ORGANIZATION AND BUSINESS MODELS IN THE DIGITAL AGE

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RESTRUCTURING THE COMPANIES BY IMPLEMENTING PROCESS OF DIGITALIZATION

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Abstract: *Digital era is not just a great opportunity for the companies, but also brings some threats by its implementation. One of the greatest challenges of digital transformation is the internal transformation of the company. The problems that are usually facing the companies are redundant business and technological processes, bad responsiveness, inadequate managerial skills and rigid human resources management. The basic purpose of this article is to present the model of digitalization process of the company, which can be used for transforming the company structure to increase productivity and flexibility. The model is primarily based on process optimization which consists of the implementation of lean management, human resources management, employee competence management and the implementation of new more flexible organizational forms.*

Keywords: *digitalization, restructuring, lean management, process optimization*

1.INTRODUCTION

Business problems and presence of crisis are often a good opportunity for a complete business restructuring and successful growth of a company (Mežnar, 2015). The major problem that companies now face is how to sustain their competitive advantage. Becoming digital may be a complex undertaking due to the magnitude and the complex nature of the systems. Digital transformation should be designed to establish a profitable and sustainable position against the forces that determine industry competition.

Digital transformation brings new business opportunities enabled by technology and technological innovation, which triggers and stimulates business innovation, innovation in business processes, business models. The biggest opportunities for digital transformation are in particular internal company transformations.

To be a digital master, companies must excel in two dimensions: digital capability and leadership capability. Becoming digital depends on the ability of leaders to get everyone on board and moving in the same direction."The what" needed to succeed at becoming digital requires significant investment in three key strategic priorities: customer experience, operational processes, and business model innovation (Westerman G., Bonnet D., McAfee, 2014).

Most of the economy is still represented by traditional industry sectors that can use digital transformation for faster work, lower costs, innovation, better customer relations. The described approach and model in this article is one of the options how to become digital.

2. DIGITALIZATION AND RESTRUCTURING OF BUSINESS PROCESSES

The technological and information revolution undoubtedly brings an enormous number of new opportunities and potential. Digitalization is also changing the economic sector because it enables companies to operate more easily on a global scale, while others pose a path to ruin. The introduction of digitalization certainly does not eliminate jobs, but it creates new jobs. Production is increasingly moving back to rich countries, not because salaries in less developed regions of the world are growing, but due to the fact that companies want to be closer to their customers to be able to respond faster to changes in demand.

The inevitable fact is that certain industries experience a drastic decline in revenues, while the flow of money is slightly redirected and opens up space for new business models. The companies should not be worried about this fact, but they should see new opportunities. Opportunities for restructuring and adjusting business processes.

The main purpose of business processes digitalization is integration and cooperation with partners, optimization, lowering the costs of processes, increasing the competitiveness of products and services, faster responsiveness and easier access to the customers and integration with business partners. This makes companies more efficient, they achieve better business results and higher profits. Easier access to information also affects the final customer who, when flooding advertisements of various products and services, very difficult separate grain from weeds. At the same time, the availability of information and a wide range of offers represent a new challenge for companies that they should be even more innovative and responsive if they want to keep customers. Business partners, either buyers or suppliers, do not just expect, but also require fast and impeccable service. The consequence is, that companies will have to adapt, be in step with time, should constantly analyze the market and adapt to it effectively. Digitalization means a very effective response to all of these requirements.

3. THREATS OF DIGITALIZATION

With digitalization, however, certain dangers occur. The greatest danger is the protection of sensitive information, espionage, and manipulation of them. Particular attention must, therefore, have to be put on security and potential hazards. It could happen that the benefits of redesigning business processes through digitalization can quickly outgrow and leave a devastation that can seriously jeopardize the existence and development of a company or organization.

Consumers will quickly adapt to the changes. A major problem will be the establishment of an appropriate infrastructure, which is a prerequisite for digitalization. For this, the state is responsible, which will also have to provide better schools for skilled labor, clear rules and a level playing field for companies of all kinds.

If there is no digitalization, you are simply not on the market. Trends are as they are. The companies simply need to adapt to the situation, otherwise, they will simply disappear from the market after a while. The problem that arises here is the dependence on communication tools, the dependence on the monopoly positions of the developers of the digitilization equipment, and the possibility of their interference within the structure of the company. In the process of digitalization, we can not avoid the surprising growth of the data quantity, computational power, and connectivity. New forms of human-machine interaction appear, such as touch interfaces; improvements in the transmission of digital content to the physical world, which, in certain circumstances, can also represent unimaginable disruptions.

Like all revolutions, this will be disruptive as well (Whitehurst, 2014). Many people feel fear of the factories of the future. There will be any more classic machines, production facilities. Most of the jobs will not be in factories, but in offices where designers, engineers, IT professionals, logistics experts and other experts will work. Digitalization means that the culture and climate of a company have to change.

The fact that we encounter in the process of digitizing the company is the management of different generations, at least three in the organization;

- (1945-1960) baby boom generation,
- (1960-1978) generation x,
- (1978-1995) generation Y,
- (1995-) generation Z

4.DIGITALIZATION OF THE COMPANY AS A RESTRUCTURING TOOL

The digital age in the industry is best represented by the massive use of the Internet in the industrial and at the same time in the entire social environment. The industrial internet provides a digital information link between automated machines, development, sales, purchasing, financial, marketing departments in companies, the situation on the market, financial institutions, etc.

Digitalization is a process that forces the management teams to rethink some basic structures. Progress in technology causes that companies need to restructure their organizational structure, transform their departments, and develop new management models. Most of these changes start as a result of the implementation of new basic software, which, however, must be followed by preparations for organizational renovation.

The model is based on and takes into account the essential factors to achieve a better return on assets, namely:

- employees
- business processes
- optimization of processes and processes (customer expectations, product improvement, ...)
- database management.

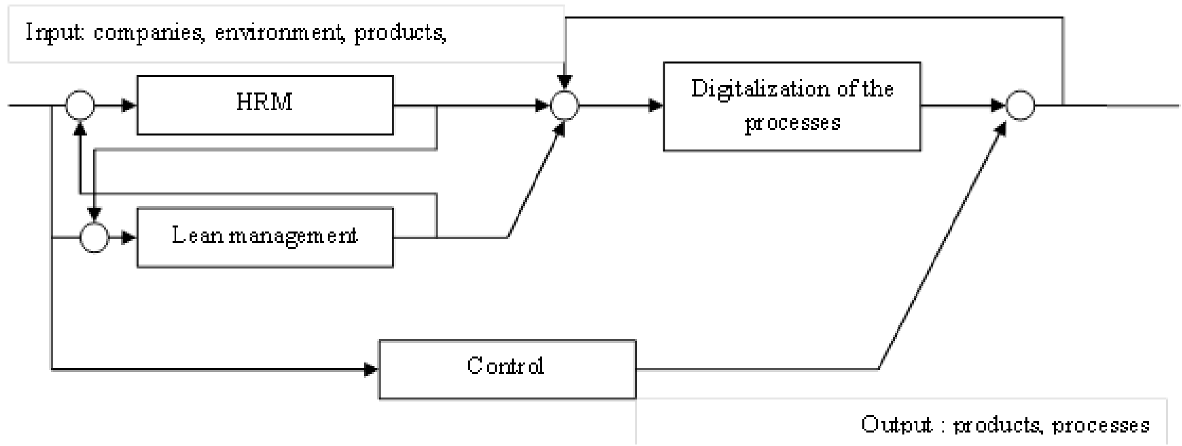

Figure 1: Digitilization model as a restructuring tool

The model of restructuring is based on lean management (lean management) and human resource management (human resources management). Parallel to this, it is necessary to develop existing ones and to implement new innovative business models:

- to know exactly the processes and to introduce them into all the processes of the lean concept;
- exploit new technologies for after-sales activities and the launch of new services;
- introduce the concepts of autonomy in production and use;
- robotise and automate machines;
- adjust production lines to maximize flexibility and enable the production of small and large batches of different products with similar operations.

An essential guideline is: digitalization needs to be implemented comprehensively.

The most common mistakes that need to be avoided by the successful digitalization of business processes are:

- bottom-up digitalization,
- the management of the project is entrusted to someone who restructuring by digitalization do not understand,
- allow the existing culture of the organization and the attitude of the management to prevent a quality and profound implementation of the digitalization process,
- too narrow definition of the scope of restructuring,
- very quick finishing of the project, digitalization is a continuous and continuous process,
- neglecting the values and beliefs of people in the company,
- design strategies while project implementation is a problem,
- try to restructure so that no one is affected.

The basic restructuring guide is to create new digitally supported systems without the parallel use of the old non-digitalized system.

The process of redesign means finding highly effective solutions to reducing ballast in business and improving production cycles and the capacity of the process has forced manufacturers to adopt the principles of lean manufacturing. By increasing the number of business solutions, companies can automate tasks related to effective production management, while managing the quality process and gaining a better overview of capabilities, design, and demand. The principle of lean management has become the guiding principle throughout the entire production network (Mežnar, 2017).

The company's focus on cost reduction is reflected in the following main points:

- Reduction of the necessary resources for the existing business volume,
- increasing the volume of business for the existing volume of necessary resources,
- the speed of internal and external response in the purchasing and sales markets,
- connectivity with the business environment.

5. MANAGEMENT AND HRM IN THE PROCESS OF DIGITALIZATION

Leadership and managing have an important role to play in achieving company goals, working with customers and meeting their demands. Depending on the requirements of the market, the management styles and adaptation of production processes are changing.

Digitalization, using new concepts, models, and technologies, enables faster and more efficient work, and on the other hand, helps managers to better and more intelligent leadership.

One of the essential conditions for a successful digitalization of the company is that managers understand the strategic opportunities and dangers of the digital age. Digital leadership starts at the top (Whitehurst, 2014). The problem that most often occurs is that they are weak in digital leadership, that is, in the construction and enthusiasm of employees in the implementation of the business vision in the digital age. The vision of digitizing the company must become a daily reality in achieving the goals of each employee. Vision and engagement are just part of the story of leadership capabilities. An energized workforce, believing strongly in a shared vision, may still proceed in many directions. Governance provides the guardrails and steering wheel to keep the transformation on the right track. (Westerman G., Bonnet D., McAfee, 2014):
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Management is no different than it was a few years ago. IT is not everyone's job. Functional leaders do not need to become IT, experts. Rather, they need to know how to use the technology and what it can do for the company (Whitehurst, 2014). The only change is that leadership in the digital age is taking on topical changes, such as globalization, connectivity, innovative technologies, mobility, autonomy, and personalization. A dynamic combination of thoughts, behaviors, and skills required for change or improvement through technology is required.

Digitalization, deployment of digital technologies and increasing demand for digitalization force organizations to re-evaluate and study a number of established strategies, business models. Instead of employing the most formally educated person for a specific task, many companies now put more emphasis on cultural skills and flexibility, as they know that individual functions will need to be developed along with the implementation of digitalization. On one hand, there is a need to count on existing staff, and on the other hand, companies must prepare for digital transformation. Demand will decrease for workers who perform simple, repetitive tasks because these activities can be standardized and performed by machines. Most of the job losses will result from the introduction of robotics on the shop floor and the computerization of routine jobs (Lorenz, M., Rusmann, M., Rainer, S., Lasse L., Knudd., Bolle, 2015) One of the main tasks is that at the same time thinking about how to set up their digital organization, they start hunting for the best digital talents.

The coming digital age also brings a lot of labor shortages. The new business models brought by digitalization are based on the fact that employees will have to develop in particular efficiency and productivity. As a result, employees will need to be properly guided and motivated, which means that all organizations need professionally qualified leaders who will be able to achieve the goals of the organization and can connect different generations. The main potential uncertainty that we encounter in the process of digitizing the company is the management of at least three different generations in the organization.

6. CHANGE IN ORGANIZATIONAL STRUCTURES

Due to the specifics of digitalization, a hierarchical organization in a global and rapidly changing digital economy is no longer optimal. Successful companies succeed in the cultural shift from "Mad Men" to "Math Men", where decision-making is based more on data rather than on - the wrong ones - management's opinions (https://www.i-scoop.eu/ digitalization-digital-transformation-disruption, 2017).

In the digitalization of the company, a transition from a classical hierarchical business-functional organizational structure (Figure 2) to a network organizational structure and a decentralized performance of business functions is necessary (Figure 3) or in a virtual organizational structure
(Figure 4) depends on the nature of the industry in which the company operates, its size and intensity of presence in the global market.

6.1. The hierarchical structure

The characteristics of the business-functional organizational structure are the division of the second hierarchical level based on business functions and the centralization of decisions with the help of line type management. The business-functional organizational structure is suitable for small and medium-sized enterprises that have one product or program of similar products, predominantly routine technology and operate in a stable and not too complex environment. This type of organizational structure is totally unsuitable for the digitized company because it is insufficiently flexible and because of the high level of employee specialization it is difficult to adapt to changes, communication is slow, decisions are taken extremely slowly.

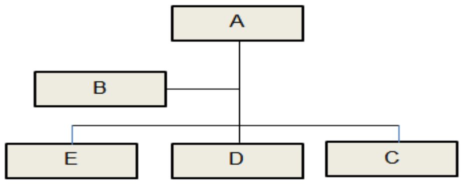

Figure 2: Hierarchical business functionality of business functions

6.2. Network decentralized organizational structure

Network organizational structure and decentralized performance of business functions is a much more appropriate organizational form for a company that is digitized and in some ways illustrates the principle of outsourcing. Management in the company chooses to carry out only that part of the activity, which represents the key advantages, but everything else is put into the implementation of external experts. The advantage of this type of organizational structure is high flexibility, the use of human resources, greater efficiency, lower costs, allowing the restructuring of fixed costs into variable and increased product quality. The main disadvantage is dependence on other network partners

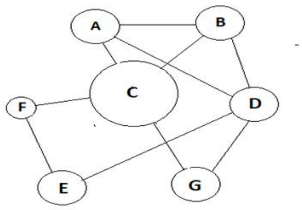

Figure 3: Decentralized management of business functions

6.3. Virtual organizational structure of business functions

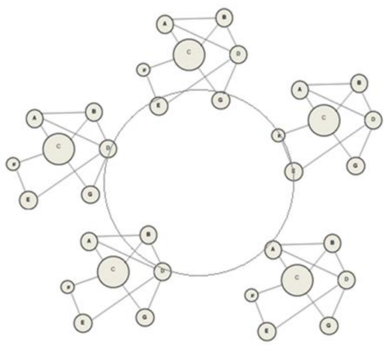

Figure 4: Virtual organizational structure and flexible decentralization of business functions

Looking at the possibilities offered by digitalization, the virtual organizational structure that represents the form of a constantly evolving network of independent organizations is the most suitable for the company, with the purpose of sharing the capabilities, costs, and access to common markets. Every company that connects with other companies to a virtual network organization must determine its key capabilities and connections with the key capabilities of other companies. It is a form of connecting specific joint knowledge of different companies to a common task. The creation of virtual organizational structures enables modern information technology, communication is carried out through a computer network, including suppliers and customers, which enables the provision of deliveries at the right time and the participation of customers in the development of the desired product. The advantages of a virtual organizational structure are flexibility and dynamism, risk diversification, specialization by key competencies of individual members, lower operating costs and quality service. Weaknesses are too much specialization, which can lead to rigidity, the possibility of abusing business secrets and excessive centralization around the affiliate.

7. CONCLUSION

The main purpose of this paper is to demonstrate that the digitalization process can be very usefully used as a tool for the renewal and restructuring of enterprises. In the context of crisis management, it can be very useful for the organizational renovation of the company. The organization's crisis and business problems often turn out to be opportunities for comprehensive business refurbishment and successful organization growth.

The presented model of digitalization of the company does not provide an absolute algorithm for increasing the competitiveness of companies and their survival, but it is certainly a fairly good response to the emerging situation and provides a good basis for organizational renovation, the existence and further development of companies that are facing the impact of globalization and increasing pressure on the competitiveness and flexibility of the company.

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POSTAL OPERATORS IN A DIGITAL WORLD

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Abstract: *The development of digital technologies brings forth the rise of digital communications, which causes continual decline of mail volumes. This creates numerous changes in the use of postal traffic as a means of communication, package delivery, as well as pricing. In the time of digitalization, postal operators face a lot of challenges, which opens new possibilities for digital transformation of the postal sector, that is, creating postal services suitable for future generations of users. Of course, there is no unique solution for all postal operators, but they have to adjust their solutions to this problem according to their business environment.*

Keywords: *postal operators, digitalization, e-commerce, customers*

1. INTRODUCTION

Postal services are the cornerstone for numerous economic activities. Their development is influenced by the development of technology and customers' behavior. The evolution of customers' behavior, characterized by customers' growing expectations, is an outcome of all-around digitalization, as well as market changes that have appeared with the processes of liberalization and privatization in the postal sector. The field of postal sector has extended over the areas of once marginal activities of national postal operators, such as logistics and finances (UPU, 2014). Basic segments of the postal sector today are: letters, packages and logistics, financial and other services. In all these segments postal operators have intensive competition. Nevertheless, comparative advantage of national postal operators lies in the fact that in most countries they are viewed as highly trustworthy, which allows them to perform a wide range of services necessary in the age of e-commerce (from placing orders to shipping to payment).

Basic customers' requirements are: choosing a place and time of delivery, with the possibility of changing both parameters during shipping, monitoring package status using different applications, and returning a package in the most convenient way.

2. MARKET CONDITION

In the last few years there have been have major changes in the postal sector. The development of new technologies has brought about significant progress in the domain of e-commerce (prerequisites for its easier utilization have been created). The growth of e-commerce has led to a greater number of parcels handled by postal operators. A continual decline of letter volumes, caused by new technologies development, is compensated by a stable increase of parcels (Figure 1). This situation on the postal market calls for adjustment of postal operators' infrastructure, different employees' skills, as well as different forms of employment.

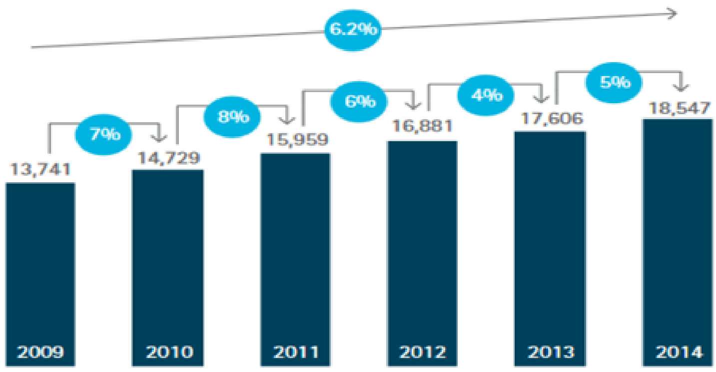

Figure 1: Growth of parcel market (Accenture Consulting, 2016)

Entities on the parcel market are cost-driven, with flexible models of employment, especially in the delivery phase. On the other hand, customers are demanding flexible, innovative and adjusted delivery, as well as parcel returning options. In order to meet customers' needs and survive on the highly competitive market, postal operators have to make adjustments (which, apart from meeting customers' needs, means providing adequate working conditions).

3. DIGITALIZATION

The interaction between customers and economy has been drastically changed with the development of digital technologies and mobile access (especially notable in buying goods and services). This resulted in a rapid increase of online shopping. Globally, online retail commerce has been growing 20% per year since 2005, coming to €901,6 billion in 2015 (IPC, 2016). Digitalization has a crucial influence on every domain of the postal sector, from changes in customers' needs and behaviour to last mile changes. With the rise of digital technologies, the number of letters is dropping (Crew and Brennan, 2014).

Postal operators have been transformed through optimization, diversification and redistribution of employees' duties. Modifying the main business activity was done in order to lessen the decline of letter volumes. Some postal operators managed to come up with solutions to increase the number of letters items using digital platforms (Asher, Callan and Marsh, 2012). Still being trusted, postal operators can improve various digital applications which successfully deal with safety issues.

Factors that shape the postal sector are (IPC, 2017): economic conditions, urbanization and digitalization. Due to enhanced migration from rural to urban areas, urbanization will be facing new challenges (infrastructure, environment and social matters). With regard to digital connections, it is expected that by 2021 more than half of the world will be using the Internet (IPC, 2017). By 2012, m-commerce is expected to account for more than 50% of total online commerce. (Figure 2).

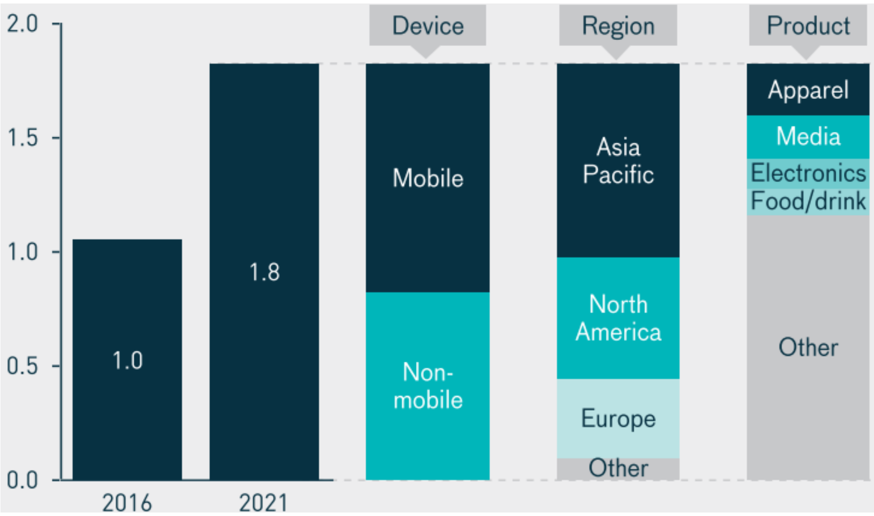

Figure 2: E-commerce growth in billions of euros (IPC, 2017)

In its evolution, parcel market is facing various challenges (demands for greater productivity, automatization, etc.). In some cases, diversification and innovation processes brought forth advanced solutions in the field of digital services, such as a digital signature. Creation of digital business models and platforms provides the base for establishing a closer relationship with customers. The importance of implementing digital platforms is not easily measured, since customers consider digital improvements as an integral part of entry level postal services (from advanced options for e-commerce to digital identity for products).

4. FUTURE DEVELOPMENT

The significant growth of e-commerce is an outcome of increased internet access (Lawrence and Tar, 2010). As a result of a greater number of goods bought online, parcel marketing started expanding. Further expansion of the market can be expected due to a wider choice of goods and lower prices comparing to traditional commerce. Due to ever more intense competition in e-commerce, vendors are challenged to find more efficient business solutions. Technologies used for collecting data can be of great importance (analysis of collected data is used for optimizing supply chains, optimizing the number of employees, etc.). In order to reach its full potential, it is necessary to build an adequate network infrastructure, as well as sophisticated analytical tools.

For improving the existing and introducing new postal services, postal operators are relying on new technologies (as a result of customers' demand for a faster and more convenient parcel delivery). Technologies which have already been used in the postal sector are: sensors, RFID chips, personal digital assistants, GPS technologies. Some of the technologies, like 3D printing, big data, Internet of Things are yet expected to have a significant role in the postal sector. A review of sensor technologies is given in Table 1.

Table 1: Sensor technologies (OIG, 2015)

Technology	Key Features
RFID	▪ A sensor technology that uses electromagnetic fields to transfer data ▪ Allows unique identification of moving objects ▪ RFID tags can be either passive or active ▪ Is a widely accepted standard, used in a variety of industries ▪ Has read distances of 1-60 feet (for passive tags) or up to 1600 feet (for active tags) ▪ Fairly inexpensive, although active RFID tags cost more than passive ones ($20-80 vs. ten cents per tag, respectively)
Beacons	▪ A low-powered sensor that communicates with mobile devices, notifying a mobile app ▪ when it is within a specified radius ▪ Beacons tend be larger than other technologies: current size and weight are similar to a ▪ computer mouse, but future beacons could be much smaller ▪ Beacons can transmit signals as far as 200 feet away, but signal strength is reduced ▪ when traveling through objects (such as walls) ▪ Beacons range in cost from $10-150, depending on the size and strength, but beacons ▪ are currently dropping in cost
Wi-Fi	▪ A standard for wireless connectivity through radio bands ▪ Wi-Fi is perhaps the most pervasive type of connectivity, in use in many people's homes ▪ Read distance is about 60 feet
Bluetooth	▪ A wireless connective technology for exchanging information over short distances ▪ Read distance is about 150 feet ▪ Can connect and synchronize multiple devices ▪ Lower-power consumption
ZigBee	▪ A high-level communication protocol that uses low-power digital radios ▪ Communications through ZigBee are able to pass through intermediary devices, but must ▪ be within the mesh network to be read ▪ Connectivity ranges up to about 300 feet ▪ Offers low power consumption because the device is not "on" all the time ▪ A ZigBee chip costs about $30-70 per tag
Near Field Communication (NFC)	▪ NFC allows data to be communicated by touching together two NFC-enabled data collection devices, or bringing them into close proximity ▪ As such, read distances are only a couple of inches ▪ Utilizes electromagnetic radio fields ▪ Similar to RFID, NFC tags can be active or passive

The development of technology brings forth some changes regarding parcel transfer, in the way that services are adapting to customers' needs and behaviour. Smart phones and accompanying applications offer the customers a possibility of personalizing delivery time and place. This way, the parcel delivery is improved and there is a lower risk of an unsuccessful delivery attempt in the case that the receiver is not at the address of delivery.

One of the key logistic elements is ensuring data visibility. This concept can be fully realized by innovatively using the available data. Although the option of parcel tracking is set as a standard, the parcel status is updated at a certain period of time. Using sensors that have the Internet connection, with an adequate technology (such as GPS), it is possible to provide a continual data transfer (thus, the receiver can track the parcel in real time, which offers him new possibilities, such as subsequent change of the delivery address). This degree of data availability enables the optimization of each stage of parcel delivery (collecting, sorting, transport and delivery).

Possible strategic solutions as a reaction to digitalization are (Jaag and Finger, 2017):

1. post as a provider of physical infrastructure: can sell the access to its network to various forms of service providers; as such, a postal operator usually holds a strong market position; in this way, a postal operator is restricted to defending its main business;
2. post as a hybrid mediator: in this way, a postal operator manages the discontinuity between the physical and digital domain; the access to digital services can be allowed through physical infrastructure;
3. post as a purely digital services provider: a postal operator redirects its activities into the digital domain, providing services such as e-government or e-health; this approach can be developed due to gained reputation for its physical infrastructure and physical presence; this leads to gradual transition from physical to digital networks.

Customers' expectations are on a constant increase. Whether it be physical or legal entities, they expect to get the goods as soon as possible, and a flexible delivery with low or no costs at all. There is a trend of product personalization (to meet the needs of an individual), which is very appealing for customers, but causes multiple logistic problems. On the other hand, there is a constant pressure in the postal sector to provide the best possible service at the lowest possible price. Introducing innovations is often a real challenge in big organizations. This is especially emphasized in organizations such as national postal operators, which have historically been associated with the government. However, a lot of postal operators manage to successfully steer their companies so that some of them even set standards for innovations and meeting the needs of customers.

One of the technologies that can be significant for the improvement of the postal sector is the Internet of Things. The Internet of Postal Things (Figure 3) adjusts a postal infrastructure with low cost sensors, enabling a wide range of data, and thus offering support for improving operative efficiency, customer experience, evolution of new services and business models (OIG, 2015). Various interconnections and data collection is enabled by postal infrastructure. Based on the analysis of collected data, postal operators can reduce costs, optimize processes and meet growing customers' demands (improving the main business, generating new revenue and developing new business models).

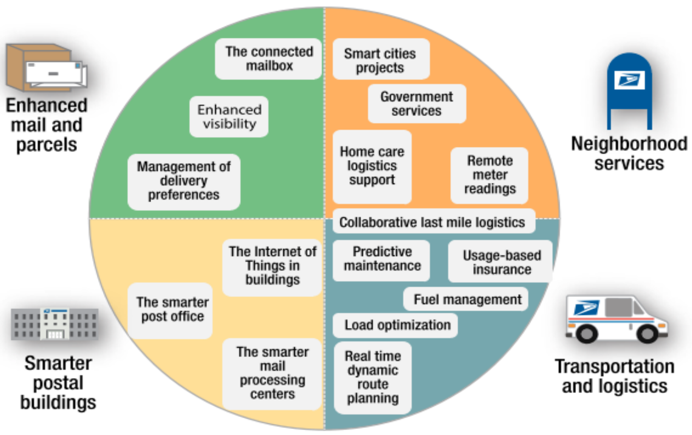

Figure 3: Areas of application of the Internet of Things (OIG, 2015)

The evolution of e-commerce has led to significant changes in customers' behaviour and demands (Morganti et al., 2014). On the other hand, work environment has also changed, requiring employees to adapt to new circumstances. In this situation, postal operators try to get a synergistic effect from network reintegration, with a special attention on quality and improving automatic sorting. Circumstances on the parcel market bring new challenges before postal operators. This is manifested in the organization trying to move from static towards dynamic organization models. Parcel services are characterized by distinct variations regarding the volume, and as such open up a question of hiring two part-time employees in order to manage peaks.

National postal operators, as members of the UPU (Universal Postal Union), form a global postal network which allows them to take part in international postal traffic and have a certain competitive advantage in the postal sector. Furthermore, since national postal operators are often state institutions or companies, they are somewhat privileged in exploitation of domestic markets (specific regulation, financial support, a different tax system, etc.). Considering that they have control over resources and processes on the domestic market, they get more freedom to come up with solutions for e-commerce that meet the needs of local economy. Key features of e-commerce which are necessary for better understanding and recognizing opportunities for postal operators are (UPU, 2016):

- web hosting: elements associated with stores on web sites, including technical tools and support, content management, search and price comparison engines;
- payments: money flow model and payment options;
- logistics: main business activity of postal operators, which includes basic services and tools related to postage, delivery and information;
- CRM: elements of the customer relationship (vendors and buyers);
- Promotion channels: for increased visibility of vendors and sales, including direct marketing, web advertising, traditional media;
- Data exchange: standards and tools for exchange data about products, customs and taxes, customers, orders and other data shared by parties in e-commerce;
- Elements of support: safe identification and message exchange, market evolution and secure framework.

5. EXPERIENCES

By bringing together physical and digital services, postal operators create prerequisites for comparative advantages on the market. The success in digital services development is tightly connected with the level of trust that customers have for postal operators. As global market is changing quickly, postal operators need to adapt quickly to customers' requirements. Therefore, their business is shifting towards a greater volume of parcel mail generated in e-commerce and towards the development of digital services.

*Posti Group Corporation (*the national postal operator in Finland) developed a concept of secure digital mailboxes – NetPosti. Physical mail is opened, scanned and sent as a PDF file in secure digital mailboxes. Citizens have accounts with their social security numbers and e-mail addresses. Recipients receive an e-mail or a text message notification of an incoming mail item. NetPosti enables its customers to use the invoice option and get receipts for their online purchases directly to their secure NetPosti account.

*Post Danmark (*Denmark) managed to make up for a radical decline in letter-post volume by developing digital services. Post Danmark is still holding its position of the leading sender-receiver interface in Denmark. This is a result of the government's approach to actively encourage progressive digital strategy, a high level of digitalization in the financial sector and a high level of digital take-up (Post Danmark, 2016). In order to adapt to new circumstances, Post Denmark had to do the following:

1. reduce costs, as a reflection of a dramatic decline in volume and revenue,
2. introduce a three-day parcel delivery outside the USO,
3. invest in digital services,
4. use the government resolution to encourage digital communication channels

These activities resulted in developing digital services including B2C & B2B e-Invoices and e-Archiving, Hybrid Mail, remote printing and scanning services. The most significant service is e-Boks, electronic mail box (Figure 4).

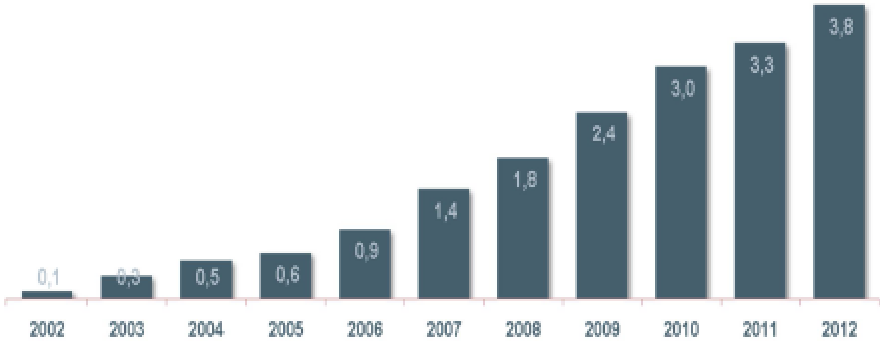

Figure 4: Citizens receiving digital mail using e-Boks (Post Danmark, 2016)

Poste Italiane has invested greatly in technology and thus made the gap between physical and digital domain smaller (Poste Italiane, 2017). It has developed an advanced infrastructure which, regarding technological operations, sorts out a large amount of parcels using automated systems. Poste Italiane has also upgraded already existing and introduced new services, using various channels: scanning and electronic archives, electronic invoicing for state contractors, mobile virtual network operators, etc.

Swiss Post emphasizes a high level of trust from customers, which is crucial for new possibilities in the domain of digital services. A successful example of the development of digital services is "My Consignments", which automatically, via an e-mail or a text message, informs a customer of an incoming registered mail (this way, the customers can control the place and the time of delivery). Swiss Post has also engaged in the process of electronic voting infrastructure. E-voting allows voters to vote using computers, tablets or smartphones (Swiss Post, 2018).

SingPost is one of the leaders in Asia-Pacific region. The main reason for its high ranking is high quality and a wide range of its services. Services related to e-commerce stand out. Their network of parcel lockers (POPStations), where customers pick up their own mail, is also very significant. A relatively new service called Rent-A-POP allows customers to drop off their mail directly in a rented locker (SingPost, 2016).

6. CONCLUSION

Postal operators, whether it be public or private companies, face a big pressure in trying to ensure new revenues and offer cost efficient services. Considering that postal operators generate a big amount of data (regarding the number of employees, the number of postal units, processing a large amount of mail, postal network structure, etc.), there is an opportunity for using certain digital technologies in order to overcome existing problems.

It is necessary that postal operators put their customers in the center, and model their activities to meet customers' demands (a closer relationship with customers is needed in order to understand their requirements). This calls for an upgrade of existing services, as well as creating new ones. Therefore, innovations are very important for postal operators. Keeping up with the digital technologies evolution is an imperative for the survival and successful development of postal operators, as is for utilizing the available resources effectively.

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LINKING PROCESS COMPLEXITY INDICATORS AND PROCESS PERFORMANCE INDICATORS

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Abstract: *Purpose - We are presenting research in progress about how changes of process complexity indicators in models relate to changes of process performance indicators in real business processes. Commonly we use process models to model planned changes and anticipate their impact on the company's operations. We try to find process complexity indicators that are more important to subject of improving process performance indicators. Research method - In this article, we present first findings. We researched the literature, and summarized all available measurable process complexity indicators. Then we consolidated them into a single set with the use of comparative method. Hereafter we present the idea of survey with which we will research the link between both types of indicators. Important findings - We contribute to the theory of process model structural analysis with a comprehensive overview of useful process complexity indicators.*

Keywords*: business processes, process complexity indicators, process performance indicators*

1. INTRODUCTION

Companies operate exclusively on the basis of their business processes. Apart from a few actions that are carried out by a single employee, the company consists mainly of larger or smaller processes. Each process has defined flow and a sequence of activities. The defined sequence of activities must be understood and guided as a whole (Vila, 1999). Business processes are composed of employees, information technology, business rules and organizational activities. The development and rapid expansion of the use of information technology, leads to an ever-increasing and more frequent change of business processes (Cheng, 2008). Some changes can significantly improve the efficiency and effectiveness of the business process. Others can increase the complexity of process, reduce the flexibility and cause problems of interconnected processes (Bose, 2002; Jarrar, Al-Mudimigh & Zairi, 2000; Davis, 2002).

1.1. Business processes and business process models

We describe business systems with different models. With computer-based models, we examine the effects of process changes in the virtual environment in advance (Indulska et al., 2009). Models are more or less precise, depending on the purpose of the model, the available time and the desired information (Pavlović, Kern, Miklavčič, 2009). With models, we can anticipate, prevent and minimize the risks of incorrect changes in the business environment (Škrinjar et al., 2008). We describe the operation of business system with business process models. Their purpose is to document the business due to standards, change management, information support. In the business environment, graphic techniques of modelling business processes are popular, with which we visualize the process and make it understandable to the large number of interested users (Johannsen et al., 2014).

1.2. Process complexity indicator (PCI) and process performance indicator (PPI)

We can analyse business process models numerically and structurally. Numerical analyses can be static calculations or dynamic simulations. They require time and business data to perform measurements or estimates. Otherwise, we are trying to predict the effects of changes in business system only from the structure of the model (Charette, 2005). Each process modelling technique has a set of design elements that reflect certain elements of the real business process. The links between different elements form the structure of process model.

The structure of business process model can be analysed in various ways and measured through process complexity indicators (PCIs), e.g. we can count elements and relationships between elements of the process models (Cardoso, 2006). Based on the values of PCI of each process model, it is possible to compare the models of processes structurally (Aguilar, et al., 2006). We found out, that there are different PCIs in the literature for structural analysis of process models. Various authors propose a different set of PCIs (Aguilar, et al., 2006; Cardoso, 2006; Mendling, 2008). Analyse of specific PCIs depends on the existence of referring element in a modelling technique. Therefore, the modelling technique has important influence on availability and on selection of the specific PCIs.

When the process is implemented, we measure its operational capabilities with process performance indicators (PPI). They are of different types: financial, operational etc. We define planned values and measure real values of PPIs of specific process and perform control activities on this basis (APICS, 2017).

1.3. Research gap: the impact of PCIs on process performance indicators (PPIs)

The effect of complex business changes (output of digitization project or reengineering project) is that the benefits occur sometime after completion of the project. In order to solve the problem of anticipating the effect of complex business changes, we first need to establish the connection between PCIs and PPIs (Figure 1). With this preliminary research, we want to obtain information which change of PCIs in certain business process of a particular industry gives the highest impact on PPIs.

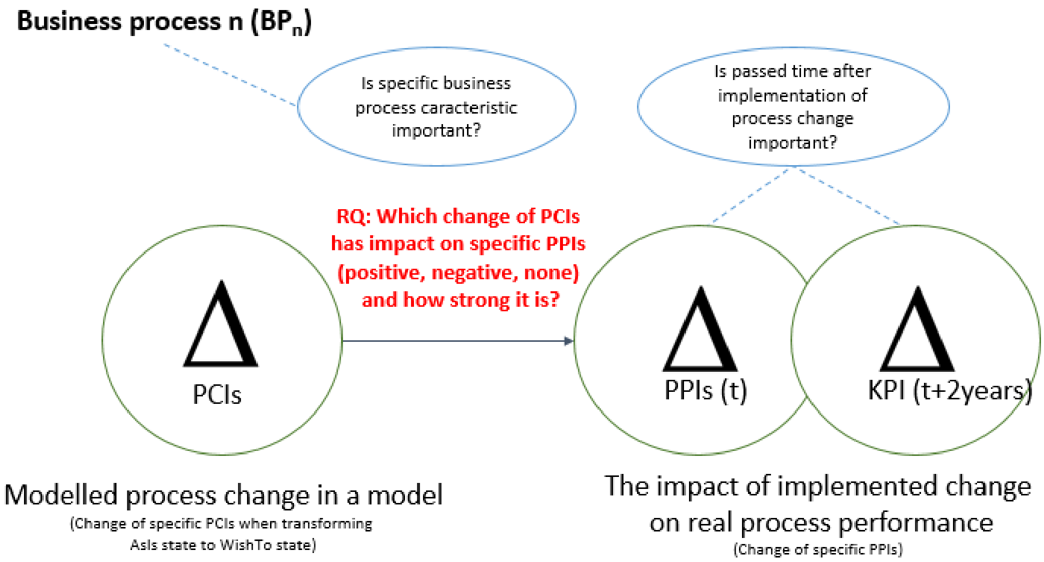

Figure 1: Research model of measuring the impact of PCIs on PPIs

2. METHOD

Urh (2011) described findings of the relationship between the PCIs and PPIs with descriptive statistical methods. He found groups of PCIs (clusters) that affect specific PPIs. In a detailed analysis of his results, we found that all representatives of a particular PCI group are of the same type (e.g. personnel PCIs only, or logical PCIs only, or information PCIs only). We assume that real situation groups should be formed differently. There are likely to be groups of more or less important PCIs, and in each group, there should be representatives of different PCI types. To answer this dilemma, we carried out the following steps in this research:

1. First, we developed a set of process characteristics. We used them to assess different business processes whether they have similarities between PCI change and PPI change.
2. We prepared a set of process performance indicators (PPIs), which represent the success of the implemented changes in real processes. To determine the PPIs set, we decided to take the top level of PPIs according to the SCOR model (APICS, 2017). They are independent from the type of business process and are broadly recognizable. We have verified their suitability and existence in balance score cards (Kaplan, & Norton, 2008) and APQC (APQC, 2017).
3. We found that it is difficult to define the effects of PCIs on PPIs with the technique of performing measurements of real processes. Therefore, we decided to perform the survey. We found that process managers and process owners are the best target groups of respondents, because they know best the process characteristics and the influence of specific change in their processes (Pavlović, Kern, Miklavčič, 2009).
4. In the literature, we researched known PPIs. Then we prepared a set of absolute PPIs for survey (that we can count). We excluded all relative PPIs that we can derivate from the absolute PPIs.

5. For absolute PPIs, we prepared for process owners understandable questions and a simple description of a real business change that has connection to the change of a particular PPI in the background (translation table).
6. Than we asked process owners to evaluate how a specific process change effects specific PPI: what impact it has immediately and after 2 years (Mc Afee, 2002). This research phase is still running.
7. After the survey will terminate, the answers will be statistically analysed with comparative and correspondence analyses. We will try to prove which PCI change of specific process model has the main impact on a change of specific PPI in the real process, according to answers of process owners.

3. RESULTS

3.1. Explored set of process characteristics

Based on the APQC model (American Productivity & Quality Centre), we developed a set of generalized business process characteristics that apply to all business processes. That means that according to these characteristics it is possible to evaluate any process independently of the business area and the industry. We classified characteristics into groups according to APQC process areas (Table 1).

Table 1: APQC process areas (groups) and belonging characteristics

Num.	Process characteristic group	Business process characteristics
1	General aspect of the process	Frequency Structuring Standardization
2	Operational aspect of the process	Automation Creativity Analytics Technological uniqueness
3	Developmental aspect of the process	The uniqueness of the output The complexity of the output
4	Customer aspect of the process	Determination of demands Dislocated execution Exclusivity for customer
5	Supply aspect of the process	The specialty of the inputs Changing of the inputs
6	Financial aspect of the process	Operating costs
7	Risky aspect of the process	Impact on organizational performance Difficulty of implementing process changes
8	Current excellence of the process	Reliability Responsiveness Agility Cost Asset Management Efficiency

For each process that will be the subject of the survey, we also need its initial excellence (Table 1, num. 8). We found that is important to exclude or to confirm the influence of this factor in the search for the impact of PCIs change on PPIs change.

3.2. Explored set of process performance indicators (PPIs)

We used PPIs categories of evaluation from the SCOR model (Table 2). These categories represent the top level of process performance indicators, to which we will compare their impact of a PCI change.

Table 2: Process performance indicators and their definition SCOR (APICS, 2017)

Num.	PPI	Definition
1	Reliability	The ability to perform tasks of a process as expected. Reliability focuses on the predictability of the outcome of a process. Typical metrics for the reliability attribute include: on-time, the right quantity, the right quality
2	Responsiveness	The speed at which tasks of a process are performed. The speed at which a process provides outcome to the customer. Examples include cycle-time metrics.
3	Agility	The ability to respond to external influences, the ability to respond to changes in the process environment to gain or maintain competitive advantage. Agility metrics include adaptability and overall value at risk
4	Costs	The cost of operating the process. This includes labour costs, material costs, and management and/or transportation costs. A typical cost metric is cost of goods sold.
5	Asset Management Efficiency (Assets)	The ability to utilize assets. Asset management strategies in a process include inventory reduction and insourcing vs. outsourcing. Metrics include Inventory days of supply and capacity utilization.

3.2. Explored set of process complexity indicators (PCIs)

In Table 3, we introduce explored PCIs, which were derived from the literature review (Aguilar, et al., 2006; Cardoso, 2006; Mendling, 2008). We grouped PCIs into individual sets according to the element of modelling. It is important if new element of modelling a specific process change is an exclusively new element in relation to other elements in the process (definition copy – def.), or it is a known element in relation to other processes (occurrence copy – occ.).

Table 3: Process complexity indicators

Num.	PCI set	PCI
1	New events in the process	Number of events or. states (occ.) Number of start or entry events (occ.) Number of end or closing events (occ.)
2	New activities in the process	Number of different activities in the process (def.) Number of activities that do not add value
3	New elements of process logic in the process	Number of AND switches (def.) Number of AND mergers (def.) Number of OR switches (def.) Number of OR mergers (def.) Number of XOR switches (def.) Number of XOR mergers (def.)
4	New connections in the process	Number of alternate parallel paths in the process Minimum number of transitions between process activities (occ.) Maximum number of transitions between process activities (occ.) Number of feedback loops within process (occ.) Number of feedback loops back to the previous processes Number of connection types Must execute (occ.) Number of connection types Must be informed (occ.) Number of connection types Must participate (occ.)
5	New jobs / work roles in the process	Number of job positions (occ.) Number of transitions between different organizational units Number of transitions between different hierarchical levels
6	New information carriers in the process	Number of documents or information carriers (occ.) Number of different documents or information carriers (def.)
7	New ICT (information & communication technologies) solutions in the process	Number of supported activities with at least one ICT system Number of ICT solutions (occ.) Number of different ICT solutions (def.)
8	New links to other processes	Number of input processes Number of output processes

4. DISCUSION

Based on the explored sources, we found that the presented set of PCIs is sufficiently independent according to modelling technique (e.g., EPC, BPMN, ISO flowchart). We also found that the differences in sets of PCIs between the different authors (Aguilar, et al., 2006; Cardoso, 2006; Mendling, 2008) are mainly due to the purpose of the represented process model: reorganization of the process, IKT support of the process, ISO documentation of the process, process simulation. Our choice is the union of those modelling elements that are common to all purposes. We emphasized those PCIs, the change of which is understandable by the process owners. In Figure 2, we present an example of a question that is part of prepared survey. It shows how we retrieved data to prove PCIs impact on PPIs change. In the literature, we did not find this comprehensive review. Therefore, these sets of PCIs are our contribution to the area of process management and analytics.

23. If process change requires that we automate with information&communication technology (ICT) additional, currently un-supported activity (the type of ICT does not matter)?

Related PCI: Number of supported activities with at least one ICT system

	Immediately after implementation					2 years after implementation				
The change has impact on PPI:	very negative	negative	no impact	positive	very positive	very negative	negative	no impact	positive	very positive
Reliability of the process	1	2	3	4	5	1	2	3	4	5
Responsiveness of the process	1	2	3	4	5	1	2	3	4	5
Agility procesa	1	2	3	4	5	1	2	3	4	5
Reduction of operational costs	1	2	3	4	5	1	2	3	4	5
Asset Management Efficiency	1	2	3	4	5	1	2	3	4	5

Figure 2: An example of the descriptive question

5. CONCLUSION

This research is currently in phase, where we are testing the questionnaire with randomly selected process owners in the form of guided interviews. Based on the experience, comments and suggestions of process owners, we will adjust the questionnaire and proceed with the final survey.

When we prove the importance of specific PCIs, we will measure the change of selected key PCIs and the change of PPIs in real processes of companies. We will follow which purpose initiated the change of the process and how successfully this change is implemented in the real process. In this way, we will be able to ensure calculation of the benefits and reduce the risks of performing different types of changes in advance. After that, we will be able to demonstrate to companies on basis of current PCIs how much potential is hidden in the process for possible improvements.

This research is set to avoid most possible constraints: it is not limited to the type of business, type of business process, modelling technique and is not limited to the cause of changing the process. In the first part of this research, we do not expect problems. We will obtain those PCIs (key PCIs), which are important from view of process owners. It will be interesting to see whether PCIs from a particular area (informatics, organization, personnel) dominate against other areas.

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THE ROLE OF FACEBOOK IN BUSINESS MODELS AND INCREASING COMPETITIVENESS OF HIGHER EDUCATION INSTITUTIONS

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Abstract: *In recent years, many studies concerning the use of social networks among students indicate that social networks promote educational communication and cooperation between faculties and students. The trend of using social networks in higher education is relatively new, but it points to their numerous advantages, acceptance and use in education. The aim of the study is to examine the purpose of using Facebook among students, as well as their observations, benefits and attitudes about educational use. The research was conducted among students of the Belgrade Business School - Higher Education Institution for Applied Studies and 430 students at bachelor and master studies were surveyed in October 2017. In the analysis of the obtained data the following methods were used: t-test and factor analysis. The results show that students use Facebook for educational purposes to exchange materials and information from lectures, communication with colleagues, and the creation of academic groups, and that higher education institutions should adopt their business models to the changed communication trends and include e-learning platforms and social networks in their official channels towards students, potential candidates and alumni in order to increase their competitiveness.*

Keywords: *educational use, Facebook, social networks, digitalization, e-learning, student, higher education*

1. INTRODUCTION

The popularity of social networks and their global presence in the everyday life of students is growing, who use them not only as a means of networking, but also for educational purposes. The research on social and educational institutions is trying to answer a series of questions – how is social media used in education, what are the goals of social media, what are the experiences, what are the barriers to effective use and what is the future of social media in education (Hebrang, Grgić, Mučnjak, 2015: 234). Students have different learning styles (Marič, Penger, Todorović & Đurica, 2015) and the use of social networks provides the basis for social, emotional and cognitive development of young people who spend most of their time on the Internet (Hayes, Van Stolk-Cooke, Muench, 2015: 508).

Numerous studies have shown that social networks have led to significant changes in communication and interaction between students and professors, as well as learning methods. The use of social media in the university classroom is gaining in its popularity and is transforming learning and teaching in significant ways (Foster, Farshid, Juena, Wallström, 2016: 789). Social networks provide students with more opportunities to communicate, learn, discuss, exchange information, reflect, judge and rate downloaded materials, give feedback and acquire new knowledge on the Internet (Volungevičienė, Teresevičienė, Mejerytė-Narkevičienė, 2015: 19).

The existence of the Web has changed the nature of the educational process, and modern network technology has improved the ability to communicate of people around the world and become a necessary educational tool (Soleša, Rajsman, Juričić, 2014: 1403). Today, higher education institutions have recognized the potential benefits of social networks and use them to improve their own business, communication and promotion. Students are offered with a variety of useful tools for easier sharing of teaching materials and interaction with colleagues and professors. Because of the increasing number of Facebook users among students, educational research shows that Facebook can be used to provide educational content and can be used as a successful learning tool (Buragga, Dhir, Boreqqah, 2013: 21).

Numerous studies deal with Facebook as the most popular social network from various aspects. Facebook is well-known for the purpose of daily entertainment and getting information: playing games, watching videos, expressing opinion, sharing files, tracking events in someone's social circles, dating, etc. (Kabilan, Ahmad, Abidin, 2010: 180; Sharma, Joshi, Sharma, 2016: 342). Although it was originally created for social use, according to some studies (Bosch 2009, Mazman & Usluel, 2010; Sharma, Joshi, & Sharma, 2016) Facebook is also successfully used for educational purposes. According to a study conducted by McCarthy

(McCarthy, 2012), students consider Facebook an important tool for studying that improves the development of academic links and promotes academic criticism, discussions and networking (McCarthy, 2012: 760).

According to the study conducted by Latib, Bolong and Ghazali, the purpose of using Facebook is divided into seven functional areas: the creation of personal identity; distribution of content; communication with friends; creating personal reputation; the creation of groups of people with similar interests; constant tracking of new information and the development of personal, friendly and business relations (Latib, Bolong, Ghazali, 2014: 290). Social networks provide the opportunity to create same-interest groups. Professors create *online* groups on the topic of their subject and upload teaching materials and important information for the exam. Students join groups on social networks and in that way they can establish contact with colleagues and professors, exchange opinions, comments and information.

It has been found that most students use social networks for educational purposes to perform group projects and assignments. Furthermore, research has showed that social networksare very useful in conducting group work (Zanamwe, Rupere, Kufandirimbwa, 2013: 15). Therefore, the use of social networks for educational purposes is recommended to overcome problems, such as the feeling of isolation from the group, which often occurs in learning processes and has a negative impact on learning and "inability to express themselves in public" due to shyness (Ozturk, 2015:22).

Universities as educational institutions are concerned about the growing lack of interest of university students toward the traditional way of learning (Manasijević, Živković, Arsić, Milošević, 2016: 443). Professors should, through attractive teaching content, innovative and interactive models of work, involve students to participate in lectures and make education more effective. Facebook provides a social environment, enabling the student to interact with instructors and peers and facilitates the process of knowledge construction (Çoklar, 2012: 49). Resource and material sharing consists of activities such as exchanging multimedia resources, videos, audio materials, animated videos, resources and documents (Manasijević, Živković, Arsić, Milošević, 2016: 443).

2. METHODOLOGY OF RESEARCH

Higher education institutions have realized that the implementation of new technologies and the following of trends significantly influence the achievement of competitive advantage and adaptation to changing market conditions. Nowadays, higher education institutions are focused on being present on each platform and updating information at any time.

The basic research instrument is a structured questionnaire, which consists of two parts. The first part of the questionnaire refers to control variables (whether you use Facebook, how long you have a profile on Facebook and how often you access Facebook). The second part of the questionnaire consists of 14 items for testing the purpose of using Facebook, using Likert's five-point scale, and special attention is paid to examining the educational use of Facebook. Today's student population uses social networks, in addition to entertainment and communication, also for the exchange of relevant information about their studies. A high percentage of students use Facebook, about 97.2% of them. Most students have a profile on Facebook for more than 5 years, 67.4%, and 20% of students have a profile for a period of between 3 and 5 years. When it comes to the frequency of accessing Facebook, 60% of students approach several times during the day and 18% of students once a day.

The collected data, obtained by student questionnaires, were processed and analyzed using software for statistical analysis SPSS 22.0 (Statistical Package for Social Science). In the analysis of the obtained data the following methods were used: t-test and factor analysis.

3. RESULTS OF RESEARCH

Table 1 presents descriptive statistical dimensions for the second part of the questionnaire. Based on the obtained results, *the Purpose of Using Facebook* contains two main factors defined as *Social Relations and Everyday Activities* and *Educational Use of Facebook*. The assumed model of two factors *The Purpose of Using Facebook* was examined on an existing sample of students using factor analysis.

Table 1: Descriptive statistics for items related to Social Relationships and Everyday Activities on Facebook and Educational Use of Facebook (n=430)

Social Relationships and Everyday Activities on Facebook	Mean	Median	Std. deviation
I use *Facebook* to establish and maintain contact with friends I have not been in contact with for some time.	4,06	4	1,052
I use *Facebook* for acquiring new friends.	2,67	2	1,407
I use *Facebook* to communicate and share information with my friends.	4,19	4	,950
Facebook allows me to create and access groups of people with whom I have the same interests and needs.	3,99	4	1,169
I use *Facebook* to track the latest information, news and events of my friends.	3,84	4	1,122
I use *Facebook* to track innovation.	3,55	4	1,255
Educational Use of Facebook	Mean	Median	Std. deviation
I use *Facebook* to communicate with my friends from the faculty regarding test tasks, group projects, recommendations and experiences.	4,25	5	1,004
Facebook improves communication with professors and facilitates receiving all the necessary information about teaching content, all issues essential for passing exams, designing projects and final papers.	3,10	3	1,364
The use of *Facebook* makes it easy to transfer information, teaching content and notifications about classes, lessons, exams, and extra-curricular activities.	3,90	4	1,149
Facebook allows creating and accessing academic groups of people with the same interests and needs.	3,89	4	1,021
The use of Facebook enhances the team work of students.	3,84	4	1,151
I use *Facebook* as a means to increase the performance on the lectures.	3,14	3	1,348
Facebook enables the exchange of different materials from lectures between professors and students and students among themselves.	3,54	4	1,277
Facebook provides me with multimedia contents (videos, audio materials, documents, etc.) that are relevant to learning.	3,53	4	1,293

As for the first factor, S*ocial Relationships and Everyday Activities* give the students put the utmost importance on items "I use *Facebook* to communicate and share information with my friends" (M = 4,19; SD = 0,95) and "I use *Facebook* to establish and maintain contact with friends I have not been in contact with for some time" (M = 4, 06; SD = 1,052). The results indicate that students consider *Facebook* an important means of social networking because the items have a high score, or a mean value above 3. The item "I use *Facebook* for acquiring new friends" has a very low mean value (M = 2,67; SD = 1,407) and the lowest for the whole dimension *Social Relations and Everyday Activities*. This result shows that students attach little importance to using Facebook for gain new friends.

All items related to *Educational Use of Facebook* have mean values greater than 3, which show that students understand the importance of Facebook for educational purposes. The highest mean value has the phrase "I use *Facebook* to communicate with my friends from the faculty in relation to test tasks, group projects, recommendations and experiences" (M = 4,25; SD = 1,004), "The use of *Facebook* makes it easy to transfer information, teaching content and notifications about classes, lessons, exams, and extra-curricular activities" (M = 3,90; SD = 1,021), and "*Facebook* allows creating and accessing academic groups of people with the same interests and needs" (M = 3,89; SD = 1,021) and enhances the team work of students"(M = 3,84; SD = 1,151). The results show that the main advantages of using Facebook for educational purposes are quick and easy communication between students regarding test tasks, passing recommendations, experiences, information and notifications regarding teaching and extra-curricular activities. Also, the results show that students understand the importance of accessing academic groups, as well as the significance of social networks in the realization of group projects and teamwork.

The results of factor analysis are presented in Table 2.

Table 2: Results of factor analysis of 14 items and 2 separate factors

	Characteristic value	Factor loadings	Variance (%)	Cumulative variance (%)
Educational Use of Facebook *(Cronbach alfa=0.889)*	6,130		31,05	31,05
Facebook enables the exchange of different materials from lectures between professors and students and students among themselves.		,815		
I use Facebook as a means to increase the performance on the lectures.		,758		
Facebook provides me with multimedia contents (videos, audio materials, documents, etc.) that are relevant to learning.		,752		
Facebook improves communication with professors and facilitates receiving all the necessary information about teaching content, all issues essential for passing exams, designing projects and final papers.		,746		
The use of *Facebook* makes it easy to transfer information, teaching content and notifications about classes, lessons, exams, and extra-curricular activities.		,728		
The use of *Facebook* enhances the team work of students.		,658		
Facebook allows creating and accessing academic groups of people with the same interests and needs.		,632		
I use *Facebook* to communicate with my friends from the faculty regarding test tasks, group projects, recommendations and experiences.		,507		
Social Relationships and Everyday Activities on Facebook *(Cronbach alfa=0.781)*	1,390		22,66	53,71
I use *Facebook* to track the latest information, news and events of my friends.		,811		
I use *Facebook* to track innovation.		,745		
I use *Facebook* to establish and maintain contact with friends I have not been in contact with for some time		. ,606		
I use *Facebook* for acquiring new friends.		,599		
I use *Facebook* to communicate and share information with my friends.		,560		
Facebook allows me to create and access groups of people with whom I have the same interests and needs.		,552		

The sampling adequacy for factor analysis was verified by the value of the Kaiser-Meyer-Olkin index of 0,914 and exceeds the recommended (critical) value of 0,6. Also, Bartlett's spherical test has reached statistical significance (p <0,001). In the further analysis, the factors whose characteristic value was greater than 1 (Kaiser's criterion) were retained and thus retained two factors. These two retained factors explain 53,71% variance, with the first factor contributing 31,05% and the second 22,66%. In order to facilitate the explanation of the factors Varimax rotation was carried out, and in the further analysis only those variables whose factor loadings increased by an absolute value of 0,5 were retained.

By using the factor analysis in this survey, 14 observed variables (questions) were reduced to two dimensions, or two factors of *the Purpose of Using Facebook*. These two dimensions correspond to the following factors: *Social Relationships and Everyday Activities* and *Educational use of Facebook*, whose names have emerged as a common denominator of a set of correlated variables (questions) within them.

The overall alpha-coefficient of reliability analysis is 0,899 and the results of the reliability test for the two resulting sub-clusters are as follows: *Social Relations and Everyday Activities*- Cronbach alpha = 0,781; *Educational use of Facebook* - Cronbach alpha = 0,889. In the relevant literature it is considered that the confidence coefficient greater than 0,7 confirms the hypothesis that the questions that make up each dimension (factor) are interconnected.

The total number of retained factors is significantly lower than the number of observed variables (questions), thus justifying one of the basic objectives of the factor analysis that the initial set consisting of a large number of original, interconnected variables (questions in the questionnaire), which measure similar characteristics, reduce to a smaller number of new, mutually unreleased variables - factors (the principle of dimensional reduction). These factors summarize the essential concepts behind the use of *Facebook*.

4. DISCUSSION

Many studies investigate the phenomenon of social networks and their impact in many areas of life. Facebook, as the most popular social network, has found great application among higher education institutions and students. The results show that students mostly use Facebook for social purposes. As for the use for educational purposes, Facebook is the most valuable platform for sharing materials and information from lectures, communication with colleagues and the creation of academic groups. The phenomenon of Facebook has influenced the changing way of communication among students and others, the exchange of information and the broadening of knowledge (Volungevičienė, Teresevičienė, Mejerytė-Narkevičienė, 2015: 2).

The results show that the greatest importance regarding the use of Facebook for educational purposes, students see in easier communication with their friends from the faculty in relation to test tasks, group projects, recommendations and experiences. Also, Facebook facilitates the transmission of information, teaching content and notifications about teaching, classes, exams, and extracurricular activities (Hamid, Waycott, Kurnia, and Chang, 2015) have found that students using social technologies show more interaction with other students at lectures. The results of this study greatly support the involvement of students in academic groups, collaboration through academic groups and the improvement of group work (Hamid, Waycott, Kurnia, Chang, 2015).

Higher education institutions use social networks in order to provide information about students, improve communication and learning methods. Also, social networks can also be used as part of a corporate strategy for managing and maintaining lasting relationships with students. In the latest academic programs, networking technology has become an essential educational tool (Soleša, Mateljan, Juričić, 2012: 1562).

5. CONCLUSION

Higher education institutions have realized that the implementation of new technologies and the monitoring of trends significantly influence the achievement of competitive advantage and adaptation to changing market conditions. Nowadays, higher education institutions are focused on being present on each platform and updating information at any time. Employees and students have recognized the numerous advantages of adopting and using social networks for educational purposes. Facebook, as the most popular social network, has found great application among higher education institutions and students.

The results of this study show that students mainly use Facebook for social purposes, but that this social network has a significant application for educational purposes. Compared to other social networks, Facebook is the most valuable platform for sharing materials and information from lectures, communication with colleagues and the creation of academic groups. The results of this research also show that the greatest importance of using Facebook for educational purposes is that it facilitates students' communication with colleagues in relation to test tasks, group projects, recommendations and experiences. Also, Facebook facilitates the transmission of information, teaching content and notifications about classes, lessons, exams, and extra-curricular activities.

Higher education institutions should use social networks to provide information on students, improving communication and learning methods. Also, social networks can also be used as part of a corporate strategy for managing and maintaining lasting relationships with students. The results also indicate that higher education institution ought to accept digitalization and incorporate modern technologies in teaching methods by including e-learning platforms and enabling the usage and share of learning materials in digital form.

Main limitation of this research is the sample, which covered only one higher education institution from Serbia, so further research should test the use of social networks for educational purposes in various academic fields, and different universities from Serbia. Another direction for further research in this area might be a comparative analysis of multiple countries regarding the use of social networks by students, but also about the level of implementation of digital platforms in business models of higher education institutions.

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MATRIX ORGANIZATIONAL STRUCTURE AND MULTI-SIDED PLATFORM BUSINESS MODEL IN DIGITAL MARKETING

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Abstract: *This paper analyses organizational structure and business model appropriate for a digital marketing agency. Our goal is to help facilitate development and the maintenance of the Digital Agencies business through the successful implementation of corporate culture, business organization model and organization structure. We have presented business model of the organization through the canvas scheme and structure by the organizational chart. Our theoretical framework was Mintzberg's approach of three hypotheses of configuration, congruence and extended configuration. We have used his partial assumptions and qualitative approach to determine if our structure and business model is aligned with internal and external factors in this particular business context.*

Keywords*: digital marketing, business model, matrix organization, organization structure, organization culture*

1. INTRODUCTION

Digital marketing includes the process of use of modern digital technology to place goods and services on the market through the system of traffic increase using web sites and social networks. e.g., (Lamberton & Stephen, 2016). Main focus in a digital marketing is placed on creating quality content that will draw attention and encourage the readers to share it through their social platforms. Additionally, the stated digital marketing is a general term used for promoting products or services using digital technology platforms, mostly through the Internet. Their placement is performed via computers, mobile phones, tablets or other digital devices. One of the main advantages of using social platforms in marketing is the option of placing content to a narrow target market which is an inevitable advantage compared to other marketing channels. Business systems of the digital marketing are usually called Digital Agencies, Marketing Agencies or Advertising Agencies that include digital departments. Activities of digital agencies cover: creating marketing content and its placement online, SEO of web sites, SEM optimization, influencer marketing, creating marketing campaigns, managing social network pages, e-mail marketing, social network ads, Google ads, SMS ads, re-marketing, banners, preparing SEO friendly articles for digital media, etc.

Lower budgeting is among main advantages of digital marketing compared to the traditional marketing mix. This is why a growing number of companies focuses their promotions on using modern technology and platforms such as Google, Facebook, Twitter, Youtube, Instagram, LinkedIn etc. The growth of demand dictates the increase of providing services. The industry of digital agencies grows rapidly and is very large (Ibisworld, 2018). ''Statistics show that only in the United States of America in 2018 year, digital agencies employ 68,059 employees and whose industry collects $ 12 billion a year with a projected annual growth rate of 14.4%''. This trend is visible in the western Europe, but, for the last couple of years, the east of Europe, as well.

Digital marketing enables the advertiser to exit the local and regional communication with consumers and customers and to enter the global market and promote its goods or services all around the world for a relatively low budget. This chance is equally given to service providers, i.e. digital agencies that can operate from a local level to national and international markets with minimum capital investments. In this manner, an agency located in Serbia can operate on the market of United Arab Emirates, Serbia and China, at the same time. As of 01 April 2018, a new law comes into effect proposed by the Ministry of Finance of the Republic of Serbia related to the income tax of non-resident legal entities, that is, Withholding Tax. A Rulebook was adopted on the type of services based on which a non-resident may acquire income that is subject to withholding tax. According to this Rulebook the services of marketing, propaganda, and advertising are not subject to taxation. e.g., (Official Gazette of the Republic of Serbia 113/2017, 2017). ''Accurate list of non-taxable services is: marketing, media setting, advertising on the Internet and over social networks, in public media, lease of media space, development and videos and advertising, event organization regardless of the location, provision or use. The activity codes are 7311 and 7312 – Advertising agencies activities.'' Digital agencies in Serbia operate under this code. This new law enables invoicing the service of managing digital channels for a foreign client without VAT, thus making this invoiced amount not subject of further taxation by the Ministry of Finance of the Republic of Serbia. This certainly facilitates the work with clients that are not Serbia residents and stimulates the development of digital agencies in the region. Namely, the price and quality ratio of domestic digital agencies compared to foreign competition is certainly promoted in this manner, for the benefit of domestic agencies.

As the technology and the development of different platforms, software and tools grow, it is increasingly easier to monitor the consumer demographics, behavior and measuring the amount of income per user. This promotes the development of digital marketing industry and shows us that it will significantly grow in the following five years. The prediction for technological development certainly impacts the development of digital agencies and the service they provide. The interaction between the advertiser and consumer is now, owing to social media platforms, much more transparent motivating the improvement of such communication, causing opening of new positions within the digital agency organizational structure. As synthesized in the review by Marquis and Tilcsik (2013) under the influence of the idea of relations between social structures and organization (Stinchcombe 1965), wider social context can imprint its form into the structure of the organizations. Our research question if there are modern forms of organizational structures and business models which are fit for the digital marketing agencies. We focus on the analysis of fit between digital marketing business on one side and matrix organizational structure, as well as multi-sided platform as the business model, on the other. To do that, we have formulated following hypothesis:

H1: Matrix organizational structure and multi-sided platform are appropriate solutions for the digital marketing agency business

Our main hypothesis will be elaborated according to Mintzberg's (1995) framework, where effective structuring of organization is bounded by configuration, congruence and extended configuration, presented in the following hypotheses.

H 1.1. Matrix organizational structure and multi-sided platform are aligned with the Mintzberg's configuration hypothesis

H 1.2. Matrix organizational structure and multi-sided platform are aligned with the Mintzberg's congruence hypothesis

H 1.3. Matrix organizational structure and multi-sided platform are aligned with the Mintzberg's extended configuration hypothesis

2. METHODS AND LITERATURE REVIEW

For our research we have used qualitative business analysis methods, common in the business research (Saunders, Thornhill and Lewis 2009). Organizational structure and business model are complex phenomena (Jaško, Čudanov, Jevtić and Krivokapić, 2017), with large number of non-numerical attributes and characteristics, and thus are not subject to complete or even significant quantification. Analysis is thus aimed at coding themes and assigning meaning to the data, which are usually words or images, according to the Gliner, Morgan and Leech (2011). Our results will not be illustrated by the statistical analysis, but instead by the study of individual cases and traits of the observed phenomena. According to the Healey and Rawlinson (1994), our approach is based on meanings expressed through words, collected data is not standardized and is classified into categories, as well as conceptualization of observed phenomena.

2.1. Changing organizational context for digital marketing

Technological changes are bringing disruptive innovation (Christensen, Raynor and McDonald, 2015) into established industries. Digital disruption is already present in publishing (Gilbert, 2015; Karimi and Walter 2015), banking (Tornjanski, Marinković, Săvoiu & Čudanov 2015), education (Dellarocas & Van Alstyne, 2013) and entertainment (Rombes 2017), but our focus is on marketing changes in a digital age (Ahonen and Moore, 2005; Ryan, 2016; Begum, 2017; Jovanović, Vlastelica, & Cicvarić Kostić, 2017; McCosker, 2017). As stated by Bolman and Deal (2008) '' Business models, management models and organizations that were successful in the last two decades are outdated now. This period is called the organizational big bang. Information revolution, globalization of economies, immediate information sharing on global events, collapse of big ideology, establishment of large media companies that turn the world into a huge planetary village promote the acceptance of general culture values that results in new business models and new organization structures, turning the yesterday ones into antiquities." This brought along business models that include the industry of digital marketing.

2.2. Corporate culture in digital age organizations

As a groundwork for a successful business model and sound organization structure we should take a look at another important success factor for digital agencies – corporate culture. The culture in the context of the organization is defined as mutual presumption, values, beliefs, language, symbols and systems of meaning that are an integral part of an organization. When the cultures are strong employees in the entire organization on all levels share the same goals, have the same type of feeling on the organization and interpretation of its culture in the same manner (Gottlieb, 2007). Services provided by digital agencies require identification with clients and their values in the form of best and more relative content creating that will present the client to the market, followed by the continuous communication with consumers for and in the name of the client. Considering the diversity of activities performed and identified with for a longer period, for digital agencies, there is a danger of employee service quality drop due to losing focus from the culture and adopted values of the original employer.

Also, considering the option of managing digital channels of a global client from a local level, acceptance of global culture and maintenance of local subculture is a must. When we are a part of a business system culture we become codependent to other members of this business system, we manage stress better and have better productivity. It is very important to maintain the motivation of employees and provide the conditions of work that support creativity. The essence of activities of digital agencies is seen in the creativity of its employees. To achieve this Galbraith (2009) states: "the task is challenging, since you need the best leaders in the company for motivating employees and maintaining corporate culture, and what the Council for Corporate Leadership identified as the key role in the matrix is a strong communication skill of the leader, the way of motivating for teamwork, adjustability and calling for mutual goal and introducing the reward system." We will present a successful example of the organization culture of Google, from author e.g., (Smithson, 2017) ''Google organizational culture is not a typical one, partly due to the effect of the organization structure of the company. In principle, the structure and culture interact to impact the capacity of the organization. Openness is achieved through the matrix organization structure. Within the Google context of organization structure, employees are free to share their ideas and opinions''.

On the domestic market, the company that develops a successful culture of a business system is surely the Serbian technological company Nordeus. The success of Nordeus was initiated by a pioneer cross-platform gaming concept including online games you can play from any platform and device at any moment. Nordeus operates since 2010 and successfully nurtures the startup culture of its organization to this day. Also, similar to Google, it applies the matrix organizational structure.

The examples of Google and Nordeus organizational culture and satisfaction of the employees that give maximum in these conditions and do not lose focus from company values gives us enough valuable information on the importance of maintaining this aspect in the essence of existence of a digital agency. For the mere essence of operations of a digital agency is similar to Google platform. It connects two sides providing content. Google uses its platform for placement as well as Nordeus, while the digital agency uses others. This leads to a conclusion that a business model of a digital agency in a lower volume but with similar description could be defined as multi-sided business model.

3. BUSINESS SYSTEM BUSINESS MODEL IN DIGITAL MARKETING

Osterwalder & Pigneur (2010) define business model by "how an organization creates, delivers and maintains value" and describe patterns of unbundled, long tail, free, open business models, as well as multi-sided platforms model. Synthesis of how the research on business models shows that it can also be perceived as the statement, description, architecture, conceptual tool, structural template, method, framework, pattern and set (Zott, Amit and Massa, 2011). In order to generate all information and define under which business model a digital agency operates we will review the definition of the multi-sided platforms model from e.g., (Osterwalder&Pigneur, 2010): "Multi-sided platform business model collects several different but mutually dependent groups of buyers. Such platforms are valuable for one group of buyers only if other groups of buyers are present. The platform creates value by facilitating interactions between these two groups. Multi-sided platform grows in the sense it draws more users, which is a phenomenon known as the network." Using the canvas provided by Osterwalder and Pigneur (2010), we can describe business of the average digital marketing agency through the figure 1.

Multi-sided platforms existed in the past but have developed in the last two decades with the significant development of informational technologies. In addition to Google, Facebook, we can also include Microsoft Windows as an example of successful multi-sided platform business models. Since digital agencies connect the client with end users of such a platform engaging the third parties in the form of lease of ad space online we can say that digital agencies operate on the multi-sided platform business model as well. The task of a digital agency is to attract and serve all these groups at the same time to create value through creating quality content. The success of the project that the digital agency is leading is seen in the number of users on the "other side" of the platform and their activities. Namely, to manage and retain a client the digital agency must engage one of the platforms to place the marketing content that will attract visitors and followers. To do that, it will have to allocate certain budget for a better promotion on a given platform. Since the company investing the budget expects a fast return on invested funds (ROI) as well as profit, digital agency has the task of envisaging sufficiently interesting and quality marketing content to motivate a customer group for the given subject. Using different marketing tools in the form of good design, text, slogans, vlogs and activations the task of a digital agency is to create a buyer from a user. This model includes some of the free business model as well.

Key partners	***Key activities***	***Value proposition***	***Customer relationships***	***Customer segments***
Project associates, free lancers Social networks (Google, FB, Youtube) Influencers, bloggers	Development of digital strategies and plans Development of campaigns on digital networks Development of web and mobile applications	Providing services from digital marketing (SEO, SEM, Google optimization) Providing IT Services, support	Managing projects for clients Maintaining good relationships with target groups – community management	Big and small companies Companies Marketing agencies
	Key resources		***Channels***	
	Designer, creatives Digital account managers Media planners Developers		Social networks Platforms – Google, Facebook Web sites	

Cost structure	***Revenue streams***
Salaries, space lease Material costs for the company	Agency fee – compensation for services Discounts

Figure 1: Generic business model of a digital marketing agency

Namely, the free business model enables free offer pattern. In includes the option of continuous usage of a free offer by at least one segment of buyers. Financing in this case comes from another segment of the business model or another segment of buyers. One side of the platform is designed to attract users free of charge to follow content, see products and services while the platform itself generates income from selling advertising space and the advertiser created profit from sales of products to this segment of buyers that uses the platform for free. All three groups are organized and managed by the digital agency.

One of the most popular multi-sided business models is certainly Google. The core of its business model is the value proposal, ad or text Google provides to a very targeted group on a global level, over Internet. Through the service the advertisers publish sponsored announcements that appear on the Google browser along with other non-sponsored announcements but not at the top of the page. The service is attractive for advertisers since it enables filtrated demographic categories of target groups. However, the model is successful only if a lot of people use the Google browser. The more people use it, the more ads it can show. In addition to aforementioned, the value f the Google browser lies in the dependence of clients from Google, where their web page appears. The advantage is given to those that optimize their site, but certainly to those that use Google Web Tools such as Google Map, Gmail, etc. Additionally, Google introduced a new service, Adsense, that is called re-marketing also, enabling presentation of the Google ad on other Google web locations, that is, sites, portals, etc. of others. This service is useful for third parties, that is, owners of these web pages and portals, resulting in income from advertising of Google clients.

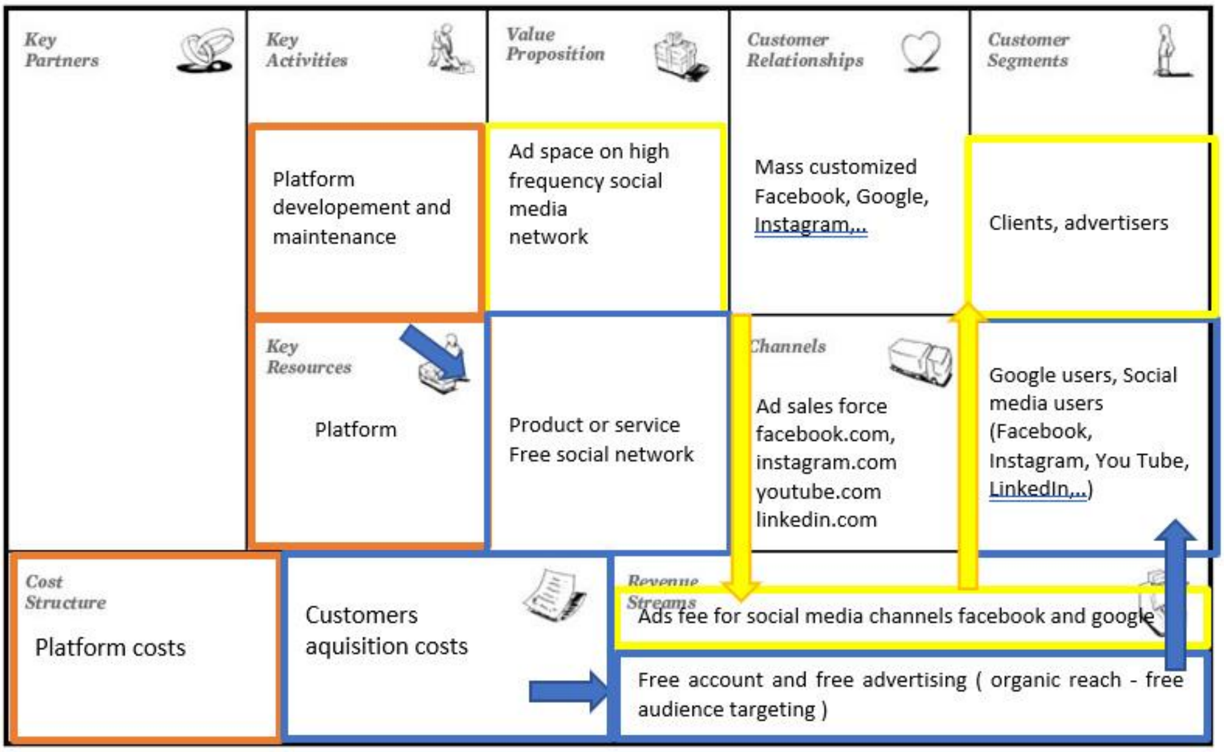

Figure 2: Free advertising pattern of multisided platforms - business model - digital advertising agency

4. ORGANIZATIONAL STRUCTURE IN THE DIGITAL MARKETING

As it is important to clearly define the business model, culture of the organization, the business system organizational structure is of equal importance. Business system includes a group of people organized for the performance of tasks. Thus, it is necessary for them to be efficient, flexible and dynamic. These conditions can be met only through appropriate organization structure. Each structure is managed by management. The role of the management is to plan and execute activities, therefore, organization is a process of envisaging activities, rules for conducting such activities, execution and performance measurement. Organization and organizing do not mean the same, organization is a group of people that execute certain tasks led by the management while the organization is a process as the word organization can represent entity, attribute, process or scientific discipline (Jaško, Čudanov, Jevtić and Krivokapić 2013).

When designing organization, top management must align several key factors, such as: well envisaged hierarchy structure, clear function diversification, standardization of behavior in task performance, decision adoption on function level, etc. Better or worse organizational solution depends on the design and the structure of the organization that includes: division of jobs performed, division by departments, coordination mechanisms, dispersion of formal authority and control mechanisms, among other factors. As a basis for structuring we can have functions, processes, products/services, location, matrix of collaboration, project model, innovation centres or strategic business units

Tasks of digital marketing agencies are primarily organized per functions and on the second level per products, that is, brands it manages. Combination of the two results in the general matrix organizational form. Basic functions that need to be covered include creative department, account department, IT department and Accounting Department. Second line of job division, as well as authority is related to the brand that is managed by the dedicated team. So, for example, Coca Cola that is a client of a digital agency within such agency may have its own creative, account and IT team. Such organization enables teams to be directly responsible for the project they lead and in direct communication with the director of the functional department.

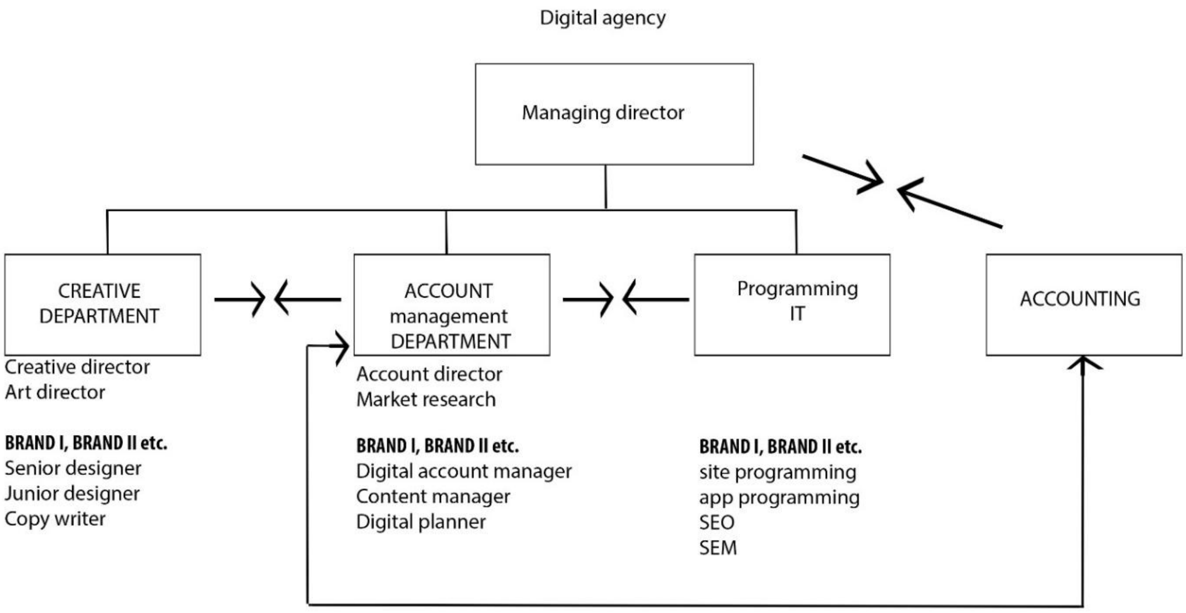

Figure 3: Job division and departmentalization basis of the digital marketing agency organizational structure

Each department of the digital agency has its clearly defined role as well as the responsibility for the part of the project it manages. Creative Department is in charge of envisaging creative campaigns and their visual and textual shaping. Creative Director is at the top of the hierarchy of the creative department, which is responsible for setting main creative concept, which is, afterwards, delivered to Art Director that will shape the idea visually through given communication channels and then supervise Graphical Designers whether the given brief is in accordance with visual elements. Graphical Designers create key visuals of the campaign and their implementation to given format while Copy Writers create slogans, and all required key words and texts necessary for campaign launch. Within the creative department organization of business is divided to projects, that is, brands that require so, through the volume of other requirements, so, large clients, within the Creative Department, may have their own Art Director, Graphical Designer and their own Copy Writer. This is repeated in all other departments of the digital agency. For example, Account Management Department is responsible for communication with clients, market analysis preparation, proposal of financial investments by the clients, performance analysis as well as delegating jobs to the creative and programming department. Account Director is responsible for the work of Digital Account Managers, whose clear responsibility is visible in daily communication with clients, managing their tasks and organization of them within the digital agency. Digital Account Managers have close cooperation and perform delegation with Content Managers that envisage daily content that is part of the comprehensive campaign but that must be communicated daily with new information by social networks to end users as well as designers that design for the project that is led by such Digital Account Manager. Additionally, the Digital Account Manager supervises the work of the Digital Planner whose responsibility is the investment plan into the online advertising type and channel. Digital Planner develops the plan, invests money into different forms of online ads and analyzes costs and results.

IT or programming department is the department in which sites are programmed, SEO is performed, SEM also, which programs and develops software that is part of a digital campaign. Employed programmers and developers are overseen and managed by Digital Account Managers headed by the Account Director. These three basic departments of each digital agency have teams that are managed under one client. Their interaction is frequent and daily. Accounting (Finance) Department is in charge of all financial transactions within a company, accounting, procuring purchase invoices, residence certificates as well as preparing sales invoices. It is in constant communication with the Account Department including payment and collection plans.

5. CONCLUSION

After the analysis, we will elaborate specific configuration traits to conclude configuration hypothesis. Digital marketing agencies are young organizations by definition of the industry which had emerged less than two decades ago. Thus, formalization of behavior is at the minimum, which is in line with the matrix organizational structure. Elaboration of structure is also minimal – just the basic division of work on account, creative, IT and auxiliary jobs defines the organization. Next, average unit size is small, fitting agile teams demanded by the organization's mission. According to the recent data in the USA (Ibisworld, 2018), 19 406 digital marketing agencies employ 68 059 workers, giving mean value of 3.51 employees per agency. We can find parallel with the multi-sided platform, which is in general network broker organization aimed at investigator or analyst strategies (Miles, Snow, Meyer and Coleman 1978; Snow, Miles and Coleman 1992), acting as a center which outsources most activities. Due to large number of one-employee digital marketing agencies. Technical system is not too regulated, which is aligned with more organic and less mechanic organizational forms and business model described above, however it is sophisticated, which explains large influence of IT staff. Also, operating core is not automated as in Mintzberg's internal assumptions, but crowdsource, leaving organization able to work in flexible organic, forms. Based on analysis of eight assumptions of internal fit given above, we can assume that H1 is correct, based on the Mintzberg's framework. After the analysis of the organization we can conclude that multisided platform and the matrix structure satisfy the Mintzberg's hypothesis of configuration for effective organizational design, because of the internal consistency of the parameters.

External factors are also fit with eight Mintzberg's assumptions on external alignment. Dynamic environment fits organic form of matrix structure and dynamics of the multi-sided platform. Environment is complex, so the decentralization immanent to the matrix teams is more than desirable. Diversified environment asks for dedicated departments, but here we have collision with the internal factor, because digital marketing agencies are small organizations, with average mean of 3.51 employees and slightly higher modus. This is solved dually – matrix organization facilitates dynamic teams with multiple assignments, and multi-sided platform places digital marketing agency in the role of the broker in the continuum of stable to dynamic network, which promotes decentralization of network members and keeps the small size of the organization. There are no significant hostile impulses, but more elaborate analysis on that, using the Michael Porter (1998) structural analysis framework is a guideline for the future research. Selective decentralization is present as a solution of non-homogeneous task, resulting in general division on creative, account management, IT and auxiliary tasks. There are no significant external entities which control the organization, as can be illustrated by the liberal legal framework, and environment does not imply need for additional power, thus the forms presented in this paper are not centralized, confirming sixth assumption of external fit. We can conclude that this general solution satisfies congruence hypothesis, and that it can become starting point for organizational design as a in-vogue structure in the field. Since the congruence hypothesis is satisfied, we can confirm our hypothesis 1.2, and bearing in mind that there are no collisions between external and internal factors, we can conclude that Mintzberg's extended configuration exists, because both configuration and congruence fit at the same time, confirming our hypothesis 1.3, and finally general hypothesis that matrix organizational structure and multi-sided platform are appropriate solutions for the digital marketing agency business.

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THE IMPORTANCE OF THE NETWORK ORGANIZATIONAL MODEL FOR BUSINESS OF COMPANIES IN THE REPUBLIC OF SRPSKA

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Abstract: *This paper analyses network models, as a form of network organisation in recent times in the efficiency function of the company's organisational restructuring. It considers their behaviour to changes in business environments that are becoming faster, more turbulent and more unpredictable. The aim is to provide a concise way to explain the possible advantages and disadvantages of network organisation model, which can be used in the process of restructuring the companies, as a priority step towards a more efficient recovery of the companies in the Republic of Srpska and B&H as a whole. Empirical theoretical research and case studies analysis indicate that strategic changes have gone in the direction of network organizations and thus have become a significant source of competitive advantage for companies. Companies in Republic of Srpska most often have a massive and irrational organization, so it is necessary to redesign their organizational structures.*

Keywords*: internal, stable, dynamic networks, company, risk*

1. INTRODUCTION

The survival and success in the environment characterised by risk, sudden and radical changes are accomplished only by those organisations who adapt to new conditions successfully and on time. In such uncertain and high-risk environment, models of organisation that were effective in relatively stable conditions have now become inadequate (Nelson, 2011).

Managers in modern organisations realise that traditional hierarchical designs are often inadequate for dynamic and complex environment they are facing. Responding to market demands in terms of flexibility and innovation managers find creative ways of structuring and organising work and creating organisations that respond better to, employees and other organisational factors. In the mid 80's years of the last century, organisations around the world, responding to stronger influences of global competitive environment, left the central coordinated approach accepting the structure with different hierarchical levels as more flexible, and who are more similar to the networks than to the traditional pyramids (Achrol, 1997; Powell, 1990; Snow, Miles & Coleman, 1992; Rice & Gattiker, 2000).

One of the important characteristics of modern business is related to the efficient process of business restructuring. The main objective of restructuring is to better market positioning in the context of constant changes in the business environment. With the increasing and unpredictable changes in market environment, the company management is expected to adjust fast and on time, and to realise the possibility of these changes forehand and to react properly. Although today a network organisation, as a form of the network connected companies, is quite successful, especially as it stimulates development of new products by engaging suppliers whose talents and skills are often better than those of the employees in the company and with relatively little capital and small management team can achieve high business performance, managers have to consider the possible losses of key skills and control over suppliers as one of the potential business risks.

Flexibility, innovation and continuous improvement of business are the elements that are becoming the part of a strategic approach in building the competitive advantage. Great scientific and technological achievements in recent decades have turned the world into a global village in which the production methods and techniques are becoming more uniform. Companies are facing an increasingly common problem of finding a way to adapt to the new, altered business conditions. Due to these characteristics the process of transformation of companies is inevitable and unstoppable. Despite the fact that the network organisation in various forms exists in practice for a number of years, the concept of network business is still very important.

The previous period in the Republic of Srpska, as well as in B&H showed that privatisation was not enough for succesfull transformation of public companies into joint stock companies, without changing their organisational structure. That is confirmed by the bad business results and company's productivity indicators measured by total income per employee. In the process of revitalising large companies it is essential that managers create models of organisational structure that will be adequate with the environment and compatible with organisational design of company's market economy. Accumulated activities in the value chain in large companies, especially in public companies are giving the importance to the study of network forms, which are created using the concept of the value chain.

2. INTER-ORGANISATIONAL DESIGN AND EFFECTIVE ORGANISATIONAL STRUCTURE

The organisational design should be viewed as an element of strategic capability of the company. It is an essential element of strategic competence or the potential of the company that chooses its strategic position. During the last two decades the highest level managers in many companies have been working on the development of the new structural opportunities to help their companies be more competitive (Robbins & Judge, 2017). When an organisation is developing or changing the structure it makes an organisational design, with decisions about six key elements: specialisation, departmentalisation, commands, the control, centralisation, decentralisation and formalisation (Daft, 2015). The Network organisation is a form of inter-organisational design with a specific purpose. In this sense, the organisational design must be aligned with the strategies as a possibility of achieving the objectives of company's business (Oliveira & Takahashi, 2012; Lunenburg, 2012).

In order to realise the contribution of the organisational structure to successful adaptation and impact on the environment, it is necessary to define the key dimensions of the company's reactions to changes in the business environment. Decisions on the organisational structure must be made in the light of the company's strategic position, as the application of the strategy will be unsuccessful if the organisational structure is not designed to fit the strategic needs and constraints. Managers in modern organisations realise that traditional hierarchical designs are often inadequate for the dynamic and complex environment they are facing (Lin, Tsai & Wu, 2013). Reacting to the market demands in terms of flexibility and innovation managers find creative ways of structuring and organising work and creating organisations that will be able to respond better to the needs of customers, employees and other organisational factors (Twomey, 2002).

New forms of organisational structures are different network approaches of organisational structure. The network structure implies that the company divides its activities into separate entities that are associated with organisational core of the parent organisation. The network structure as a new structuring approach indicates greater competitive advantage, greater flexibility, faster response to changes and the use of information technology as an effective form of organisational structure.

The company managements in the Republic of Srpska, in both private and public sectors, should initiate a reorganisation to reduce the size and "thinning" of the organisation in order to increase the efficiency and market competitiveness. Resistance to the reorganisation exists on many levels because it has resulted in layoffs of employees. However, the transformation is a radical change that entails sacrifices and managements of large and public companies are left with no choice. Managers of large companies in the Republic of Srpska of whom a number are in public companies: Railways RS Stock Company Doboj, Mixed Holding "Electric" Republic of Srpska, Stock company Trebinje and Public Enterprise "The forests of the Republic of Srpska" Sokolac need reject a strategy known in literature as " all under own it's own roof "and a hierarchical organisation. Folowing the example of companies in other transition economies, it is necessary to adopt an organisation based on the principles of competency-based firms and inter-organisational design which hold the interdependent companies together. Network models can serve businesses to be revitalised and to introduce the principles of market business within larger systems, rather than introducing administrative relations. The network is a group of independent companies that specialise in particular stages in the business chain. The network consists of the central company (core) and peripheral companies where the central company coordinates their activities and takes the role of a broker by connecting the other participants in the network.

Professional and academic communities have a strong and consistent view of how new organisation logic should be predicted according to the capabilities offered by current and upcoming trends in information technology and information systems. In the Republic of Srpska, as well as in B&H, most companies do not keep up with the development trend of information technology as a possibility to influence the economic and organisational performance. That presents a limiting factor for the new approach of introducing technical and technological base for the implementation of organisational change.

3. NETWORK ORGANISATION AS A FORM OF NETWORK FORMS

Classical forms of organisations are becoming increasingly dysfunctional influenced by environmental factors that management should effectively respond to. The search of managers for high flexibility resulted in the creation of new forms of organisational design which is called the network structure (Donaldson, 2001; Markides, 2013; Snow, Miles & Coleman, 1992). The basis of the network structure means that the organisation divides the most important functions into separate companies that are connected with organisational core of the parent organisation. The presence of a strong organisational core is significant for this structure, which is surrounded by other organisations, vendors, suppliers, traders, brokers and financial institutions (Snow & Fjeldstad, 2015).

Network organisation as a network form is a flexible structure, which should answer demands with speedy response, high competitiveness and high risk (Hall &Tolbert, 2009). Today, the companies in a restructuring process, as a form of business-technical cooperation often use the network concept developed by Miles and Snow. According to the degree of dislocation, they sorted all the network forms into: internal, stable and dynamic types of networks (Miles & Snow, 1992).

The specific purpose for which the organisations are connecting into the network is the access to the efficient production, distribution, marketing and any other essential business function under the contract. The network structure is inconsistent with parts of the structure that have accentuated vertical level of management and with organisations that seek to control their own development through ownership. In such organisations, research and development are carried out at headquarters, production takes place in the manufacturing facilities owned by the company and sales and marketing are performed by its employees. It is a set of organizations with multilateral relationships that work with one another to achieve common goals (Ahuja, Soda &Zaher,2012). In the network structure most of these functions are performed outside the organisation and coordination are connected by the computer. That provides managers with a high level of flexibility and allows the organisation to focus on what it does best.

Modern companies are responding to the new dynamic of market conditions and increased uncertainty with insurance risk strategies, entering into cooperative relations with other companies or restructuring the existing organisational structures by creating strategic networks of more tightly or loosely related companies. Such a potential structural possibility for managers who want to reduce or eliminate organisational restrictions is the network organisation. This is a small organisation that performs key business functions with the external supply. (Vega-Redondo, 2013). Quinn (1992) notices that more and more managers are trying out seemingly radical organisation structures in order to implement their strategy of providing "knowledge and services" (p.172). Services and technology of providing services have created a variety of opportunities for new organisational forms driven by knowledge based on fragmentation concept. An example of fragmentation is the relocation practice of production into other organisations. In past times, relocation was considered a sign of weakness, with the organisation admitting it was not able to do a specific task. Quinn (1992) is emphasizing that now the relocation may be a key element of managing an "intelligent company" (p.173). This approach enables organisations to concentrate on what they do best and to bring other activities to companies that are best able to perform such activities. Many large organisations apply the network structure in their production. The form of network structure also suits the production companies whose productive activities require cheap labour, and which can be best used under a contract with foreign suppliers (Robbins, 1992).

Companies like Nike, Reebok and Cisco System realised that they can engage in a big business, without being the owners of production facilities. Ericsson gave its production and even some research and development capacities to the more productive contractors in New Delhi, Singapore, California and in other locations around the world (Reed, Reinhardt & Sains, 2002). The essence of the network organisation is to distinguish the old forms of creating the organisational structures that carry a certain degree of bureaucracy. Organisations are required to be both flexible and stable at the same time with the extreme efficiency. The need for adaptation and concept innovation of business, initiated by a wave of global economic crises is inevitable for most companies. In such circumstances, managers are forced to re-examine the existing and seek new forms of organisational structures to resist the complex and continuous changes in the environment. The idea that comes from this environment is to keep the basic strategic functions as its own, while the rest of the business is given to the most competent suppliers (Carpenter, Banner & Erdogan, 2009).

Moving towards the network form becomes visible in the 80's, last century. With a new model of organisation companies are reducing their competition and managerial hierarchy in the company’s core creating a wide range of external activities. New companies have abandoned the growth model through vertical integration and instead tried to make alliances with independent suppliers and / or distributors.

In a search for more efficient organisational structure the managers experimented with different organisational arrangements. As illustrated by figures 1, 2 and 3 some networks have linked suppliers, manufacturers and distributors into long term and stable business relations. Other networks were much more dynamic; with components along the value chain connected under a contract for possible individual or separate projects. Later, managers within firms have created internal network architecture for business units to gradually become competitive in the market and outside the company (Snow, Miles&Coleman, 1992).

In the past, companies used the old structure trying to keep all the components on the organisation level that were necessary for production of a given product or a service. Opposite to that the network organisations are using the components from several companies in the value chain (Quinn &Paquette, 1990).

Although the network organisations show characteristics that are different from the old forms, stable, dynamic and internal network (Figure 1.2 and 3) in addition it still includes elements of earlier organisational forms as their basic elements. Stable network organisation of these changes has: core of the company is associated with numerous limited and carefully selected partners. On the other hand, large multinational matrix organisation with different production units, design and distribution, could replace centrally determined price transfers with originally sales ratio among these units, resulting in creation of an internal network (Kirkpatrick, 1992).

4. FORMS OF NETWORK ORGANISATION: THE ASSUMPTIONS AND LIMITATIONS

In some economic sectors a significant number of companies are accepting the network model of organisational structure. These activities originate from both; small companies that are trying to connect in order to create favourable market conditions, and from large companies that want to achieve greater flexibility through disintegration, with often used concept of three basic network forms, such as: stable, internal and dynamic network types (Miles & Snow, 2001).

Stable network consists of central (core) organisations whose great number of activities is performed by other companies. It changes the components of firm that is linked with the firm's core by contractual package, trying to increase its flexibility and the competitive ability through the network. The company Nike has become the highly efficient stable network. That way, Nike is specialised in research and development, while the rest of the organisation is in the manufacturing, distribution and sales (Miles & Snow, 2001). Partners who produce exclusively for Nike have a program under the strict tutorship of Nike, which plans to turn them into top-level suppliers.

A stable network comes as the result of a strategic management decision to dislocate the activities to the more competent ones, who can more quickly and at lower costs do the job, while keeping the activities for which is more competent. Instead of producing on its own, company establishes cooperative relations and business and technical cooperation with other organisations. Its stability is based on trust, firm and stable business cooperation between the headquarters of the company and its branches. The company that runs a network form of organisational structure seeks to recruit a certain number of mostly small businesses that perform delegated activities with its support (Fig. 1). However, if there is a radical departure from established standards and if the core of the company can not change their behaviour, there is a reorientation to new subcontractors, which changes the layout of the network. By networking, companies are trying to reduce their centralised functions by dislocating them to the other organisations. Stable type of network allows the company to achieve seemingly unreachable strategic goals with little capital, mobilising small managerial teams (Gottfredson, Puryear & Phillips, 2005).

The parent companies are interested in network members to market-operate outside of existing businesses, considering that in this way it will strengthen those components that support innovation with flexibility. Suppliers are in relation with innovations and services related to design and they develop their adaptive skills through a variety of clients.

Additionally, stable network can be damaged by reckless and careless modifications. Seeking to ensure that suppliers, some leading companies are trying to determine processes that network partner should use. Within limits, it is useful to have close cooperation to ensure effective connections. However, the leading firm may ultimately be found to manage the property of its partners and to accept the responsibility for their products. In addition, when a independence of a member in network is restricted, creativity come from their managers and staff can bee reduced, Really in its zeal to ensure compliance with its requirements, leading company again transforms the network into a vertically organisation, with all its associated rigidities (Miles&Snow, 1992).

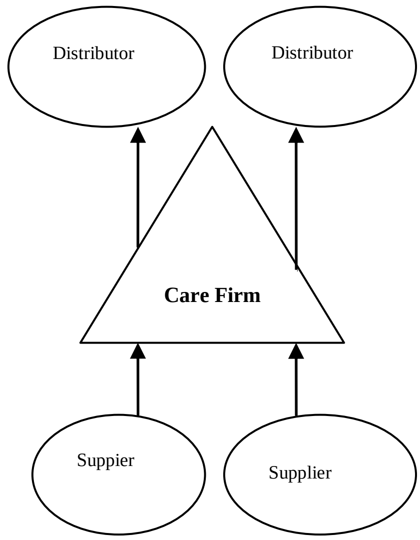

Figure 1: Stable network (according to Miles & Snow, 1992).

Internal network is a model of organisational network form where new organisational units are created within the existing model, as separate profit centres. It is often the result of the management's strategic orientation in answering this question: whether to produce or to purchase? It seeks to make a decision to retain the existing and to introduce new activities necessary for completing the product or services forming the network within the organisation by creating more stable and more secure way of supplying the spare parts of semi-finished products, raw materials etc.

These organisational entities are trying with their competitiveness to also produce services that work for both, the company and the market, creating the possibility to improve existing performance. The company management often goes for this model of organisational network because of more efficient quality control of components that are incorporated into the final product. The company management assumes the role of a broker and specialised organisational units become members of the network (Figure 2). Organisational subjects interact with each other as well as with the parent company with established contractual relations based on market principles. The point of an internal network is for company to gain competitive advantage through stable and more secure way of supplying the key components of the parent company and continuous know-how. Internal network can be a bad approach of forming the structure by excessive engagement or by lack of efficiency of internal organisational units (Taylor, 1991).

In such way the internal networks can experience failure due to excessive expansion and badly managed modifications. A rather frequent managerial error in internal networks is in determining the price level and in the supply of resources. Such prices can be accepted because of the greater benefit for the company by creating the stability and more secure way of supplying with more efficient results.

Despite the possible problems, the switch from centrally hierarchy to the internal structure of the market is a new trend of most companies in an effort to change their major units in self-organised businesses, who have a freedom in business (Magidson&Polcha, 1992). Often cited potential risks of internal network model of organisation are: a) that they lead to a potential loss of operational control among partners; b) they are a common cause of losing the strategic control over new technologies; c) that it is hard to acquire new managerial skills that company needs with such organisational form (Miles & Snow, 1999).

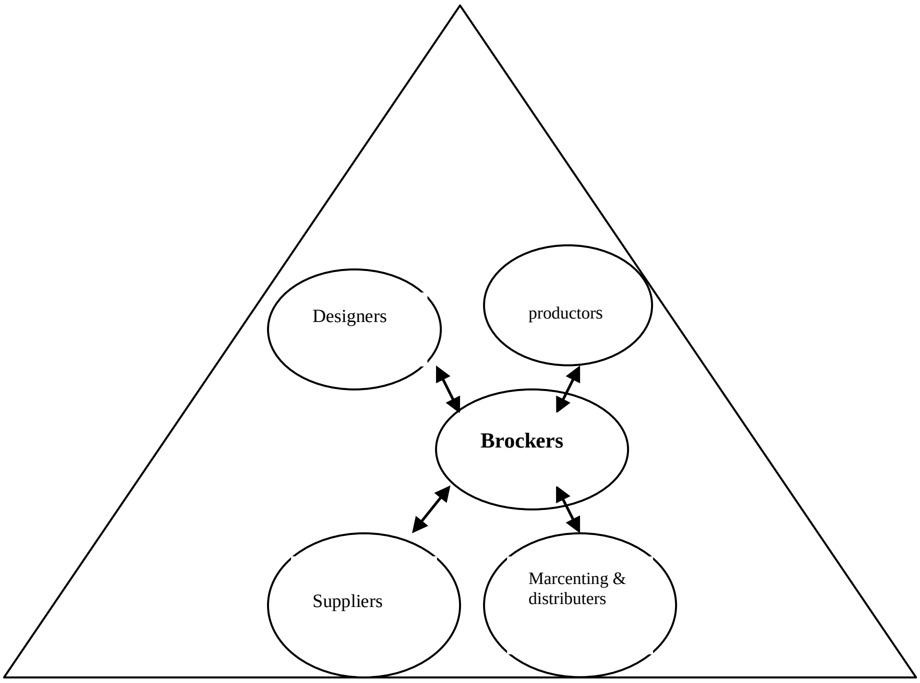

Figure 2: Internal network (according to Miles & Snow, 1992).

Dynamic network is the most flexible form of organisation networking. In competitive environments characterised by rapid and unpredictable changes, companies form networks that are very dynamic. In order for dynamic network to achieve its full potential, it is necessary to have a sufficient number of companies which operate at each point along the value chain and who are willing to work together for a certain job or project. After the job is finished, this network form of organisation is dismissed, so it can later become a part of another strategic alliance. By finding a contractor and by engaging the experts, leading company as network initiator takes the role of a broker (Figure 3).

Dynamic network is created when leading companies, based on a business idea in a specific activity, hire the most competent firms under the best conditions to implement that idea as a project task. It is a temporary form of organisational connectivity suitable for business collaboration based on the contractual relations with a purpose of realising an innovation and making a quick profit. This network form allows organisations to achieve significant results by investing a small capital and by having a small number of permanent staff, with basic competence, knowledge and management abilities. In such circumstances, the main company sees the chance and collects funds that are for the most part or wholly owned by other companies. Company management typically relies on a limited set of basic skills such as: manufacturing, design and marketing services (Sollosy & Parboteeah, 2015).

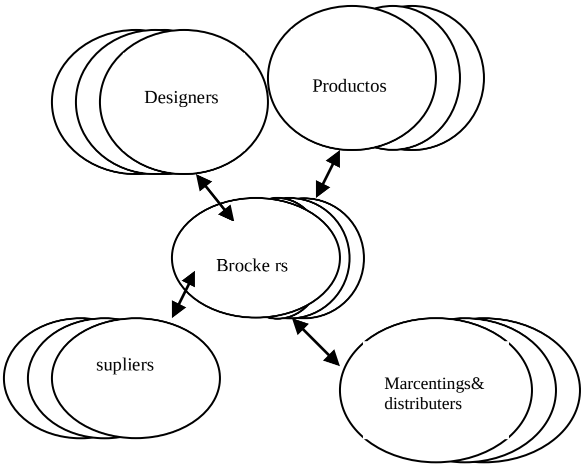

Figure 3: Dynamic network (according to Miles & Snow, 1992).

A dynamic network organisation is focused on efficiency. The efficiency of the network organisation can bring the structuring companies into operating units with a small number of employees or work teams who manage themselves. It is a convenient form for those companies with innovative and entrepreneurial behaviour.

Besides tangible assets being a limiting factor for the development of network organisation for many companies, today more and more pronounced limiting factor in developed economies are the human resources. Companies are basing their business success in a modern business on the know-how rather than on the technical and technological superiority. Thus the economies of developed countries do not have the problem of technology as a limiting factor of business compared to the organisational culture which represents one of the major barriers for development of network structures.

Despite numerous advantages of network form it is important that managers recognise the possible risks of this type of organisational structure. Important strategic issues could be loss of key skills and loss of control of the supplier. Lack of network organisation occurs when products produced by external associates give suppliers too much power over producers. This situation is possible when a certain manufacturer of key components depends on only one supplier, or a few of them (Quinn & Hilmer, 1994; Cesarani, 2014).

5.CONCLUSION

Previous observations show that the network organisational models are generated by strategy changes in companies and large enterprises, which have been faced in recent years with the appearance of rapid, often unpredictable changes in the global environment. A powerful wave of changes caused by the development of sophisticated technology, and new categories of customers with high demands, marked the modern business. In such circumstances, company management chooses new strategies that enable companies to compete in a rapidly changing and unpredictable environment. Theoretical studies and practical examples show that strategic changes went in direction of network organisations and thus became a significant source of company’s competitive benefits.

All assumptions regarding the new model of network organisation as a network form of organisational structure suggest that the choice of organisational structure model must meet several criteria and conditions. Network organisation has significant advantages and disadvantages for the successful implementation of this structure. Despite the benefits, company management must reckon with the risk that accompanies the online organisation. The presented examples of companies known in the theory and practice to have successfully applied a form of network organisational structure can not be understood as regularity, but rather as a system of consideration in the selection of appropriate solutions.

It could be argued that the theoretical assumptions presented in this paper should be guidelines for decision making about problems of structure for analysis and adequate access for validation. In this regard, any particular organisation should review its structure, it should study the theoretical models and to eventually find a solution that is appropriate for particular case. Selecting a specific model should be based on the situational approach. This means that when designing the organisation a whole set of heterogeneous variables of organisational design that characterise the global business environment should be on mind. The best organisational structure is the one that allows the company to successfully achieve goals and that is at the same time favourable to its size, technology and competitive environment.

Companies and large corporations in the Republic of Srpska, as well as in B&H have massive, inefficient and costly organisation because the conditions that they are in are favourable for it, and changing the conditions must inevitably lead to changes in their organisational structure As a possible solution for redesign of the organisation model of the network form, despite the hazards and risks, is one of the acceptable solutions. Proximity to the developed European markets is a priority for faster delivery of goods, and also allows the transfer of knowledge, technology and production. It is also convenient to connect the companies from the Republic of Srpska with foreign partners and spread the inter-organisational learning through modular form of networking. In addition, companies can use the convenience of an internal network to attract investments, and this is an opportunity for investors to invest in a distinct and attractive technologies and productions. Stable network is changing the organisational design and allows more efficient decentralised decision making, while implementation of a dynamic network as a temporary form of connectivity allows convenient way of cooperation in the realisation of business ideas between companies and entrepreneurs.

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CONSULTING APPROACHES TO THE ORGANIZATIONAL CHANGE PROCESS

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Abstract: *Organizations are forced to adapt to impulses from the environment in order to develop their business performances. The aggravating circumstance is that they often lack the knowledge to determine the direction of these changes, so sometimes they seek help from consultants who can create a framework for successful organizational adaptation or even restructuring, thanks to their expertise and experience. However, it is never an easy task, since consultants have to take into account all the specificities of their clients and create solutions that are suitable for them. Also, these experts must be prepared to cope with all kinds of the resistance that they will face during these projects. This paper presents approaches that they use to identify appropriate suggestions, as well as to help top management in overcoming the barriers that could jeopardize the successful implementation of these projects.*

Keywords*: consulting, organizational change, organizational restructuring, resistance*

1. INTRODUCTION

The consulting industry in the 21st century is experiencing great expansion (Orr & Orr, 2013), and its current value at the global level is over 250 billion US dollars (Consultancy.uk, 2018). As such, it has managed to find its place in a large number of different business areas (Krivokapić, Savić, & Čudanov, 2016). The consultants' assistance is of particular importance in designing and implementing organizational changes (Kubr, 2002). Organizational restructuring is based on organizational changes, and can be projected in many ways, which depends on the specificities of the client's problems. Regardless of the modality of organizational restructuring, the role of consultants is to provide guidance through the successful implementation of this project, and to help with the easiest possible implementation of the proposed changes. They analyze the problems through the prism of their previous experiences (Perchthold & Sutton, 2010) and then try to determine how these problems can be solved in the most effective manner.

Despite the unquestionable awareness that the help of experts is needed to get out of the crisis, managers are reluctant to opt for their engagement because they do not want to jeopardize their own expertise, integrity or authority, and sometimes they want to protect some of their interests, so they can be afraid of the arrival of external and objective participants who could threaten them. Also, recommendations from the consultants can be considered as a critique of their work, so it is not uncommon situation where the proposed solutions are bit adjusted in order to be in line with the views of top management. On the other hand, consultants' skills will reduce the effort the organization has to invest in order to reach the desired effects of this transformation (Sperry, 2013). They are expected to propose a restructuring direction, taking into account the specificities of a particular organization and considering its real possibilities.

The consultants often try to re-sell the solutions they have used on previous similar jobs, in order to make as little effort as possible, although there is the fact that each organization is different and that something that has brought success in one does not guarantee the same result in another organization. The client, on the other hand, may have different opinions on such solutions. Sometimes he opposes them because he thinks that the consultant will not give proper attention to his problem, but there are also situations in which he insists on these tried and tested solutions that have previously yielded results because new alternatives carry some sort of uncertainty (Baaij, 2013). Earlier solutions can be a good starting point that needs to be further developed into a model that will be suitable and compatible with the key characteristics of a client's organization, so it is necessary for consultants to become familiar with its problems, experiences and knowledge (Lilja & Poulfelt, 2001), which will be the basis for successful cooperation and generation of enhanced solutions that will help in solving identified problems.

2. FOCUS OF CONSULTING EFFORTS

If the proposed changes are more radical, it should be expected that the client organization does not have enough resources, knowledge, or ability for their adequate implementation. In such situations, it is suggested that the problem is not accessed at once, but through a series of smaller improvement projects that can be achieved in iterations. That way client gradually adjusts to the necessary modifications, with less clutter in its structure (Scott & Barnes, 2011). On the other hand, this approach requires more time for final implementation, given the fact that restructuring takes place in several phases and that each of these partial solutions needs to be brought to life in order to move to the next step. Special attention should be paid to the relationship between these smaller projects and their coordination, in order to achieve full restructuring effects.

Generally, at the beginning consultants first suggest some simplification in the structure and create preconditions in the form of (Kubr, 2002):
- Removing organizational units that do not have good results or simply are no longer necessary;
- Experimenting with the structure, in order to find the right - the one that best fits into the situation and has the proper interaction with the environment;
- Choosing a new perspective to influence employees' attitudes and thinking about the situation that should be achieved;
- Aligning the efforts of employees and creating a friendly atmosphere that will produce mutual trust between the employees who need to deliver the transformation.

When determining the direction of organizational restructuring, consultants use a range of different methods and models in order to identify main causes for weaker results (Phillips, Trotter, & Phillips, 2015), if they have already appeared in the organization, or potential factors that could endanger those results in the future, if the company still has outputs that are on a satisfactory level. Special attention is paid to key activities, in an attempt to rationalize them in order to achieve maximum efficiency, while the auxiliary activities are reduced to a minimum, which is also rational if one takes into account that their function is to provide support to those that directly affect creation of product or services, and which actually generate revenues for the organization.

In general, organizational transformation is always a delicate and complex process. When companies consider option of hiring experts who can help in planning and implementing organizational changes, many factors should be taken into account. Consultants must assist the client organization by simultaneously taking care of (Kubr, 2002):
- Preparation for organizational transformation, and
- Identification and overcoming resistance to change.

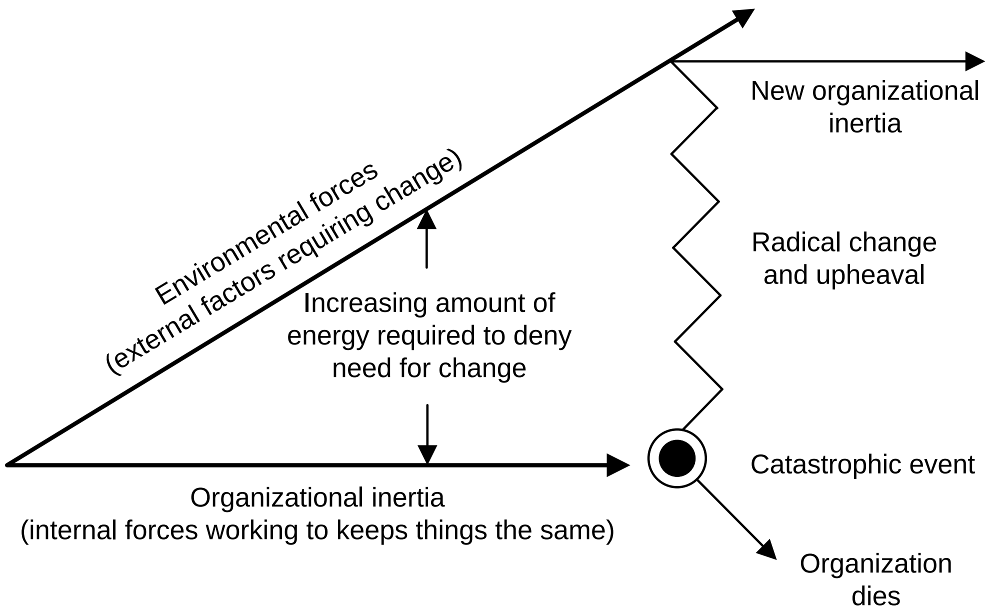

Figure 1: The change-resistant organization (Kubr, 2002)

When it comes to preparing an organization for this kind of project, then it is important to analyze its attitude toward change. There are organizations that are highly adaptable, where it is relatively easy to carry transformation processes, but practice shows that there are a far greater number of those who, for some reason, oppose these processes, so they significantly impede the implementation of organizational changes.

These inert organizations do not respond quickly enough to the external influences that endanger their results, and even when they decide to do something, it usually means that they will take some actions that helped and solved problems in the past. However, given the change of the context and environment in which the organization operates, it is very certain that this kind of reaction will not be of great help and will not allow the organization to adapt to the new situation. If management accepts this fact too late, the recovery of the organization and the return to the right path will become even more difficult because the difference between the required and the actual behaviour continues to increase, which means that more effort will be needed to reduce that gap. Consequently, at some point, catastrophic results will be achieved, and then it becomes clear that major changes are necessary in order to avoid the disaster for the organization.

Organizations that are sensitive to organizational change, on the other hand, are better in finding out when such encounters come from the environment. They constantly monitor the situation and continually make some incremental organizational changes in order to adapt to it (Cawsey, Deszca, & Ingols, 2012). This approach requires much greater attention and focus from top management, but at the same time provides better opportunities, given that these organizations have the chance to have a greater influence on changing the environment than the organizations that are inert or just reactive. However, the willingness of the organization to cope with these changes will depend on a number of factors, such as type of management, organizational culture, organizational flexibility, type of change to be implemented, stakeholder requirements, and so on. If management decides that it is better to opt for constant adaptation, it will also affect other elements of the organization.

3. OVERCOMING RESISTANCE OF EMPLOYEES

Resistance to organizational change manifests through the resistance of employees in the organization (Cummings & Worley, 2015). Research shows that people generally oppose changes because of uncertainty, since they are afraid for their future. Same situation is with organizational changes - employees fear that they will be left out of work, that their positions will be compromised, their wages will be reduced, they will lose their benefits, and so on (Harris & Gresch, 2010). This fact greatly hampers organizational transformation and puts management and consultants into a situation where it is necessary to create the conditions for a successful implementation of organizational changes. This is primarily related to the change of the awareness and attitudes so that employees realize that such changes will bring progress and that otherwise the existence will be questioned, and everyone will feel the negative consequences. There is also a paradox that lies in the fact that employees are more aware of the need for change when the situation becomes very critical, so that greater problems actually facilitate psychological preparation for the transformation itself.

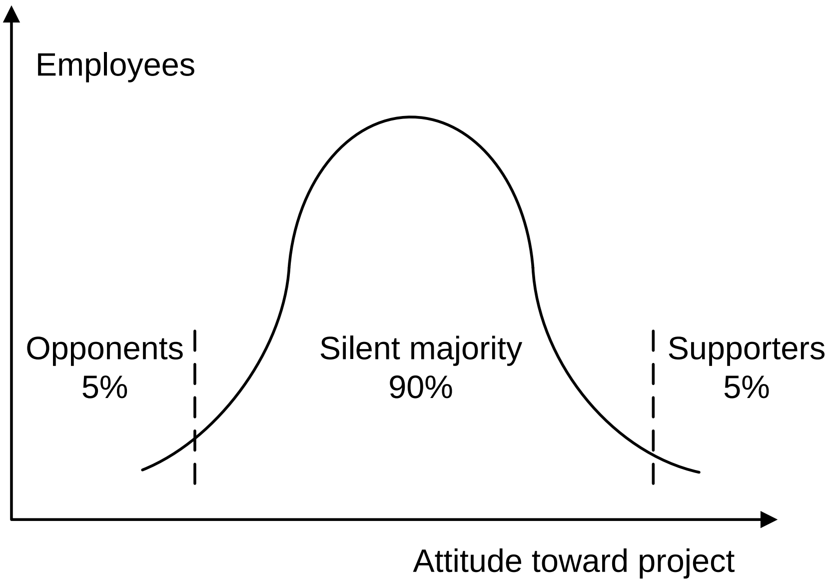

Figure 2: Employees' attitudes toward change (Dulanović & Jaško, 2005)

Employees are not easily convinced of why they should work differently, even if they really start doing it. It is crucial that they understand the need for it, not only to mechanically adopt new principles because of fear of punishment. Research shows that their willingness to change depends on the frequency of change, their involvement in planning these actions, as well as on the impacts and effects that these changes carry (Rafferty & Griffin, 2006).

In general, there are three factors that are considered to affect the behaviour change of employees, but only one of them essentially leads to the desired results. These factors are (Weiss, 2002):

- Power,
- Normative pressures, and
- Awareness of the satisfaction of one's own interests.

Management through the power of its authority can require certain behaviour in the workplace. If employees really act the way they are expected, then they can be rewarded, otherwise they may face a certain kind of punishment. Accordingly, they are trying to comply with the requirements, which can lead to the desired changes, but these are often short-term and do not encourage essential motivation. It should also be remembered that the punishment and elimination of those who oppose change can cause opposite effects and even greater problems in the organization (Lines, 2004).

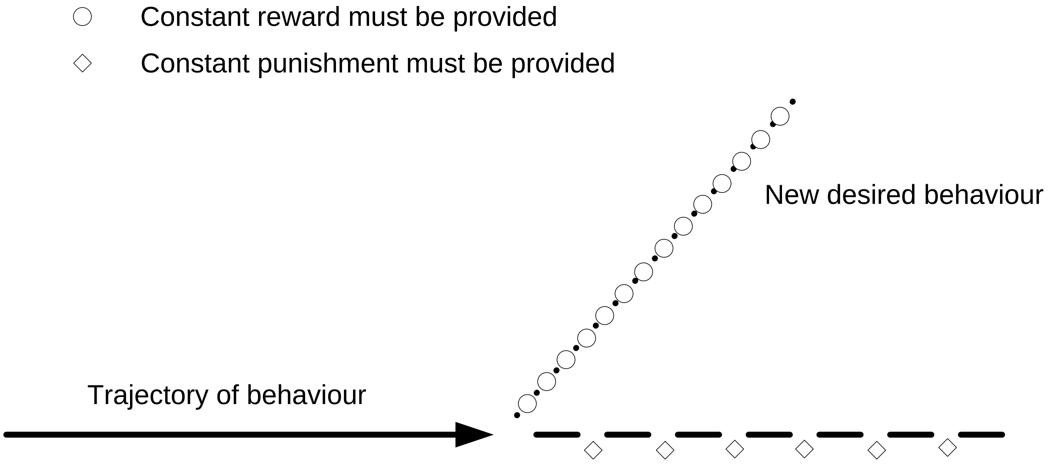

Figure 3: Impact of reward and punishment on behaviour (Weiss, 2002)

Similar, mainly short-term results are obtained by normative pressures. These pressures influence the psychology of employees, in an attempt to convince them that the targeted behaviour is actually accepted as the best approach for solving the problem, although in practice this does not have to be the case (Jaško, Čudanov, Jevtić, & Krivokapić, 2013). Employees comply with these pressures and act in accordance with them, but they are still not motivated to find something that will benefit them in this new behaviour. The awareness of satisfying one's own interests is in fact the only real trigger for change. Employees need to be familiar with the essence of these changes, and find something that will have a positive impact on them, so they will accept them and sometimes even affect other employees in order to make these changes easier to live.

Sometimes it happens that some key persons from the client organization disagree with the proposed solutions, which reduces the possibility that the other employees will behave in accordance with them. In these situations it is necessary for consultants to pay attention to the conditions that need to be met in order to implement those changes. First of all it involves (Weiss, 2002):

- *Identifying key people who can support the requirements* - they are mostly those who have a strong impact in an organization, respected by other employees, significant for the implementation itself or who have already had experience in similar situations in the past;
- *Prioritization* - with the help of management, it is necessary to recognize who are the most opposed to change, what are the reasons for such behaviour and how to act on them in order to accept changes, especially if these people have a strong influence on other employees;
- *Planning a specific approach that is tailored to each key person* - people will accept changes if they expect them to improve their situation, so presenting a change plan to each of key people who do not support them can be good solution, because it will be the way to explain the benefits that will be reflected in tackling specific problems they are facing;
- *Client involvement in decision making* - representatives of the client organization should certainly be involved in the work of the consultants in finding an adequate solution, and for later implementation it is especially good to provide them with open criticism and suggestions, as this creates confidence and conditions for the ultimate solution of a higher quality;

- *Setting and monitoring accountability* - defining specific responsibilities in both planning and implementing stages creates conditions for each involved party to focus better on its part of the work, thus making cooperation more successful.

However, changing behaviour and thinking is a very complex and difficult process. Research shows that the change in human thinking occurs through different phases (Chitale, Mohanty, & Dubey, 2012). In the first step, the key is the acceptance that in the organization things should be done differently than before, and this is the moment where it should be clear why management is insisting on it. In the next step this will affect the change of employee's attitudes on specific issues, because he will accept the change as something that is necessary for the survival and further development of the organization. (Un)Consciously, his behaviour becomes different; he begins to work in a new manner, as requested from him. Finally, when more employees reach this stage, then there will be changes in behaviour at organizational or group level, which increases the chances of successful organizational restructuring. Each of these phases requires a certain time investment, but is necessary in order to meet the goals that are set.

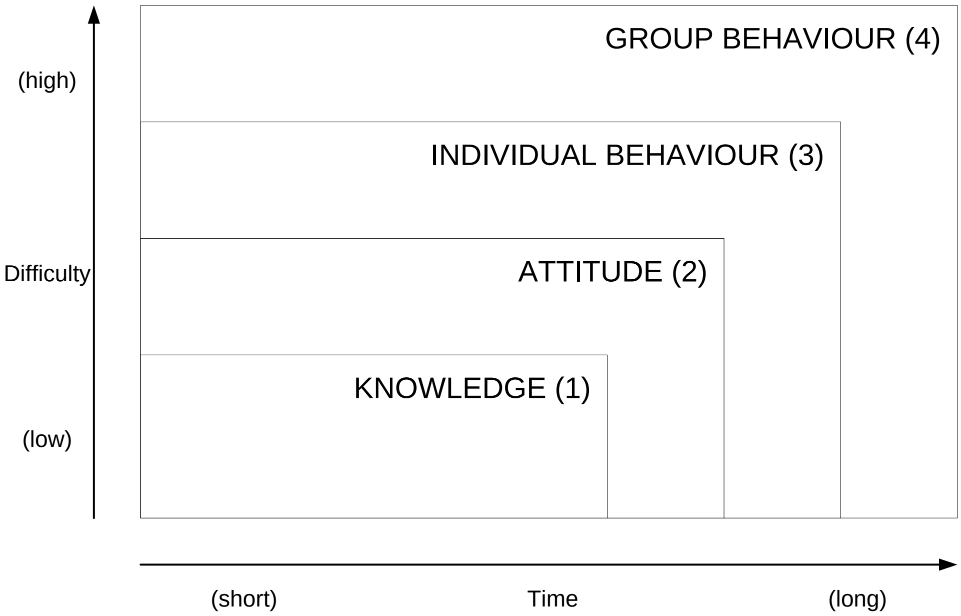

Figure 4: A model for creating planned change (Chitale, Mohanty, & Dubey, 2012)

In general, key barriers to organizational change are (Dulanović & Jaško, 2005):

- *Retirement schemes that support the old way of work* - employees are afraid to change their behaviour and ways of doing work if the salary systems are not designed so that they follow and reward those efforts appropriately;
- *Threats to the established balance of power* - in the organization at any moment there is an established hierarchy of authority and power, and organizational changes can impair this existing system, thereby exacerbating individuals or groups from the influence they had before, so they are firmly opposed to any kind of change;
- *Intra-bulk conflicts that hinder cooperation between employees* - given the degree of competition that exists between employees or between organizational units, which arises from personal goals or resource constraints that are necessary for carrying out activities, it is not uncommon for organizations to encounter conflicts that can significantly impede the implementation of organizational changes, especially if one takes into account that the successful implementation of such ventures requires the cooperation of all employees at all levels;
- *Incompatibility of changes with the existing organizational culture* - employees in the organization have a common, generally accepted set of values and beliefs that are difficult to change, and problems can arise when organizational changes bring something that is not in line with the existing organizational culture, and requires from them to behave according to other norms that differ considerably from those they are used to;
- *A large amount of financial resources needed for the implementation of changes* – it happens that none of the above-mentioned obstacles occurs - the need for change is obvious and the employees are aware and willing to carry the burden of organizational transformation, but that the organization does not have enough financial or other resources which are necessary for the implementation of these kind of ventures, so in such situations restructuring practically becomes impossible.

Employees often do not accept the inevitability of changes as long as the organization achieves results that are on a satisfactory level. Even when the results start to get worse, many of employees do not want to accept changes, especially if the measures that are taken at the very beginning affect them in some way. There is also a group of people that is not affected with the decline of the results, because it does not concern their part of the job or they already have an alternative plan in the form of moving to another organization or starting their own business. However, if transformation is the only solution, employees must accept the necessity of organizational changes (Mitchell, 2015). In the long run, it can be the only real way out of the problems which the organization has. Experts believe that managers and consultants must work on it together with the employees, and it is recommended that they introduce the experiences of other organizations that have found themselves in similar situations.

4. CONCLUSION

Consulting has a very important role in designing and creating a new look for the organization. The impact of consulting is multiple and can be reflected in changing the organization's strategy, its structure, culture, relationships among employees, reward systems, processes and activities being implemented, personnel development, and so on. Depending on the specific focus of the consulting activity, it is possible to consider consulting at the level of the whole organization and consulting specialized in its particular field. Sometimes the needed focus is very obvious - if problems arise in a large number of processes and activities, then it is quite clear that it is necessary to make changes throughout the organization. However, the more common situation is that the symptoms are not so visible, so the diagnosis cannot be precise without looking at the wider picture, in order to determine what is bothering the organization in its attempts to achieve better business results.

Considering the character of the organization on the one hand, and the complexity of the environment and the interaction with it on the other, these rounds cannot be made without major organizational changes. In practice, such transformation is generally very difficult to implement (Ahlstrom & Bruton, 2010). The reasons are different, but are mostly related to the fear of what the future brings (Cummings & Worley, 2015), because it is not certain how the organization will perform in these new circumstances, with the aggravating fact that the employees usually resist change. If there are a number of factors that hinder business and generally have a negative impact on the business performance of the organization, then top management is in a very unfavourable situation because it is unable to determine where the organization actually is going and what the goals it aims for are. Strategic goals are brought into question, and then through the hierarchy they drop to the operational level, so the problems and uncertainties appear throughout the whole organization. Then it becomes clear that the help of the experts is necessary, because further development is threatened, and over time existence can be endangered.

In general, it is considered that organizational restructuring actually creates a framework for effectively running the process within the organization, as well as for the functioning of the entire organizational systems, but there are also rapid and major changes in this field that transform previously established structures into rigid entities that do not match new demands in the right way (Kubr, 2002). What makes this type of restructuring very delicate is the fact that it is impossible to find a model that will fit into any situation without any minor or greater adaptation, and it is imperative to set every new consultant task in the appropriate context and to perceive its specificities and key elements. The consultant's experience, however, is of great help, and serves to set the starting assumptions, and the recognition of symptoms and potential directions of action (Baaij, 2013), but it should in no way ignore the specificities of the organization itself and its environment, so even solutions that were once applied with successful results no longer guarantee a positive outcome, nor can be a pattern for success. For this reason, in the process of organizational restructuring consultants pay special attention to the situation analysis and try to identify the critical points so they can generate a model that will, as an output, have a solution that corresponds to the specific situation and lead to an improvement of the client organization's performance.

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AUTHENTIC LEADERSHIP: CONCEPTUALIZING AND DEVELOPMENT

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Abstract: *Modern time that we live in is understood as a complex historical product that is continuously developing thanks to digitalization and uprising of techniques, technologies and globalization. Changes affect business environment as well as people working in it, and effective leaders are needed now more than ever. Unlike leadership approaches in the past that were characterized as an expression of leader's power to subordinates, modern leadership approaches put group in focus and it is called group dynamic.*
Effectiveness of a modern leader is reflected not only through developing and reaching goals, but also in having motivates followers and being motivated as a leader. In this paper, rich theoretical approaches to authentic leadership are examined and segments of authentic leadership development are analyzed.

Keywords*: Leadership, Authenticity, Modern Leaders, Authentic Leadership Development, Leadership Effectiveness*

1. INTRODUCTION

In challenging and turbulent times business environment is changing rapidly than ever. Digitalization and uprising of techniques, technologies and globalization are calls for a renewed focus on what constitutes genuine leadership. The world economic crisis began in 2007 and it is still one of the current issues facing public, private, governmental and other organizations. In addition to that, constant changes of contextual factors are making negative influence to the business environment.

As George (2003) stated, there is a need for leaders who lead with purpose, values, and integrity; leaders who build enduring organizations, motivate their employees to provide superior customer service, and create long-term value for shareholders. Avolio and Gardner (2005) suggested that such challenges have precipitated a renewed focus on restoring confidence, hope, and optimism; being able to rapidly bounce back from catastrophic events and display resiliency; helping people in their search for meaning and connection by fostering a new self-awareness; and genuinely relating to all stakeholders (associates, customers, suppliers, owners, and communities).

Leader is observed as an individual who brings people together to pursue a shared purpose. At present time, having effective leaders is needed more than ever. In order to learn about effective authentic leadership, first we have to define leadership itself.

2. DEFINING LEADERSHIP

Leadership is a complex process that is difficult to characterize. In the years of studying leadership so far, numerous theoretical approaches to the complexity of the leadership process have arisen. Stogdill (1974) points out that there are as much leadership definitions as authors that tried to define those.

Rost (1991) analyzed more than two hundred leadership definitions conducted in period 1900 to 1990. His work gave us insights of leadership approaches in that period and its development. A significant number of authors, such as Burns (1978), Jago (1982), Heller & Van Til (1983) and Hollander (1992) share opinion that leaders need followers and that followers need leaders. Analogously to that, leadership does not exist without leaders or followers.

One of the first leadership scholars More (1927) considered leadership as ability of a leader to transfer his will to followers and encourage obedience, respect, loyalty and cooperation. Other authors in that time also define leadership as making followers act as leader wants. Follet (1924) determined leadership as a possibility to increase feeling of power existence rather than demonstrating power to followers.

Nowadays, leadership is observed through mutual relations of leader and followers. New concept is called group dynamics and it puts group members in focus. Tannenbaum & Schmidt (1973) in their research regarding directive leadership came to the evidence that there is a need for acknowledging motivation and interpersonal relationships. In years to come, Burns (1978) defined leadership as a process of mobilizing followers by an individual with certain motives and values, in context of competing and conflict and in order to achieve common or individual goals. One of the modern approaches to leadership that puts group and group members in focus is authentic leadership.

3. CONCEPTUALIZING OF AUTHENTIC LEADERSHIP

Until present days, there is no consensus reached regarding unique authentic leadership style. If there is only one approach to authentic leadership, that would not be authentic leadership because leadership would be all the same everywhere. Having different approaches to authentic leadership and being different as a leader makes authentic leadership truly authentic. There is no unique definition of authentic leadership and Chan (2005) points out that there are several different approaches to this leadership style. According to different leadership scholars such as Bass (1990), Bass & Steidlmeier (1999), Burns (1978), Howell & Avolio (1993) authentic leadership was identified in transformational leadership research but never fully articulated and exploring of it continues today.

Northouse (2016) outlines three perspectives of authentic leadership: intrapersonal, interpersonal and developmental. Intrapersonal perspective incorporates the leader's self-knowledge, self-regulation, and self-concept. Shamir and Eilam (2005) elucidate that leader is an original not copy. Eagly (2005) described interpersonal perspective as relational, created by leaders and followers together. Avolio analyzed authentic leadership through developmental perspective with several associates (Avolio & Gardner, 2005; Gardner, Avolio, & Walumbwa, 2005; Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). They conceptualized authentic leadership as a pattern of leader behavior that develops in people in time and can be triggered by major life events.

Authentic leaders inspire and empower followers to lead. George and Sims (2007) analyzed this approach to authentic leadership and proposed new definition of leadership: *The authentic leader brings people together around a shared purpose and empowers them to step up and lead authentically in order to create value for all stakeholders.*

4. AUTHENTIC LEADERSHIP DEVELOPMENT

Authentic leaders are described as unique, honest to themselves and their close friends and they do what they believe in. They have both positive and negative characteristics. Although they make mistakes, by accepting their imperfections and admitting their mistakes, leaders connect to followers and empower them. There is no unique way of becoming authentic leader, but there are several segments of authentic leadership development: becoming self-aware, creating values and principles, finding motivation, building support team, making and having integrated life, as illustrated in Figure 1.

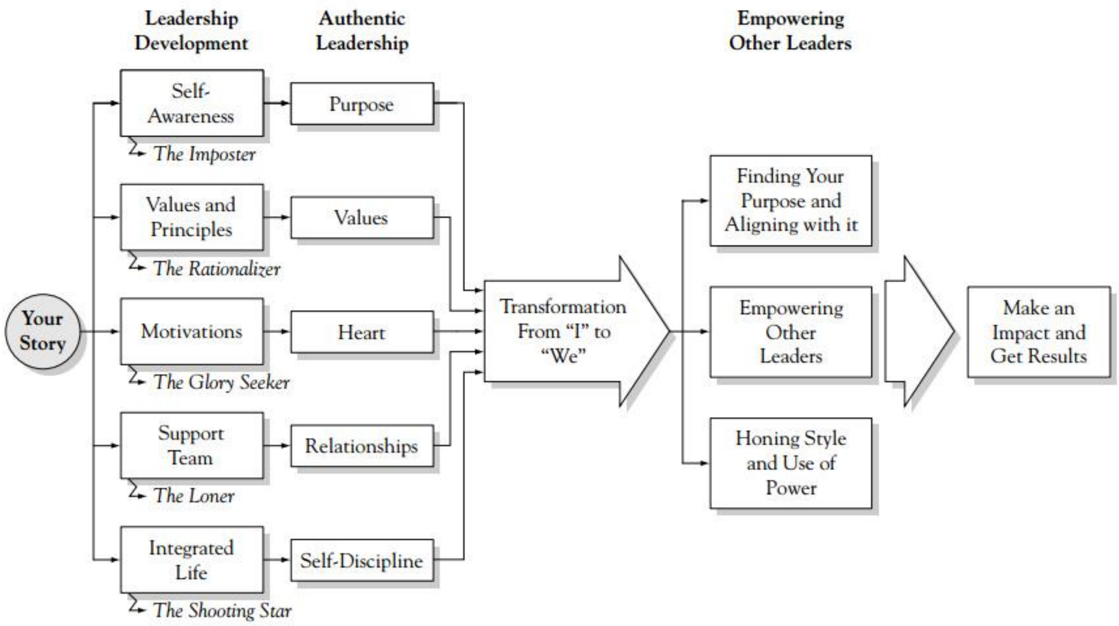

Figure 1: Getting to Results and Making an Impact
Source: George & Sims, 2007.

Having authentic leadership development segments in mind George (2007) stated there are five dimensions of authentic leadership: *pursuing purpose with passion, practicing solid values, leading with heart, establishing connected relationships and demonstrating self-discipline.*

4.1. Becoming self-aware

Self-awareness is defined as conscious knowledge of individual's own character, feelings, motives, and desires.

As individuals, we are complex human beings, constantly evolving and adapting to environment changes that makes knowing ourselves very difficult. George (2007) stated that it is very important for a leader to be self-aware because that would make him feel comfortable. There is possibility to get caught up in chasing external symbols of success if leader is not self-aware.

It is easier for individual to lead effectively when he develops consciousness about his needs, desires, values, strengths and weaknesses, vulnerabilities, motivation and other segments that makes him who he really is. If leader is being mindful about himself, he can develop a pattern of behavior. If behavior template exists, it is easier for a leader to lead because he knows how to act in a certain situation before it happened.

Being self-aware enables authentic leaders to analyze their life stories, passions, values and principles and to use that knowledge to make an impact or effect change. Acknowledging vulnerabilities and accepting weaknesses allows leaders to work and build on their strengths. Once leader has consciousness about himself, it enables him to correct his course direction when he founds that he is not on the right path.

4.2. Creating Values and Principles

Values present person's principles or standards of behavior; individual's judgment of what is important in life.

Values and principles are guides for leadership. Getting to know what is important in a life for a leader, he can use that knowledge to guide his acts. George (2007) discussed that values are derived from individual’s beliefs and convictions. There are different sets of values such as making an impact or a change, devoting life to family or helping someone. There is not one right set of values, because it is individual’s judgment of what is important.

Leadership principles are values translated into action. Having mindful about values and what is important in his life allows leader to establish principles by which he intends to lead.
Having clear understanding of ethical boundaries is very important for an authentic leader. These are limits of leader’s actions that are based on his values. Ethical boundaries restricts leader of taking actions that are not based on his standards and values. Set of these boundaries help you decide what actions to undertake in times of uncertainty or when leader is under pressure.

Having ethical boundaries coordinated with moral compass, allows leader to let his leadership autopilot to take charge in less important activities. When leader is self-aware and have developed values and principles, he knows how he would react in certain situation before it happened and stakeholders do not see hesitance. This also allows him to be himself no matter what people he deals with at the moment. Current business environment could be corrupted and unethical but that will not make leader adapt to negative system. He will maintain to be true to himself and his values.

4.3. Finding Motivations

Motivation is defined as a general desire, need or want that generates the energy required for someone to behave in a particular way. Authentic leaders need to sustain motivated, it is very important to understand what motivates them. There are two types of motivations, extrinsic and intrinsic, as presented in Table 1.

Table 1. Extrinsic and Intrinsic Motivations

Extrinsic Motivations	Intrinsic Motivations
• Monetary compensation	• Personal growth
• Having power	• Satisfaction of doing a good job
• Having a title	• Helping others develop
• Public recognition	• Finding meaning from efforts
• Social status	• Being true to one’s beliefs
• Winning over others	• Making a difference in the world

Extrinsic motivations are measured by other people. This type of motivation takes the form of power, title, earnings, social status, fame and prestige. Intrinsic motivation represents own internal satisfaction or fulfillment and it refers to behavior that is driven by internal rewards. The key to developing as an authentic leader is balancing extrinsic with intrinsic motivations.

4.4. Building Support Team

Support team is defined as a solid network of trusted people who are available to counsel and care for an individual. This trusted network may include individual's spouse or partner, family members, best or close friends, mentors, or even a small personal group.

George (2007) highlights that having a close network of friends on whom they can call when in doubt or in need of help has proven to be extremely important for many authentic leaders. Life is full of unexpected turns and opportunities that can put leader in a unenviable situation. Having built support system that cares for leader and can hold him accountable to his values is important in order to leader stay on the right path.

Support team provides leader with honest feedback, so in times of doubt and uncertainty, leader can rely on his trusted network, but also celebrate with them in times of success. George (2007) share opinion that strong support teams provide affirmation, advice, perspective, calls for course corrections when needed, and, above all, love. Without trustworthy relationships to provide perspective and call for course corrections, leader can be pressured by external forces to respond to their needs and seduced by rewards for fulfilling them and it is easy to go the astray.

When leader has developed self-awareness and knows what his values are, role of support team is also to keep him grounded in reality and in course. It is very easy to lose right way without trusted network that provides perspective and guidance and the support leader needs as you venture on your leadership journey.

4.5. Making and Having Integrated Life

Having an integrated life means bringing together major elements of individual's personal life and professional life, including work, family, community and friends. Integrated life allows individual to be the same person in each environment.

Authentic leaders are their true selves at all time and in every environment. Making integrated life means bringing together all major events in leader’s life, both personal and professional life. No matter if leader is surrounded by family, friends work colleagues or strangers, he is at all time the same person.

George (2007) stated that authentic leaders are constantly aware of the importance of staying grounded. Having that in mind, they are staying grounded during the high points and not forgetting who they are during the low points.

5. EFFECTIVE AUTHENTIC LEADERSHIP

It is very important for authentic leader to find his locus of action because that gives him opportunity to perform effectively and enjoy doing that. As illustrated in Figure 2, there are three phases in developing authentic leadership effectiveness: preparing for leadership, leading and giving back.

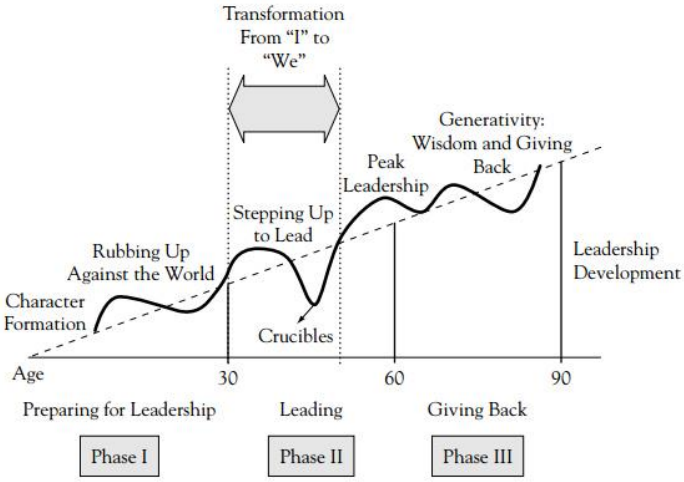

Figure 2. The Transformation from “I” to “We”
Source: George & Sims, 2007

Being self-aware, knowing what motivates him, understanding his strengths and weaknesses allows leader to discover his sweet spot. George (2007) first introduces sweet spot as a term and it represented the intersection of leader's motivations and his capabilities.

Authentic leaders lead effectively if he achieves good results and have a great feeling doing that. The transformation from "I" to "We" is made and his subordinates are mentored, motivated and empowered to lead. Followers can be empowered by many different actions, from listening to them, helping and guiding them to engaging them, but also by simply showing up and supporting. At different times, different forms of empowerments should be used. It is important for a leader to use appropriate action depending on situation but also follower's characteristics.

For authentic leaders is crucially important to hone his leadership style and make it as unique as possible.

6. CONCLUSION

There is no unique definition of authentic leadership. Differences are what make authentic leadership truly unique and authentic. Developing leadership style by learning from own and someone's experiences and not copying is what makes an authentic leader. In order to develop authentic leadership style, individual needs to go through all principal areas: gaining self-awareness; knowing and practicing your values and principles; knowing what drives him and balancing extrinsic and intrinsic motivations; building and maintaining support team; staying grounded by having integrated life; and understanding passions and purpose of his leadership. Authentic leaders are leading and serving others in the same time. For them, it is more important caring for subordinates than their recognition. In the same time they are constantly finding ways to grow personally. Leading and working in team makes them feel good and motivates them to work more effectively. Because life is full of challenging situations that can be misleading, it is important for authentic leaders to have strong support system; network consisted of trustworthy and important persons in their life, such as family and close friends. Followers trust authentic leaders and that motivate them to achieve superior results. Having relation like this with subordinates it empowers them to take control and lead.

All leaders work on optimizing their effectiveness in order to achieve superior results. Authentic leader are more effective because they achieve desired results, enjoy while leading and motivate and empower followers. Development of authentic leadership results in getting the best from leaders, their subordinates and organization.

Success of authentic leaders is to be lead by their passion and to lead effectively doing what they enjoy doing. Achieving high levels of performance permanently, maintaining motivation of followers and empower them are the ultimate mark of authentic leaders.

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