Chapter 8.10

Virtual Heterarchy:
Information Governance Model

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ABSTRACT

The rapid development of information communication technology (ICT) encourages companies to compete. However, those competitive development goals should enable people to satisfy their own needs and enjoy a better quality of work and life without compromising the quality of life of other people and future generations. Corporate governance models are needed to concentrate on changes of existing rules, customs, practices and rights as the subject matter of governance to be influenced. Governance models must recognize the limitations of the overburdened state and the consequent need to take advantage of existing institutions and structures that promote sustainability. An increasing number of companies are moving into new forms of competition which can be described as information-based competition, knowledge-based competition, technology–based competition and ICT relationship-based competition. However, unlimited supply of information from Internet and other sources, easiness to register and transfer the information, reduced prices of ICT devices result in increase of information processing and its overload. Therefore, information governance model proposed in the chapter seems to be a pattern to deal with information in contemporary common organizations i.e. virtual heterarchical organizations where access to information is democratically permitted. The proposed model is to be an answer to ensure sustainable governance of information i.e. balance, stability and progress of information processing.

INTRODUCTION – BUSINESS COMPUTING ENVIRONMENT

The information economy challenges business in many ways, information technologies and globalization lead to blurring the organizational boundaries. The creation of value for companies becomes more and more dependent on information assets. Business organizations are not interested in maximizing profits or minimizing costs, but pursue competitive advantage on the basis of innovation in products, processes, governance and business relationships' development.

Frequent exchange of messages in electronic communication networks supports shared mutual understanding – a collective way of organizing relevant knowledge. Having shared understanding enables people to anticipate and predict the behavior of their members, so that work can move forward without constant monitoring and consultation (Hinds & Weisband, 2003). Shared understanding can contribute to performance by increasing the satisfaction and motivation of business network members. Predictability, ability to implement agreed decision and motivation results from shared understanding and contributes to improved further performance. In the absence of mutual understanding negotiation, consulting and business exchange are difficult and time-consuming.

Nowadays, pervasive computing environment enables:

- Distributed, shared performance based on mutual understanding.
- Flexible process-oriented configuration and acting on the global scene.
- Autonomy of partners within organizational business networks.

Pluralistic, flexible, decentralized interorganizational networks are called heterarchies. The vision of heterarchy is an organizational form structuring its operation according to the require- ments of the innovative processes, favoring co-operation. In heterarchies, organization members are connected together without excluding anybody from participation in decision-making. In agile heterarchical business networks coordination and cooperation patterns are developed according to the situational requirements. Operational compatibilities regarding partners' capabilities, the profitability of the relationships, and the trust and fair dealing are important factors for cooperation. Heterarchies are negotiable networks. Their coordination is reached through mutual understanding, mutual adjustment and participative management between organizational members. Heterarchies must combine autonomy with business integration to create flexible organizational configuration. Decision power in heterarchies is tied to situational expertise of organizational members. Reihlen argues that decision competences have to be negotiated according to democratic principles (1996).

In heterarchies, governing the innovative processes must be fulfilled by the people working together in the value creation processes. Heterarchies internally tolerate or even appreciate conflicts as a source of motivation to the partners' more intensive work. Heterarchies do not demand the acceptance of the other value system, but they require tolerance for others (Von Goldammer et al. 2003). Heterarchies are hidden in a broad range of distributed intelligence institutions, in collaborative structures, lateral coordination organizations which move from economies of scale and speed to economies of network externalities. An example of a heterarchical form of government is the democratic one, in which all votes count equally in representation of the whole governed body of partners.

Well known around the world Information Systems Audit and Control Association (ISACA, www.isaca.org/) is a heterarchical network of auditors from different countries. The network covers legally and economically autonomous partners and is controlled by committee structures. ISACA

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