

## ASPECTS OF PERSONNEL LOYALTY OF VIRTUAL ORGANIZATION

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**Abstract.** The work under new conditions of information technologies' development and adoption of new forms of organizations, such as virtual organization, has not only advantages, but also causes certain problems such as personnel loyalty because of dispersion of personnel of virtual organizations. In the article the conception of loyalty and loyal employee, forms of organizational commitment, interaction of loyalty and motivation are analysed, the main factors of personnel loyalty formation in virtual organizations are identified. In the article is presented results and analysis of the research. The main task of the research was to identify the most important factors that determine loyalty of personnel and the main differences of these factors in virtual and traditional organizations.

**Keywords:** virtual organization, personnel management, personnel loyalty, organizational commitment.

**Jel classification:** M12

### 1. Introduction

In today's world of information technology has become an integral part of human life. Much of the people can hardly imagine her life without a computer, internet or mobile phone. Information technologies are penetrating deeper into daily life: computerized workstations, various data is collected and systematized in databases, e-commerce is expanding and going all the power of information technology-related phenomena. Human activities are less restricted by distance, time and walls, becomes more and more global. One of the consequences of these changes - creation of virtual organizations.

During the competitive fight, both traditional and virtual organizations active in exploring different ways to create their own competitive advantage. An effective measure, such as the latest technological breakthroughs of modern information technology, marketing and other measures, creates the opportunity not only to ensure the effective activities of the organization, but also to gain an advantage among its competitors. However, one of the most important and successful factors of the company in its field - knowledge workers. Their motivation and retention is an important task for any organization, because today's society is characterized by dynamism in many areas. Business organizations are often faced with the problem of staff turnover. Studies show that many companies face the problem of employee disloyalty.

**Relevance and problem of the study.** Employee's affection for one job place is rapidly disappearing. Good and experienced professionals are not afraid to use new job opportunities, promising better conditions for their needs. For this reason, organizational leaders must seek for effective ways to ensure employee loyalty, because when employee is fully committed to organization, this adds great value. Recent years is possible to find a many examples of the study in scientific literature which study virtual organizations as a new qualitative organizational structure, however, the loyalty of employees of such organizations comparing with traditional forms of organizations has not been analyzed enough. In the business world has become much more demanded the issues of personnel loyalty of virtual organization because of an increasing number of virtual employees. Mentioned before reasons show a necessity of complex personnel loyalty improvement of virtual organization and a need to carry out scientific research.

**The research problem.** The management science pays not enough attention to the problem of loyalty of personnel in virtual organizations. Managing the virtual organizations there often raises the question how to increase the loyalty of geographically distant from each other personnel to keep loyal to a business organization with minimal direct communication.

**Research object:** personnel of virtual and traditional organizations.

**Aim of the research:** to identify personnel loyalty forming factors of the virtual organization, this could be used for development of personnel loyalty model.

**Research tasks:** To analyze the theoretical aspects of personnel loyalty, to identify the main groups of factors forming the loyalty of personnel.

To carry out empirical research of personnel loyalty forming factors in virtual and traditional organizations. To identify differences and significance of those factors in traditional and virtual organizations. To formulate proposals for personnel loyalty model of virtual organization.

**Research methodology:** the systematic analysis applied allowed to reveal problems of personnel loyalty 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.

## 2. Theoretical background of the problem

Problems of employees' loyalty of traditional organization were analyzed by many different scientists: J.L. Gibson, J.M. Ivancevich, J.H. Donnelly (1991), A. M. Lamsa, T. Savolainen (2000), D.A. Yousef (2000), V. Gražulis (2005), R. J. Burke, C.L. Cooper (2006), A. Cohen (2007), R. Veršinskienė, N. Večkienė (2007), D. Šavareikienė, A. Maksevičius (2007). Aspects of virtual organizations were analyzed by W. Saabeel, T. M. Verdujin, L. Hagdorn, K. Kumar (2002), V. Bekkers (2003), J. Stankevičienė, V. Dudėnienė (2005). Problems of personnel management of virtual organizations and information technology sector were analyzed by J. Burn, M. Barnett (1999), I. Šarkiūnaitė (2004), R. Ginevičius, N. K. Paliulis, E. Chlivickas, J. Merkevičius (2006), D. Biggs, S. Swailes (2006), A. Fetanat, M. N. Feshaareki (2008) and others. Personnel motivation problems and personnel relation problems were also evaluated by Lithuanian scientists: K. Lukoševičius (2005), L. Marcinkevičiūtė (2005), I. Gaputienė (2006), M. Jėčiuvienė (2006), J. Žaptorius (2007), V. J. Žilinskas, J. Zakarienė (2007), N. Petkevičiūtė (2007), I. Šarkiūnaitė, A. Marčinskas, G. Drūteikienė, L. Paulauskaitė (2007).

N. Paliulis, E. Chlivickas, A. Pabedinskaitė (2004), R. Ginevičius, V. Sūdžius (2007) over-viewed personnel management problems under conditions of organizational transformation, globalization and integration process. Results of these scientists's study revealed the importance of dy-

namic factor in the rapidly changing background, implementing personnel management objectives in the organization. A. Stankevičienė, L. Lobanova (2006), D. Diskienė, A. Marčinskas (2007) observed personnel management problems in the context of changing business environment, emphasizing personnel management functions and their implementation sequence. 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 emphasized 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. Organizational commitment analyses D. J. McDonald, P.J. Makin (2000), N. Petkevičiūtė, I. Kalinina (2004), I. E. Ogba (2008). J.T. Parish, S. Cadwallader, P. Busch (2008). S. Swailes (2004) explores the links between multiple commitments and employee behavior. Z. Kurutienė (2006) analyses relations of organization and individual.

M.Z.A. Rashid, M. Sambasivan, J. Johari (2003) examining the influence of corporate culture and organizational commitment on financial performance states that an organization committed or loyal employee is one who remains faithful and loyal to the organization all the time, regularly employed and appointed a full-time or even more, protect the assets of the organization's, implements its objectives and s.o. As well as commitment to the organization can be defined as the organization's values and goals and the recognition of their faith, the desire to make great efforts to organize the benefit of a desire to be a member of the organization. D. Biggs, S. Swailes (2006) argues that organizational commitment is usually formed from the following three dimensions: belief in the purposes and the recognition of the commitment and desire to make as many efforts to benefit the organization, desire to remain in the organization.

Various authors in quite different ways describe the loyalty and the concept of loyal personnel. Loyalty can be called a belief in the purposes and values, their recognition of the sincere involvement in the activities of the organization, a strong desire to remain in the organization. Employee loyalty to the organization may be deliberately formed, but in any case remain the same person's voluntary choice to be a member of the organization and operate to benefit of it. Freedom

of choice - this is what most authors emphasize that analyzed the concept of loyalty. So in this case it is important to find the way how to increase loyalty of personnel of virtual organization, what factors should be included in forming it.

### 3. Research methodology and hypotheses

It is necessary to find out what factors have influence on the personnel loyalty 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 factors forming loyalty of personnel who work in virtual and traditional organizations, and determine main factors influencing loyalty of personnel of virtual 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 loyalty of personnel were performed with personnel who work in traditional companies, therefore, there is a possibility to compare already founded factors of loyalty of personnel of traditional organization with new collected research data of virtual organizations.

Performing research these hypothesis has been raised:

- informal relations of personnel is less important factor for loyalty formation of personnel of virtual organization comparing the traditional organization;
- personnel loyalty of virtual organization is strongly influenced by financial dependence;
- personnel loyalty of virtual organization is influenced by freedom of self decision-making and self-temporal distribution;
- the company image of virtual organization is less important for personnel loyalty comparing the traditional organization;
- personnel loyalty of virtual organization is strongly influenced by the work content, personnel possibilities to realize their personal abilities and initiative;
- career possibility is not loyalty factor in virtual organizations.

For the empirical research the questionnaire survey method was selected. Surveys - one of the most popular social science research methods. Properly set up a survey allows analyzing the problem in different ways. The method was based on the presentation of the same questions for per-

sonnel of virtual and traditional organizations. The answers of personnel of these organizations were compared and founded the factors that influence personnel's loyalty to different forms of organization. Questionnaire was carried out to selected respondents by sending e-mail. The questions were formulated in accordance with the guidelines and methodological issues in a questionnaire (Kardelis 2002; Tidikis 2003; Raudonius 2008; Valackienė, Mikėnė 2008).

The entire questionnaire was formulated specifically to get some specific results: 1, 9, 17, 18 group of questions indicate the loyalty of employee; 3, 4, 5, 7, 8, 9, 21, 23 group of questions indicate the possible causes of the respondent's disloyalty; 2, 6, 10, 19, 20 group of questions indicate the potential loyalty factors of personnel; 11-16 group of questions explore how informal relation affects the loyalty of personnel; 22 group of question indicate a priority of individual employee to team or to the individual work; 24-27 group of questions designed to identify the respondents by age, gender or other characteristics; 28-29 group of questions identify the type and specifics of organization, to which belong the respondent.

The questionnaire was sent to the personnel of both the virtual and traditional organizations. There were 156 respondents who answered to the questions. „Excel“ programme and SPSS 15 statistic packet have been used to enter and process questionnaire data. With the help of SPSS packet Spearman's who rate of rank correlation has been calculated. After the performance of correlative analysis the reliability analysis of research tool has been performed. The evaluation of reliability can be assigned to means of objective evaluation as strict statistic methods of calculation have been used.

### 4. Research results and interpretation

Performed research results shows, that competent and effective leadership is the more important for personnel loyalty of traditional organizations (average assessment – 4.50) comparing to virtual employees (4.40). The friendly staff is more important in the traditional organization (4.43) than in virtual one (4.05). This indicate that personnel of virtual organizations are communicating among colleagues using information and communication technologies, and sometimes directly, but this communication is less important for loyalty of personnel than dealing directly on a daily basis how it is in traditional organization. One of the signs of employee loyalty is the pride of the organization where they work. Among the traditional organizations of such persons is 69 %, while the

virtual – 64 %. Organization's financial success is equally important to both groups of respondents, as assessment of these properties is similar. The study also suggests that personnel of virtual organizations prefer the opportunity to have a job with specific content comparing the traditional. This may mean that lack of direct communication in virtual organizations reimburse a content of job.

Virtually employed personnel pay the greater significance to the salary issues. Although the organization's financial success as one of the potential employer's properties, it is slightly more attractive to traditional workers' organizations. This again may be related to the fact that personnel of virtual organizations are less interested in its organization, including financial success. Virtually employed personnel less interesting about common issues of whole organization, such as organizational culture (3.5), they are less interesting also to positive public attitude towards the employer (3.6).

The obtained data show that the personnel of virtual organization are more fully satisfied for their positions (25 %) and rewards (14 %) and the type of work (36 %). One of the reasons for this result may be that the work in virtual organization interesting and inclusive and fulfill not only physical but also psychological needs of human activity. These things, together with meeting the needs of salary offset by an unusual, contrary to the traditional working environment, compensate the lack of direct communication.

Personnel of virtual organizations evaluate these factors, which determine the importance of work: the decision-making freedom (4.03), career (3.6), an interesting job (4.51) and independent work time distribution (4.49). Personnel of traditional organizations evaluated the following characteristics: wages (4.50), an interesting job (4.50), independent work time distribution (4.31), work and private life balance (4.31).

Another important loyalty factor is the formation of a good relationship with the manager. A survey conducted shows that the relationship with the manager is more satisfied personnel of virtual organization. Such a result could be obtained due to the fact that members of virtual organizations, with their managers most often communicate indirectly - using a variety of information and communication tools.

In traditional organizations the key loyalty forming factors are: financial considerations (67 %), good relationships with colleagues (53 %), interesting work (48 %). 11 % of the personnel indicated reasons such as development opportunities, acquired useful experience. The research results shows that personnel of traditional organiza-

tions are more interested in personal life of co-workers. 14% of virtual organizations, employees know almost nothing about his colleagues' personal lives; while 21 % are not interested in such things at all. The vast majority of the personnel of traditional organizations (53 %) or at least the minimum (37 %) are interested in personal life of co-workers.

The fact that it is enough to motivate the employer's claimed 50 % of the virtual and the traditional 39 % of the personnel. One of the possible reasons for this result may be that the personnel of virtual organization their working environment develops itself. Meanwhile, the traditional organization can reduce the motivation of the employee work environment, location, inappropriate peer behavior and so on.

A study shows that only 7 % of virtual organizations, employees are sufficiently rigorous to the agenda. While 32 % said that their agenda is dependent on various factors, and 54 %, that it can self-regulate them. Traditional organizations, including 16 % of employees work within a strict timetable set by manager, 43 % said that their agenda is dependent on many different factors, 39 % reported that the agenda may be self-regulate themselves.

Personnel of virtual organizations prefer to work individually (46 %) than the in team (25 %). Meanwhile, the traditional organizations, 37 % of workers prefer teamwork, while 39 % reported that they prefer to work individually.

The research result showed that the virtual and traditional organizations, personnel motivated and loyal to retain the same or at least of a similar nature, but differ in their significance.

## **5. Conclusions**

Loyalty can be called a belief in the values of the organization, their recognition of the sincere involvement in the activities of the organization, a strong desire to remain in the organization. Employee loyalty to the organization may be deliberately formed, but in any case remain the same person's voluntary choice to be a member of the organization. Freedom of choice - this is what most authors emphasize analyzing the concept of loyalty. Employee loyalty is strongly related to motivation, the factor of motivation crates a direct impact on employee loyalty.

Loyalty is influenced by forms of relationships with colleagues and managers, the overall organizational culture, employee's personal standards, the employer's image, the reward for work, and so on. All the factors can be divided into physical and intangible. Staff disloyalty is relevant

problem of organizations and there should be searched for effective ways to foster employee commitment. To achieve this goal requires the identification of the priority factors shaping the employees' loyalty, and to find ways to implement these factors.

Research of personnel loyalty forming factors identify the key factors determining the loyalty of personnel in virtual organizations, the significance of those factors, differences between traditional and virtual organizations.

The study found that most employees of the virtual and traditional organizations appreciate these features of the employer: the opportunity to work in an interesting work, competence and good management, attractive salary. Differ only in the performance assessment of these features. It was also found that for loyalty of personnel of virtual organizations less important factors are organizational culture, friendly staff, comfortable working environment, a positive public attitude towards the employer and career opportunities.

Based on the results of the study was approved hypothesis:

- informal relationship-building in virtual organization has less impact for personnel loyalty comparing the traditional organization;
- personnel loyalty of virtual organization is strongly influenced by financial dependence;
- the company image of virtual organization is less important for personnel loyalty comparing the traditional organization;
- personnel loyalty of virtual organization is strongly influenced by the work content, personnel possibilities to realize their personal abilities and initiative;
- career possibility is not loyalty factor in virtual organizations.

The hypothesis stating that virtual organizations personnel loyalty is influenced by freedom of self decision-making and self temporal distribution, was not fully confirmed, the investigation did not establish the significance of decision-making freedom and self-temporal distribution of virtual organizations among loyal employees.

Study identify the priority factors that promote personnel loyalty to the virtual organization: it is an interesting type of job, salary satisfaction, self-managing working time, manager confidence, competence and good leaders, the new information and communications technologies and other innovative work tools. These factors should be taken into account creating the model of personnel loyalty of virtual organization.

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