



Chapter I

The Competence-Based View on the Management of Virtual Web Organizations

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The organizational concept of virtual Web organizations encompasses three organizational elements, namely the relatively stable virtual Web platform from which dynamic virtual corporations derive. Virtual corporations are interorganizational adhocracies that are configured temporally of independent companies in order to serve a particular purpose, such as joint R&D, product development, and production. The third element of this organizational construct is the management organization that initiates and maintains the virtual Web platform as well as forms and facilitates the operation of dynamic virtual corporations. Since the organizational concept of virtual Web organizations is hardly researched this chapter aims to provide readers with a better understanding of the organizational concept of virtual Web organizations and in particular of how such an organizational construct is managed. Based on empirical research the author developed a competence-based management model of virtual Web management organizations. This competence-based view of virtual Web management organizations presents an overview of a set of common sub-competencies underlying the three virtual Web management's main competencies of initiating and maintaining virtual Web platforms and forming dynamic virtual corporations. Furthermore, the developed competence-based management model describes the content of the individual sub-competencies and it explains the purpose, the interrelatedness and the temporal dimensions of the virtual Web management's sub-competencies.

INTRODUCTION

Since the early 1990s the concept of “virtual organizations,” as a particular form of cooperative networks, has been introduced. Despite Mowshowitz (1986) using the term “virtual organization” in 1986 for the first time, the academic world paid little attention to this new organizational network approach. Only since Davidow and Malone published their book *The Virtual Corporation* in 1992 as well as the landmark *Business Week* article of Byrne in 1993 about virtual corporations was published, have academics around the world become interested in this topic.

Since then, the organizational concept of “virtual organization” has been researched and a number of real “virtual organizations” have been established in practice. However, many authors have created a variety of different terms and definitions to describe this new form of network organization that has caused confusion about the term “virtual organization” and its underlying organizational concept, i.e., terms such as virtual company (Goldman and Nagel, 1993), virtual enterprise (Hardwick et al., 1996), and virtual factory (Upton and McAfee, 1996). Moreover, most of the contributions in the literature of virtual organizations are conceptual and descriptive and some authors even tend to advocate the concept of virtual organizations in a rather idealistic and speculative way.

Basically, one can constitute that the “virtual organization” is a partnership network enabled and facilitated by modern information and communication technology (ICT). The term “virtual” originates from the Latin word “virtus” which basically means “proficiency, manliness” (Scholz, 1994), it defines an attribute of a thing, which is not really existing, but would have the possibility to exist (Scholz, 1996). What does that mean in the context of organizations? Scholz (1997) distinguishes the virtual organization into an intra-organizational and inter-organizational perspective.

Whereby the intra-organizational perspective on virtual organizations refers to a particular form of organization within defined boundaries of a firm (hierarchy), the inter-organizational perspective is about the exchange of resources between firms. The inter-organizational perspective is divided into virtual markets (market transactions) and virtual corporations (transaction through networking). Virtual markets mean e-commerce market transactions between actors using sophisticated ICT, i.e., the Internet. In contrast, virtual corporations are basically partnership networks of independent companies.

Thus, Byrne (1993) defines the virtual corporation as follows: *A Virtual Corporation is a temporary network of independent companies—suppliers, customers, and even rivals—linked by information technology to share skills, costs, and access to one another’s markets. This corporate model is fluid and flexible—a group of collaborators that quickly unite to exploit a specific opportunity. Once the opportunity is met, the venture will, more often than not, disband. In the concept’s purest form, each company that links up with others to create a virtual corporation contributes only what it regards as its core competencies.*

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