From transnational organization to the virtual organization

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Abstract: *The transnational organization extends the locationless operations strategy around the world. So much so that it's difficult to know which country is the organization's country. One good example is the industry of information technology who manufacturing now more personal computers and accessories outside then inside of home organization's country. Operating extensively outside the country of origin is a hallmark of the transnational organization. But why should the organization to go international with its operations? Let's find some answers.*
Key words*: transnational/virtual organization, e-business, virtual workplace, information technology, globalization, organizational horsepower.*

The organizational horsepower strategy

Organizations create their competitive advantages in different ways. We have seen a great deal in the business materials about different strategies to improve an organization. This has been will continue to be a source of much research projects. Today, the business environment is shaped by eight important forces: competition, globalization, information as a basic resource, knowledge employee computing, e-commerce, teleworking, virtual workspace and virtual organizations (figure 1).

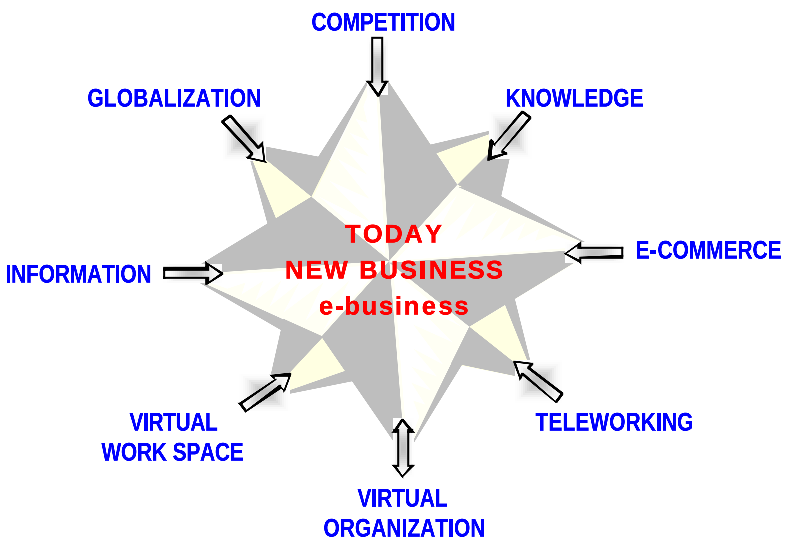

Figure 1. Forces shape e-business

Taking advantage of these eight forces is how business competes today and that takes organizational horsepower.
The organizational horsepower strategy is not only about force but also about force delivered with speed. One without the other is more less powerful then both combined, then double synergy effect. So, organizational horsepower is a measure of organizational competitiveness generated through organizational force and speed. Organizational horsepower is meeting as many customer expectations as possible. An organizational hopes too meet more expectations than its competitors and thus gain a competitive advantage. Organizational speed is meeting customer expectations quickly.

Organizational force, organizational speed and organizational horsepower provide a framework for evaluating how various strategies can enpower an organization.

The transnational organization

A transnational organizational is one that produces and sells products and services in countries all over the world in coordinated cooperation. Operating internationally benefits an organization because it gains access to more customer markets around the globe. Using information and communication technology to link these geographically dispersed operations, organizational force is magnified more then other organizational horsepower strategy.
This is the step to the virtual organization who is a temporarly network of independent organizations. Having a presence in every major market in the world commands a powerful competitive position. The organization can also generate OF through the economics of scale that accrue through masive global production.
The information as a key resource, the globalization, knowledge employee computers and e-commerce synergizes a organization's market competitiveness. Today, in the information society, the work market is one of a teleworking activities.
Teleworkers (telecommuters) and their employers must create their own workspace – a virtual workplace. The virtual workplace has requirements over or above those of the real workplace. In figure 2 we can see six components of the virtual workplace: communication technology, information access, phisical meetings, constant communication, goal setting, managing and monitoring.

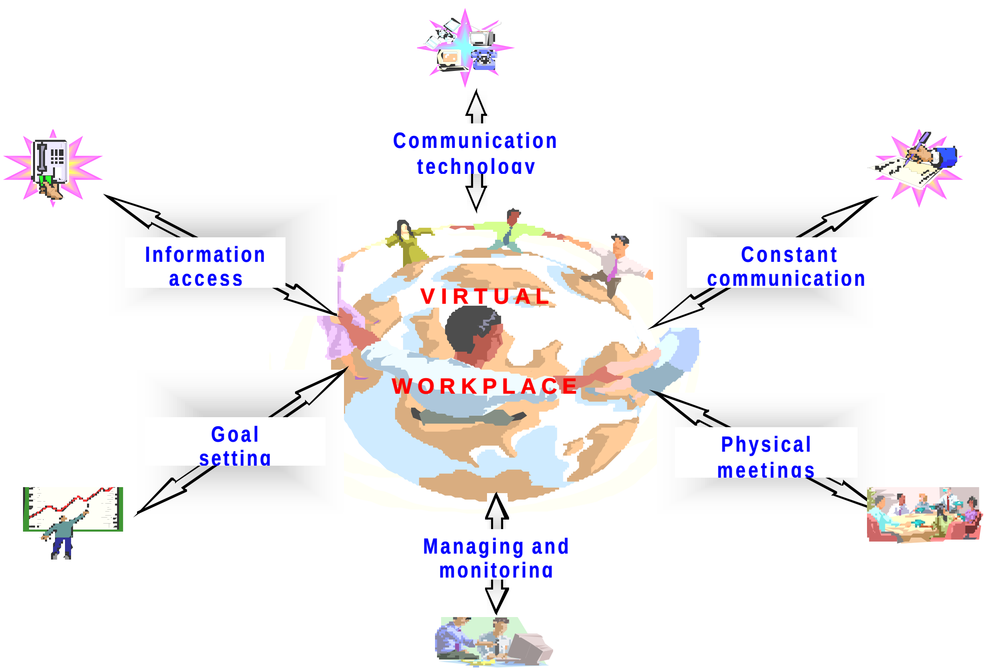

Figure 2. Basic components of virtual workplace

Implementing an international strategy based on teleworking and virtual workplace begins with three different configurations: global, multinational and transnational.
In a *global configuration* all international operations depend on headquarters for resources and directions. Therefore information directives travel one way from headquarters to operations.
In a *multinational configuration*, international opetations work independently reporting only financial information to headquarters.

To become a *transnational* organization, one firm may construct a transnational configuration. All operatios share information and resources and, in these conditions, the notion of a headquarters becomes irrelevant.

The success factors for transnational organization

The success of transnational operations is determinated by two critical factors: 1) globalization and uniformity and 2) information technology infrastructure.

First, to adopt a transnational organization strategy the organization must carefully balance local uniqueness with global uniformity.

Customers arround the world want the organization to cater to their unique cultural and national needs. The organization's international operations must reflect that uniqueness in managing, marketing, sales, human resources, goal settings and legal conformance. At the same time, the organization must operate with a global standard of excellence.

Second, adopting a transnational organization strategy means that the organization must create a global information technology infrastruture that support the first critical success factor. In these sense, the hardware, the software and the telecommunication networks must support both of global brand and local independence.

The customer expectations require to the organization to establish international tranzaction processing systems and customer integrated systems. That means the trannational organization must use extensively the information and communication technology and networks facilities and synergy.

Also, the transnational organizations need then just tranzaction processing systems and customer integrated systems. They must access their global knowledge resources. Geographically dispersed experts need to work together in deciding the organization's direction. That means establishing global decision support systems, management informationsystems and workgroup support systems (groupware).

With resources spread across the world, the transnational organization must ensure that resource duplication does not occur among locations. Multinational organization (like virtual organization) maintain independent operations and often duplicate resources because they lack interoperational communications. To benefit from transnational integration, international operations must communicate with each other to eliminate this redundancy. Communicating in this way reduces also the isolation of international operations. Those barriers can be broken by the multitude of translation tools available today. For example, we can purchase Internet communication software like Internet Explorer or Netscape Navigator that translates between 15 and 25 different languages and dialects.

To the virtual organization

If we think a transnational organization as located everywhere, we must think at the virtual organization as located nothere. Like we already seen, the virtual organization is the distributed organization of the present and of the future. Is a network of independent organizations liked by information and communication technology to exploit market opportunities by sharing skills, costs and market access.

Many virtual organizations are created solely to meet newly identified customer needs faster than building an organization from seratch (who start from scratch). All member organizations share in this type of organizational speed. Project only virtual organizations permit member to reach new customers beyond their current capabilities and thus share an organizational force. Tying the member organizations together with information and communication technology enables the organizations to operate as one and create organizational forces unattainable by any single member.

On the other hand, like transnational organizations, some virtual vs operate as permanent companies. Member organizations join in a flexible network, establishing permanent relationships to produce certain products and services. Even that, member organizations remain independent and free to do business outside of the virtual organization.

Member organizations share the organizational force only if each of them actively contacts customers to extend the market reach. Also, in a permanent arrangement the simultaneus production at member organizations creates shared organizational speed.

Conclusions

Operating internationally can create some surprising ethical challenges. Taking advantage of a competitive opportunity in one country may be viewed as exploitation in another. for example, inexpensive labor costs in one country may be the rezult of what another country considers unethical labor practices. Avoiding such dilemmas requires coordination on a global basis. It is important to understand cultural standards as well as communication practices across the transnational organization.

The virtual organization has a much more distributive network of partners. Most information partnerships include only two partners and they often create a single unifying location from which to operate the business Because the virtual organization joins independent business, creating links with information and communication technology can present special challeges including: linking incompatible software and hardware or fostering creativity without human contact.

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