

## MODEL OF PERSONNEL MOTIVATION OF VIRTUAL ORGANIZATION

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### Abstract

Virtual organisation was chosen as an analytical object in order to examine personnel management problems. The organisation appeared under the influence of globalization and information technologies development. New personnel management problems arise due to particularity of information technologies. In accordance to this, following questions will be discussed in the article: how to eliminate emerging problems in business organizations, how to motivate personnel under new conditions and make it strive for the implementation of the common goal. Thereto, the first part of the paper analyses concepts of virtual organization, assumptions and circumstances of new organization forms, problems of personnel management. Authors describe the research and results of personnel motivation in virtual organizations, assess the motivation factors and summarize the research, as well. To reckon up the research results the model of personnel motivation in virtual organizations is proposed in the article.

*Keywords:* Virtual organization, information technologies, globalization, motivation of personnel.

### Introduction

Internet and telecommunications help to solve specific problems related to personnel management in contemporary business environment. Development of information technology and its application in business create new challenges for business organizations. Information exchange via e-mail, participation in e-mail conferences become more common in business activity. Many people unconsciously make their works insensibly related with certain virtual groups, organizations. Working under new conditions of information technologies development involves not only advantages, but also certain drawbacks in the form of new conflicts within an organization. Inadequacy of certain models applied in personnel management and current market requirements can determine the decrease of competitive ability for the business organizations, loss of potential markets. Moreover, it can cause social problems, such as unemployment, increase of social disproportion between different countries or regions, migration of qualified staff. Due to the reasons listed, perception of personnel improvement problems and their solutions stand not only for business development factor. These circumstances frame the theme of a thesis subject. Reasons outlined show a necessity of complex personnel management improvement and a need to carry out scientific research. Therefore, it can be stated that topic of personnel management scientific research in the new business environment influenced by IT development, is absolutely relevant.

Research object: personnel motivation of virtual organization. Research aim: construction of effective personnel motivation model of virtual organization.

Research tasks: analysis organization form origin, advantages and disadvantages mentioned in the scientific literature, evaluation of accomplished staff motivation research results: elements of employee motivation in virtual organizations with a purpose to implement aims and plans of the organization. Moreover, research tasks involve exploration and comparison of personnel working virtually and traditionally towards the main factors concerning motivation to set tasks and perform work well.

Research methodology: the systematic analysis applied allowed to reveal personnel management specifics under the conditions of virtual organizations' development. Methods of comparison and summarization, statistical data processing and other formal methods used during conduction of the research. In this instance following quantitative techniques were used: questionnaire method, which is assigned to sociological research methods. The questionnaire survey has been chosen for the implementation of the research. The aim was to get dual information by the research: a) determination of internal motivators; b) evaluation of employee opinion about present situation. 45 questions were given in the research questionnaire. Questions were divided into the following blocks: satisfaction with job; labour conditions; evaluation of stress; personnel trainings; estimation of team spirit; work in team; management efficiency; front office staff assessment; problems of fairness; possibility of promotion; functions of communication; policy of the work with clients; effectiveness of payment system.

Questions were graded in ten-point scale where one out of ten points had to be chosen. Questions 1 and 2 had to be ranked, as variety of parameters was given. All answers of respondents are further summarized in the article.

### **Personnel management of virtual organization**

Problems of personnel management were analyzed by many different scientists: G. Dessler (2001), M.L. Lengnick and S. Moritz (2003), W. Cascio (2003), R. Gatewood and H. Field (2001), S. McShane and M.A. Von Glinow (2002). Problems of virtual organizations were analyzed by J. Okkonen (2002), W.H. Davidow and M.S. Malone (1993) and others. Personnel management problems and various aspects were also analyzed by Lithuanian scientists: F.S. Butkus (2003) who observed personnel management problems in the context of operative management, emphasizing personnel management functions and their implementation sequence. B. Melnikas (2002) who overviewed personnel management problems under conditions of economical systems' transformation, globalization and integration process. Results of this scientist's research revealed the importance of dynamic factor in the rapidly changing environment, implementing personnel management objectives in the organization. These scientists offered means of integrated management, which allows harmonizing different management methods and approaches. Moreover, it proposes methodologically grounded techniques for corporate strategic management model realization; they emphasised the importance of corporate and personnel management systems improvement in order to strengthen and facilitate integral relations between strategic, tactical and operative management functions' implementation processes. Tools offered by these scientists create opportunities to form both flexible corporate management and personnel management systems of high efficiency. R. Daft (2001) analyzed personnel management issues in the perspective of organizational behaviour; J. Fitz-enz (2002) examined quantitative and qualitative aspects of employees assessment; R. Swanson (2001) observed financial benefits provided by employee training and development assessment issues; W. Cummings (2002) – personnel management impact on the organizational adaptation in the changing external and internal business environment; T. Wofford (2002) – personnel management influence to organizational strategy creation.

In the theory of organizations the concept of virtual organization is relatively new notion and has not been analyzed properly yet. However, more and more attention is paid to virtual organization research and its activity because of the economy globalization process and information technologies development. Both T. Ishaya and L. Macaulay (1999) state that one of the virtual organizations rise causes is various conditions of organization activities during the process of globalization. Originated global virtual market, supported by computer network, has removed boundaries between markets. It is suggested to use the reciprocity criteria of organization characters (Saabeel, 2002) to determine the boundary of virtual organization – what belongs to virtual organization and what does not. Reasons which rally characters of virtual organization are general idea of trade, inter-assurance, information technologies (Venkatraman and Henderson, 1998). As a part of virtual organization Shao names the purpose, consolidation, technologies and certain limits (Shao et. al., 1998). The purpose is named as the force which unifies members of virtual organization and helps to keep different components together at least for some time.

Individual authors, such as W.H. Davidow and M.S. Malone (1993), S.L. Goldman and others (1995) notice that main advantage of virtual organization is the allocation of knowledge, experience and expertise. Unlike traditional groups these virtual commands work with disregard for space, time and organizational limits, and they use connections which are supported by networks of communicative technologies (Lipman and Stamps, 1997). Virtual organizations help to benefit from international labour division consequences, and it is the obvious advantage to compare with usual classical organizations. To have an excellence against competitors traditional industrials or organizations of service contribute great expenses for the security of communications between different subdivisions of organization and most of resources of organization are being used, as well. Trips of employees from one geographical location to another or travelling from one subdivision of organization to another one diddle the time; that increases expenses of organization and reduces their possibility to take the opportunity of perform with the biggest efficiency in the market at particular time.

Members of virtual organization are located in different geographical places. Intercommunication is fulfilled with the help of information technologies because of the distance and difference in time. Members of organization meet irregularly, thus, communication pass through information technologies. However, majority of informal, personal and tactical aspects of communication is being lost (Hinds, Kiesler, 1995), nevertheless, these aspects are often necessary to achieve common denominators, agreements or studying inside the organization.

The geographic allocation of organization members increases the satisfaction of one's work due to the flexibility of the timetable (Whiting & Readon, 1996). However, the satisfaction of one's work due to the physical isolation and lack of social environment which is typical to traditional work place, is decreased. Every organization faces innovations implementation, unexpected situations, uncertainty which arise even during routine procedures. Moreover, after the disappearance of certain work place the partisanship and dedication to the organization disappear as well. Therefore, to secure an effective work in group and achieve common aims, as L.K. Sproull (1991) state, it is simply necessary to meet and discuss various points collectively. He imply that it is particularly important to communicate informally without any formal contacts and states that not only verbal, but also nonverbal contact is significant in such communication. Body language can show whether the person is motivated and how that person understands one or another question and what is going on in the organization in whole. This nonverbal contact is too limited because of the communication via information technologies when geographical division of socializing people is present.

T. Ishaya and L. Macaulay (1999), who point out the difference of virtual organization and traditional organization, notice that members do not have common labour place, communicate via information technologies primarily, very often have no physical contact at all, can speak different languages and have different cultural background, can also have individual character features which other members of organization do not know about. Lack of loyalty inside the virtual organization can be seen because of the differences mentioned above. Members of virtual organization are employed for a certain period of time for the accomplishment of a certain task. Often these members of organization can be employed from other labour place, basic labour place or partner organization. It means that they take a temporary stand in virtual organization and have position somewhere else, herewith. Therefore, the problem of priorities or loyalty to their labour place can arise. It can be difficult to combine two different jobs, projects or aims. Also the goal of virtual organization can not be consistent with the aim of person or company where the member of organization works. Problems identified obviously show that virtual organization faces the same problem as traditional ones – they are being created on the ground of personnel suitability (members of virtual organization) of organizational structure, as well as, their ranking in the structure. It is important to carry out researches which would help to compose the model of motivation which would help the organization to pursue their goals.

### **Model of personnel motivation**

It is necessary to find out what factors have influence on the personnel motivation of virtual and traditional organization, and what essential differences between different forms of organizations are in order to attain the results of research. Major purpose of the research – to explore and compare attitude of employees who work virtually and traditionally towards main factors which determine motivation and encourage to fulfil work well, and strive after set work tasks for the implementation of the plans of business organization. To achieve such aim empiric research has been performed. Since relevant researches have not been performed for virtually working employees and necessary material on this topic has not been saved, initial data was collected for the research. In contrary, big amount of researches related with motivation and motivating of employees were performed with personnel who work in traditional companies, therefore, there is a possibility to compare already available data with new collected research data.

For research were selected highly qualified personnel working in the area of services - information systems and e-business development services, business consulting, advertising, public relations, e-commerce. Selection was made taking into account that part of the service work of chosen sectors can be done through the virtual staff. Given the number of workers in this sector, it was estimated that in order to obtain reliable results necessary to interview 120 respondents. A survey carried out in Lithuania's major cities by e-mail. There were 121 respondents who answered to the questions. „Excel“ programme and SPSS 15 statistic packet were used to enter and process questionnaire data. With the help of SPSS packet Spearman's rho rate of rank correlation has been calculated. After the correlative analysis performance the reliability analysis of research tool has been performed. Evaluation of reliability can be assigned to means of objective evaluation as strict statistic methods of calculation were used. For the evaluation of research reliability Cronbach's alpha rate of calculation method was used (Chwalow 1995). Cronbach's alpha of all summarized factors of fulfilled research is 0,898, i.e. reliability of internal test consistency is high and satisfactory.

All questions given in the questionnaire were grouped to make the separation of motivation factors that have greatest influence on working employees easier. Following results of the survey show us that most

important and significant for virtual employees are further mentioned blocks of the questionnaire – groups of motivation factors: Policy of working with clients (arithmetic average 8,70), Efficiency of management (arithmetic average 8,59), Evaluation of team spirit (arithmetic average 8,52), Front office appreciated employees (arithmetic average 8,38), Satisfaction with job (arithmetic average 8,15), Functions of interaction (communication) (arithmetic average 8,00), Labour conditions (arithmetic average 7,90), Personnel trainings (arithmetic average 7,84), Team work (arithmetic average 7,05).

The arithmetic average of those block questions ranges from 7,05 to 8,70, Standard deviation (SD) (dispersal) is not big – from 0,00 to 0,84. Results of traditionally working employees show that most important are following blocks of questionnaire: as virtually working employees they at first appreciate policy of dealing with clients - 8,73 (SD 0,59), working conditions - 8,52 (SD 0,17), personnel trainings - 7,93 (SD 0,70), satisfaction with job - 7,60 (SD 0,28), evaluation of team spirit - 7,49 (SD 0,40) and management efficiency - 7,01 (SD 0,46).

For both virtually and traditionally working employees policy of dealing with clients (8,70) is very important. Labour conditions are more appreciated by traditionally working employees (8,52). It is not a significant thing for the virtual employees, as virtually working employees do not have a physical work place. Efficiency of management is more appreciated by virtually working people (8,59), whereas, traditional employees who work in common organizations, give the last place according to the significance (7,01). With reference to results of the research all blocks are examined more properly further. Results of Satisfaction with job are as follows: most of virtually working employees are satisfied with their work performance - 27 % of them give 8 points, 21 % give 9 points and 28 % of respondents give the highest evaluation (10).

Loyalty of team working in virtual organization or project directly depends on the pride of the company. Employees are proud of working in virtual company (8,57 points), because their positive results are always noticed by their managers, their payment corresponds to their qualification so even if analogous job would be offered in a similar organization, they would still stay in their own one. On the other hand, traditionally working employees are less proud to compare with VO employees while working in traditional organization (7,33 points), though they are involved into decision making and problems solving, and are informed about events in the company directly by management quite often. Besides, they are not very satisfied with the payment which is provided by organization where they work; therefore this causes a lack of satisfaction with their job. Results of the research also show that satisfaction of virtual employees with their work performance depends both on recognition of front office (8,14 points) and effective distribution of works thanks to managers (8,14 points), as well as, given possibility to learn and gain knowledge from their colleagues and associates. In addition, satisfaction is also determined by sufficient awareness about applied changes in virtual company that particularly give a feeling of safety.

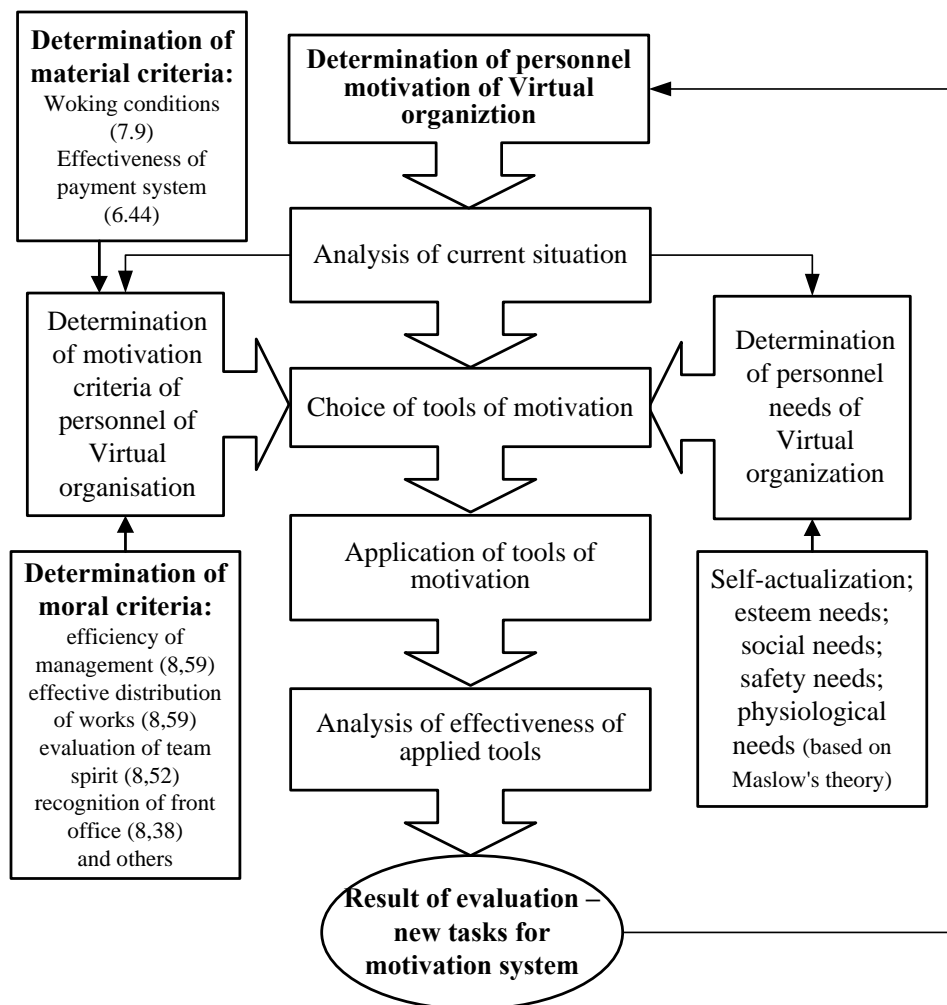
Working conditions in the company and matters of stress at work. Most of respondents of virtual employees state that in the organization where they work conditions are good, as they have enough means and tools to work well. Employees continually improve their skills and learn new things which can be useful in the future jobs performance, matters related to that are also discussed. Working conditions also have strong relations with the satisfaction with present front office. Absence of tension when dealing with front office creates good working atmosphere. Results of traditionally working people show that they also feel safe working at their work places (8,35 points).

Personnel training, team spirit and questions on working in team. Virtual employees state that they have enough knowledge to fulfil their work and they think that this knowledge should be practiced for the maintenance of good relationships with clients. The result of research of traditional employees show that they have enough knowledge to fulfil jobs in organization (8 points) and, considering that there are enough means and tools and possibilities in the company to fulfil jobs best, allows the management of the organization to be satisfied with the work results.

Researches show that opinion of virtual employees is heard during virtual meetings (8,16). They state that dealing directly with collective helps to perform their work better. They feel themselves recognized by their associates (8,14), and this produces better work results. Most virtually working employees state that the collective is very friendly (8,86), therefore, everybody has a possibility to learn from colleagues, associates. Moreover, good work results are always noticed by the front office. Although, the collective is friendly there are some virtual employees who know the ones who do not fulfil their work fully. Efficiency of management, fairness and questions on employee evaluation. Virtually working employees are satisfied with their present front office: it stimulates independence, always notices good results and involves them in decision making of problems and matters. Employees can always apply to it when they need help or advice.

It distribute works efficiently in addition. The fairness is understood by employees as a payment that corresponds to the functions, responsibilities, expectations, requirements and a reward that employee gets for well performed job, when the payment they get meets their needs. Furthermore, quite significant is an indicator which shows that policy and procedures of the company are often applied similarly to all virtual employees – the rate is 8,00 points.

Career of employees, functions of communication and work with clients. Most of the virtually working employees think that means to aspire career are being created in the company constantly. Respondents do not think that only in another organization they will succeed in career promotion. If they intend to achieve that, they can reach it at their present work place.



**Figure 1.** Model of personnel motivation of virtual organization

Overview of younger traditional employees' opinion revealed that they are rather enthusiastic about the possibility of promotion. In contrary, elder people have already achieved what they wanted, therefore the index of this question was about 6,81 points out of 10. Even questioning them whether possibilities of promotion are created did not produce proper results. Their answers varied, but they had not implied that possibilities are very sufficient. Nevertheless, at the moment major part of employees at their workplace mostly strive towards promotion and friendly collective which forms a perfect support for the task aspiration. All employees would learn new things and acquire new skills which could be used at their job with pleasure. It will help them to deal with assigned task more effectively and will increase their sense of competence.

Efficiency and fairness of payment system. Payment system established in virtual organization is not satisfactory for all employees. However, the arithmetic average of all respondents answers is equal to 8,14 points. The most strange thing is that traditionally working employees state that present payment system does not fully satisfy them - 6,67 points comparing with the virtual organizations employees opinion. Virtual

respondents have been given the question: whether lack of payment makes them seek for other job. All of them answered that it is not so. They told that they are rewarded in accordance with their experience.

Virtually working employees state that the payment corresponds to the experience available. They are also satisfied with the position occupied and they are happy with the fact that they are recognized at work and are always informed. Therefore they are not forced by the lack of payment to seek for another job, but it obliges to stay in organization where they work now. Traditional employees, however, tend to think that their payment does not correspond to their available work experience very much (6,44 points) and would like it to be a bit higher. By this employees would be more motivated to work and raise qualification.

After systematic analysis accomplishment and following the results of empirical research, personnel motivation model of virtual organization was created (see Figure 1). Model consist from following parts: *Analysis of the current situation*. At this stage, objective should be determined, which will help to analyze the current situation. This is vitally important element in the initial stage, as it makes possible to assess the situation efficiently, determine all the options, considering a more detailed investigation. *Choice of tools of motivation*. Depending on the reasoning of the choice accuracy measures, the model employed by the organization can give effective results. This stage can be successfully implemented only with a condition of careful elaborating of preceding steps. *Application of tools of motivation*. After selection of appropriate measures of motivation they should be applied in virtual organization. Application of tools should be based on research results. There sample group of the most affective motivation factors should be selected. In order to reveal most significant motivation factors managers should organize annual survey as needs of employees are changing. Same reasoning tolls used in the model for the long period may be inaccurate, and may result in dissatisfaction of staff. *Analysis of effectiveness of applied tools*. When tools were chosen, and they have already been started to apply in organization there is one important link – analysis of effectiveness, which can monitor whether the reasoning of selected measures is applied correctly and if these measures are appropriate for staff. The control system includes control performance, the effect of human exposure, control tasks, control restrictions. Its task is required feedback creation. If motivation tools are inefficient we should return to starting point and then re-analyze the system. Analysis helps to perform a precise checking of all the stages from beginning to end and to find out all the errors. *New tasks for motivation system*. Inverse relationship can be defined as the signal characteristic of a feedback system from the direct impact or connection. Thus, the feedback is one of the most valuable elements of the motivational cycle. The main goal of feedback is to create new tasks for motivation system.

The model is based on the survey and, unlike the personnel motivation models of traditional organizations takes into account the motivation of the factors inherent in virtual organizations. Great significance in the model plays the working conditions and material factors. That's mean, that selecting personnel in the areas with lower labour cost, companies not only reducing their expenses, but also create greater employee motivation, paying for them higher salary then average in that particularly area. Working conditions means – possibility to perform the tasks at home. The model creates opportunities for efficient motivation of virtual organization personnel. It is adaptive and it allows applying this model in the dynamic business environment, adapting it on the base of personnel management goals set in the organization. Model application creates assumptions to increase the competitive ability of business organisation. It makes possible the attraction of human resources allocated in other regions; it also promotes better opportunities for organizational activity development.

## Conclusions

The entity of virtual organizations is analysed and the following points are outlined: geographically different, spatial arrangement of organisations members; absence of direct physical contact between members; the use of latest information technologies in maintaining members interrelationship, communication and collaboration; connection of resources, knowledge and information using information technologies; e) other characteristics having impact on personnel management tasks.

Personnel management issues concerning virtual organization are little-investigated; therefore, personnel motivation theoretical models and their application in practice do no meet the latter-day market requirements, posed by the outspread of information technologies. In scientific studies which analyze personnel management problems, little attention is given to the question – how to motivate employees using the means of information technologies.

Main problems arising in virtual organization are as follows: mutual compatibility of organization members, conformity of information communication means for the maintenance of connection, lack of activity coordination and informal intercourse, as well as, lack of loyalty to the organization itself. The problem of participating partners in organization is also open.

Main and most significant groups of the motivation factors for virtual personnel were determined on the grounds of the research. These factors are as follows: policy of dealing with clients, efficiency of management, valuation of team spirit, front office attitude towards employees, satisfaction with work, functions of intercourse (communication), working conditions, personnel trainings, and work in team. Therefore, the front office of the virtual company should pay attention at the following factors of motivation and apply adequate means of motivation with reference to them. It will make work of personnel more efficient and effective.

Independent decision making is more important factor of motivation for virtual employees. For traditional employees more important factor is to be responsible for the work performed. Possibility of promotion and recognition of associates and front office are valued in both types of organizations similarly. Virtually working employees are more motivated by intercourse with others comparing with traditionally working ones. Additionally, employees of traditional organization feel motivated when they have aim.

The original personnel motivation model proposed is recommended to apply in conditions of globalization in virtual organizations, which strive to obtain competitive advantage using geographically spread human resources.

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