understand individual differences and figure out how to motivate desired behavior. Coach motivates the individual and tries to drive out best. He is a teacher as well as a learner. He understands the behaviour and attitude in order to stimulate individual to work in a team. He is accountable for the result of the team.

If we look into functional aspect of the HR professional, one can say that HR must be a good coach in order to handle virtual relationship in the organization. He is the mediator between employees and the management. Since in case of virtual team, face to face interaction is lacking, HR is the person who can create motivation among the team member. He can understand strong points of an individual and elevate the same by proper coaching. HR professionals help CEO's succeed by observing their behavior and providing personal feedback on how to

make changes for both shaping business direction and adapting personal style. He can be a better person from whom organization can take proper feedback for every individual. HR players are in the ideal position to do executive coaching because they are outside the career politics and have training in the human side of the business which enables them to observe unintended consequences, and offer insights not often shared with the business leader. HR players as coaches also must learn to give clear, direct, candid, and useful feedback to both the business leader and team. Giving feedback requires knowing how the person will respond.

Coaching of HR professional should be a relationship of trust. Trust for team members by showing personal concern. It should be for CEO by maintaining good rapport. He should be able to give impartial feedback about the workforce based on his observations. Coaches must find ways to share good news and bad with the trust that both messages are intended to help the leader and company to improve. HR person as a coach can become good counselor in order to help employee in every walks of their professional life. Thereby he can come closer to them and maintain a healthy environment in the organization.

HR as Architect

HR is a real architect of virtual organization. They help turn general and innovative ideas into blueprints for organizational action. They shape the way work flows consistent with the ideas and ideals of the business leader. They help identify choices how organizations can be established in better way. They come to the management meeting understanding business realities and virtual organizations and direct the dialogue so that it can be focused on the right issues. HR in an architect role adopt and shapes new policies so that can attract competitive workforce and able to retain the they same. HR professionals to be organization architects, they must have a concept of organization and be able to apply that concept to the firm. A concept of organization means that they should have a role model of what constitutes an effective organization. He should be able to judge the capabilities of the organization in order to meet organization's expectation. The list of capabilities of the firm may include quality, quick response, accountability, customer focus, stateless/global, partnering, change management, learning, innovation, leadership, talent or intellectual capital, shared mindset or common culture, or strategic clarity. HR as an architect can help CEO to turn new business strategies into realities.

Generally organizations hire consultants for organizational development activities. This consultant can be considered as an outside architect who can also play major role in organizational building. But an HR personnel as inside architect is most important because he is closer to the workforce and understand them well.

HR as Designer and Deliverer

Research shows that people act differently for the situation at workplace based on their skills, information, strengths, reinforcement and the drives. HR practices drive each of these levers to shape employee behavior in the new virtual organization. HR has to shape and encourage the employee behaviour. As an architect when he put forth the ideas, that should be converted into action by innovative way and implemented creatively. HR designs and delivers both drive and strength through HR practices. HR practices are a primary source of information signals for employees. HR professional designs and delivers HR practices such that employee gets information what matter most on the organizational point of view. That's the way employees become committed to their





work. In organizations, employees may be induced to behave as if they are committed by attending training programs where they learn new ideas, by joining teams tasked with clear results, or by participating in standards for performance measurements. HR practices become primary levers for coaxing new behaviors out of employees. Reinforcement ensures that the employee work is part of overall organizational process.

HR professionals as designers know what employee actions are expected in the new organization and they create HR practices to ensure that these behaviors occur over time. HR practices become an infrastructure that shapes employee action through information, behavior, and reinforcement.

HR professionals as designers and deliverers align, integrate, and innovate HR practices. To do it, HR professionals should have expertise in the following areas of HR practices. HR practices includes

- Governance Organization design and structure, shaping policies, Use of High performance team.
- Competence Hiring right people at right time at right place, their training, career development, job enrichment, promotion etc.
- Performance and Reward System Setting standards, Placing proper appraisal system and financial and non financial rewards.
- Change Processes Sharing ideas across the boundaries, Implementation of change or innovative ideas.
- Communication It is the most important aspect. Sharing organizational communication and ideas among the employees and stake holders.

HR practices are matched to the strategy and capability of a business operation. By being updated with respect to current trends of the respective business or operation, HR professional can carry out above mentioned practices as per the organizational requirement. With good research, HR professionals may prioritize HR practices that have the greatest impact. By this way they will not only guide the employees but also make the things happen in a right direction.

HR as Facilitator

HR professionals as facilitators understands the process for getting things done. In the new business reality, teams are inevitable because no one person has access to all knowledge and information. For this purpose he has to help the team to work efficiently and effectively. In virtual context, team efforts matters much, both within the boundaries of the firm and across alliances. He builds the team and coaches the team. HR players as facilitators ensuring that all types of teams have the capacity to focus, accomplish, and function effectively. HR as a facilitator ensures the team performance. The second aspect in facilitation is to ensure the change happen. Ensuring that ideas, competencies, authority, and rewards move across alliance boundaries becomes important for rapid response required in the new economy. Rapid organization response will make or break virtual organizations. As organization facilitators, they bring together resources, focus attention, and make sure that decisions are made quickly and accurately. In other way facilitator like a coach concentrates their effort on team instead of single individual. HR facilitator increase team work by ensuring the right people are in the team to accomplish the team goals, that the right information is get. Team work can be geared up by explaining correct purpose, maintaining healthy relationship among the team members and providing good learning and decision making environment. HR facilitators help organizations make change happen fast when they build discipline into decision making. Engaging teams in this type of decision making and related diagnosis helps the team surface concerns and issues and increases team effectiveness. It is his duty to see that information flow, action and commitment from the team member should be across the boundary. HR as a facilitator can do this, by arranging training program for the virtual members. Facilitation can also be done by allocating resources, the ability to do team processing, organizational decision making, and alliance management.

HR as Leader

It is one of the important functions of the HR where he can take credibility. He can set an example in front of the workforce. HR as a leader should have his own business plan for the organization which can be shared both inside and outside the HR function. Inside it should serve as a compass for HR action, offering direction and intention. Outside, it should increase credibility of the HR function. HR professional should apply leadership model in such way that we can expect better result through knowledge and action. HR as a leader should be clear about the goal, decisive, able to manage the change and communicator for the inside and outside the organization.

Conclusion

In the 21st century, one can't be expected to mange business activities without virtual team. Complexities and problems in managing virtual relationship are bound to be there. It is necessary to form strategies for virtual team to be functioning well. It is the responsibility of HR professional to set agenda for maintaining virtual relationship and bring out potential which is required for the organization. Thus HR has to play very important role in managing virtual relationship for the organization. It is to be noted that virtual team carries distinct features than traditional team. There is a possibility that virtual team members may feel isolated from the organization and hence lead to frustration.

The main goal of the virtual organization is stated as productivity and transaction cost. In the context new realities with respect to industry, stake holder, technology, employees and customer HR person needs to be a dynamic player. By acquiring above mentioned qualities as a coach, architect, designer and deliverer, facilitator and leader, HR professionals can become valuable business partner.

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