THE APPROACH TO IMPLEMENTATION OF FLEXIBLE ORGANIZATIONAL STRUCTURES

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The paper is devoted to developing the approach to implementation of flexible organizational structures in the company, considering holacracy structure as an example. Every company eventually faces the problem of implementing or strongly changing its organizational structure, and COVID-19 pandemic increased the need in such changes. Today the increasingly demanded are flexible organizational structures, especially by small and middle-sized companies, which in the same time have lower managerial expertise and thus require clear recommendations on implementation of such kind of organizational structure. The approach proposed in the paper, includes stages aimed on training the company’s staff to work under the new organizational structure, piloting (implementing new structure in one unit and analyzing the results) and final implementation of new structure.

Keywords: organizational structure, flexible organizational structure, organizational design, implementation of organizational structure, approach to implementation of organizational structure.
Problem statement. Organizational structure plays an important role in the activity of organization, strongly impacting its ability to achieve goals via rational labor division and distribution of tasks among employees, securing clear communications, accountability and control procedures. Indeed, organization is one of the key managerial functions, and design of organizational structure is one of the key tasks within it [1; 2].

In the same time, there is no optimal type of organizational structure fitting all the companies. Existence of numerous types of organizational structures complicates the choice of the type appropriate for exact company. This happens because of multiple external and internal factors impacting the type of organizational structure optimal for the company [3; 4, p. 9]: strategy, age, size, technical system as internal factors and stability, complexity, diversity and hostility of environment as external factors. After choosing the type of organizational structure according to the factors mentioned above, the company must implement it, and this seems a complicated task. Moreover, being once implemented, the organizational structure is not preserved once and forever, as company’s internal and external environment evolve and thus require reconsideration and re-implementation of organizational structure. This means implementation of organizational structure is complicated task that every company faces with some regularity. Thus, developing the approach to implementation of organizational structure is a relevant scientific and practical task.

Analysis of recent research and publications. Organizational structures, their features, types and approaches to implementation were studied by such foreign and domestic researches as Bolshakov A., Bykova A., T. Lepeyko, Meskon M., Osovska G., Sladkevich V., Sobol S., Khmil F., Vesnin V., Vikhanskiy O. and many others. While classical types of organizational structures belong mostly to bureaucratic type [1; 3; 5], today more and more companies tend to implement organic structures [4; 6; 7; 8]. Bain & Company, a global-wide consulting company, has provided its research [9] stating that 56% of top-managers all over the world agree that bureaucracy and excessive levels of hierarchy are putting companies at a competitive disadvantage. In the same time, supply chain capabilities become increasingly vital for companies (2/3 of top-managers agree with this statement), thus, companies become more dependent on networking and are less able to put the key success factors under their direct control.

Especially organic structures become relevant in conditions of COVID-19 pandemic [10], thus contemporary researches are mostly devoted to adaptation of companies to pandemic challenges such as remote work, flexibility and interchangeability, etc.

Another direction of contemporary researches are related to further development of new types of organizational structures. One of the newest organizational structure types is holacracy, being founded in the early 2000s. Holacracy Constitution – the document describing the leading principles for this kind of organizational structure – describes it as flat and flexible structure consisting of roles joined to circles, and defines rules of cooperation, rules for tactical meetings, authority distribution, governance process [11].

Emphasizing the unresolved parts of the general problem. Despite numerous works describing types of organizational structures, factors defining its choice, the elements of structures and the rules of their combination, there is still a deficit of works describing exact steps necessary to implement of reset the organizational structure in the company. Thus, companies management is not equipped enough with tools necessary to implement new structures. Especially this claim is relevant for flexible structures, which are relatively new, and are more applicable for small and middle-sized companies, which traditionally have lower managerial expertise comparing with big companies. Thus, the procedures of implementation the flexible organizational structures in the companies are strongly required by the business management.

Purpose statement. Purpose of the paper is to develop the approach to implementation of flexible organizational structures in the company.

The main research material. The approach developed by the author of this paper implies
that in order to implement a new flexible organizational structure at a company, the following set of activities have to be performed:

A. Understanding of the new organizational structure by the staff of the selected structural unit. After the type of organizational structure to implement is defined by top-management, the series of trainings must be provided in order to inform staff about main features of a new structure. In order to be more specific, the further stages are provided in the example of such type of flexible organizational structure as holacracy.

B. Development of the legal background and set of internal documents for the new organizational structure.

C. Implementation of Holacracy Constitution [11], Holacracy organizational structure and the new set of documents as the basic set of rules to one selected structural unit of a company.

D. Investigation of the work of the structural unit under Holacracy organizational structure.

E. Analysing of the issues appeared during the working of the structural unit under Holacracy organizational structure.

F. Making conclusion on needed changes to the rules of Holacracy organizational structure based on received real experience of the structural unit.

G. Making changes to the legal background and to the Holacracy organizational structure based on the conclusions received from real experience.

H. Implementation of changes to the work of the structural unit, which already works under Holacracy organizational structure, based on the received conclusions and updated documents.

I. Investigation of the work of the structural unit under Holacracy organizational structure considering the changes implemented.

J. Analysing of the issues appeared during the working of the structural unit under Holacracy organizational structure considering the changes implemented.

K. Making conclusion on the successfulness of the Holacracy organizational structure inside the structural unit.

L. Deep training of all the company’s staff on the principles and rules of Holacracy.

M. Implementation of Holacracy Constitution, Holacracy organizational structure and the new set of documents as the basic set of rules to entire company.

To create a project model it is necessary to use [12, p. 12]:

- a list of all works required to complete the project (work breakdown structure – WBS);
- events that are milestones between activities;
- the time (duration) that each activity will take to completion;
- the dependencies between the activities.

PERT event is a point that marks the start or completion of one or more activities. It consumes no time and uses no resources. When it marks the completion of one or more tasks, it is not “reached” (does not occur) until all of the activities leading to that event have been completed [12, p. 15]. There are two types of events according PERT:

1) predecessor event;
2) successor event.

Predecessor event is an event that immediately precedes some other event without any other events intervening. An event can have multiple predecessor events and can be the predecessor of multiple events.

Successor event is an event that immediately follows some other event without any other intervening events.

As for PERT works, they are the actual performance of a task which consumes time and requires resources (such as labor, materials, space, and machinery). It can be understood
as representing the time, effort, and resources required to move from one event to another. A PERT work cannot be performed until the predecessor event has occurred. A work reflects the labor process, involving people, machines, equipment, material resources or the waiting process. Each work has a specific content. For the correct visualisation of order of works precedence so-called fictitious activity or relationships are used. In a PERT chart fictitious activity is depicted by dashed lines. They require neither the time nor the resources, but only point out that the beginning of a work depends on the end of other [12].

Events in the PERT chart are marked as squares, and works are marked as arrows.

The PERT chart describing the approach to implementation of flexible organizational structures, is presented on Figure 1 below.

As we can see, the recommended approach implies some works are parallelized: work D (Investigation of the work of the structural unit under Holacracy organizational structure) can be done simultaneously with works E (Analysing of the issues appeared during the working of the structural unit under Holacracy organizational structure) and F (Making conclusion on needed changes to the rules of Holacracy organizational structure based on received real experience); work L (Deep training of all the company staff on how Holacracy works) comes in parallel with a sequence of works H (Implementation of changes to the work of the structural unit, which already works under Holacracy organizational structure, based on the received conclusions and updated documents), J (Analysing of the issues appeared during the working of the structural unit under Holacracy organizational structure considering the changes implemented) and K (Making conclusion on the successfulness of the Holacracy organizational structure inside the structural unit); and work I (Investigation of the work of the structural unit under Holacracy organizational structure considering the changes implemented) can be done simultaneously with works J and K.

Several stages of the proposed approach include implementation of Holacracy Constitution, Holacracy organizational structure and the new set of documents. Holacracy Constitution is quite well described by the originator of the Holacracy organizational structure [11].

Holacracy organizational structure consists of 2 key constituents: circles and roles. Role is an organizational construct that a person can fill and then energize on behalf of the organization, while a Circle is a container for organizing roles and policies around a common purpose [11].

The biggest circle called Brain Center can be compared with the Board of shareholders. Each circle from the biggest to the smallest can be compared with the positions and departments. Still the mentioned terms are far from equality to each other.

The circle that does not contain other circles is a role. Each role can be performed by more than one person. Each person can perform more than one role. If the role needs the division of its accountabilities onto a few more roles, than the circle is created from the role that needs such a division on accountabilities.

Lead Link is a real leader in Holacracy organizational structure. Lead Link performs all roles' accountabilities of the circle by default. Still Lead Link has the key accountability of assigning the roles performers. In other words, Lead Link manage the work rather than people. As far as the unassigned roles' accountabilities are performed by the Lead Link, the Lead Link is a real lead of own circle [8; 11].

There are four standard roles which exist in each circle. They are Lead Link, Rep Link, Facilitator and Secretary. Rep Link is a connector of the roles of a circle with the primary circle. For example, Rep Link of Operations attends meetings of General Circle (which is a primary circle for Operations circle) and communicate the problems of Operations circle. Facilitator facil-
The work in accordance with Holacracy Constitution in a circle. Secretary performs standard administer and log work in the circle.

There are two important points about these four standard roles:

1) the accountabilities of these four roles are precisely defined in Holacracy Constitution;

2) these standard roles (all three except Lead Link) are chosen by the circle roles performers.

Roles are integrated to business processes of a company. The Roles should have Role Description, which all Roles information (their accountabilities, responsibilities and punishments). For Role Responsibilities, for every related business process where the Role takes part, sub-paragraph of 'Responsibilities' paragraph of the particular 'Role Description' document has to be created. The same has to be done for 'Punishments' and 'Accountabilities' in each Role Description.

If it is possible to make the link between the text in the Process description document (which also must exist in the company) and each particular Role Description document so that the changes in the Process description document are automatically repeated in the Role Description document, then the Roles information must not be transported to each particular Role Description. Instead of this, the information in the first document has to be connected to the right place of the second document. It can be viewed in the second document, but can not be changed there.

At least one Accountability must be added into the recently created Role. Otherwise, here is no sense to create a role. Accountabilities of each Role has to be structured in the view of numerical list in the prioritisation order, the more important the accountability is for the Role, the higher it is located. Responsibilities of each Role is convenient to locate in the table with three columns: ‘Index number of the Responsibility of the Role’ (just a serial number of a responsibility), ‘Responsibility of the Role’ (exact responsibility, description of what the role is responsible to do) and ‘Frequency in times/days (times/sprint); length’ (how often the role has to do this responsibility). The sample is presented below in table 1:

Responsibilities do not have to be prioritised, they have to be structured in the logic sequence in accordance with the algorithm steps.

Punishments of each Role are convenient to locate in the table with three columns: ‘Index number of the punishment of the Role’ (just a serial number of a punishment), ‘The Mistake’ and ‘The Punishments’ (exact punishment for not performing or not correct performing of exact responsibility). The sample is presented below in table 2:

Punishments do not have to be structured in the prioritisation sequence, they have to be structured in the same sequence as Responsibilities are, because usually one punishment corresponds to one responsibility.

Not each responsibility can have a punishment, but the company has to strive for this. This depends uniquely on exact situation of each responsibility.

If not performing or not right (correct) performing of the responsibility can not be tracked

<table>
<thead>
<tr>
<th>№</th>
<th>The responsibilities (accountabilities)</th>
<th>Frequency in times/days (times/sprint); length</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The development engineer must develop the tasks strictly in the right prioritised way: the most important task is the first to perform.</td>
<td>During a Sprint</td>
</tr>
<tr>
<td>2.</td>
<td>Development engineer has to be present and has to actively participate in Sprint Retrospective Meeting.</td>
<td>During Sprint Retrospective Meeting</td>
</tr>
<tr>
<td>3.</td>
<td>All merge requests has to be done using git merge</td>
<td>During a Project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>№</th>
<th>The mistake</th>
<th>The punishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A development engineer develops (work on) the task, which is assigned to any other person.</td>
<td>This development engineer receives one rebuke</td>
</tr>
<tr>
<td>2.</td>
<td>A development engineer develops the tasks not in the right prioritised way (the most important task is the first to perform).</td>
<td>This development engineer receives one rebuke</td>
</tr>
<tr>
<td>3.</td>
<td>A development engineer has not developed a unit test and/or has not tested own (already developed) task before giving it to a test engineer.</td>
<td>This development engineer receives one rebuke</td>
</tr>
</tbody>
</table>
by the punisher, the punishment must not be created. Whereas it is possible to build a System of Controlling responsibilities and punishments, with the help of which managers will control and punish others or each other.

If the Punishment of not performing or not right (correct) performing of the responsibility may negatively influence on the final success of the business process, the punishment must not be created.

Conclusions. Implementation of flexible organizational structure is a complex procedure consisting of a dozen stages. It is first recommended to pilot it, implementing for one organizational unit, controlling the results of such implementation, and after that implementing it for all the company. If to consider such type of flexible organizational structure as holacracy, its implementation includes Holacracy Constitution, holacracy organizational structure and the new set of documents (first of all – roles description with role responsibilities and punishments). It is also important to integrate roles description with description of main business processes of a company.

In the further stages of research, the more detailed procedures for every stage of the represented approach should be developed.

REFERENCES: