

Chapter 10

From Virtual Organization to E-Business: Transformational Structuration

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ABSTRACT

This article shows how the technical hype of 1990s has been transformed into the e-business organizations at the beginning of the 21st century. The authors took an interpretive stance in this study, grounded theory, and investigated the ontology of virtual organization by the metaphorical analysis. The metaphorical analysis adopted in this study provides the analytical power to conceptualize the social structure of virtual organization in the context of structuration theory with the process of grounded theory. As the e-business structuration indicates in this study, virtualization, the metaphor of virtual organization is interpreted as flexible domination, where the rational relationships in power distribution with other e-business characterized temporal (virtual) bond with low switching costs.

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INTRODUCTION

The Internet revolution enabled multi-dimensional connectivity between organizations that helped in emergence of novel concepts in organizing and social relations. We are living in the Internet revolution that changes the fundamentals of communications and this revolutionary phenomenon parallels the industrial revolution in the 18th century, which changed the principles of manipulating our surroundings. The emergent ways of communications have tremendous impacts on society as well as on the research disciplines. In the early days of the Internet revolution, researchers heavily focused on the concept of virtual organization giving various definitions based on the organizational settings arising from the Internet. For example, in traditional sense, we metaphorically represent organization of a big and solid company as a building on the land. But, now it has evolved to be a Web site representing the presence of an organization regardless of its business type, such as *samsung.com* as a manufacturer or *amazon.com* as an e-store. We attempt to find theoretical explanations of this evolutionary phenomenon.

However, to endorse or refute the claims in the business literature, it has been challenging for researchers to find proper theories to explain this rapid changing trend driven by highly advanced information technologies (IT). What we have observed have proved that the use of information and communication technology is rapidly transforming societies. With advanced communication protocols embedded in IT, we are now able to separate what we do and know from everyday practices to information systems (IS). Information and communications technology enables not only human-to-human communications via networks, but also computer-to-computer communications without any direct human interactions.

With this in mind, we designed our research taking an interpretive approach with metaphorical analysis. Metaphorical analysis takes accounts, such as live and dead metaphors of IS area, into the

organizational structure. As the term ‘organization’ itself is a dead metaphor, this study shows how the already dead metaphor has shaped pure-play e-business organization in virtual settings. This research shows an intelligent analogy using the power of metaphors to realize and extend the world surrounding us.

This study intended to conceptualize the ontological understanding of virtual organization, which was promising back in 1990s. Though the term ‘virtual organization’ is still being used, companies have turned their key words into terms like e-business, cloud computing, SaaS (software as a service), etc. This study mainly revealed the origins of virtual organization in 1990s using metaphors. This will show how the technical hype of 1990s has been transformed into the e-business organizations in the beginning of the 21st century. This study theorized virtual organization by analyzing and interpreting the literature from 1994 to 2001. Therefore, the theory developed in this study is not just about a reflection of current trend of e-business, but it entails the Internet revolution era where World Wide Web technology emerged since 1992. Then, it showed how the concepts are produced, reproduced, and transformed along with the advancement of information and communications technologies. To achieve this objective, we investigated the articles in this period that especially discussed ‘virtual organization’.

VIRTUAL ORGANIZATION STRUCTURES

After Lakoff and Johnson (1980) established the academic foundation of metaphors, scholars have used them in business literature. As discussed in his latest publication, Lakoff (2001) declared that even mathematics originated from metaphors of our consciousness. As we accepted theorems and axioms in geometry as a given without any reservations (Reichenbach, 1958), our languages in academic world fundamentally started from

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