Efficiency of Virtual Organisations - The Case of AGI

Abstract:
The emerge and increasing performance of new information and communication technologies (ICT) has enabled new organisational models of coordination and cooperation. Since the early nineties Virtual Organisations (VOs) as one of these new models have been in the focus of scientific research. Among the most frequently postulated characteristics and advantages of this new ICT-enabled organisational setting are: ? High flexibility in rapidly changing environments (like the internet world), ? customer-focussed business and service models, ? increased competitiveness. These criteria seem to give evidence for VOs? potential to have better input/output ratios than other organisational arrangements. It is therefore an established assumption that VOs have the potential to be very efficient and effective. But these assumptions have hardly been challenged in literature. This paper addresses the largely unexplored issue of efficiency of VOs as organisational setting and of ICT-use within them. The paper defines a theoretical framework for assessing efficiency. Starting from the established eclectic approach ITENOF [1, 2], elements from the standpoint of transaction costs, core competencies and from sociology are combined. Interdependences
between use of ICT and organisational setting as major factors for efficiency are considered. The authors derive relevant criteria for both organisational setting and use of ICT while ICT potentials and its application receive aspecial emphasis. Thus this paper widens the established framework ITENOF with strategic and efficiency-focused theories and extends the already existing aspects of ICTuse in the approach. Due to the scientifically unexplored and highly complex problem of efficiency of VOs a qualitative research design is used. Therefore the paper closes by applying the approach to the case of AGI, one of the biggest privately held multimedia agencies in Germany. Based on the theoretical framework two projects within AGI are analysed in depth; one in a virtualised setting, the other one in an integrated organisational setting.

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