

# ОРГАНИЗАЦИЯ И УПРАВЛЕНИЕ В СЕКТОРАХ НАЦИОНАЛЬНОЙ ЭКОНОМИКИ

## ORGANIZATION AND MANAGEMENT IN SECTORS OF NATIONAL ECONOMY

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УДК 334.021.1

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### **MODERN ORGANIZATIONAL STRUCTURES: TRANSFORMATION FROM VERTICAL TO FLEXIBLE**

The end of the 20th and the early 21st century indicated the start of a new “dynamic era” of organizational structures. Continuous and fast change, swift industrial growth, and globalization inspired new thoughts on the course of action of organizations and their structures in order to achieve competitive edge. The new “managerial transformation” that is presently occurring pushes managers to utilize contemporary and flexible ways and approaches of management that can meet existing challenges in the market and society. A competing position is achieved by those organizations that are ready for essential modifications and who employ techniques and models of constant development.

In this article we focus on the conditions that govern the structures of modern organizations, and the factors that make these organizations transform their management methods and operations to adapt new dynamic forms and models. We discuss the modern forms of management in organizations which are mainly characterized by flexibility and agility. We also present examples of flexibility in modern organizational management and the facts that show the effectiveness and efficiency of these models.

**Key words:** modern organization structures, vertical organization structure, flat (horizontal) structure, management, globalization, modern technologies, information-based companies, hypercompetition.

**For citation:** Novikova I. V., Layal Hamse. Modern organizational structures: transformation from vertical to flexible. *Proceedings of BSTU, issue 5, Economics and Management*, 2021, no. 1 (244), pp. 103–116.

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**СОВРЕМЕННЫЕ ОРГАНИЗАЦИОННЫЕ СТРУКТУРЫ:  
ПРЕОБРАЗОВАНИЕ ОТ ВЕРТИКАЛЬНОЙ К ГИБКОЙ**

Конец XX и начало XXI века ознаменовали начало новой «динамичной эры» организационных структур. Непрерывные и быстрые изменения, быстрый промышленный рост и глобализация вдохновили на новые размышления о порядке действий организаций и их структур для достижения конкурентного преимущества. Происходящая в настоящее время новая «управленческая трансформация» подталкивает менеджеров к использованию современных и гибких способов и подходов к управлению, которые могут отвечать существующим вызовам на рынке и в обществе. Конкурирующая позиция достигается теми организациями, которые готовы к существенным изменениям и применяют методы и модели постоянного развития.

В этой статье внимание сосредоточено на условиях, которые управляют структурами современных организаций, и факторах, которые заставляют эти организации трансформировать свои методы управления и операции для адаптации новых динамических форм и моделей. Обсуждаются современные формы управления в организациях, которые в основном характеризуются гибкостью и маневренностью. Также приводятся примеры гибкости в современном организационном управлении и факты, демонстрирующие эффективность и действенность этих моделей.

**Ключевые слова:** современные организационные структуры, вертикальная организационная структура, плоская (горизонтальная) структура, менеджмент, глобализация, современные технологии, информационные компании, гиперконкуренция.

**Для цитирования:** Новикова И. В., Лаяль Хамзе. Современные организационные структуры: преобразование от вертикальной к гибкой // Труды БГТУ. Сер. 5, Экономика и управление. 2021. № 1 (244). С. 103–116.

**Introduction.** In the recent years, there has been a movement of shifting from traditional organizational structures and new shapes of organizations have appeared, mainly due to the new and changed conditions in the business world and the increase in the awareness and perception of employees. It all started with an increased frustration with the traditional model of the organization that has been structured around the standards of bureaucracy and vertical authority. In addition, the current circumstances under which organizations function have generated a momentum towards novel organizational models. These new conditions are mainly associated with globalization, modern inventions, the knowledge-based business, hypercompetition, need for social responsibility, customer-centric models, reducing organizational complexity, increased professional roles, and employees' needs.

**Main part.** All traditional organizational models share several common characteristics, which comprise mission statements, the specification of responsibilities and privileges both vertically and horizontally, codes of conduct, and other provisions to regulate and organize various actions. Yet, after the 1950s these established structures faced growing disapproval because they often did not produce good performance as intended and also they were seen as unfair to many of those who were not able to show their full potential with the way the hierarchy is managed. During the 1970s, organizational academics presented several new models and standards [1]. There was also an increasing awareness that it is difficult to comprehend or foresee the influences of the organizational structure on the conduct and performance of the employees without determining how the latter visualize and understand the organization and its environment. As a matter-of-fact, the search for explanations through bureaucratic and Taylorist approaches had come to its end and did not offer new solutions to the arising behavioral crisis. This stimulated the exploration of new organizational models that would improve the general behavior of employees and make them feel more satisfied with their working conditions and environment, which would ultimately lead to more productivity, better quality, and novelty. Hence, the traditional hierarchical and/or vertical forms of organization faced a growing criticism from various sides and it was viewed as unsuitable to modern business settings and the ways that people expect to work together.

For these reasons, the “post-bureaucratic” organization started to appear in the 1980s as a replacement to the bureaucratic model. The new move was characterized by a tendency to walk away from hierarchy, to move to reduced; less separated; and more coherent teams, to focus on personal evaluation and inspiration instead of compliance to regulations, and other measures that promoted authorization, flexibility, self-knowledge, novelty, and cooperation. For instance, Peter Drucker quoted in 1988 that: “The typical large business 20 years hence will have fewer than half the levels of management of its counterpart today, and no more than a third the managers. In its structure, and in its management problems and concerns, it will bear little resemblance to the typical manufacturing company, circa 1950, which our textbooks still consider the norm. Instead it is far more likely to resemble organizations that neither the practicing manager nor the management scholar pays much attention to today: the hospital, the university, the symphony orchestra. For like them, the typical business will be knowledge-based, an organization composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarters. For this reason, it will be what I call an information-based organization” [2].

The first realization of the modern organization started in the early 1990s, in which several institutions started to move from focusing on resources and products to paying attention to the flows of information within the company. This conversion freed many elements in the organization from their previous restrictions, allowing, for instance, operations in sparse sites to be successfully managed as those that were performed within the same location. The power of knowledge and information is today the major aspect that is taken into consideration by new organizational models, since it defies the main principles of bureaucratic structures: each level in the hierarchy has its knowledge rules and boundaries. In addition, the main issue with bureaucracies is that they all adopt a “Stocking” approach for knowledge, which becomes unfeasible for modern services and products. This is due to the fact that modern business cannot isolate the work of employees at different layers from each other, as modern technologies utilized by current services made the operations of various employees within the company interrelated and interconnected in multiple

methods. From one side, the information must regularly be publicized in the context of business transactions. From another, the process of collecting knowledge to make it valuable also causes it to become easier to distribute. It can rapidly become publicly exposed. In many businesses it is noticed that systems that protect proprietary information are unsuccessful at keeping authentic control over knowledge leaks. In addition, the strict control and dependency on compliance to instructions that are emphasized in the bureaucratic model has been proved to obstruct the practices that enable explorative learning [3]. When combined with the constancy, monotony, and firmness of the operations at which bureaucracies outclass, one has a formula for strictness in the business main services and accordingly poor achievements [4].

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There has been significant attention to new types of organizational structures that can develop with shifting conditions by offering chances for employees to evince themselves, accomplish own satisfaction, and, consequently, share in building the organization’s knowledge and power. The empowered team yields an organizational style that stimulates the creativeness and novelty, and which is aligned with the focusing on the advantages of smaller teams that perform main tasks through “sticking to the knitting” as Peters and Waterman (1984) describe it. Businesses have thus been driven to focus less on non-core functionalities. Instead of distributing comprehensive sets of services into big hierarchies, networks of reduced, dedicated teams seem to result in better financial and human profits [6].

These days, the latest trends in organizational modeling have advanced further. The transformation of unit-based, physical organizations into “virtual” interconnected ones which are founded on a mixture of agreements and communication technologies has become a growing consideration. This was stimulated by a pursuit for financial benefits that could be achieved via international outsourcing. Many companies that are contesting on the prompt reply to personalized client desires have moved important steps down the path to virtuality. In addition, the success of new “dot.com” organizations that utilize the web to offer services that connect customers to manufacturers has paved the way to many organizations to adapt/add new virtual techniques to their services and operations in order to satisfy the quickly varying business demands and preserve their part of the competitive market. In general, organizations are facing growing demands to restructure regularly, in order to exploit the potentials provided by e-commerce. This shows the ultimate importance of a flexible organizational structure that can adapt with the changing market demands.

*Globalization.* Globalization is principally related to the increase of correlations between various countries and regions [7]. In business, it appears in the free sharing of trade and services and the removal of restrictions between business and economic markets. These restrictions have formerly been established on international regulations, transfer difficulties, and variances in cultures. However, the universal arrangements to open commerce and the appearance of advanced technologies have unlocked the way to globalization. The results were an evolution in the world exchange and shared capital, the worldwide fusion of currency and markets, the global prevalence of value-added establishments, the extensive utilization of modern technologies, the propagation of “optimal practice” management models, and most recently, the explosion of what is called “Digital Currencies”, which turned the whole word into a big online digital market.

Globalization is steered by influential financial powers, involving the need for trade, reducing expenses, competing more, in addition to governmental aspects [8]. From the market side, there is the competition between companies to deduce and reply to individual customer's predilections which will increase the company's international brand. In addition, large companies are competing in creating wider global supply and servicing networks. From the cost aspect, globalization can provide the advantages of financial scaling and normalization, in terms of procurement, manufacturing, advertising costs, etc. As for increasing competition, companies know that globalization provides them with opportunities to compete on an international instead of a local or national scale and hence gain new competing experiences at a higher level.

It is important to take into consideration that globalization is not extending equally across the globe, and it is more obvious in some fields than in others. Most of the transboundary operations in exchange and commerce are basically limited to some territorial areas rather than on a really international level [9]. In addition, many businesses learned that they will attain important business distinctions by satisfying the local interests, and achieve better outputs through modifying their styles to fit the local methods and traditions. This has given rise to the principle of "localization" of "globalization" which states that globalization has to be evened and harmonized. In other words, the company should adjust its structure and practices within each local domain according to what best suits the local market, which creates *multiple distributed sub-structures that are interconnected within the organization model* [10].

With the restrictions to market sharing removed, companies can disseminate their product manufacturing and construction expenses over larger levels and make use of cheap foreign labor and the expansion to new business markets. Internationalization and variegation generate new loads on the organization of a business, which could be difficult to resolve. In order to make use of the full advantages of globalization, a company has to have the flexibility to adjust its resources, staff, and efforts as the corresponding markets of countries and areas change. It also has to regulate with adequate flexibility to distinguish new changes at small levels and gain experience from them. Hence, Globalization amplifies the necessity for businesses to preserve both regulations and flexibility inside the company's organizational structure.

The fact that an international business needs to preserve an extensive set of important relations and measures adds huge external complexity and creates a larger range of motives with which the company needs to involve. Increasing external complexity

will definitely affect the company's interior management. In addition to the fact that the company's upper managers have to dedicate more time and concern to various market changes and shifts that require strategic moves, they also need to be backed up by a large number of proper experts who analyze and forecast changes according to their regional experiences. Hence, external complexity generates a parallel internal complexity in a business structure and knowledge handling. It is very hard, if not unfeasible, to deal with extreme external and internal complexities through traditional vertical structures and hierarchies, which is the main reason that stimulates international organizations to use the network organizational model.

In order to deal with external and internal complexities that arise from globalization, a business usually selects one out of two options. The first option is to try to suppress complexity as much as possible either through outsourcing, or by negotiating and delegating certain management issues to outer parties such as dealers or even government agents in order to bring more flexibility to its international activities. The second option is to attempt to "consume" complexity by altering the organization's structure and management in order to foster several choices for dealing with distinct market demands). This option requires a completely altered structure of the organization, which distributes control to teams that are dealing with outer operations. Using this option, the company's internal complexity is advanced to meet that of the various sub-market demands in which the company is investing. This also should be supplemented by provisions to guarantee sufficient information interchange and synchronization between the various outer units. A company that utilizes the second option will give precedence to its capacity to arrange itself in a manner that allows its fast adjustment to new conditions.

Modern technologies. In the recent years, new technologies and inventions are appearing very frequently and changing the way we deal with our environment and manage our daily errands. These technologies continue to develop quickly. For example, digital business is expanding over a broad domain such as e-commerce, digital marketing, information control, and client relations. Social platforms and networks have become major opportunities for advertising in addition to motivating the attitude of the community towards a certain product. 3D printing bodes to transform the big size finances, allowing medium manufacturers to turn into progressive competitors [11]. In general, most real-market examples show that investing in new and promising technologies is rewarding. Organizations investing in new business technologies

and adopting modern organizational updates, particularly when focused on enhancing quality rather than decreasing expenses, have been noticed to accomplish better performance and increase their profitability [12].

One of the major effects of modern technology on organizations is related to the communications technology, which touches all communications-related fields in the organization such as fiscal operations, information exchange, sales deals, and public relations. The Internet reduces the price of communication considerably. This fact has a major influence on any operation that depends greatly on communication and knowledge exchange. In addition, the Internet and modern communication inventions are enabling the increase of mutuality between organizations.

Due to these technologies, many companies started to partition and split their different services, including those that are at the center of their business, and outsource some of them to external entities. In order to do that, these companies had to establish strong and well-organized networks with vendors and entrepreneurs in order to keep the capability of their systems to provide quality solutions or merchandise to customers. Some instances of such relations can be observed between the manufacturers of ICT-related tools, such as Intel and Apple) and also among firms that are extensively knowledge-related, such as online trading systems (e.g., E\*Trade, TD Ameritrade, etc.) and retailing (e.g., Amazon). In such data-extensive systems, the company can decide to distribute and oversee a set of complementary operations among external teams or dealers. This has reduced the overall span of the organization and left only specific areas that should be kept under the direct control of the company's management team.

The rapid pace by which new technologies are introduced has created a process of relocation that has become regular and prevalent both in the type of outputs and their production methods. This is obvious in areas where modern technologies such as nanotechnology, artificial intelligence, and genetic manipulation have had major effects. It can also be seen in service sectors that contain large data transactions, such as credit systems, digital publishers, and online stocks. Here, modern technologies are not only utilized to change the nature of processes and how the production is arranged, but is also significantly enabling the appearance of new collaborations and the creation of associations beyond usual field limits. This has a huge effect on the structure of the organization, since amendments should be made to enable the new business rules and relations that appear with the integration between the two or more organizations.

From another point of view, modern technologies have created new potentials for both inner management and the administration of deals between companies. On the inside, the attempts in many big organizations to decrease the number of management layers ("delaying") and increase the size of each layer horizontally can only be achieved by enhancing the relationships and connections between the continuing and the new employees, which is much aided by using modern technology tools and methods, such as online social media and online distance events. Such technologies have enhanced in-house connections and promoted the prevalence of various types of relationship-networks within organizations, some of which could be among distinct job areas and between different geographical places. This has significantly assisted the extensive spread of mutual distant projects and team work.

As for external relations, modern technologies have made interdependent operations between companies favorable and economical. It is broadly established that the amount of associations between organizations that is widespread today is unmatched and increasing [13]. Organizations are regularly trading huge amounts of data with dealers, clients, associates, advisors, providers, and agents. They frequently utilize modern technologies to enable mutual jobs with suppliers and to organize operations within closely-connected supply chains. Operating in this fashion allows companies to make use of resources within a broad network, without having to own them [14]. This led to the flourishing and widespread of virtual organizations. Hence, organizations should know how to arrange and update themselves in order to sustain the interactions and streams of information across their borders. It is true that modern technologies made more interdependence possible in terms of data exchange and handling; however, to function successfully it also demands new organizational rules that promote collaboration and confidence between network and team fellows.

The grouping of globalization and modern technologies generates an additional problem that management must handle, which is *velocity*. More speed has started to appear in almost all sides of organizational operations, from inner interactions, to production, to the appearance of competitors, etc. In addition, modifications in strategic decisions are also hastened, as restrictions to market access are reduced by the reduction of distant transfers. The higher speed in the operations is usually accompanied with the irregularity and instability of procedures to which companies should react. This is obvious when principal investment can be relocated quickly and economically between countries to alter the structure of value chains and competition. Likewise, the

simplicity by which a company's shares can be offered and purchased universally by means of digital deals has made the structure of a company more unstable and susceptible to sudden changes.

In order to handle extreme velocity and be able to produce correct decisions with the same speed, organizations should be prepared to supply the decision-makers with all the data and the power to generate better choices, in addition to stimulating collaboration and solving disagreements between them. These are the most important necessities for prosperity in high velocity environments [15]. These necessities oblige the organization to be more flexible in defining and implementing the rules and policies that govern the authorities and decisions within its organization framework and structure.

Another major effect of modern technologies on the organization's structure is caused by automation, which is a method that allows a business to develop regarding its productivity and influence (e.g., number of items sold per day, national rank, etc.), while reducing the total number of staff and employees. In many cases, automation is considered responsible for the decrease in the skills of the labor force. This is due to the fact that modern technologies play a big role in shifting the important and big roles from humans to machines. However, there will still remain a considerable percentage of skilled employees who are indispensable in each company, such as programs' developers, technicians, and customer service employees who are needed to operate, control, connect, and look after appliances and/or relations.

One of the main effects of automation is that it decreases the number of employees managed by supervisors at the various hierarchical levels, since the manual tasks that are left after automation become tougher to grasp and organize, and the workers need to become more dedicated and professional. Thus, even though automation might not directly decrease the number of hierarchical levels, the number of employees in each level is more likely to decrease due to automation, which will eventually result in merging multiple levels together and hence reshaping the overall structure of the organization.

The information-based companies. Due to the rapid appearance of new innovations and inventions, a new definition is being agreed on related to the most important value for a business. Currently, value is being defined based on the importance and uniqueness of knowledge and information that a company processes and utilizes to produce its outputs and products, instead of the old definition of value which was more related to the amount and quality of materials. Accordingly, structuring the company to boost the production performance is turning out to be less essential to

financial goals. This is especially correct for environments in which knowledge of new technologies instead of using economic materials grants the pushing edge. In addition, the important jobs in modern companies are not those related to manufacturing and production, in which input substances are converted into material products, but information-related positions, in which the main duties are related to the discovery and dissemination of knowledge. This is reflected in the fact that well-known business players focus on discovering how to obtain leaderships based on cutting edge inventions and concepts and also how to better adjust to individual customer preferences and to associate these with providing good value for money.

The transfer to information-based positions should be obviously joined with the growth in the numbers of intellectual workforces. Extremely skilled individuals are naturally to be located in domains such as engineering, law, sales and other professional departments in companies, in the growing number of specialized firms such as auditing, advisory, bookkeeping, business research, and in the community service professionals [16]. The ownership of exclusive information and the executive capability to utilize it has grown into one of the most important competitive benefits an organization could have.

Consequently, there has been a constant increase in the rate at which organizations should discover and gather new information. The contest to earn leadership via discovering has encouraged the strengthening of interactions and relations between and within organizations, particularly in areas where novel innovations and modern knowledge are frequently shared and distributed between a significant number of companies. Businesses usually make partnerships and mutual agreements with other organizations and research societies to widen and speed up the course of learning. In addition, as stated in the previous section, the utilization of modern technologies to facilitate universal interactions between the participants in virtual networks has accelerated information exchange and discovery. In certain companies, such as Amazon, the Web has opened new opportunities for gaining entrance to international markets via distributed virtual teams at levels that were formerly unfeasible [17].

The evolution of the information-based company has major requirements on organizations that shift their attention to this new model. The first requirement is to encourage employees to participate eagerly in the operation of information discovery. The second is to develop provisions and practices that reinforce different types of information gathering and analyzing. For the first

requirement, organizations motivate employees by giving them more capability of self-management in their daily jobs and asking them to employ their own judgment and learn from their mistakes. In addition, companies ask their employees to collaborate and work directly with known experts in order to learn from their mastership. Participating in this process provides appealing job possibilities for each employee based on his/her learning, discovering, and applying capabilities. In contrast to traditional hierarchical structures that do not attract intellectual individuals, these new management structures can activate qualified personnel in ways that assist the company's objectives.

In the information-based company, there is a difference between the processes of exploiting and enhancing the company's existing information, and that of exploring and discovering new knowledge. Exploitation entails an *ability to adjust current information* and procedures with the aim of enhancing them, while exploration *demand a potential to invent and revolutionize*. The utilization of existing knowledge after introducing modifications or updates is meant to achieve better use of the information or to utilize it to novel intentions. This process does not usually require modifications to the company's structure and management, and can be smoothly integrated into a traditional organizational model.

On the other hand, exploration – the investigation of new innovative potentials – requires major changes to standard organizational models. The main modification is the concentrated introduction of group work with the purpose of promoting collaboration between various levels of employees who can help each other, become more creative, and add their individual knowledge and viewpoints to the innovation process. In addition, the organizational structure should be modified by adding provisions and methods for identifying and discovering opportunities for new innovations [18]. One possible modification is the dynamic adjustment of responsibilities and job duties to enable incidental interactions with outside fellows by employees at all ranks in the company. Another modification is the introduction of open meetings and discussions between various departments in the firm, so as to create new possibilities for innovation by mixing various topics together. Hence, multi-field collaboration is a recommended method for achieving innovative results. The corresponding groups should also be given a sufficient level of freedom in what they suggest and perform, so that their innovativeness is not suppressed. This method of discovering and analyzing cannot be achieved within the limits of a traditional organizational structure that is hierarchical and greatly dependent on well-known guidelines and measures.

*Hypercompetition.* With the advances in modern technologies, the rapid exchange of information, and the increase in the level of origination come the appearance of new markets that are mainly characterized with rapidly changing and strict customer demands. Currently, there are no more limits for industries that strict their operations to a set of predefined processes. Rather, organizations are finding that they must adjust and adapt their missions and methods very frequently in order to be able to compete with new appearing firms that come with new trends and attractive services. Hence, companies need to be open in reacting to market changes and practical in defining future choices and paths. These settings under which companies currently function created what has been termed *hypercompetition* [19]. This name has been used to show the amount of powerful contention and subsequent insecurity currently being faced by a large number of organizations. Hypercompetition happens when new innovations are so dominant that previous methods and principles must be changed. This occurs due to the fact that those who start using the new methods and innovations enjoy greater benefits and earnings which results in organizations that don't follow the new trends loose the competition. Hypercompetition is both an outcome and a causer of other variables in the business world, such as globalization, trade relaxation, and fast scientific advancement. It is intensified by other factors, such as the variation in the average age of people, automation wave, and expansion. Mutually, these aspects are restructuring the universal models of competition in the business market.

Hypercompetition makes the continuity of an organization depends on new conditions. In the past, the company ensured its existence by putting a high capital in the business and producing at a high pace. The rate at which the competition rules are varying, in addition to the rapid appearance of new competitors, is so high that putting a large capital and producing at a high pace may lead to opposite results and huge losses if better products or services appear in the near future. In fact, the burden on companies has shifted to their capability to establish and utilize innovative methods that will make them more appealing in the market. In addition, companies started to use new strategies by becoming more offensive, criticizing the opponents' weak points, and then progressing before the competitors can draw level. Finally, in order to survive, companies are constantly looking for chances that can boost the company's image and offer it a step ahead in the market.

Hypercompetition has a high effect on the methods that organizations should employ to arrange and manage their overall processes and operations. They must allow and promote

automatic restructuring whenever required, instead of surrendering to the pressures of fighting change and encouraging steadiness. With hypercompetition, organizations started to understand the importance of self-regulation, which is the ability to be flexible and evolve, the capacity to deal with unexpected situations, and the independent detection of original substitutions. This all should be done within a short time range and sometimes without the availability of sufficient resources. This is not easy at all, especially that organizations find themselves in need for separating some operations and assimilating others, frequently dividing and merging groups and teams, and promoting the testing and integration of new methods while preserving certain rules and regulations.

One of the sectors in which hypercompetition can be clearly witnessed is the computer industry. In the 1970s, the sector ran into fast and intense changes that yielded high competition. The speed of novel additions hastened and the budget for manufacturing new parts rose. This pushed companies to focus on the parts and products that fall within their specialty and to obtain the remaining required equipment or tools from external providers. This strategy allowed corporations such as Sun Microsystems to remain in front of other competitors for a certain period by frequently introducing innovative products within short successive timeframes. This approach demanded alterations to the methods used by organizations to define and administer their relations with suppliers. In other words, companies felt the necessity to create tighter and lasting relationships with suppliers that lead to significant mutual growth [20]. Although this strategy provided competitive advantage for some companies for a certain period, researchers believe that the mixture of hypercompetition, highly dynamic markets and continuous inventions has extended to a point where most organizations feel that it is not possible to keep any competitive advantage for a long period of time [3].

Facing the inescapable hypercompetition, organizations are learning that they must become *flexible* in order to thrive in these new conditions. Flexibility means that future plans, acquisition and allocation of resources, and various implemented operations should always be ready to be redeveloped whenever new possibilities or risks are projected. The notion of the “flexible organization” has appeared out of these requirements [21, 22]. A new organizational model is essential that promotes creativity and renewal with the aim of holding a strategical lead over competitors. Not having such a model and relying on instant adaptation when new events demand change is not sufficient for an organization to thrive under severe hypercompetition. In addition, hypercompetition is increasing and intensifying in a way that

organizations must study how to adjust their operations via approaches that allow regular and quick regulation. Companies must always be acquainted with news of various market changes, new trends, and regulative updates. Besides, they should use this information to forecast new changes before they occur. Revolution and variation could arise from virtually everywhere, especially in free global markets; where new competitors could suddenly enter into common businesses. One of the most important differences between traditional organizational models and the current ones is that the latter presume change as inevitable. Compared to fixed frameworks that are intended to cancel insecurity, today most organizations take into granted that operating with flexibility and the ability to deal with frequent change are obligatory for surviving and prospering.

The main factor that plays a role in an organization's growth under hypercompetition is to stay in front of competitors by organizing and making use of existing inputs and information using methods that are better and cleverer than the competitors. Practice has made it obvious that the means by which employees and their actions are structured and directed have a vital influence on the ability of an organization to operate as a single entity [23]. Modern flexibility demands that processes and the resources that sustain them should be reorganized suddenly. Reorganization cannot be delayed until receiving authorization from the top management. Usually, it is very hard, if not impossible, to integrate a high level of distributed self-governance and self-planning within the traditional methods of resource distribution and systematic management. The firmness that coexists with conventional management procedures, such as allocating finances, will not work when trying to deal with current market pressures in a flexible and creative fashion. One possible method of solving this problem is by splitting the company's structure and running the essential main functions using a traditional organizational model while setting a much looser model to the services that should be flexible and frequently changed in order to react to hypercompetitive environments. While some companies started to adapt this strategy, most of them know that it is inevitable that they should convert in the near future to a completely flexible model for the whole organization.

*Need for social responsibility.* The factors described in this section have put huge pressures in the last years on small and medium corporations and led to the appearance of substantial inequities and unevenness in the distribution of economic power between large and smaller firms. Being under tension, many organizations started to strengthen themselves by merging, purchasing, or making



partnerships with other companies. This will lead to the increase in the possessions and earnings and the growing of these organizations. Basically, the reasons forcing business managers to merge their properties and market shares are the severity of opposition and the worry about bankruptcy. The evolution of super global corporations was a major incident in the twenty-first century and is expected to persist for a long period of time [24]. As organizations become bigger, they start competing more severely and over a wider comprehensive ground. As a result, the stress on smaller companies to associate with their grander fellows or suffer elimination is very strong. This phenomenon has reached a state where many entrepreneurs are opening a new business with the aim of benefitting from its success and selling it afterwards to a large organization.

The move towards the super organization generates an increasing social space between the leaders of mega businesses and other social classes, such as customers, workers, lower managers, and investors. In addition, many mega organizations are blamed of excessively violating public regulations, and in some cases escaping with illegal deeds, by means of their relations with local politicians and international organizations [25]. Nongovernmental institutions, unofficially established protest teams, and activist groups have become a major power for opposition against what they consider as a menace to essential rights and virtues that are breached by the acts of these organizations and their associates.

Modern technologies have played a role by enabling universal companies to organize and manage various tasks from distance. This generates weaknesses in the traditional interactions between businesses and general society. Firms functioning via stretched distribution systems and scattered networks are being accused for many types of harmful social acts, such as kids labor and absent social solidarity [26]. Hence, a new challenge is facing super organizations: how to join the advantages of mass production and global scope with efficacious responsibility that brings the benefits desired by the native societies in which these organizations function.

In addition to the mentioned social necessities, there has been an increasing loss of trust in large companies as growing numbers of workers became sidelined through rationalizing, the outsourcing of non-major functions, and the wave of replacing long-term contracts with part-time agreements. These acts were made easy by modern technologies, which enable direct communication between top managers and lower staff without the need for office supervisors and middle directors. This is part of the move to narrower organizational structures that boost flexibility through several strategies including

lessening the financial liability of direct staff. This is considered a benefit from the viewpoint of the corporate managers, but it is altering the allocation balance to the harm of ordinary workers. Statistics show that the social prices of this modification from the sides of lost benefits, tensions, and social disorder are very clear. The faith of the public communities in super organizations has been more weakened by the mixture of management deficiencies and deceptions that were uncovered by the economic crisis of 2008. These misbehaviors have created substantial concerns regarding the necessity for extra authorized regulations over the liability and behavior of top officials, and the need for legal rules that regulate the social accountability of these firms and the services they offer.

The social consequences being attached to the deeds of super organizations have an influence on the organizational structure since the structuring model plays a role in the observed unfairness. Organization has always been seen as a place for distinguishing and assigning authority and payoffs. From this perspective, the organization is a disseminative framework that is not socially unbiased. A direct effect of adopting a long hierarchical structure is adding vertical space between various levels of employees, which leads to generating substantial differences in benefits, chances for development, and other advantages. This increases the social discrimination problem and generates aversion towards the organization from both its undermined employees and the general community.

One of the essential characteristics of modern organizational structures is the decrease in the vertical distance via reducing management levels and distributing decision-making and creativity down to the lowest level. Even though the process of decreasing the hierarchical stages will add costs to cover promoted employees, adopting such solution creates a chance to decrease the distance and disparity that workers feel towards top directors. It also enhances the capabilities of employees to express their opinions and viewpoints in various procedures and operations and hence reveal and adjust misbehaviors by higher managers.

The social complaints attached to the activities of organizations provoke concerns about their social liability, or more specifically that of their principal managers. The standard meaning of business governance concentrates on the responsibility and privileges of the board of directors and other groups managing the organization. Worries of social responsibility of corporations have increased the necessity for a broader standard of business accountability to the corporate stakeholders in their positions as consumers and participants in the communities that have interest to guard their

surroundings. This means that the course of management should be expanded into ethically handling the distribution of roles and removing any causes of injustice, so as to allow shared responsibility between top managers, workers and network associates. This adds extra requirements on the structural form. For example, it increases the necessity for authority that is focused much more on common principles, so as to preserve moral and socially accountable behavior without affecting the strategies and innovation. It also holds the organization responsible for the social satisfaction of all participants in their supply chains and therefore to go much farther than the onuses defined in the standard contracts. In order to achieve this accountability, an organization should apply a non-traditional organizational structure that combines the distribution of authority and the social responsibility.

*Customer-Centric Structures.* The new standard perception in modern business is that organizations can enhance their performance by structuring themselves around customer bodies. The reasons seem convincing: A customer-centric organizational structure can assist a business in knowing its customers' needs and demands in a better way and establishing strong connections with them, which increases customer contentment. Many famous companies, such as Intel, Dell, American Express, etc. already adjusted their structures in ways that align with customers' demands and guarantee strong customers' relations and engagement, while a large number of companies are working on doing the same.

The notion that businesses should shift to customer-centric organizational structures started in 2006 when George Day published a study of U.S. directors and mentioned that the percentage of organizations in the United States who will change their structures into customer-oriented ones will increase from 32 to 52%. Day based his conclusions on studying several companies such as IBM that declared customer-centric reorganizations. Day said that many companies were rushing to perform this restructuring as fast as possible [27].

A decent illustration of customer-oriented structure is Intel, whose business sections are structured around production classes and functional fields. Intel shifted to its new structure in 2005, and its enhanced perception and dedication to its clients has led to more customer contentment. Dell, which embraced customer-oriented structure in 2009, has also witnessed improved performance: after organizing its commercial divisions around client bodies, such as big firms and frequent consumers, Dell started to function smoothly and gain additional profits.

Constructing a customer-centric organizational structure begins with a planned scheme that is

implemented at various levels of the employees' involvement. The first stage is adding customer-centricity as a main value of the organization (sometimes added to the mission statement), and focusing on this values in all future operations. Successful customer-centered companies focus on training employees on the methods they should use to orient their various operations around the customers. Some companies even make their employees at all levels share in establishing the new customer-centered basic values. This can tremendously improve their feeling of responsibility over the new values and make them easier to disseminate and gain approval. The next phase is related to recruiting skillful employees who will support the new values to the maximum level and add strength to the new structure [28].

At this stage, the company focuses on making all employees engaged in customer service and relations. In many cases, employees are required to transform specific customers' issues into high-priority missions. One of the main advantages of making all employees engaged in customer support is establishing an example to follow. When they witness higher management stepping down to share in offering high-quality customer service, they'll become more willing to do likewise. Frequently, the company provides reminders related to the significance of the new values, such as new drills, emails promoting customer-centric achievements, or joining employees on customer-related tasks in order for them to share their experiences. In addition, companies usually recognize and honor employees who show excellent customer service.

*Reducing Complexity.* A main problem that faced developing organizations is that their organizational structure reached a very complex level and its simplification became a necessity. An example of such company is Cisco Systems Inc., which engineers, produces, and vends networking tools. The company's president, John Chambers, transitioned Cisco from a pure vertical structure to concentrating on employees' relations. In 2009, for each project handled by Cisco, the project team is managed by one out of forty-seven Cisco boards. Each board contained fourteen members on average, and managed by one out of twelve councils. The councils were supervised by a senior committee that comprises the company top directors. Some of the boards were allowed to contact the senior committee directly. The company provisions reached a very high complex level that many managers wasted a considerable amount of time checking the company policies and switching between boards, councils, and the senior committee.

Since Cisco operates in a rapidly-fluctuating cutting-edge market, it required the ability to take competitive decisions swiftly. The company's

intricate structure and provisions were thwarting this. In 2007, a rival company, Hewlett-Packard (HP), offered to its customers a new service that was not available at Cisco. Cisco's reply to this move needed a long time to be implemented because it had to be checked and approved by many boards and councils. For this reason, Cisco was not able to respond until 2009. Because of this deferment, Cisco's stock price decreased from \$24.9 in 2007 to \$10.7 in 2011. This issue and other problems due to the company's complex structure pushed the company's CEO to switch to a simpler, flatter, and more efficient structure, which was accompanied by decreasing the number of employees in the company by 9%. This procedure showed its enormous effect as Cisco's stock price quickly recovered to \$20.9 in 2013 and is now worth \$48.

In general, the best solution to handle complexity in organizations is to reorganize the company's structure in such a way that removes complex relationships and long-path authorities which will re-adjust the organization towards its aims in a simpler and more efficient manner. Actually, the complexity measure can be deduced from the number of major interactions in the organizational structure. In order to reduce complexity, managers usually perform a careful analysis of the organization's vertical levels and its span of control, and only keep layers that are characterized by a high degree of proficiency and qualifications in contrast to the directly lower layer [29].

*Increased Professional Role.* The 21st century witnessed a transformation in the notion of the profession. The expansion of a new concept of the career resulted in major impacts on organizational structures. Naturally, a profession is a vocation that demands particular perception and in most cases thorough educational background. In addition, the profession indicates devotion to a specific function, instead of occasional appointment and dependency on exterior motives only. Moreover, professionals consider mutual, instead of hierarchical, management of professional relations. The perception of the profession was basically established to refer to a specific group of evolving businesses, including freelancing, independent work, and self-employment [30] (Abbott, 1988).

The concept of a profession was altered when many types of professions were converted from independent jobs to vocations that are integrated into organizations. As an outcome of this transition, workers in the same profession are now diversely placed in the general work structure: some remained as independent freelancers, some created their own small companies that rotate around the professional services they offer, and the rest as experts or consultants in institutions whose main merchandises or services are related to those of the professionals.

In most cases, when professionals become part of a company it leads to a natural stress between directors and professionals. This is mainly because traditional businesses are essentially hierarchical, and their management is in-house. Even directors who are aware of the benefits of deputation and engaging workers in important decisions work on the postulation that control must be implemented via a system of administrative levels, in which each level overrides the ones that are beneath it. In addition, this authority mechanism is nearly entirely in-house, with no or little interference from external factors. This style is mostly distinct from the rules of private independence and centralized control that are the trademarks of the professions [31].

As companies hire and consult more professionals, they discover that it is essential to make important adjustments. The main course of these adjustments is to integrate these professionals in the organizational structure without subjecting them completely to the level of managerial control and the policies that are applied to traditional employees. As Freidson (1986) states, company directors do not interfere greatly with the speed and routine of the Professionals' tasks, although general targets for project finishing points should be enforced and monitored [32]. Most directors admit that they are not expert in the fields of the professional and cannot enforce exhaustive rules on the professionals' work. However, these managers are responsible for assigning resources for various projects and tasks in the organization. As a result, rivalries start to appear between professionals and other departments and offices in the organization. Huber et al. (1990) state that organizations need to synchronize the independent work of the professionals with the organization's rules and design in order to keep the efficient functioning of the organization [33].

*Employee's Needs.* Since the beginning of the 21st century, organizations discovered that they require new management styles to allow for diverse classes of employees. For instance, with the increasing number of female workers, companies needed to handle a variety of new matters, such as family obligations, pregnancy, and molestation. In addition, with the increase in the difference between society classes, workers with different social levels and backgrounds faced problems when working with each other. In order to deal with this diverse set of issues, organizations need to be more flexible in their rules, procedures, and functional handling, which reflects on the structure of the organization and makes it more receptive to adjustment. For example, some companies permit certain employees that do the same job to choose between a set of work schedules, payment options, and benefits; such as "rapid track" and "mother track". Several companies find it useful

to hire some employees as if they were free advisors rather than ordinary staff, and many companies make short-term agreements with specialist who can handle certain situations or respond to certain customers' requests within a short period of time.

From another point of view, many organizations started to shift into flexible structures that can be flattened as much as needed. Businesses are doing so because they are realizing the importance of employees' satisfaction and its effect on developing the organization. Usually, employees value independence and having chances for developing themselves. These qualities can be found in horizontal and flexible control structures but not in vertical and hierarchal ones. If employees feel that their economic steadiness is related to the results of their efforts, they clearly become more motivated. All employees chase prosperity, to develop and gain new experiences, and to make their jobs advance due to their determination and activities. In a flexible structure, an employee with little expertise

but a lot of skills can prosper and push the company onwards. Insufficient practice can always be alleviated by the willingness to succeed. In addition, employees in a flexible structure do what stimulates them within the environment of their work as if they are doing their own business, simply because they are doing what they enjoy.

**Conclusion.** A more-flexible organization will grow more quickly than a rigid organization, because it is always seeking processes and methods that work better than those it currently has. Such an organization will also utilize technology, which will enable its employees to work remotely and to collaborate virtually. Such teamwork tends to be more productive than other work structures, while also costing much less to maintain.

A flexible organization will also identify more opportunities in the environment and will take advantage of these opportunities, thereby enabling itself to profit in environments in which more-rigid companies wouldn't be able to prosper.

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*Received 11.01.2021*