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"Dynamic governance and ownership adaptation: navigating organizational change in a competitive era of environmental uncertainty"

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Laura Boschetti

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Introduction and Summary

Change has always been a constant throughout history, an ever-present force shaping the world of business, but it is undeniable that the contemporary era is witnessing a unique acceleration in the speed and magnitude of change. The rapidity at which global event unfold, the movement of goods, information, and capital across borders, changes in consumer behavior and the explosive growth of technological evolution are causing significant disruptions across every industry (Holbeche, 2019). This has created a worldwide VUCA environment (Bennett and Lemoine, 2014), a term that was first used by the military but now widely used in business practices. Hiltrop (2005) noted that in the 21st century, organizations will face increasing pressure to change their culture, purpose and structure in response to growing demands for adaptability, competitiveness, innovation, speed and precision improvements. Pressure for these changes is further increased with the Covid 19 pandemic, that has had an enormous impact on organizations. Creating new organizational design has become a strategic imperative in this new worldview to develop qualities like flexibility, adaptation and quick market response (Fassoula, 2004).

In volatile industries, organizations face the challenge of enabling agility and responsiveness in a shifting competitive landscape, raising new challenges to maintain and implement competitive advantages (Felin, 2016). Organizational agility is central in this dynamic environment, as it enables firms to cope with rapid and unpredictable or uncertain changes, ultimately enhancing competitiveness and performance (Lu & Ramamurthy, 2011; Sambamurthy et al., 2003; Sˇkare and Soriano, 2021). Rita Gunther McGrath (2013) emphasizes the importance of agility in generating continuous customer-based innovation for sustainable success. The paradigm of sustainability has changed over time, moving from satisfying the needs of humans to enhancing their well-being and the sustainability of ecological system (Gibbons, 2020). However, it has been strongly argued that conventional methods of approaching sustainability are insufficient. A different strategy that is gaining popularity is to aim for “regenerative” practices in order to promote rapid and significant change (Buckton et al., 2023). A wide range of concepts and methods highlighted by regenerative economics framings, such as the necessity of moving beyond conventional sustainability approaches, the use of dynamic systems approaches, resource circularity, promoting adaptability and diverse collaboration (Buckton et al., 2023).

In addition, maintaining employee motivation can be difficult for organizations. Rapid change and uncertainty increase fear, reduces workplace productivity and engagement. Loyal and engaged employees are crucial assets for business, especially during and after a pandemic. In a volatile, uncertain, complex and ambiguous (VUCA) environment, a company's survival depends not only on its response but also on the effectiveness of the overall workforce. Fostering a culture of resilience, flexibility and adaptive thinking, along with helping employees acquire new capabilities, prepares them to effectively handle future challenges and develop strategies for both personal and organizational growth (Vitality works, 2020).

In this context dynamic capabilities also play a crucial role, as it is a systemic theory of strategic management that encompasses processes, corporate governance, managerial decision-making and the sources of competitive advantage (Teece, 2020). Furthermore, the relationship between organizational design and corporate governance is widely recognized (Daoud, 2023). A well-designed organization and an adequate corporate governance ensure clear lines of transparency, and ethical behavior. Conversely, a poorly aligned organization can lead to governance challenges. As organizations adapt to changing business environments, they must carefully evaluate it to maintain strong corporate governance practices. This balance is essential for long-term success and stakeholder trust (Daoud, 2023). A more self-managing model takes the place of traditional hierarchical management, with authority shared among all employees in an overlapping holarchy of roles and work domains, decisions made by mutual consent and ongoing feedback (Buckton et al., 2023).

This thesis seeks to enhance the understanding of how to adapt governance and ownership to newer and constantly evolving form of organization that are required to sustain high environmental dynamism and uncertainty to remain competitive. A crucial aspect is understanding the changes in our contemporary context and the direction we aspire to take. It is a relevant aspect the feasibility of this with respect to what is established in Italian legislation. This thesis aims to understand if the adoption of newer forms of ownership and governance concretely change the role of employees and the engagement within the companies that adopt them. To fulfill this purpose, the text discusses the analysis of three different companies: Alpenite, Ccelera and Oblics, along with the group to which they belong, Arsenalia group. In order to address the question, various aspects have been examined to understand how it is indeed possible to implement widespread ownership and apply agile governance within organizations with diverse and constantly evolving structures. Additionally, a brief analysis of the Italian market, in which these companies operate, has been conducted to comprehend the limitations and legal challenges associated with implementing such a model.

The thesis is structured as to follow:

The **first chapter** star analyzing the evolution of traditional forms of organizing in relation to economic eras. This is followed by the presentation of the current environment in which we compete, characterized by strong technological innovation and digitization. This environment is called VUCA world and is characterized by great dynamism that brings complexity, uncertainty volatility and ambiguity. The chapter concludes by recognizing the need for agility at the organizational level, related to the new capabilities demanded by the market.

In the **second chapter** there is a focus on the new way of organizing and how organizations try to adapt their structure and design to new environmental requirement. Moreover, it makes a step forward and try to underline what is the future perspective for the organization trying to change the structure from a degenerative system to a regenerative one. In conclusion there is a focus on b Corp that represent a new type of corporation that aimed to change this perspective.

The **third chapter** is dedicated to analyzing how organizations can adapt governance and ownership to these new organizational forms. It explores traditional governance structures from various perspectives, with a focus on Italian legislation. Thus, it examines the transformative shift required to implement innovative and agile governance practices. The chapter conclude with a focus on ownership, including literature review of alternative ownership models that can better fit the requirement of this new environment.

The **fourth chapter** aims to provide an increased understanding of the adaptation of governance and ownership to newer and constantly evolving form of organization through a qualitative study. For this purpose, were studied three companies (Alpenite, Ccelera and Oblics) and the Arsenalia group, which they are part of, following a case study methodology. In addition, an external analyzes about the Italian market was conducted to have a better understanding of the context where there is this implementation. The conclusion and practical implication can be helpful for organizations that desire to implement a more flexible and decentralized governance and a diffuse ownership among employees. Lastly, the limitations of the study are discussed and directions for future research are presented.

Chapter 1 – Organizational design in evolutionary environment

1.1 Introduction

Lunenburg (2012) stated that organizations exist to achieve goals. Following Puranam et al. (2014), we consider an organization as a multi-agent system, with identifiable boundaries, working toward a common goal and where each constituent agent's effort contributes to achieving this goal. The organization has a clearly defined objective, but a single individual cannot do this economically. Therefore, in order to accomplish this objective, several people, must contribute. However, agents, as opposed to machines, behave in their own self-interest and usually have some discretion in determining how to accomplish a particular sub-goal (Kretschmer and Khashabi, 2020).

Organizational design is the process of aligning the structure of an organization with its objectives, with the ultimate aim of improving efficiency and effectiveness (Burton and Obel, 2018). A microstructural view on organizational design is concerned with the disaggregation process of breaking down the system-wide purpose into agent-level goals and necessary contributions. Once the individual effort has been completed, the re-aggregation process is used to assemble the individual input into a system-wide output (Kretschmer and Khashabi, 2020). Organization design involves essential components such as strategy, people, structure, and management processes (Burton et al., 2006; Galbraith, 1974; Miles and Snow, 1978). However, there is no single approach that suits all organizations when it comes to organizational design (Burton et al., 2006).

Many sectors are subject to fast technology development, globalization, and market demand instability. Companies that are unable to predict or respond to external disruptions are unlikely to survive (Felin and Powell, 2016). Organizations must face a rapidly changing business environment and the need for flexibility and organization structure changes often appears to be an imperative (Fassoula, 2004). To adapt to future trends, organizations must also evaluate their relationships with their external environment when evolving (Hinrichs, 2009), considering diverse solutions based on certain conditions (Zohar, 2022). In this new context, new organizational forms have emerged to try to operate in a context of challenges and long-term opportunities (Espejo, 2021).

In order to understand why organizational designs have to adapt to future trend to be competitive, this chapter will start by analyzing the emergence of the traditional forms of organizational design in relation to their economic eras. Thereafter, the chapter will discuss about how and why the economic environment has changed in the recent years, causing a need for new forms of organizational design. Lastly, the chapter will highlight what is the starting point to be able to thrive in an ever-evolving environment.

1.2 Adapting organizations to a changing world

In today's ever-evolving economic landscape, organizations must adapt to a world without boundaries, emphasizing the importance of considering a broader context when making decisions. Situations of risk can emerge unexpectedly and have the potential to significantly impact an organization's viability (Dhir, 2019).

According to Gunther-McGraw (2012) and Felin and Powell (2016), a company should strive to create a competitive edge by utilizing customer-based innovation and developing multiple value propositions that adapt to changing customer demands over time. Due to their inability to create success in the rapidly evolving business environment of today, the traditional models are put under pressure (Felin and Powell, 2016). Therefore, the need for new organizational strategies grows along with the complexity and change of the business environment (Galbraith, 1974; Hinrichs, 2009; Felin and Powell, 2016; Kretschmer and Khashabi, 2020). These requirements are amplified in dynamic environments, necessitating ongoing dedication to planning, designing, and monitoring as well as ongoing adaptation of organizational structures and procedures (Felin and Powell, 2016).

Digital technologies play a significant role in this context, as they can improve organizational agility and facilitate better adaptation to changing external conditions (Martínez-Climent et al., 2019; Trost, 2019; Vecchiato, 2015; Troise et al., 2022). Today's competitive landscape, characterized by technological advancements, demands the capacity to anticipate and react quickly to external changes (Troise et al., 2022). Digitally enabled "disruptive" companies can leverage innovative business models to uncover new growth drivers and produce breakthrough services and products (Holbeche, 2019). This necessitates a clear vision, purpose, new business models, self-directed learning, and the development of digital competencies for the workforce in today's world (Dhir, 2019).

The concept of aligning an organization's structure and processes with its environment has a long history, with evidence indicating that firms with a good structure/environment fit tend to outperform those without (Habib and Victor, 1991). Collaboration across time, distance, organizations, and cultures has become essential for effective competition and to address the challenges of our increasingly complex world (Marković, 2008).

Aghina et al. (2018) defined four trends that led to the transformation of today's industries, economies and societies: a quickly evolving environment, constant introduction of disruptive technology, accelerating digitalization of information and the importance of new talent. The digital revolution requires organizations to adapt and evolve rapidly to remain competitive and address the challenges of a shifting environment. To understand the importance of these aspects, the trends can be grouped and reviewed regarding the aspect of digitalization and technological innovation and of the changing environment and the related workforce.

1.2.1 Technological innovation and digitalization

Organization must offer solutions, products and services made possible by emerging technology if they want to maintain their competitive advantage. These goals include accelerating innovation, reducing time-to-market and meeting changing customer demands. To do this, new technological architecture, tools and interfaces must be developed. (Shafiee Kristensen, Shafiee and Shafiee, 2021).

For modern organizations a key element is represented by a real-time communication channels and IT interfaces. In order to develop, implement and maintain these tools and interfaces, they combined a variety of emerging technologies with delivery methods into the organization. To link the autonomous networks of teams, digital tools are necessary in many large organizations as they transition from a command-and-control structure to a self-organized, adaptable system. An organization can scale without using hierarchical command and control by automating interactions and connections within its network of teams, resulting in more effective and efficient processes (Shafiee Kristensen, Shafiee and Shafiee, 2021). With greater visibility provided by technologies like Scrum, GlassFrog, and Slack, organizations can enhance autonomy and self-management. Another key element is the presence of a database easy to access and navigate, that can help realize the dynamic capabilities. Integrated databases with well-documented knowledge enhance agility in reintegration and refinement, reducing interdependencies and coordination while increasing transparency (Shafiee Kristensen, Shafiee and Shafiee, 2021).

Value creation, delivery, and capture processes across the economy can be redesigned thanks to the process of digitalization (Autio et al., 2018). Businesses adopt digital transformation for a variety of factors, including the development of advantages and the development of sustainable values. Organizations are information-processing units, and as the cost of information-processing technology has fallen, so have the demands on businesses' ability to process information as well as their informational capacity. The majority of businesses have seen a decrease in slack resources, a slight increase in the use of self-contained units, a significant investment in computer-based technologies and a significant increase in communications (Burton and Obel, 2018). The amount of information available in organizations has greatly increased thanks to digitization. Companies can now gather, store, and use enormous amounts of data thanks to technological advancements (Burton and Obel, 2018). A decision-maker might learn about tasks that previously didn't seem necessary from this. Good examples of this impact include systems like the industrial Internet of things (IoT). These systems offer an integrated range of data from manufacturing-related dimensions (e.g., inventory turnover, engineering, employee productivity, and plant performance) that are connected to business administration (Kretschmer and Khashabi, 2020). Innovation in information technology have a double impact, influencing both an organization's need for processing information and its capacity to do so (Burton and Obel, 2018). Synergies between data generation, connectivity and aggregation are driving the reduction of transaction costs over time, which has an effect on firm boundaries and the design of the value chain (Adner et al., 2019).

As businesses operate less and less in isolated niches and become more and more aware of the effects of their actions outside of their immediate environments, new technologies have the potential to increase connectivity at all structural levels, from the local to the global (Espejo, 2021). The shift toward continuous connectedness has significantly altered how resources or agents can be recognized, tracked, and managed (Adner et al., 2019). Resources can be managed in digitalized contexts without formal ownership or employment. In fact, digitalization makes it possible to monitor and manage assets and people to an extent that was not previously possible (Burton, Obel and Desanctis, 2011). Moreover, technology is fundamentally altering the landscape in which enterprises pursue sustainability, with new technologies playing a pivotal role in this transition (Espejo, 2020). Digital transformation reduces the costs associated with grouping activities by lowering communication costs between organizational geographical and divisional units. Due to their distance from one another, many interdependent activities in the past had to be separated. The ability to more easily group these interrelated tasks together thanks to digitalization creates new opportunities for increasing business efficiency (Kretschmer and Khashabi, 2020).

As a result of digital transformation, some existing tasks become obsolete while others are created. For successful market performance, even companies that do not change quickly enough may lose competitiveness. On the other hand, many traditional functions or roles are no longer required because digital devices can carry out those tasks more effectively (Kretschmer and Khashabi, 2020).

1.2.2 VUCA world

In the rapidly landscape of business, the rise of volatility, uncertainty, complexity and ambiguity (VUCA) is transforming markets and the nature of competition. (Doheny, Nagali and Weig, 2012; Bennett and Lemoine, 2014). According to Bennett and Lemoine (2014), the term *"VUCA"* describes some of the environment's difficult conditions and circumstances. The terms "volatility", "uncertainty", and "complexity" refer to various interconnected parts that make up an intricate web of information and processes affecting organizations, often multiform and complex but not always involving change. Volatility denotes the growing size, pace and nature of the changes that organizations are facing (Dhir, 2019). Uncertainty refers to the lack of knowledge of future events and their consequences that can create significant change. Complexity is the term used to describe a system of multiple interconnected parts that come together to from a complex network of information and processes affecting organizations. Last but not least, ambiguity is characterized by a lack of precedent for making predictions as a result of ignorance of the causes and effects of events as well as their relationships (Bennett and Lemoine, 2014; Mack et al., 2015). Process management requires both knowledge of these variables and mitigation techniques. To identify, plan for and react to events caused by the four VUCA factors, Bennett and Lemoine (2014) proposed a guiding matrix.

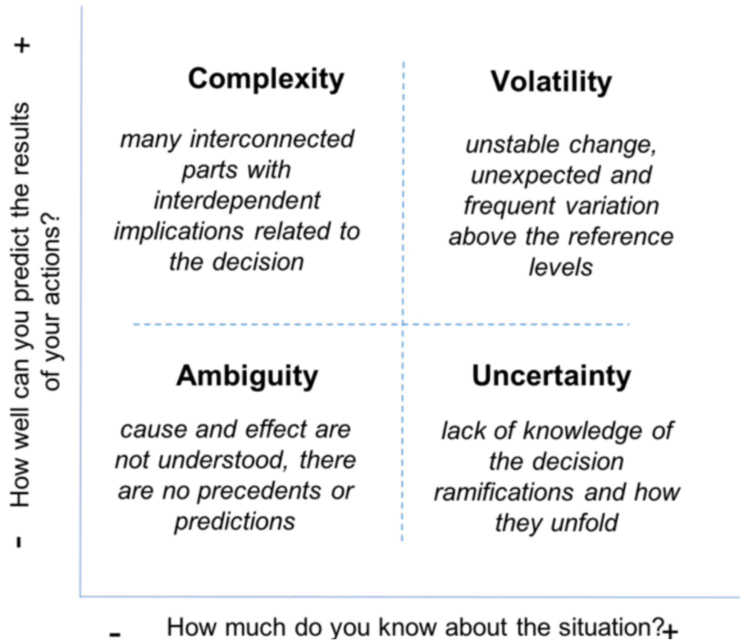


Figure 1: VUCA matrix. Source: Bennett and Lemoine (2014)

Nussbaum (2013) emphasizes that VUCA landscapes offer opportunities for innovate thinking, demanding not only new strategies but also a new mindset and approach to communication and creativity. Organizations need to change their traditional mindsets internally and strike a balance between order and chaos if they want to lead through disruptions in the future. The need for a clear vision, purpose, new models, self-directed learning and the development of digital competencies has increase greatly for workforces in today's VUCA world due to the unprecedented speed of technological advancements, entrepreneurial economies, globalization market and changing customer needs (Dhir, 2019). As content-focused jobs and traditional management styles become obsolete, entrepreneurial leaders face the challenge of developing organizational capabilities, reskilling their talent and realigning their structures to meet the demands of today's world. They need to develop a curious mindset, addressing ambiguity with inquisitiveness, complexity with creativity and being open to new experiences and disruptive changes (Bolman and Deal, 2008).

With talent sourcing and recruitment under extreme pressure, there is a severe lack of expertise and skills. New careers and career model are in high demand from workers. The workforce is changing as a result of technologies and innovations like crowdsourcing, social collaboration, artificial intelligence and sharing economy (Deloitte Human Capital Trends Report, 2017). Organizations that are prepared for the future have reoriented their HR goals. They are now more concerned with changing workforces through internal mobility, reskilling and upskilling in order to obtain a competitive edge in a labor market where labor demand is set externally. In emerging fields, digital platforms are changing a lot of tasks and calling for more cross-functional talent. Organizations are "redefining high value knowledge jobs to help address skill shortages and accommodate new ways of working", according to Dewhurst, Hancock and Ellsworth (2013). Businesses are reinventing their cultures and redefining people analytics to create comprehensive employee value propositions. The rigid hierarchies that characterized office workers in the 1960s are not what the workforce of today desires (Edmondson et al., 2015). The definition of work is always evolving because of unstable nature of the workplace, globalization, digitalization and the rapid advancement of technology.

Knowledge sharing and collaboration are acknowledged as essential practices for success in the world of VUCA with its increasingly networked business world and ever more geographically dispersed teams. Research has shown that knowledge processes serve as the foundation for any form of working together (Endress and Wehner, 1996; Vollmer and Wehner, 2007; Burton and Obel, 2018). Making sure that knowledge exchange is structured to maximize efficiency and effectiveness presents a significant challenge for distributed organization. Setting up your organization for knowledge exchange is crucial because that configuration will impact other areas of your organization's design, particularly the coordination and control system design. Organizations can improve their information capacity by implementing knowledge exchange structures (Burton and Obel, 2018). The creation of shared knowledge is one of the fundamental processes of collaboration and knowledge processes and sense of community both play crucial roles (McMillan and Chavis, 1986; Bettoni et al., 2018). Bettoni et al. (2018) argues that in the VUCA world, successful people interact differently: they collaborate on a task without splitting it. The associated knowledge required to complete the task must also remain as a unit since the task is not divided. New collaboration must therefore be knowledge-based. Additionally, the group should organize itself as a community of practice in order to collaborate in a community-oriented way. This is because maintaining this task-related knowledge as a unit necessitates the mutual engagement of the group in a conscious, continuous effort to construct and maintain this unit as a shared knowledge structure (Bettoni et al., 2018).

1.3 Organizational design through economic Eras

Alfred Chandler's influential work in "Scale and Scope: The Dynamics of Industrial Capitalism" (1990) sheds light on the birth of the modern firm, tracing its origins to the Second Industrial Revolution. During this era, modern corporations began to take shape, driven by increasingly integrated and automated manufacturing systems. These systems allowed firms to obtain, control, and coordinate resources for product development. The development of modern organizational forms can be understood by exploring the historical process through which major organizational forms emerged and diffused (Miles et al., 2009).

This process has exhibited a common developmental pattern, particularly in response to the emergence of new technologies. For instance, to maintain a competitive organization, managers should constantly analyze the external environment, and, in the meantime, they must keep a close watch to internal structuring to ensure its suitability for achieving high performance, as well as its adaptability (Fassoula, 2004). Pioneering firms that successfully capitalized on technological opportunities pioneered new organizational forms. These forms were designed to house the capabilities needed to adapt to the evolving business environment, as outlined by Miles et al. (2009). A significant turning point in any new economic era occurs when a meta-capability forms in the minds and behaviors of pioneering managers. It is only when this meta-capability is made explicit, widely understood, and integrated into various segments of society that a new era of business and organizational models begins to take shape (Miles et al., 2009).

Knowledge becomes a key factor, especially in the current era of continuous innovation (Hendarman and Tjakraatmadja, 2012). However, the full potential of knowledge assets cannot be realized until the guiding meta-capability has been identified and communicated (Miles, Snow and Miles, 2000). Technological advancement and the threat of creative destruction have compelled firms to experiment with increasingly complex organization designs. This experimentation is driven by the absence of "up to date" reference theories, as noted by scholars such as Galbraith (1974), Huber (2016), and Obel and Snow (2012).

In this evolutionary journey of organization design, three distinct historical eras have been identified: standardization, customization, and innovation (Miles et al., 1997). Each of these eras reflects the evolving environmental demands that have driven managers to reconfigure resources for the development of products and services (Es-Sajjade and Wilkins, 2017).

1.3.1 Standardization Era

In the late nineteenth and early twentieth centuries, a significant era of standardization emerged in the business world. This period witnessed the application of hierarchical forms of organization, primarily focused on the utilization of physical assets such as raw materials, capital equipment, and plant facilities (Miles et al., 2009). Companies and individuals during this time operated with a primary goal of pursuing their self-interest and maximizing their returns (Snow, 2015). Pioneering companies, under the guidance of their managers, established business models that revolved around large-scale production of standardized products, like steel and automobiles, as well as services, such as transportation and communications (Miles et al., 2009).

The dominant organizational structure of this era was the functional organization. Through the accumulation of knowledge, these organizations achieved sales volume increases and cost reductions, continually adding value to their utilized resources (Miles, 1997). The success of this period's business models was exemplified by the vision of Henry Ford. He implemented a centrally coordinated, vertically integrated structure to manage employees who performed highly specialized tasks. Unlike owner-managed firms that operated on a local or regional scale, the new mass producers were characterized by their size and complexity. This necessitated the use of professional managers who possessed the necessary knowledge and skills to rationalize the utilization of the entrepreneur's accumulated resources. Over time, these managers began replacing direct owner supervision with mechanisms of control and coordination (Snow, 2015). This organizational structure was particularly well-suited to single-business strategies, and managers in the Standardization Era became increasingly adept at designing forecasting, planning, budgeting, and control systems. These systems, in combination with improved coordination within and across organizational units, significantly enhanced overall firm efficiency (Miles et al., 2009).

A pivotal meta-capability that defined the standardization era was coordination (Miles, Snow and Miles, 2000). Firms excelled in efficiently organizing raw materials and production tasks along extensive value chains, and they continually integrated learning-curve gains into process improvements that fueled their sustained growth (Miles, Snow and Miles, 2000). Furthermore, management practices in this era included guidelines for effectively managing human resources to foster employee loyalty, cooperation, and long-term employment commitments (Miles et al., 2009). While the functional organizational structure allowed for the development of technical competence within each of its functions and delivered overall economies of scale, it had limitations when it came to accommodating diversity and variability in the organization's environment (Snow, 2015). This period of standardization was a pivotal juncture in the evolution of business practices, setting the stage for subsequent eras of organizational development and adaptation.

1.3.2 Customization Era

The transition from the era of standardization to that of customization marked a pivotal shift in the business landscape during the early decades of the twentieth century (Miles, Snow and Miles, 2000). While the standardization era had been characterized by mass production and distribution, some firms, such as General Motors, sought to gain a competitive edge by differentiating their product lines (Miles, Snow and Miles, 2000). Pioneering organizations of the time began moving beyond simple market penetration with standardized products and began to follow the market segmentation business strategy in order to achieve a competitive advantage. Managers sought to defined market segments with precisely tailored products and services that met customers' specific wants and needs (Miles, Snow and Miles, 2000).

This transformative period saw the emergence of a new organizational form—the divisional structure. The divisional design empowered firms to serve related markets with differentiated goods and services (Miles et al., 1997). In this structure, each division operated autonomously with all the resources needed for value creation of a product contained within the specific division (Mee, 1969). Division managers controlled the work and were responsible for overseeing the division's outcomes (Mee, 1969). This form allowed companies to achieve limited customization (market segmentation), even though each division typically produced a standard product. However, some functions, like finance and R&D, continued to be centralized for better resources allocation among the various divisions by the managers with higher authority (Snow, 2015). A growing number of divisional managers were also included in organizational and business decision-making processes by divisional firms, in addition to corporate managers. Delegation became a crucial meta-capability during this era, as it allowed firms to establish decentralized decision and coordinating centers (Miles, Snow and Miles, 2000). As a result, the divisional form makes it possible to take advantage of economies of scale in support of differentiated customer demand (Teece, 1980). The advantages of the divisional organizational structure lie in its capacity to gather and analyze data on various customer preferences and needs, as well as in its ability to meet demand by giving operating authority to the divisions (Snow,2015). Although it had limitations in terms of resource sharing across divisional lines (Fjeldstad et al., 2012).

As the movement from standardization to customization persisted into the late 1960s and 1970s, the concept of delegation was manifested in the form of temporary project teams within matrix organizational structures (Miles et al., 1997). The matrix structure allowed companies to use their expertise across both standardized and customized products and services (Miles et al., 1997). It was designed to enhance flexibility and adaptability in resource allocation (Mee, 1969). Here, work was organized around various projects, both within and across the organization, with each project assigned its own manager (Miles et al., 1997). The purpose of matrix organizations is to create value through the application of operating and investment expertise as well as through their capacity for adaptation of underutilized assets on the need of temporary projects and new market opportunities. Top managers, division managers and project managers all participated in those organizations' entrepreneurial and organizational decisions (Miles, Snow and Miles, 2000). This allowed for efficient use of resources and specialization, effectively combining elements of functional and divisional structures (Fjeldstad et al., 2012). Despite the fact that the matrix design combines the benefits of other organizational models, it does so at the cost of increased internal complexity (Snow, 2015; De Smet, Kleinman and Weerda, 2019). According to De Smet, Kleinman, and Weerda (2019), complexity can lead to a decrease in both overall and decision-making speed.

Later, especially in the last two decades of the twentieth century, firms learned how to use a variety of information technologies to gather skills and resources both within and across organizations (Miles, Snow and Miles, 2000). This led to a rise in network organizations, where firms outsourced non-core activities to external providers both upstream and downstream along the industry value chain (Fjeldstad et al., 2012). These network organizations had the adaptability to expand, reduce or refocus resources as required, enabling horizontal and vertical delegation of decision-making and coordination. Customization was possible with almost the same efficiency as standardization in the previous era (Miles, Snow and Miles, 2000). The network organization's key contribution was its ability to respond rapidly to market demands for differentiated products and services by extending the customization process throughout the entire industry value chain, from raw materials to distribution and final sale (Miles et al., 2009). In response to increasingly complex market and technological environments, firms themselves became more complex, innovating new organizational means to add economic value (Miles et al., 2009).

1.3.3 Innovation Era

The current era, known as the Innovation Era, traces its roots back to the 1970s but saw rapid development in the late 1980s (Miles et al., 2009). During this period, many companies adopt a market exploration business model, which involves a strategy of continuous exploration into expanding markets and assessing the compatibility of their products and services with related markets that share similar technologies. This business model is fueled by current technological, product, and market innovations, driven by both traditional research and development processes and entrepreneurial techniques that span across different technologies and markets (Miles et al., 2009). For instance, companies may adapt the components of their existing products and services to serve markets beyond their traditional scope. In some cases, a single component or subsystem of their products can be repurposed for new markets (Miles et al., 2009). Alternatively, multiple companies can collaborate to combine their products and create innovative solutions for new markets. This approach is particularly relevant in industries with complex, rapidly evolving, and widely distributed knowledge (Miles et al., 2009).

In the Innovation Era, organizations have adopted various designs, such as virtual organizations (Markus et al., 2000), spin-out organizations (Ambos and Birkinshaw, 2010), cellular organizations (Miles et al., 1997), spaghetti organizations (Foss, 2003), modular organizations (Galunic and Eisenhardt, 2001), and ambidextrous organizations (Tushman and O'Reilly, 1996). Every organizational form has distinct qualities that address particular needs and challenges in the dynamic business environment.

Virtual organization is intricately connected to diverse phenomena such as virtual memory, reality, teams, and offices. It enables transcending physical limitations for enhanced experiences. Virtual teams empower managers to swiftly address unforeseen needs (Mowshowitz, 1997). Additionally, virtual offices allow employees to operate in dynamically changing work environments. The virtual organization paradigm is notable for its consistency across various organizational forms. Operating at the task level, it allows meta management to be executed in both centralized and decentralized ways, demonstrating its adaptability across organizational structures (Mowshowitz, 1997).

A spinout, also termed a spin-off or starburst, is a process where a new business entity emerges independently from an existing business (Gordon, 2022). This occurs when a parent company divides its parts, divisions, subsidiaries, or units, creating a distinct and independent company. In a spinout transaction, the newly formed companies possess their assets, facilities, and employees, running operations independently of the parent company (Gordon, 2022). This corporate action allows a new company to operate autonomously. Companies undertake spinouts for two main reasons: to unlock the potential of a high-performing division or subsidiary, and to refocus the parent company on its core businesses (Gordon, 2022).

In numerous industries, including computer software, complexity is evident due to the limitless potential for profitable product designs. it is anticipated that organizations will rely on self-organizing clusters. Described as cellular, these organizations operate like living organisms (Miles et al., 1997). Cells can act independently to meet specific needs, yet their collaboration allows for more complex functions. Cells, like self-managing teams or autonomous business units, are the building blocks of a cellular organization (Miles et al., 1997). These cells can function independently and collaborate to form a strong and effective business mechanism. This fusion of autonomy and interconnectedness within the cellular organizational structure promotes ongoing innovation (Miles et al., 1997).

Oticon, a Danish electronics producer, introduced the "Spaghetti Organization" as a response to the disruptive impact of digital technology. The aim was to foster an entrepreneurial and creative environment, leading to significant innovations (Foss, 2003). Under the leadership of Kolind, the organization embraced a dynamic network model characterized by choice, where staff-initiated projects; multiple roles fostering multi-disciplined individuals; and transparency with knowledge shared throughout. The organization operated on a knowledge-based model driven by internal free market forces. In the spaghetti organization, individuals with promising ideas had the freedom to assemble teams and become project leaders (Foss, 2003). However, projects faced competition for resources with survival dependent on attracting sufficient support. Despite initial success, the model was abandoned in 1996 due to coordination and knowledge-sharing challenges, as identified in Foss's (2003) research. The organization, described as an "internal hybrid" with market autonomy and hierarchical flexibility, was deemed inherently unstable, leading to its eventual retreat.

In a modular organization, workers are divided into separate, interchangeable sections. It's a structure in which every individual has a specific role that can be promptly assigned to an area of the business where resources are required (Galunic and Eisenhardt, 2001). This organizational structure is becoming more and more well-liked due to its versatility and efficiency. Divided into smaller, more manageable segments, a company can more easily adapt to rapidly changing markets and needs, as well as move and allocate resources across organizational priorities (Galunic and Eisenhardt, 2001).

Organizational ambidexterity is a strategic approach that emphasizes the simultaneous pursuit of two essential objectives: the efficient exploitation of existing business operations and the exploration of innovative ideas, even in the face of dynamic market and technological shifts (Chakma et al., 2021). This approach prevents a sole focus on current competencies, which can lead to a success trap and organizational inertia. Firms benefit from executing both incremental (exploitation) and revolutionary (exploration) changes, becoming ambidextrous organizations (Chakma et al., 2021). This practice facilitates technological innovation, fosters competitive advantage, and ensures long-term survival (Chakma et al., 2021).

A common feature of these novel designs is the presence of task-interdependent teams that operate as self-organizing units and enjoy a high degree of autonomy (Miles et al., 2009; Pandza et al., 2011). Given the significance of autonomous teams in these innovative designs and the need for effective collaboration between them, it is essential to underline the importance of interdependence between teams (Es-Sajjade and Wilkins, 2017).

In this Era, it is evident that successful knowledge sharing, and utilization depend greatly on the growth of both trusting relationships (Miles et al., 2009) and multiparty collaboration

(Surowiecki, 2004), particularly among actors with the capacity and values to self-organize (Fjeldstad et al., 2012). There are emerging new organizational models where large groups of actors who self-organize on an infinite number of projects are given access to rich sets of resources (Snow, 2015). Complex product and service development and delivery relying on self-organization and local decision-making necessitates mechanisms that enable actors to recognize opportunities and problems, find and connect with appropriate collaborators, and build relationships (Snow, 2015). In such open and equitable environments, trust is fostered through experience, and processes and protocols that facilitate "fast" and "caring" trust have proven to be highly beneficial (Miles et al., 2009). Collaborating parties must collectively manage their shared resources and purposes, such as address the issue of free riding (Alchian and Demsetz, 1972; Olson, 1965; Miles et al., 2009). Organizations that are unwilling or unable to collaborate may find themselves lagging in innovation in the face of evolving technical and market landscapes. In order to benefit from the “wisdom of crowds” (Surowiecki, 2004), recent organizational designs have “opened up” the process of problem solving or innovation (Chesbrough, 2003). There is a significant distinction between the architecture of these emerging designs and earlier organizational forms in decisions regarding which projects to pursue, which resources to share and how returns will be distributed. According to Miles et al. (2009) and Snow (2015), multiparty collaboration is essential for the efficient resolution of complex problem and ongoing adaptation to changing environments.

Competent parties, which work together in an environment that is both open and fair, can share tacit knowledge, insights and approaches that are more experientially based and can only be shared through joint activity and/or exploration. This is more important than sharing explicit knowledge, understandings that can be articulated and exchanged in a variety of formats (Miles, Snow and Miles, 2000). Individual, as well as individual firms, can profit from community membership while retaining their independence when there is a commitment to fair treatment within the community (Miles et al., 2009). When considered collectively, these components both create and operate within organizational contexts made up of different combinations of openness, shared values, reciprocity norms, trust and altruism (Fjeldstad et al., 2012).

This transition through different eras highlights the dynamic and evolving nature of business organizations and their response to changing market dynamics and customer preferences, a trend that has continued to shape the business landscape throughout history. The table 1 below summarizes the various eras that led to the current scenario.

	Organizational evolution		
Historical era	Standardization	Customization	Innovation
Key design variables	Hierarchy, centralized authority	Network	Teams, autonomous cells
Dominant organization design	Functional design	Divisional design, matrix	No dominant design
Key resource	Capital goods	Information	Knowledge
Influential manager	Chief operating officer	Chief information officer	Chief knowledge officer
Core capability	Specialization and segmentation	Flexibility and responsiveness	Design and creativity

Table 1: Organizational evolution in different historical eras. *Source: Es-Sajjade and Wilkins, (2017)*

1.3.4 A holistic approach to business innovation and social responsibility

In the contemporary business landscape, there is also a pressing call for organizations to innovate their business models, emphasizing the creation of sustainable value across various dimensions (Lòpez-Nicolas et al., 2021). Sustainability has become integral to the mission and driving force of enterprises (Li et al., 2020), with a dynamic concept requiring a comprehensive understanding of the intricate interplay among ecological, social and economic factors at local and global levels (Haldar, 2018). The business sector is experiencing a notable shift from traditional to sustainable entrepreneurial practices, driven by an increasing awareness of ecological and social responsibilities among entrepreneurs (Haldar, 2018). This paradigm shift is characterized by a profit maximization sarting point alone to a more holistic approach that incorporates social and ecological goals (Li et al., 2020). Sustainable business models are now expected to encompass economic, social and environmental sustainability, seeking a balance among these dimensions to collect wider support from stakeholders. This approach not only promotes the sustainable development of enterprises but also contributes to overall economic, environmental and social sustainability (Li et al., 2020). Sustainability-oriented entrepreneurs play a pivotal role in driving organizational and technological innovations at the firm’s level. Based on the three pillars of sustainable development, these entrepreneurs intentionally promote innovative products, services and modes that simultaneously yield positive environmental impacts and enhance the quality of life (Elkington,1999; Schaltegger & Wagner, 2011; Haldar, 2018). Despite these efforts, the sustainability field has faced challenges in redirecting social-ecological system trajectories toward sustainability. The current focus on minimal human well-being within negotiated environmental limits, incremental change and addressing symptoms has hindered the field from achieving more ambitious goals, such as thriving living systems (Gibbons, 2020). Recognizing the need for a transformative shift, there is a growing consensus that a new, more holistic paradigm is required for the sustainability field. This paradigm, rooted in a fundamentally different worldview, recognizes the importance of aligning human efforts with life's principles, directly addressing the underlying worldviews causing (un)sustainability, and sets more holistic, inspiring and ambitious goals for sustainable development (Gibbons, 2020). Essentially, regenerative sustainability shows promise as a means of activating/stimulating the necessary paradigm change in the direction of a more prosperous and sustainable future (Gibbons, 2020).

1.4 Organizational agility in a VUCA world

Companies need to consider how to increase the flexibility of their processes in the knowledge-driven world of today (Economist Intelligent Unit, 2009). Businesses must be adaptable in order to survive in the increasingly competitive and complex business landscape known as VUCA (volatile, uncertain, complex and ambiguous) environments (Bennett and Lemoine, 2014). This means that strategies must be implemented, and resources must be allocated quickly and effectively in response to opportunities and challenges in both local and global markets (Fjeldstad et al., 2012). The importance of creating organizations that can balance two opposing organizational qualities, adaptability and alignment, is highlighted by the VUCA world. Adaptability is the capacity to adjust to change, while alignment is the capacity to take advantage of markets and utilize preexisting concepts. According to Nijssen and Paauwe (2012), an organization that effectively balance both is considered agile and gains a significant competitive advantage. Technologies have the potential to increase organizational agility and facilitate better adaptation to external conditions (Troise et al., 2022), as well as organizational design may be a crucial facilitator for achieving it (Puranam, 2018; Benner and Tushman, 2003; Shafiee Kristensen, Shafiee and Shafiee, 2021). These elements can be considered drivers to reduce time to market, promote innovation and address complexity (De Smet et al. 2018; Shafiee Kristensen, Shafiee and Shafiee, 2021). It is important to understand the concept of organizational agility and the capabilities needed in today's world.

1.4.1 Mastering organizational agility

Lu and Ramamurthy (2011) define organizational agility as a company's capacity to adapt to quick, unrelenting and uncertain changes and prosper in a market where opportunities are constantly and unpredictable changing. Agile companies need to control supplied-side ambiguity and modify their strategies as appropriated and needed (Teece, Peteraf and Leih, 2016). Adaptability and flexibility are both included in the notion of organizational agility. In addition to be flexible enough to accommodate predictable changes, an agile organization is also capable of quickly and effectively responding to unanticipated changes (Oosterhout et al., 2006). Moreover, to operate in a dynamic environment, rapidity is a necessary attribute of agility (Sherehiy et al., 2007). Today's executives in most sectors face the most difficult market conditions due to the increasing in scope and pace of change against a background of generally slow economic growth and unpredictable political and economic events. This calls for an increased level of organizational agility (Holbeche, 2019). Furthermore, the fourth industrial revolution is characterized by new, cutting-edge technologies that are rapidly altering the nature of work and organizations, as well as demand and production, and it is expanding customer expectations. These technologies include robotics, automation, artificial intelligence, machine learning, 3D printing and nanotechnology (Holbeche, 2019). According to Holbeche (2019), agility must be expanded beyond R+D units or specialized technology functions to become a whole organization capability in order to yield the greatest value, achieve innovation and increase customer satisfaction. In addition, organizational agility influences firm performance and improves competitiveness (Rialti et al., 2019; Tallon and Pinsonneault, 2011; Troise et al.,2022). Businesses must build, as an ongoing process, organizational capabilities in order to become more agile (Worley and Lawler III, 2010).

There is no one-size-fits-all approach to agility. Developing and maintaining it is expensive. Prices differ based on the systems and structures that are in place and requirements are context sensitive. (Tecee, Peteraf and Leih, 2016). For instance, in market that are stable, it might be advantageous to maximize basic operations and attain efficiency at the price of flexibility because the expense of safeguarding against potential disruption in the future might be too small to warrant present profits. On the other hand, agility is going to be a useful organizational trait when there is a lot of uncertainty. A framework of overall dynamic capabilities is necessary to comprehend it. Taking agility into account within this framework will assist managers in making better decisions (Tecee, Peteraf and Leih, 2016).

Organizational flexibility must be developed for organizational agility at both the strategic and operational levels (Haider et al., 2021). The ability of a company's business processes to achieve speed, accuracy and cost economy in the exploitation of opportunities for innovation and competitive action is define as operational agility (Haung et al., 2012). Alternatively, Weber and Tarba (2014) characterize strategic agility as the capacity to maintain adaptability in the face of novel developments, to consistently modify the strategic orientation o fthe organization and to generate creative approaches to add value. Both agility components are thought to be essential for rapidly seizing opportunities in the environment, adjusting to change and achieving organizational agility (Ahammad et al., 2020). Organizational agility and innovation performance are closely related as well. In this kind of organizations, new ideas can be incorporated into business initiatives more readily. Additionally, agility makes it easier to adapt to new markets and technological advancements, which promotes the success of new processes, goods and business models (Troise et al., 2022).

Another tool for boosting agility is a process that occurs on a team-by team level. Effective governance fosters communication between relevant teams, enabling them to quickly reach decisions in highly productive coordination forums (Alberts and Hayes, 2005). Agile organizations empower people in daily tasks and allow any employee to participate in the organization's evolving structure through self-organized governance techniques and meetings. Certain steering committees are formally established to facilitate regular communication between relevant parties regarding customers, goals, conflicts, resources and performance (Shafiee Kristensen, Shafiee and Shafiee, 2021).

1.4.2 Ordinary and dynamic capabilities

High-order capabilities must be prioritized above all else, given the potential diversity of this world and the practical need for distinct strategies and metrics (Schoemaker, Sohvi and Teece, 2018). From the assembling and employment of physical and human assets emerge capabilities, which leads to collective learning. According to Leih, Linde and Teece (2015), an organization's capabilities are less likely to be dependent on specific individuals the larger it is and the longer it has existed. The two main types are ordinary and dynamic capabilities.

In the current environment, a firm with ordinary capabilities can produce and sell a defined and static set of goods and services. These capabilities include operations, administration and governance of the firm's activities (Schoemaker, Sohvi and Teece, 2018). In performing a predetermined set of tasks, they promote technical efficiency regardless of how well or poorly the results meet the demands of the business in the marketplace (Teece, 2007). Examples of collective activities that can be included in a company's ordinary capabilities are efficient manufacturing, quality assurance, procedures for new product development and performance measurement (Eisenhardt and Martin, 2000). Ordinary capabilities by themselves are rarely enough to sustain long-term competitive advantage. An example is Nokia. It excelled in producing feature phones with basic operating systems that offered limited internet capabilities on small screens. However, when the iPhone was introduced in 2007, revealing a strong demand for a unified phone-computer experience, Nokia failed to adapt rapidly. This resulted in the company losing its position as the leading mobile phone brand (Schoemaker, Sohvi and Teece, 2018). Ordinary capabilities are based on assets that will be managed by firm's dynamic capabilities as it adapts to its environment in order to achieve evolutionary fitness (Schoemaker, Sohvi and Teece, 2018).

According to Felin and Powell (2016), the theory of dynamic capabilities originated as an effort to explain competitive advantage in unstable industries. With the help of dynamic capabilities, firms can find profitable combinations of skills and resources, assemble and coordinate them, and then take advantage of them using an innovative and agile organization (Teece, 2007). Their strength can vary. It can result in "ad hoc problem solving" when dynamic capabilities are inadequate, and pressures build to dangerous levels without a coordinated management response. Conversely, when a management has strong dynamic capabilities, it can identify and predict early problems (Winter, 2003). Since dynamic capabilities are difficult to create and implement, competitors will find it challenging to replicate them once they are effective. Top management abilities and organizational learning form the foundation of dynamic capabilities. These are influenced by the company's distinct history, core principles and operating procedures and allow the company to adapt its operations to changing market conditions (Leih, Linde and Teece, 2015). Dynamic capabilities encompass a wide range of tasks, such as the creation of new products, the invention of business models and the establishment of alliances.

According to Teece's (2007) discussion, dynamic capabilities can be helpfully broken down into three groups of managerial tasks and processes: (1) sensing, (2) seizing, and (3) transforming. The prosperity of companies as Apple, Amazon, Google and Facebook demonstrated that the ability to sense, seize and shape opportunities had the power to revolutionize sectors of the economy as well as the national and international platforms. Sensing includes listening to customers, scanning the business environment, probing markets and investigating technological possibilities. It necessitates that management have an entrepreneurial mindset and develop theories regarding the evolution of the market and technology, with a focus on identifying unmet needs (Leih, Linde and Teece, 2015). Opportunities are properly sensed and calibrated before they are seized. The company, to seize opportunities, invests resources in creating and capturing value from discoveries, inventions and innovations in order to take advantage. The skills behind seizing include locating, gaining control or influence and then coordinating complementary assets. Example of such activities include creating joint venture and alliances, building a global supply chain and much more (Leih, Linde and Teece, 2015). Transformation necessitates the ability to modify organizational culture, business models, procedures and lines of communication as needed, as well as the ability to phase out outdated products selectively. Clearly, when radical new threats and opportunities need to be addressed, transformational capabilities are required. On occasion, however, they are also required to ease the inflexibilities that result from the accumulation of assets and the creation of standard operating procedures. Due to their reduced fixed assets to reallocate, reduced established position to re-engineer and less defined paths, startups typically find transformation easier than mature companies (Leih, Linde and Teece, 2016). Grouping dynamic capabilities into two classes of activities- those that create value and those that capture value- may help to better understand dynamic capabilities. The activities that are representative of creating and capturing value are listed in table 2, which is arranged according to Teece's (2016) three dynamic capabilities clusters.

Table 2: Activities conducted to create and capture value. *Source: Leih, Linde and Teece (2015)*

	Sensing	Seizing	Transforming
Creating value	Spotting opportunities and threats; identifying avenues for research and development; "open" innovation; conceptualizing new customer needs and new business models	Investment discipline; commitment to research and development; building competencies; achieving new combinations	Achieving recombinations; "pivoting" as required; reinventing the business in response to new opportunities
Capturing value	Positioning for first mover and other advantages; determining desirable entry timing; lining up required complementary assets	Intellectual property qualification and enforcement; implementing business models; leveraging complementary assets; investment or co-investment in "production" facilities	Managing threats; honing the business model; developing new complements; managing the business ecosystem

1.5 Conclusion

The first chapter has reviewed the key concepts of organizational design through different eras, coming to today's world. The evolution of economic eras is linked to how organizations adapt to changing dynamics in assembling, exchanging and utilizing resourcing. Each new era necessitates the development of innovative business model that can capture the wealth generated by emerging organizational forms (Miles, Snow and Miles, 2000). Traditional organization structures were shaped by market conditions and business models of their respective times, underlining the importance of adaptability (Miles et al., 2009). The volatile, uncertain, complex and ambiguous (VUCA) environment, along with innovation and technological advancements, has driven significant changes. While technology has enhanced workplace efficiency, organizations must now shift their HR priorities towards leadership development, workflow redesign and talent reskilling to navigate the challenges of VUCA world (Dahir, 2019). Agility has become an imperative in today's innovation economy, given the deep uncertainty that characterized it. Organizations must adapt the type of agility that aligns with their strategic positioning in the market to prepare for both opportunities and threats (Teece, Peteraf and Leih, 2016). In respond to this demand for agility and the creation of new markets, new organizational forms are emerging, enabling organizations to balance stability and dynamism and thrive in an era filled with unprecedented opportunities. As organization continue to adapt to the ever-changing economic landscape, the ability to balance stability and dynamism will be crucial in securing competitive advantage in this era of innovation and uncertainty.

Chapter 2 – Redefining Organizational Design for complexity

2.1 Introduction

In the current era marked by complexity, businesses are navigating a landscape that has a significant impact on their vitality. Scholars, such as Mintzberg (1979), that have studied environmental dynamism in detail, have suggested that it plays a pivotal role in shaping organizational structures. Traditional hierarchical structures may impede information flows and the speed of response, undermining the flexibility and innovation required in the new environment (Whittington, 2003). There is a gradual shift of these structures towards more decentralized ones granting employees greater autonomy (Billinger and Workiewicz, 2019). Therefore, it might be necessary to consider new organizational forms that have emerged as a result of more recent changes. The understanding that effective redesigns can result in increased efficiency, better decision-making and faster growth is driving this shift. McKinsey emphasizes the importance of evaluating strengths and opportunities which go beyond simple problem-solving and include a more effective operating model, through strategy alignment, accountability, collaboration and addressing behavioral change and other barriers.

Emily Bazalgette (2023), such as other researchers, advocates for a regenerative approach to organizational design, emphasizing the importance of focusing on both the "how" (practice) and the "why" (beliefs) rather than the "what" (artifacts). The intersection of Purpose, Networks, Governance, Ownership, and Finance, as posited by Doughnouth, plays a crucial role in shaping the strategic decisions and operational impacts of businesses. This deep design ultimately determines an organization's potential for transformation in the direction of a regenerative and distributive future. Organizations that adapt to new environments are better suited for survival, as seen in the natural order. Businesses that recognize their importance and have the capacity to change with the times will succeed (Daniel Wahl, 2016). The concept of regeneration as a new way of thinking is perhaps best understood in relation to growth. A drastic change in perspective is necessary for regenerative thinking, shifting from a focus on quantitative growth to a consideration of qualitative growth. Organizations, when viewed and managed as complex living systems, exhibit resilience and emergence as outcomes of their underlying health (Daniel Wahl, 2016).

The evolving perspective of businesses as agents of change can be summarized in the shift from perceiving enterprises solely as tools for conducting business to viewing them as tools for generating positive impact (Honeyman, 2014). Sustainability in business involves a conscientious approach to operations, considering the impact on stakeholders, the environment, and the responsible use of resources (Honeyman, 2014).

In this chapter it will be analyzed how organizations try to adapt their structure and their design to these new requirements and the perspective that could drive future demands for not only more sustainable, but regenerative systems. We will start to see how to adapt a new type of corporation namely the Benefit corporation aimed not only at profit.

2.2 New organizational models

In the era of globalization, organizations face the imperative to adapt quickly to dynamic changes, in order to remain competitive. The business environment forecasting becomes extremely difficult (Uma Rani et al., 2019). Some of the most important issues that organizations will have to deal with in the near future are the technological challenges of the so-called fourth industrial revolution, creative inter-organizational network relations, integration of sustainability challenges into corporate strategies, or inadequate levels of staff commitment resulting from complexity and related uncertainty (Moreno Romero et al., 2020). Survival in this competitive landscape demands a paradigm shift in business models and an acceleration of operational processes (Uma Rani et al., 2019).

Over the past two decades, a significant transformation in organizational management approaches has taken place. This shift is characterized by a move away from conventional hierarchical structures and toward increased operational flexibility, authority delegation, the development of employee initiative and a stronger focus on values (Czekaj et al., 2020). Different management concepts are emerging in modern business practices as a response to these challenges and shifts (Czekaj et al., 2020). A notable development in this context is the emergence of the 'evolutionary organization' model, marking a significant milestone in redefining fundamental principles for organizations. This model can be viewed as an updated or revised version of systemic thinking, providing organizations a new way to approach navigating the complexities of the modern business landscape (Moreno Romero et al., 2020).

The upcoming sections will look at a few new organizational designs that support strong dynamic capabilities for increased agility. Beginning with a briefly analysis of the agile organizations that emerged during the innovation era, we will then move on to the main forms that are most widely used and widespread. The purpose of this analysis is to clarify how they are more effective than more conventional, inflexible forms of organizing at handling modern organizational challenges.

2.2.1 Holacracy and Sociocracy

The concept of Holacracy has gained significant attention in recent years, particularly in discussions around innovative approaches to decision-making. It is essential, however, to contextualize holacracy within the broader framework of sociocracy, which serves as a more general form (Rau, 2018; Wirth and Butterfield, 2021). One crucial distinction lies in the fact that holacracy is a trademarked derivative controlled by a single organization, while sociocracy operates as an open-source model, supported by various organizations and consultants, each contributing with very slight differences (Wirth and Butterfield, 2021). This distinction between holacracy and sociocracy is captured by Rau (2018), who notes that holacracy gives more structure, instead sociocracy gives more choice. Despite their differences, both models share the commonality of increased overhead and documentation as a consequence of embracing distributed decision-making (Wirth and Butterfield, 2021). This trade-off underscores the challenges inherent in shifting away from traditional hierarchical structures.

Holacracy, conceptualized by Brian Robertson in 2007 (Robertson, 2015), embodies a flat and flexible organizational structure that empowers teams and individuals with greater autonomy. The primary objective of Holacracy is to foster a dynamic workplace that encourages innovation by eliminating bureaucratic impediments (Altman, 2016). This departure from the traditional top-down approach is facilitated by a robust and efficient process, replacing the conventional hierarchy and managerial roles with a more inclusive system where everyone has a voice (Uma Rani et al., 2019). Contrary to common misconceptions, Holacracy is not merely flat or radical structure. Uma Rani et al. (2019) highlight that is a meticulously design approach to power allocation, enhancing organizational resilience and facilitating the correction of errors. However, to operate successfully, participants must adhere to defined roles and a stringent governance system. The implementation of holacracy at Zappos, an online shoe retailer founded by Tony Hsieh and later acquired by Amazon, exemplifies its practical application. Hsieh envision structuring Zappos more like a city and less like a top-down, command and control organization, emphasizing the transformative nature of holacracy and its emphasis on creativity and decentralized decision-making (Altman, 2016).

The organizational structure is composed of self-organizing teams known as "circles", forming a holarchy that emerges and evolves over time, like in figure 2.

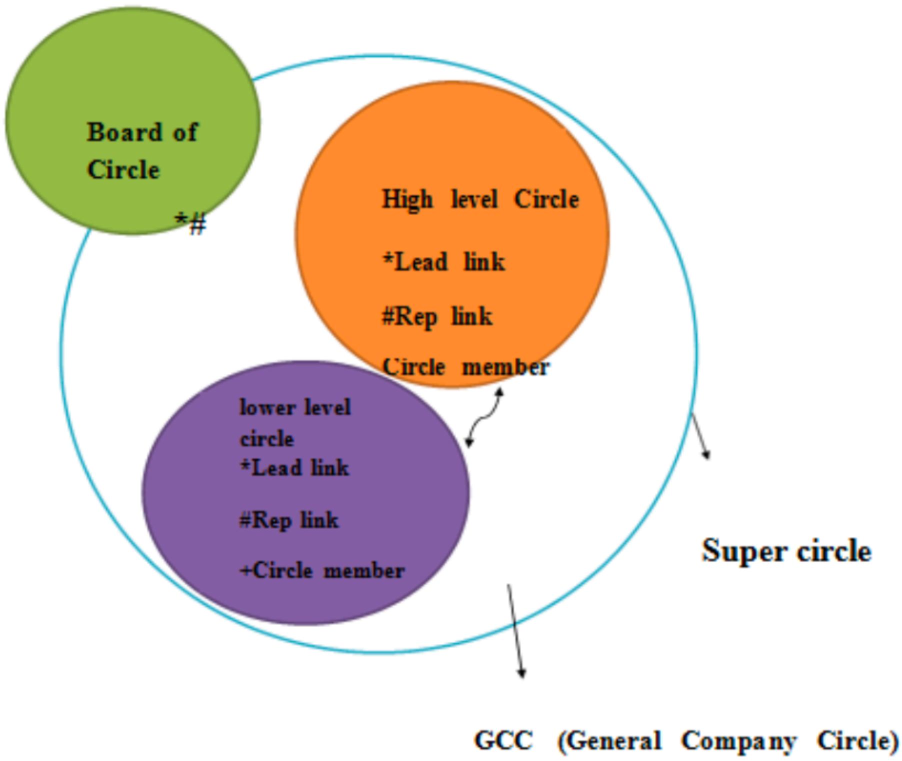


Figure 2: Holacracy business model. Source: Uma Rani et al. (2019)

This holarchy focuses on work rather than individuals, promoting a natural "hierarchy" (Van de Kamp, 2014). The structure involves various sub-circles within the general company circle, each with lead link role players, rep link role players, and circle members. The circle members will be assigned roles based on their skills by the lead link role player. Within each subgroup, each group circle member chooses the rep link role player (Uma Rani et al., 2019). Decision-making within these sub-circles aligns with the organization's goals and follows the governance framework based on the holacracy concept (Uma Rani et al., 2019). One of the most obvious distinctions between traditional organizational governance and holacracy governance is that job titles are no longer assigned to individuals, meaning that management titles are also absent (Van de Kamp, 2014). Job titles frequently indicate status more than a precise representation of daily responsibilities. Roles can develop and disappear over time, depending on how they contribute to the overall goal of the organization (Van de Kamp, 2014). By distributing decision-making across the entire organization, this dynamic approach aims to create a more flexible system that can adapt to circumstances and where its employees are more in touch with the changing environment (Van de Kamp, 2014).

Holacracy introduces the concept of “tensions”, which are perceived opportunities for improvement aligning with the organization’s purpose. These tensions are categorized into two types: operational tensions related to the processing of work and governance tensions concerning the structure of the organization (Van de Kamp, 2014). To effectively address tensions, circle members engage in various meetings, each serving a specific purpose and occurring at different intervals (Van de Kamp, 2014). In "Governance Meetings," members refine the circle's structure based on new information and experiences arising from day-to-day work, typically monthly or bi-monthly. This iterative process enhances understanding of roles, activities, relationships, and circle policies (Robertson, 2015). Conversely, "Tactical Meetings" provide a fast-paced forum for circle members to address ongoing operations, synchronize team efforts, and troubleshoot any impediments hindering progress. These meetings result in a clear understanding of projects and the next steps to be taken, occurring on a weekly basis (Robertson, 2015). The organizational chart in the holacracy method is regularly reorganized. A company is allowed to rearrange the organizational chart in any way that best serves their needs and the long-term viability and sustainability of the enterprise (Uma Rani et al., 2019).

Different from holacracy, sociocracy is a form of government that was introduced by Gerard Endenburg. An organization's ability to learn is hindered by the traditional top-down organizational structure. It is remarkable that Holacracy has incorporated and improved sociocratic practices, especially with regard to circles and circle meetings (Van de Kamp, 2014). Similar to a holacracy, the organizational structure of a sociocracy is a hierarchy of circles. It is a bit more complicated at the top, where there is a general operations team or circle, supported by lower-level operating teams. Notably, Sociocracy presents the idea of a mission-driven circle with participation from external stakeholders (Rau, 2018). This circle acts as a network weaving process to evaluate how well the circle structure aligns with the organization's changing purpose and strategy. It is frequently a regulatory requirement for external voices on the Board of Directors. Ad hoc "helping circles" can also be established for interorganizational projects or needs involving problem-solving (Rau, 2020).

Decision within sociocratic model is collectively made based on the principle of consent. Unlike consensus-based decision-making where unanimous approval is required, consent-based decision-making only necessitates the absence of reasoned objections (Czekaj et al., 2020). This approach aims to integrate all perspectives into the decision-making process, fostering agility and avoiding emotional entanglements that may arise from unanimous agreement. The objective is not to find the best decision immediately but to make small working decisions rapidly, allowing the best solution to emerge over time (Czekaj et al.,2020). Rapid and small decisions enable prompt feedback, facilitating the adaptability inherent in these governance models (Van de Kamp, 2014). Transitioning from a traditional organizational structure to one governed by Sociocracy presents challenges, particularly in terms of the collective understanding required for the meeting and decision-making processes. Successful conversions often involve visionary leaders driving change, particularly in smaller organizations (Wirth and Butterfield, 2021). Large companies may implement various forms of self-management in areas demanding adaptability while maintaining traditional management decision-making in contexts where reliability is more essential (Wirth and Butterfield, 2021). Importantly, this structural transformation necessitates training, often facilitated by external expertise, to ensure a smooth transition and understanding of the new governance system, which may involve developing charters, constitutions, colleague letters of understanding, and other foundational documents (Wirth and Butterfield, 2021).

2.2.2 Teal organization

Due to the publication of Frederic Laloux's book *Reinventing Organizations* in 2015, teal became widely recognized in modern times. According to Laloux, cooperation has historically prompted the development of new skills and consciousness shifts, which has resulted in the evolution of several organizational models, the most sophisticated of which is teal (Laloux, 2016). Teal organizations are analyzed using the classification system that Laloux developed. According to Laloux, the evolution of the labor model led to the creation of teal, as individuals went through five main phases of management. From the most authoritarian to the most democratic, Laloux identifies four types of organizations that are seen in the market. The fifth type is the most successful when it comes to interpersonal cooperation. Laloux (2016) divides the different organizing systems into five colors: red, amber, orange, green, and teal. Each color has a unique set of properties.

In the first type, the red organization, the leader role is based by imposing fear on the other group members and there is a continuous use of power by the leader over the group to maintain cohesion. Amber organizations, the next color, exhibit a vertical differentiation with multiple managers in a rigidly defined hierarchy and the integration is achieved through authority and a high degree of formalized structure. Consequently, amber organizations establish high stability through the use of a clear organizational chart and top-down command. The third type, orange organizations, prevalent in larger corporations, prioritize high performance, innovation, and profitability. Employees are seen as resources in organizations that must be properly aligned and fulfill their assigned tasks, similar to machines. Green organizations, the fourth type, take an additional step away from hierarchies. The decentralized nature of decision-making and empowerment fosters equity. Thus, in these organizations, trust, shared values and strong culture become essential. Other “green” traits include the feeling of belonging and solid interorganizational relationships. Greater cities are frequently home to all four of these organizational types, which are described in greater detail in the following table. The fifth style is called teal, and it's completely different from all the others, represent a profound shift in consciousness. Categorized in a new color, teal signifies a move towards increased awareness of the world’s complexity (Laloux, 2016). Described as a “living organism”, teal organizations continuously evolve, emphasizing increased consciousness (Laloux, 2016). This transformative journey from the green state to teal involves a crucial development in understanding and awareness.

Organizational Types	Examples	Disruptive Advances	Metaphor
Impulsive (Red)	The Mafia Street gangs	Labor division Commanding authority	A wolf pack
Conformist (Amber)	The Catholic Church Armed forces Government systems Public education	Formal, regular functions Processes	An army
Results-based (Orange)	Multinational companies Subsidized private schools	Innovation Accountability Meritocracy	A machine
Pluralist (Green)	NGOs (social, development-oriented) Cultural/arts related organizations	Empowerment Value-based organizational culture Stakeholder models	A family

Table 3: Evolutionary stages in organizations. *Source: Laloux (2016)*

In his vision for the future of management in teal organizations, Fredric Laloux outlines several concepts that are essential to their operations. Within this framework there are a limited supervision over employees and evolving managerial role, with managers transition into mentors and leaders, emphasizing a supportive role. Moreover, it presents a flexible organizational structure, a knowledge-based management and a strong teal work culture.

Knowledge becomes the primary resource, with problems viewed as opportunities for learning and advancement. Effective knowledge exchange mechanisms are established through internal and external communication. Teal organizations, characterized by flat design, discard the hierarchical structure and adopt a flexible one adaptable to current tasks. The traditional motivation system is replaced to internal employee motivation. Organized as a network of self-managed teams, Teal organizations thrive on peer relationships and mutual trust. With a shared organizational purpose, employees contribute, and trust serve as effective coordination mechanism. Task division and assignment are self-selected, allowing fluid movement between teams (Laloux, 2016). As implied the term “self-managed”, unlike in hierarchical organizations, there is no top manager who has ultimate decision-making authority or overall accountability. Rather, members of teal organizations typically have distinct roles with defined responsibilities, albeit only at the team level (Laloux, 2016, p. 486). As a result, none of the areas "belong" to any particular member, allowing everyone to participate to varying degrees in each area. Because of this, Teal organizations distribute profits fairly rather than giving out individual bonuses or anything similar (Laloux, 2016, p.208). Laloux incorporates the Spiral Dynamics model into his organizational description, tracing the evolution of societies, cultures and value systems in response to changing conditions. Teal organizations, developed under diverse circumstances, share a common integral level of awareness among leaders and of people’s needs, driving their transformative impact.

Further, teal organizations embody three breakthroughs as the foundation for their existence:

- **Self-management:** teal organization, as seen before, operate without formal hierarchies or incentive systems, relying on self-regulation and self-management. This paradigm is predicated on empowering employees and establishing in them a sense of significance in their work for the organization. Each team member needs to show initiative and commitment. The most controversial aspect of the teal concept is the delegation of power to employees, despite being its most important component. Nonetheless, when making certain decisions, the member should confer with other relevant parties and the members with the greatest level of experience (Laloux, 2016, pp.149–151).
- **Wholeness:** Encouraging people to be authentic at work promotes acceptance and helps each team member reach their greatest potential. By doing this, the organization gains access to every member’s full competence and potential, enabling bigger things to occur. This is further made possible in large part by teal organization’s emphasis on

self-management, which prevents ideas, competences or emotions from being stifled by factors like rivalry among coworkers. Because workers are free to be who they truly are, a wholeness can be reached, and a sense of community is fostered. Members will become even more trusting of one another as a result, and their creativity and energy will also increase (Laloux, 2016, pp. 209-250).

- **Evolutionary purpose:** teal organizations view themselves as living and changing organisms with a purpose of life. Everyday actions are guided by the organization's mission and vision, and sustaining its existence is a team effort. Members of the organization strive to fulfill the purpose of the organization. The employees' collective reasoning and consideration for the organization resulted in the strategy for how to do so. The fact that Teal groups don't really see themselves as competitors is another interesting and rather distinctive aspect of them. Individual who might be view as rivals are instead encouraged to participate in the effort to fulfill the organization's mission.

Distinctively, these organizations renounce formal motivation systems. Hence, it is clear that for the Teal model to function, certain components must come from the participating practitioners (Wyrzykowska, 2019). Teal organizational model represents the next stage in human consciousness, particularly relevant as new generations enter the workforce with different values and work ethos (Wyrzykowska, 2019). Importantly, profit is not an end in itself, and Teal organizations exhibit flexibility and adaptability to market realities (Wyrzykowska, 2019).

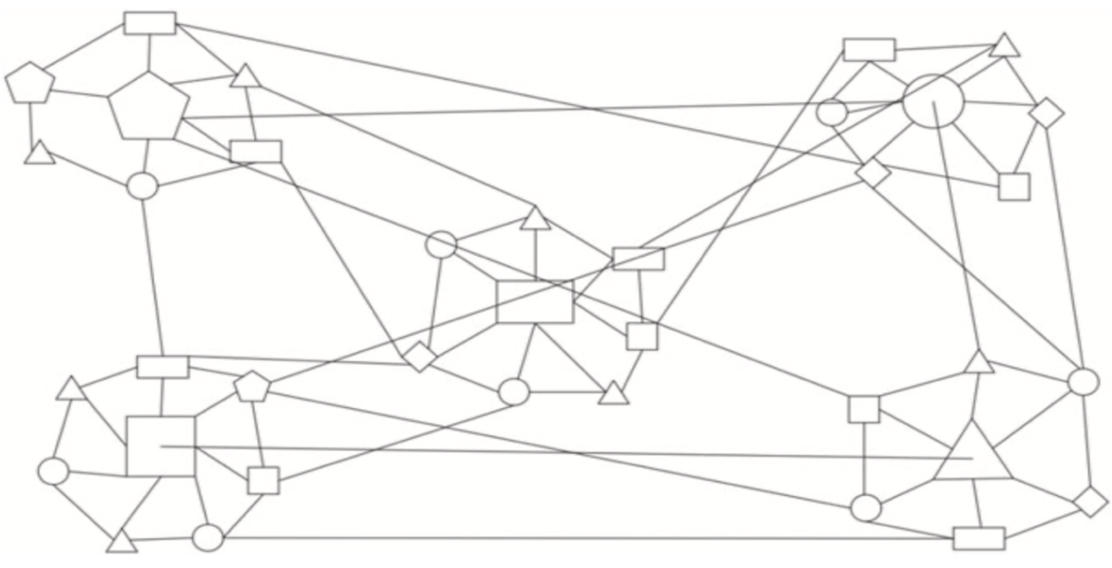
2.2.3 Rendanheyi model: the Haier case

The field of economic research frequently faces the difficulty of balancing the creation of wealth with fair distribution within organizations. Rendanheyi, Haier's novel model that Zhang introduced in 2005, is a notable divergence from traditional models and has been progressing toward accomplishing both of these goals (Schoemaker and Kuhn, 2021). Rendanheyi, which basically translates to "employees and users become one," seeks to break down barriers and promote open communication between the business and its clients (Schoemaker and Kuhn, 2021). In the Rendanheyi framework, the term *"Ren"* pertains to employees, *"Dan"* shifts the focus from mere orders to users, and *"Heyi"* is related to the connection between employees and users. In order to align the processes of value creation and sharing for the benefit of employees, the model aims to integrate the value created by employees with the value experienced by users (Schoemaker and Kuhn, 2021). Rendanheyi's synchronization of value for users and employees is emphasized by Haier's interpretation, which reflects a deep alignment that is essential to the model's philosophical foundations. Rendanheyi stands out as a pioneering management approach on the Internet of Things (IoT) era, summarizing a comprehensive philosophy of leadership, a philosophy of life and a set of values (Zohar, 2022). This model encourages a significant change in organizational structure, giving stakeholders more autonomy and fostering an entrepreneurial mindset. After this shift, an agile, adaptable company becomes an ever-growing open platform based on internet nodes where users actively engage in the entire production process (Jacobides and Duke, 2021). At the heart of Rendanheyi lies a driving philosophical principle grounded in a profound respect for human dignity and individual autonomy. The model embraces the belief that each autonomous individual possesses unique qualities and the potential to create distinctive value when granted the freedom to do so. This emphasis on autonomy, entrepreneurship, and a collaborative value-sharing ecosystem sets Rendanheyi apart, positioning it as a transformative force in contemporary management paradigms (Zohar, 2022).

Haier, a highly successful Chinese multinational renowned for its household appliances and consumer electronics, has undergone a remarkable transformation, developing an effective set of practices for managing an emergent, ecosystem-based business model (Schoemaker and Kuhn, 2021). Haier was a local company that was close to going out of business in 1984 due to its low morale and unsatisfactory products. Under the direction of CEO Zhang Ruimin, it became one of the leading producers of white goods in the world in less than three decades, gaining a reputation for excellence and innovation that spread throughout the world through acquisitions such as Candy in Europe and GEs in the US (Jacobides and Duke, 2021). Haier's adaptation in the early 2000s was prompted by the digital age, as Zhang realized that the company needed to embrace the internet and mastering the connectivity and dynamism to maintain its market leadership. In order to understand goods and services from the viewpoint of a customer, he envisioned a *"zero distance"* world made possible by the internet, in which every employee would have direct contact with a market, whether internal or external. Zhang noted that an organization's ability to compete is diminished and bureaucracy is frequently the result of growing an organization's wall between a business and its clients (Schoemaker and Kuhn, 2021). He creates a powerful network of microenterprises managed by employees who deal directly with end users, turning them from one-time, transactional clients into devoted consumers who collaborate with Haier's innovators to develop new goods and services (Schoemaker and Kuhn, 2021). As part of a comprehensive reorganization strategy, the removal of 12,000 middle managers was a crucial component of this organizational shift. In addition, Haier offered its employees entrepreneurial training opportunities through the Haier corporate University to assist them in taking on these new challenges (Jacobides and Duke, 2021). This transformation was driven by disciplined managerial innovations, inspired also by a relentless focus on execution and a culture of experimentation. The objective of achieving *"zero distance to the customer"* materialized through the introduction of company-wide IT systems. This facilitated the restructuring of the entire organization into business units and, subsequently, into small, self-managed teams (Jacobides and Duke, 2021). Haier’s journey exemplifies a pioneering approach to organizational evolution, marked by adaptability, innovation and a deep understanding of the changing dynamics of the business landscape.

Within Haier's innovative framework, employees are classified into three distinct roles: platform owners, microenterprise owners, and entrepreneurs (Schoemaker and Kuhn, 2021). Platform owners play a pivotal role as coordinators and facilitators of a network of microenterprises, responsible for fostering and supporting the growth of new ventures. The appointment of microenterprise owners, who serve as leaders within these ventures, occurs through an open voting process. Entrepreneurs, often referred to as "makers," comprise the team members within the microenterprises (Schoemaker and Kuhn, 2021). Teams can make decisions without waiting for senior managers' approval because decision-making authority is distributed. Teams in this model are free to choose their own leaders and obtain services from both internal and external providers. Microenterprises are empowered by this strategy to operate autonomously and adapt to the changing needs of their markets (Schoemaker and Kuhn, 2021).

Figure 3: Haier model micro-enterprises representation. Source: Danah Zohar (2022)



Zhang's innovative vision created a meta-organization, a system of interconnected entities (Figure 3) operating under the Haier model that shares authority, motivation and incentives. This meta-organization model is consistent with the larger trend in modern business toward decentralized, networked structures (Schoemaker and Kuhn, 2021). Haier's strategy for goal-setting and organizational design emphasizes a dedication to flexibility and agility as well as break from conventional hierarchical models. Driven by autonomy and decentralization, this novel meta-organization model represents a modern organizational management paradigm.

Rendanheyi presents a revolutionary business model led by Haier that stand out in the corporate landscape with these unique features:

- **Abandonment of Bureaucracy, Middle Management, & Borders**: Rendanheyi discards the conventional bureaucratic structure, middle management constraints, and geographical boundaries. This model promotes a dynamic, borderless environment (Zohar, 2022).
- **Self-organized, self-motivated and self-rewarding**: in Rendanheyi, managers do not designate employees to independent teams, or micro-enterprises; they also do not provide teams with predetermined objectives or instructions on what to do. Rather, the groups form themselves, choose their own members and aim for more comprehensive, long-term goals (Zohar, 2022).

  At Haier, three types of microenterprises exist: (1) market-facing micro-enterprises engage directly with users, adapting products based on customer needs and technological advancements; (2) incubating micro-enterprises explore new business opportunities and expand Haier's product and service lines into diverse areas; (3) node micro-enterprises provide component parts or various services to market-facing micro-enterprises (Zohar, 2022).

- **Independent but aligned**: Haier is transformed into a logical, well-coordinated organization by the Rendanheyi model, which guarantees collaboration and alignment among all of its functional micro-entities. First and foremost, a robust central operating system was created for the entire conglomerate. Senior management makes sure that the organization has a culture that establishes common operating procedures and standards and values for each ME and its members. In order to arrange cooperative talks, coordinate cooperation among the various MEs, and inform them of joint entrepreneurial opportunities, a network of service platforms serves as a facilitator (Zohar, 2022).

- **Open innovation approach**: Rendanheyi nurtures a co-creative relationship between insiders and outsiders, in contrast to traditional organizations that protect their research in confidence. Haier actively participates in the community of its users and expands cooperation to the outside world in search of creative ideas (Zohar, 2022).
- **Ecosystem integration**: Haier thought that to meet the demands of smart lifestyles and obtain the competitive edge provided by IoT, the distributed structure of micro-enterprises needed to undergo additional transformation. Greater collaboration was required because micro-enterprises lacked the resources and capabilities to handle complex offerings beyond product. Haier would accept this novel approach to management and establish ecosystem micro-enterprise communities. The aim was to move away from specific products and services and instead address large segments of the market while collaborating with partners to create shared value. This requirement necessitated an evolution in the organizational design. Win-win cooperation was encouraged in the ecosystem model to prevent competition (Zohar, 2022).
- **Maker's culture and relationship building**: Haier's Rendanheyi model is named a "Makers' Culture," for its core approach to establishing relationships as well as for its development of IoT products. The model encourages the development of entrepreneurs and highlights the value of relationships (Zohar, 2022).

In essence, Rendanheyi goes beyond restructuring business processes; it transforms organizational culture, emphasizing autonomy, collaboration and open innovation, setting Haier apart as a pioneer in the rapidly changing corporate landscape.

2.3 Organizational design as Regenerative system

Organizational redesign has become inevitable in today's dynamic landscape, with half of all organizations having undergone a restructuring in the past two years and the remaining half anticipating a similar transformation in the next two years (Hartrich, 2015). This emerging paradigm requires careful consideration, especially for organizations aiming to distinguish themselves not merely by what or how products are brought to the market, but by the intrinsic why that defines their existence. Hartrich (2015) emphasizes that business with a forward-thinking culture should embrace purpose-driven values, which will help them maintain their position as leaders in the world economy.

Growing social challenges and increasing ecological degradation highlight the need for organizational introspection, such as there is a need to reevaluate current business practices related to the business impact on socio-ecological systems (Hahn and Tampe, 2021). Though current conceptualizations of business sustainability often center on the organization itself, looking for strategies that translate into competitive advantages through environmentally and socially responsible practices, Hahn and Tampe (2021) point out that existing research on the topic recognizes its importance for strategy and organization. When one looks more closely at the need for a paradigm change, one finds that the idea of regeneration offers a strong framework for rethinking corporate sustainability and bringing it into line with its systemic origins (Williams et al., 2020). This mentality change is essential to guiding us toward a future that is more regenerative and sustainable.

Prior to exploring the fundamental idea of a regenerative organization, it is critical to understand what sustainability is and why it is insufficient for defining a future path. The understanding of sustainability, as explained by these scholars, is no longer sufficient for navigating the complexities of our evolving world. This sets the stage for exploring regenerative system as a transformative framework for building a better future.

2.3.1 Toward the concept of sustainability

We should define *"degenerative"* before we go forward with the concept. The term describes a progressive process or trend of deterioration over time. Within the field of ecology, a degenerative process can be defined as the deterioration or downsizing of natural systems, including species populations, habitats or ecosystems. Numerous things, such as pollution, overuse of resources, habitat destruction and climate change can contribute to degenerative process (Graber, 2023). Degradation of the environment and society also results in diminished health and wellbeing, as well as a loss of opportunities and personal autonomy. The world "degenerative" draws attention to the detrimental effects that human activity has on the environment and emphasizes how critical it is to address these effects in order to build a future that is more resilient and sustainable (Graber, 2023).

The concept of sustainability dates back to the 17th century and refers to the preservation of natural resources for the benefit of humans. It was first popularized in the Brundtland Report as a means of addressing present and future human needs while respecting environmental constraints (Gibbons, 2020). This "*conventional sustainability*" acknowledges the dangers to human survival posed by the uncontrolled use and destruction of environment resources. This conceptualization has an anthropocentric focus, primarily on how to support economic growth in the face of resource constraints (Gibbons, 2020). Examples of conventional sustainability include green building, best management practices, more efficient technology, environmental regulations and economic incentives (Gibbons, 2020). Sustainable businesses concentrate on minimizing adverse effects, stopping additional degradation and conserving resources in order to preserve the current state of natural systems (Graber, 2023). Their efforts are naturally limited because they are primarily focused on growing their business and increasing sales while simultaneously making processes and products more efficient, meaning they use fewer resources per product produced. Therefore, even though these businesses sell "greener" products, harm is still performed. They aim to achieve "net zero," or at least mitigate and make up for the negative effects of their value creation (Graber, 2023).

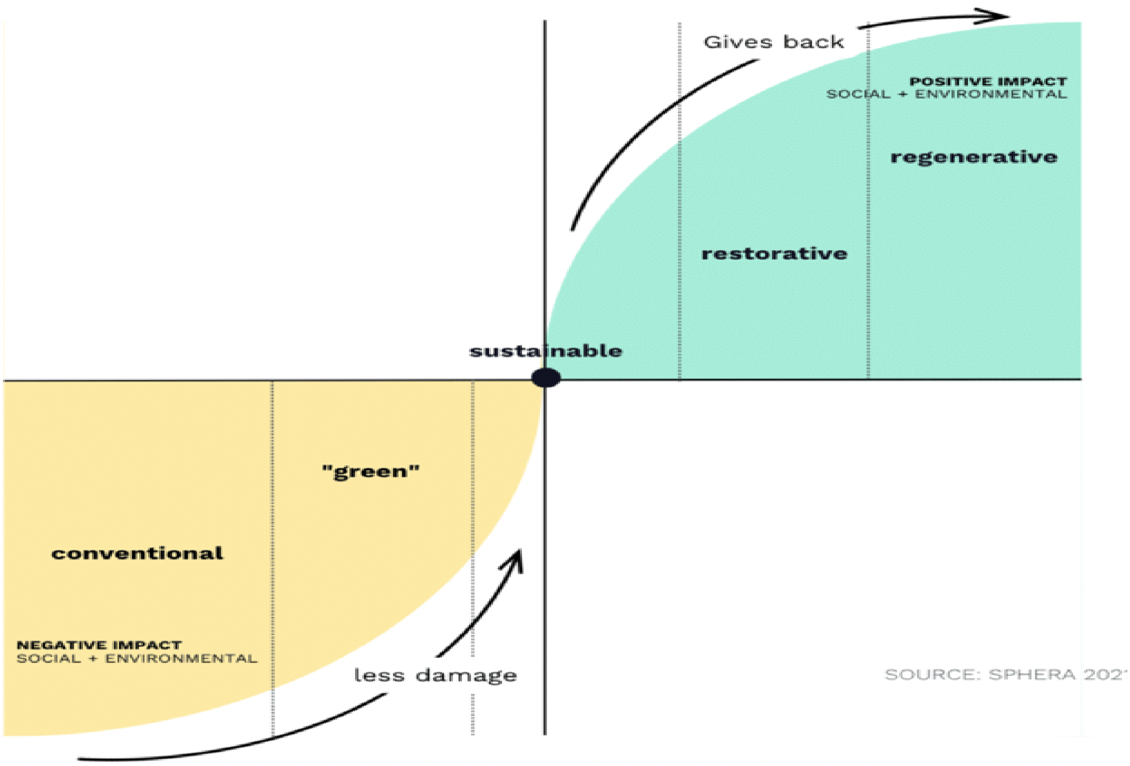
Conventional sustainability has been criticized for lacking essential elements of sustainability, being extremely vague in its definition. It is for this reason that was developed the concept of "*contemporary sustainability"* since 1999 (Gibbons, 2020). This concept advances the conventional one, by including considerations of social justice, ecological viability, social-ecological and normativity systems. The main goal is still human welfare, both now and in the future, within reasonable limits, by solving difficult, contested and regionally unique problems. Concepts of transition, transformation, process transdisciplinary, ecosystem services, resilience, risk and vulnerability and so on, are also included in contemporary sustainability (Gibbons, 2020). Furthermore, sustainability commonly falls short in confronting the fundamental causes of today's crises, including commodification, capitalism, and worldviews that hold that people are distinct from the natural world. Therefore, it is imperative that new frameworks and strategies be developed in order to direct more drastic changes. A different strategy that is gaining popularity all over the world and that promotes quick and significant change is to aim for "regenerative" dynamics, practices and systems (Buckton et al., 2023).

2.3.2 A paradigm shift to Regenerative Economics

The concept of the regenerative economy transcends the traditional notions of sustainability, aiming not only to avoid degeneration but also to go further than mere preservation at the current level (Graber, 2023). This phenomenon has its origins in the edges of developing economic theory, specifically in the fields of built environment and urban planning. This approach aligns itself with the inherent principles of nature and it has grown to include a wider viewpoint that acknowledges the connection between human activity and the greater social -ecological system, shaping also financial, economic and industrial systems.

A comprehensive understanding of the regenerative economy is embedded in the concept of regenerative sustainability, described as *"a co-creative partnership with nature [...] to restore and regenerate the global social-ecological system"* (Du Plessis, 2012; Graber, 2023). In this paradigm, human activities are viewed as integral components of a vast social-ecological system, characterized by mutual feedback and interdependencies among all its elements. The overarching goal of regeneration it to "*cultivate relationships that create both life-sustaining and life-enhancing conditions for the global human community within a healthy ecosystem*" (Zhang and Wu, 2015; Graber, 2023). Regenerative economics, within this framework, entails the application of natural laws and patterns governing systemic health, self-organizing, self-renewal and regenerative vitality to socio-economic systems. Recognizing the economic system as an integral part of the overall-ecological system becomes crucial for fostering regenerative practices. Humanity must shift to a "*giving back*" paradigm by forming companies and organizations that actively contribute to create conditions that support life restoration and thriving (see figure 4) (Graber, 2023). This perspective underscores the need for a reorientation in the approach to economic activities. The diagram that goes with it represents a radical change from conventional to regenerative design.

Figure 4: From conventional to regenerative diagram. Source: Sphere (2023)



Regenerative development and design represent a paradigm shift in the conceptualization and execution of projects, rooted in a holistic understanding of interconnected systems (Reed, 2007). This approach emerges from an ecological worldview that recognizes the interrelationships within ecological systems, where living entities, including humans, engage, interact and depend on each other in specific landscapes for the pursuit and sustenance of healthy lives (Mang and Reed, 2015). In the context of regenerative development, the design process involves active engagement with stakeholders and processes, enhancing continuous and healthy relationships through feedback, reflection and dialogue (Reed, 2007). The trajectory of sustainability in regenerative practices represents a progression, with each level nested within a more comprehensive whole (Reed, 2007). Regenerative development, in contrast to a traditional interpretation of regeneration that is limited to the physical structure, emphasizes the ways in which the process of building acts as a catalyst for positive change within a particular place (Robinson and Cole, 2015). The concept of adding value to an ecological system, as proposed by Mang and Reed (2015), entails increasing its systemic capability to generate, sustain, and evolve higher orders of vitality and viability specific to a particular place.

Adopting deep design is a dynamic, rapidly changing strategy for transforming businesses. Creative design solutions are being actively investigated as the need for distributive and regenerative practices becomes more and more apparent. The transformative potential is becoming more evident, and businesses are looking to understand the extent of necessary change (Sahan et al., 2022). The initial shift necessitates a move from degenerative to regenerative design. The global business paradigms are deeply embedded with a linear model of "*take, make, use, lose*" which is prevalent and out of alignment with the delicate balance of our planet. The shift to a regenerative economy, which uses resources from Earth forever within the cycles of life, is emphasized by urgency. The subsequent transformation addresses the shift from divisive to distributive design. Sahan et al. (2022), promotes distributive economic models in recognition of the tendency of current business models to concentrate value and opportunities within a small number of people to the detriment of many others. By putting an emphasis on fair distribution of opportunities and values, these models aim to counteract extreme inequality and marginalization.

Regenerative practices adopt a systems-based, place-based perspective, orienting towards positive contributions (Robinson and Cole, 2015). The interconnections between and within ecological, social and economic systems at different scales must be taken into account when applying the systems-based perspective. The focus on location indicates a desire to apply a deep understanding of each place's distinctive history to decision-making. In addition, a primary goal of regenerative approaches is to guarantee that projects provide long-term, beneficial effects on ecological and human systems (Robinson and Cole, 2015). These processes involve diverse voices, fostering connections among individuals and cultivating a sense of belonging to surrounding community. Regenerative practices are interdisciplinary, drawing on a multitude of information sets (Robinson and Cole, 2015). Du Plessis (2012) identifies fundamental philosophical departure points underpinning regenerative approaches, including the recognition that human systems are integral parts of ecosystems, the imperative for human activities to positively contribute to ecosystem function and evolution, the need for context-specific aspirations in human endeavors, and the necessity of ongoing participatory and reflective processes in the design and development of regenerative places.

Regenerative organizations are viewed as tools for restoring the self-renewable capacity of natural systems that have faced damage or overexploitation (Moseletto, 2020). This transformative process involves a co-evolutionary approach, where organizations align their activities with the living systems surrounding them, to build resilience and adaptive capacity and fostering the health of both nature and human communities within social-ecological systems (Hahn and Tampe, 2021). One conceptualization of regenerative business models revolves around the notion of net positive impact, where an organization's handprint, representing the positive impact or difference a product or service makes in the market, is higher than its footprint, indicating the negative impact created throughout the product or service life cycle (Norris et al., 2021). Achieving net positive impact necessitates that organizations take ownership of all their impacts, prioritize long-term benefits and foster a strong sense of purpose (Konietzko et al., 2023). Transitioning towards regenerative practices requires a collaborative effort involving the active participation of all stakeholders rather than a top-down process. Leadership plays a crucial role in guiding this transformation and fostering a "culture of regeneration". Internally, leaders must create a supportive and nurturing environment, establish communication method that enhance collaboration and empower individuals to thrive in their workplace. Externally, to fulfill the value proposition and have a positive environmental impact on the business, they must take a stewardship approach (Graber, 2023).

When Doughnut Economics is applied to business, "*deep design*"—a comprehensive redesign of its fundamental components—is the key to its success. This includes the purpose, the operational networks, the ownership model, the connection to finance and the governance structure (Sahan et al., 2022).

The purpose of a business, define as its fundamental reason for existence, traditional gravitates towards profit maximization for the benefit of the owners and investors. However, an alternative purpose aligned with meeting the needs of all people within the means of our living planet is emerging. The true purpose is not confined to mere words but permeates the culture, actions and core products and services of a business (Sahan et al., 2022).

Businesses are integral parts of different networks, including trading networks, partnerships and relationships with various stakeholders. Relationships with employees, communities, and governments are examples of additional networks. A business will determine how it interacts with all of these networks and relationships based on its goals. By encouraging long-term trading partnerships that share social and ecological goals, including through prices that can enable these goals, fair trade is a model that has demonstrated that this is possible. Businesses must join industry initiatives and take an ambitious and forward-thinking approach to support industry-wide efforts to accomplish social and ecological goals in order to achieve broader economic transformation (Sahan et al., 2022).

Usually, business owners have the authority to determine the mission and objectives of their company. Nonetheless, there are a wide range of ownership models that have a substantial impact on the capacity of businesses to pursue social and ecological goals depending on who owns the business and their rights over it. A wide variety of ownership structures, like employee ownership and cooperative models, have evolved to achieve specific social or environmental objectives (Sahan et al., 2022).

A company's ability to pursue distributive and regenerative strategies can be significantly enabled by its relationships with investors and other financiers. The business's approach to developing and offering products and services is shaped by the financial constraints that are enforced (e.g., by setting required margins). Financial constraints also influence investment; while many distributive and regenerative ideas call for capital expenditure, owners' expectations of profits and dividends all too frequently preclude such internal investments. The final financial parameters that define a business's purpose are heavily influenced by the financing strategy used by the enterprise (Sahan et al., 2022).

As the arbiter of authority, responsibility, and decision-making, governance is essential. Effective governance is fundamentally dependent on complete financial reporting, as well as transparency in decision-making and impact change (Sahan et al., 2022). Moreover, the concept of regenerative governance encompasses modes such as holacracies and sociocracies, rooted in living systems principles that aim to align organizational purpose, build resilience, and foster prosperity (Gibbons, 2020). A more self-management model takes the place of traditional hierarchical management, with authority shared among all staff members in an overlapping hierarchy of roles and work domains. Decision-making occurs through mutual consent, facilitating continuous feedback and allowing for enhanced information flow, transparency, adaptability, innovation, effectiveness and accountability within organizations (Buckton et al., 2023; Gibbons, 2020). Sociocracy and holacracy not only distribute authority but also emphasize the development of individuals in harmony with the organization and the communities they serve (Gibbons, 2020). This approach reflects a commitment to holistic well-being, fostering a symbiotic relationship between organizational growth, individual development and societal impact.

2.4 The impact of B Corp

In the 21st century, enterprises are grappling with emergent challenges such as financial crises, global pandemics, and climate change. In response to these issues, there is a growing acknowledgment of the need for sustainable development solutions (Tabares, 2021). Despite the inherent challenges associated with integrating multiple goals into the core business model, there is a growing understanding that organizations can effectively combine ethical, social, and environmental objectives with economic goals (Battilana and Lee, 2014).

A notable development in this landscape is the emergence of hybrid organizations that actively seek social and environmental change while maintaining a profit-oriented approach. These organizations aim to create mutually beneficial relationships among stakeholders, navigating the complex tension between social, environmental, and economic logics (Tabares, 2021). These entities are increasingly prevalent, prompting a surge in research as social actors seek ways to embed ethical goals into their organizational structures. This involves aligning strategies with both a mission and a purpose that address ethical concerns (Battilana and Lee, 2014).

Introducing a novel paradigm is the B Corp movement, which proposes a double bottom line as a benchmark for redefining the traditional dichotomy between for-profit and nonprofit organizations. The ambition of this movement is to establish a new standard for doing business, one that transcends the singular focus on maximizing dividends for shareholders. Instead, B Corps, or "for-benefit" enterprises, aspire to maximize positive impact on all stakeholders. This represents a paradigm shift, positioning the for-benefit model as a sustainable business approach in response to the multifaceted challenges of the future.

2.4.1 For-benefit organization: between for-profit and non-profit

In contemporary society, the rise of hybrid organizations, which integrate social and environmental goals with economic objectives at their core, has accumulate a high degree of attention in recent research (e.g., Sabeti, 2011; Battilana and Lee, 2014; Haigh et al., 2015; Villela et al., 2021). These organizations are defined as businesses that design their business model to address environmental or social issues (Haigh et al., 2015), adapting their ethical behavior and social mission accordingly (Villela et al., 2021).

The "**for-benefit**" business model is a unique model in this field that presents a hybrid approach that combines components of both nonprofit and for-profit concepts. This model allows a clear organizational identification for those companies that want to generate income through the pursuit of a social mission, but which is currently not recognized by almost all regulatory systems, which therefore oblige such companies to choose one of the two traditional structures. This decision penalizes them in term of identity towards their stakeholders, as they have peculiar corporate governance policies, a different role of shareholders and a different relationship with stakeholders, compared to other types of for-profit companies (Sabeti, 2011). For benefit firms want to pursue environmental and social goals, like nonprofits, and they want to adopt an economically sustainable business model to create revenue and satisfy consumers, like for-profit organizations. Because they specifically aim to achieve a more balanced approach between social and economic goals, hybrid organizations are seen as a response to societal and environmental challenges. Their goal is to minimize unfavorable or negative outcomes in the society, the economy, and the environment (Villela et al., 2021).

The emergence of these hybrid organizations hints at the potential development of a fourth sector in the economy, representing a new dimension that exploit the power of private enterprises to create public benefit (Wilburn & Wilburn, 2014). This concept has stimulated interest in mainstream economic debates, potentially influencing the structures of capitalism. Promoter of social enterprises have played a pivotal role in creating legal frameworks for these innovative entities, providing a better "home" for those with hybrid purposes, combining elements from both for-profit and nonprofit organizations (Reiser, 2010).

2.4.2 Benefit corporation and B Corp

Benefit corporation legislation, while differing from one state to another, generally adhere to certain standards. Typically, such legislation requires that benefit corporations articulate their corporate purpose as "the creation of a general public benefit", which is define as a positive, tangible impact on society and the environment as a whole, as assessed through the standards of third party, resulting from the corporate activity (Resor, 2012). Frequently, benefit corporations pursue this objective by focusing on maximizing a specific public benefit. According to Resor (2012), benefit corporations primarily benefit from legislation because it gives them legal clarity when they wanted to pursue social purposes. This legal framework ensures transparency and clarity to all stakeholders involved in the company. The literature on Benefit Corporations emphasizes the crucial role of stakeholders in authentically creating a positive impact. The involvement of stakeholders in shaping the strategy of benefit corporations is essential for fulfilling the public interest (Brown and Forster, 2013). Fernando and Lawrence (2014) argue that enterprises are more likely to adopt the benefit corporation model when they successfully meet diverse expectations and interests from various stakeholder groups. Jonsen (2016) further explained how the consideration of stakeholders significantly influences the governance and management decisions of enterprises. Nonetheless, Agle et al. (2008) demonstrated how an enterprise's actions are driven by ethical goals and how stakeholder attention is motivated to create a common good. The benefit corporation ought to combine and harmoniously integrate the creation of profit and enhance the common good (Jonsen, 2016). Riso et al. (2023), delve into the certification process for benefit corporations, illustrate how stakeholders assume different roles that incentivize these entities to activate a various path towards sustainable actions.

B corps represent a relatively unexplored category of hybrid organizations with a strong focus on sustainability. This unique organizational model is guided by the B Lab third-party audit, administered by US-based nonprofit organization that employs stringent standards to certify companies committed to balance profits and purpose (Tabares, 2021). Two pivotal innovations within the B Corp movement play a crucial role in holding companies accountable for stakeholder governance: the benefit corporation structure and the B Impact Assessment. Companies embracing benefit corporation structure assume a legal obligation to consider the interests of all stakeholders in their decision-making processes. This legal framework reinforces the commitment to stakeholder governance (Villela et al., 2021). Additionally, the B Impact Assessment is used as a tool for companies to evaluate their current stakeholder management practices and identify areas for improvement. The assessment is grounded in a synthesis of best practices in corporate ethical responsibility, encompassing standards for social and environmental performance, public transparency and governance responsibility. Applicants for the B Corps program are assessed based on these best practices, which quantify and benchmark how a company's operations and business plan affect its stakeholders in five major impact areas: employees, community, customers, environment and governance (Villela et al., 2021). This certification not only recognizes a company's strengths but also attests its commitment to considering all stakeholders in both current and future decision-making processes, integrated into the company's legal governance structure. The certification process involves an online, confidential platform where companies must achieve a minimum of 80 points out of 200 for certification. The weight of evaluation questions varies based on company size, industry, and geographic location (Diez-Busto et al., 2021). Eligible companies must provide their responses with supporting documents, and crucially, they must amend their articles of incorporation to align with legal requirements, explicitly incorporating the consideration of all stakeholders in decision-making (Villela et al., 2021). As a final step, organizations seeking B Corp Certification must endorse the B Lab term sheet and the Declaration of Interdependence, in addition to paying the annual certification fee (Diez-Busto et al., 2021). This comprehensive process ensures that B Corps not only meet rigorous standards but also embed a commitment to stakeholder governance into their legal and operational foundations.

To gain a deeper understanding of the B Corp certification process, it is essential to explore deeply the evaluation criteria across the five key categories. The first category, Governance, evaluates how a company is structured to pursue and achieve its mission, emphasizing ethics, responsibility and transparency. This includes assessing whether the company has adopted a social or environmental mission, and how it engages its employees and the broader community. Employee access to financial information, client feedback opportunities, and the diversity of the company's governing bodies are also considered (Diez-Busto et al., 2021).

Moving to the second category, environment, the evaluation focuses on the ecological impact of a company's facilities, materials, emissions, resources and energy use. It comprehensively considers the environmental consequences of transport, distribution channels and supply chain practices. Furthermore, the assessment examines whether the company's products or services are designed to address environmental issues, promoting renewable energy, resource preservation, waste reduction, land conservation, and the prevention of toxic substances (Diez-Busto et al., 2021).

In the community category, the assessment evaluates the company's positive material impact on the communities in which it operates (Diaz-Busto et al., 2021). This extends beyond the immediate local community to include employees, suppliers, customers, and partners. B Corps actively engage in community development through inclusive social initiatives, positioning themselves as agents of positive change (Marquis, 2020). It evaluates how businesses handle charitable giving and community service, as well as whether their goods and services aim to address social issues like granting people access to healthcare, education, or basic necessities (Diez-Busto et al., 2021).

The fourth category, employees, evaluates the company's impact on its workforce. It measures how the company treats its employees in terms of compensation, benefits, training, and opportunities (Diez-Busto et al., 2021). B corps are known for innovative approaches to employee's engagement, often going beyond standard health insurance packages and HR policies. They address key issues such as fair wages, job access, diversity and overall quality of life. These are incorporated into B Corps' daily operations and frequently have the added advantage of improving performance (Marquis, 2020). Additionally, it assesses the company's work environment, including corporate culture, health and safety procedures, work flexibility, and management-employee communication (Diez-Busto et al., 2021).

Lastly, the Customers category assesses the positive material impact of the company through its products and services (Diez-Busto et al., 2021). Customers have the power to penalize a bad company with boycotts and to reward a good company with brand loyalty (Marquis, 2020). This evaluation focuses on whether the business offers products or services that promote public benefit, especially for underserved populations. It also examines the management of long-term relationships with customers, emphasizing corporate sustainability (Diez-Busto et al., 2021). B Corps distinguish themselves by engaging consumers with high standards of quality and sustainability, differentiating them from traditional for-profit companies and nonprofit organizations. This certification, which appeals especially to socially conscious groups like Millennials and Generation Z, helps customers match their values with the businesses they support (Marquis, 2020). Research indicates that these socially conscious consumers are willing to pay extra for products from companies committed to social and environmental responsibility. For instance, a 2017 survey found that 73% of millennials globally are willing to pay extra for sustainable products, emphasizing the importance of transparency and authenticity in corporate missions (Marquis, 2020). B Corp certification supports the larger trend towards ethical and sustainable business practices and acts as a reliable indicator for customers looking for products that reflect their values.

2.5 Conclusion

In conclusion, the exploration of self-managed and more horizontal forms of organizations, exemplified by holacracy and sociocracy, teal model and Haier's dynamic ecosystem, aligns with the ideas of organizations as economic and living system, that is connected with the general principles of regenerative system. Zhang's comparison of Haier to a tropical rainforest effectively embodies the fundamental ideas of these organizational paradigms (Zohar, 2022). These companies, like a healthy ecosystem, are always creating new "species," or business models and players, with an emphasis on flexibility, evolution, and the capacity to support the emergence of creative concepts and methods.

The study emphasizes the significance of adopting horizontal structures as disruptive transformations, like digitalization and global sustainability challenges, reshape the business and organizational landscape. The emphasis on zero distance from users, as highlighted by Danah Zohar (2022) and the Golden Circle theory, becomes imperative in this context. The basis of this theory is to understand the direction, pathway and goal that organizations want to achieve. The cyclic process of questioning "why", navigating "how" and achieving "what" places a premium on organizations that prioritize close user engagement, allowing for better design decisions, and responsiveness to world evolving needs.

The connection between these organizational approaches and the principles of living systems, become evident (Gibbons, 2020). According to the current understanding of living systems, all life evolves through processes of developmental change characterized by self-organization and emergence that increase complexity, diversity, the ability to support more life, and the potential to change and to provide options across scales for the future. Put in another way, these processes increase health, wellbeing, and thrivability, not just sustainability, can be catalyzed across scales when humans, as strong agents in living systems, recognize our interconnectedness with all life and align our worldviews, ways of thinking, and behaviors with these principles (Gibbons, 2020). The mindset views development not as a linear progression but as a continual process supporting the life-enhancing capacities of the entire system.

Furthermore, the integration of these organizational models with regenerative economics emphasizes a holistic and systemic approach. Recognizing the interconnectedness of all aspects of a system, regenerative economics acknowledges the dependence on the natural environment and emphasizes functioning within its limits. The insights of Graber (2023) emphasize the value of systems thinking in recognizing linkages and interdependencies as well as maximizing the benefits to society, the environment, and the economy, also through the emergence of hybrid organizations no longer aimed only at profit, but also at future sustainability.

In embracing self-managed, horizontal organizational structures within the context of regenerative system, there emerges a powerful synergy that moves organizations toward a future marked by adaptability, innovation and sustainable growth. In this future, the principles of a new, regenerative, living system guide the way towards increased health and wellbeing across scales.

CHARACTERISTICS	**HOLACRACY**	**SOCIOCRACY**	**TEAL ORGANIZATION**	**RENDANHEIY MODEL**
STRUCTURE	Decentralized hierarchy	Circular hierarchy	No fixed hierarchy	Adapted to the situation
DECISION-MAKING	Formal governance process with “circles”	Consent-based	Distributed, decentralized decisions	Situation-based decisions
DEFINED ROLES	Clearly defined roles with autonomy and responsibility	Defined roles, but emphasis on collaboration	Fluid and adaptable roles	Flexibility in roles
ADAPTABILITY	Structure designed to adapt quickly to changes	Adaptable to continuous changes and improvements	Flexible and open to changes	Continuous adaptation
CULTURE	Focus on clarity of roles and responsibilities	Emphasis on consent-based decision-making and equivalence	Culture of trust and autonomy	Result-oriented culture
VALUES	Transparency, accountability and adaptability	Equivalence, transparency and continuous improvement	Self-management and natural evolution	Flexibility and adaptability
COMMUNICATION	Structured trough “circles” and regular meetings	Emphasis on open communication and feedback	Open and transparent communication	Flexible communication

Table 4: Summary of presented organizational model. *Source: Author’s elaboration*

Chapter 3 – Evolution of Governance and Ownership models

3.1 Introduction

New organizational structures and corporate governance are two related topics that are frequently covered in the business and management literature. While the goal of corporate governance is to hold agents responsible for accomplishing specific goals, the need to improve effectiveness in response to the changing nature of the modern business environment is what motivates the creation of novel organizational structures (Child and Rodrigues, 2003). To maximize the possibility of achieving organizational objectives, it is imperative to manage uncertainty effectively to recognize and minimize risks (Pojasek, 2022). To thrive in an uncertain world, organizations must continually innovate and adapt their governance practices. This adaptation is necessary to address stakeholder interests, promote organizational sustainability and facilitate sustainable development. Studying global corporate governance involves investigating a broad range of interesting and intricate subjects, such as the composition of the board of directors and concerns about responsibility, transparency and continued development (Aguilera and Crespi-Cladera, 2016; Pojasek, 2022).

Adapting the principle and practices of corporate governance to the demands of a business environment that is changing quickly is necessary for effective corporate governance in a volatile, uncertain and complex world. In order to operate better in this environment, non-hierarchical governance -in which decision-making authority is distributed among the network's nodes as opposed to being deeply involved in a single, centralized body- was made possible (Tse,2020). Additionally, corporate governance in a VUCA world must prioritize ethical behavior, responsible business practices and a commitment to social and environmental sustainability. It should be agile and adaptive, fostering a culture of continuous learning and improvement to respond quickly to new information and changing conditions (Galhardo-Galhetas, 2023). To achieve effective corporate governance in a VUCA world, it is crucial to understand the needs and perspectives of stakeholders. Regular and transparent communication with shareholders, customers, employees and other key stakeholders is essential for building trust and fostering productive relationships (Galhardo-Galhetas, 2023).

The current unfavorable economic environment is causing a reevaluation of ownership models that are not only resilient during difficult times but also encourage equitable distribution and sustainable wealth creation, as opposed to the prevalent public and private shareholder models. Lampel et al. (2012), argue for alternative models that are not only resilient during adversity but also promote sustainable wealth creation and equitable distribution. Employee ownership emerge as a viable option, aligning the interests of companies and employees. This alignment encourages a focus on the long term, fostering sustainable growth and resilience to economic downturns. Evidence also suggests that employee ownership and engagement contribute to increased well-being and productivity among workers (Lampel et al., 2012).

This chapter explores traditional governance structures, providing insight into how organizations are changing in the fast-paced, dynamic world of today. It examines the transformative shift toward innovative governance practices, the increased focus on stakeholder involvement and the exploration of alternative ownership models.

3.2 A global perspective on Corporate Governance

In the literature on economic issues, corporate governance is consistently discussed a s a key component of modern business management (Jerab, 2023). Different scholars have extensively studied in great detail and with precision the complexities of corporate governance (De Falco, 2014). This intricate concept includes a set of values, practices and guiding principles that define how organizations should be managed, led and held responsible to their stakeholders (Jerab, 2023).

Successful companies actively seek to establish exemplary corporate governance, recognizing that profitability alone is insufficient to meet shareholder expectations. Shareholders increasingly demand evidence of good corporate citizenship, encompassing factors like environmental consciousness, ethical behavior and robust governance practices (Chen, 2023). Enhancing decision-making procedures, controlling risks and determining the organization's strategic course are the main goals of corporate governance, which raises performance, profitability, productivity, and competitiveness (Jerab, 2023). In essence, corporate governance provides the framework that allows businesses to accomplish their goals while respecting moral principles and defending the interests of a variety of stakeholders. This framework extends across all levels of decision-making within an organization, from the board of directors and senior management to employees, shareholders and external stakeholders (Jareb, 2023).

However, the interpretation of governance is far from unambiguous, as it reflects the emergence of diverse models and approaches influenced by the unique geopolitical contexts of different regions (De Falco, 2014). In the pursuit of a comprehensive understanding, this study delves into two different dimensions and various theories related to corporate governance, examining global models and diverse legal systems, with a specific emphasis on the Italian context. By exploring these dimensions, the study aims to contribute to the broader discourse on corporate governance and its varied implementations across different geopolitical landscapes.

3.2.1 Broader and narrower perspectives

The debate on corporate governance has been characterized by two distinct strands, reflecting the broader and narrower conceptions prevalent in different capitalist systems. The Anglo-Saxon capitalist systems typically embrace a broader perspective, while the European and Japanese capitalist systems tend to adopt a narrower view. These conceptions differ in their focus, with some studies emphasizing the identification of stakeholders, while others concentrate on the diversity of corporate bodies responsible for governance functions (Genco, 2014).

The narrow conception leaves the relationships between firms, stakeholders, and the environmental systems in the background to focus on the mechanisms and instruments that legitimize the exercise of governance power within the firm (Genco, 2014). According to this, shareholders are that category of stakeholders who have the right of control over the enterprise because they have a strong interest that efficiency and wealth produced be maximized in the long run. Shareholders can exercise the right of control through their vote on important decisions and by appointing board members as guarantors of their interest (Zattoni, 2015). However, when share ownership is highly fractionalized, ownership becomes separated from control, potentially leading to mismanagement and conflicts of interest (Genco, 2014). According to this logic, the most cost-effective governance solutions include all those mechanisms that push those who manage the enterprise to make decisions that maximize shareholder value (Genco, 2014). Finally, the principles of transparency, accountability and corporate communication, which appear to be closely related to the issue of corporate governance, play a vital role in holding governing bodies accountable to stakeholders (Genco, 2014).

Contrastingly, the expanded view of corporate governance, as advocated by Zattoni (2015), overcomes the limitation of the narrow conception. It directs attention to all stakeholders and considers various mechanisms contributing to the governance process. This broader perspective presupposes a view of the enterprise as a system that interacts with a multitude of stakeholders, each with distinct interests that must be safeguarded. It encompasses studies analyzing the relationship between enterprise governance and external forces at the systemic level (Genco, 2014). The expanded conception challenges the assumption that issues like the separation of ownership and control are specific to large Anglo-Saxon public corporations, where the shareholder structure of large corporations is much more concentrated and often has a shareholder within it. It recognizes the role of national regulations in defining power relations among enterprise stakeholders. Moreover, it acknowledges that enterprises are not solely driven by shareholder interests but must also fulfill the expectations of numerous stakeholders (Zattoni, 2015).

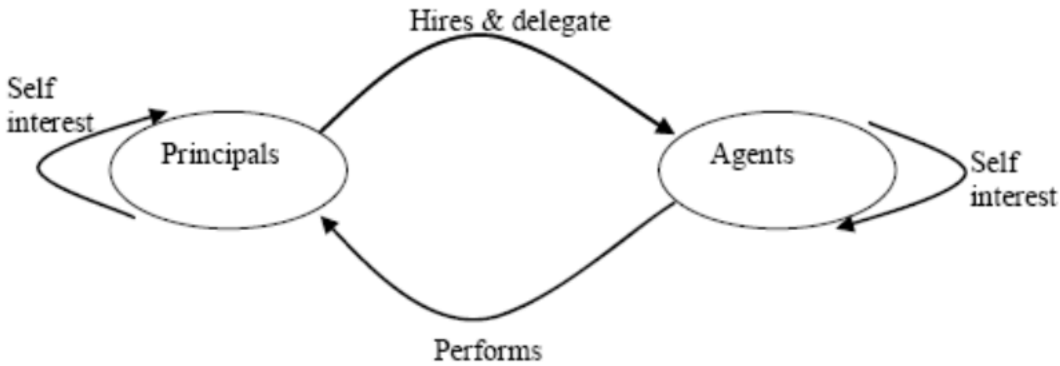
In summary, the narrow conception of corporate governance delves into the formal structures of dispersed-shareholding enterprises, focusing on characteristics that foster shareholder value creation. However, it, neglecting a number of elements, adopts a limited view that considers only a small part of corporate governance processes. On the other hand, the expanded conception considers the interests of multiple stakeholders and asserts that corporate governance processes extend beyond internal structures and mechanism to encompass external institutions, market dynamics, and regulatory frameworks (Zattoni, 2015).

3.2.2 The theory approach

Corporate governance theories provide fundamental frameworks for understanding the dynamics within organizations, particularly focusing on the relationships between various stakeholders. These theories have evolved over time, with key contributions from agency theory, stewardship theory and stakeholder theory (Borlea and Achim, 2013).

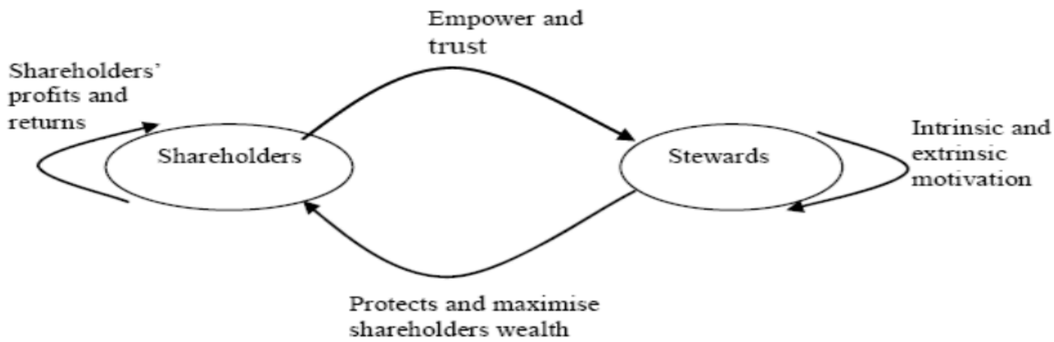
Agency theory (Figure 5), a cornerstone in corporate governance, underscores the separation of ownership and control within corporations (Jerab, 2023). This theory posits that the relationship between owners (principals) and managers (agents) can be encapsulated in an agent contract. The principal engages the agent to perform services on their behalf, emphasizing potential conflicts of interest that may arise between shareholders and decision-making managers (Borlea and Achim, 2013; Jerab, 2023). Shareholders expect managers to act in their best interests, but agency theory acknowledges the risk that agents may prioritize their own interests (Padilla, 2000). According to agency theory, there is a significant risk for principals when there is an information asymmetry that favors agents because agents cannot always be trusted (Child and Rodrigues, 2003). The focus of agency theory is on harmonizing the interests of managers with those of shareholders, thereby mitigating challenges such as managerial opportunism, information asymmetry, and the risk of self-interest-driven decisions (Jerab, 2023). To achieve this, there is a need for aligning the decision-making processes of managers with the objective of maximizing the company's value, ensuring that conflicting interests do not undermine this goal (Borlea and Achim, 2013).

Figure 5: The Agency Model. Source: Jerab (2023)



Stewardship theory (Figure 6) provides a contrasting perspective to agency theory, focusing on the alignment of interests between managers and shareholder (Jerab, 2023). It explains how management leadership contributes to maintaining and enhancing the organization's values. According to stewardship theory, managers who are effective, reliable and have faith in others make good stewards of the resources entrusted to them (Borlea and achim, 2013). They are envisioned as diligently working to secure the firm’s success while considering the long-term well-being of all stakeholders (Jerab, 2023). In this framework directors and managers are seen as working on behalf of shareholders, actively stiving to foster the growth of shareholders’ wealth. In contrast with agency theory, where managers may be tempted to make decisions for personal advantage, stewardship theory asserts that managers, in situations of conflicting interests, prioritize the company’s well-being over their personal interests (Borlea and Achim, 2013). It is grounded in the belief that managers are intrinsically motivated, driven by a sense of responsibility and pride in their role as stewards. Unlike agency theory's focus on financial incentives, stewardship theory emphasizes the optimism surrounding managers' potential to act in the best interests of the organization (Jerab, 2023).

Figure 6: The Stewardship model. Source: Jerab (2023)



According to stakeholder theory (Figure 7), organizations must take into account the interests of all people and groups that are impacted by or have the power to influence the business's operations and decisions. These people and groups are referred to as stakeholders (Jerab, 2023). This expansive concept of stakeholders encompasses owners, shareholders, investors, employees, customers, suppliers, business partners, competitors, government entities, local governments, non-governmental organizations (NGOs), pressure groups, communities, media, and more (Borlea & Achim, 2013). The theory advocates for companies to create value not only for shareholders but for this broader array of stakeholders, recognizing the interconnectedness of their well-being with the success of the organization (Jareb, 2023). Stakeholder theory emerges from a growing acute need for corporate social responsibility in the current societal transition, moving from an industrial to a post-modern, post-industrial, post-capitalist, post-structural, and post-traditional context (Borlea and Achim, 2013). This shift, characterized by profound changes across various fields, underscores the need for a comprehensive approach to corporate social responsibility, addressing major social and environmental implications. As a governance model, stakeholder theory, which prioritizes the maximization of interests for all stakeholders, has proven historically efficient. This efficiency stems from its ability to foster a competitive advantage by building trust among people, resulting in goodwill in the market (Borlea and Achim, 2013). Stakeholder theory advocates for a holistic perspective in corporate governance and decision-making, acknowledging the diverse interests and influences that impact an organization (Jerab, 2023).

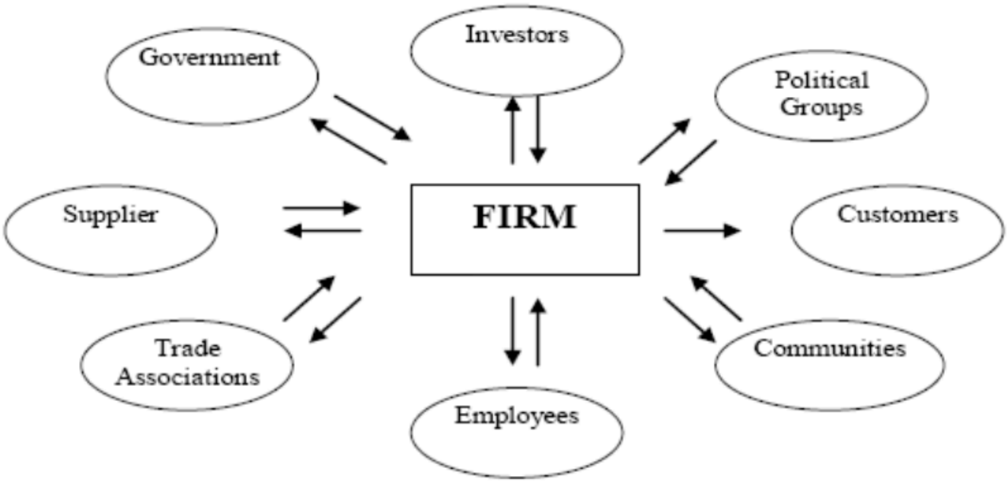


Figure 7: The Stakeholder model. Source: Jerab (2023)

3.2.3 Different global models

Around the world, there are numerous corporate governance models. These vary depending on the type of capitalism they are a part of (Ping and Wing, 2011). The liberal model, prevalent in Anglo-American countries, places a significant emphasis on prioritizing the interests of shareholders. In contrast, the coordinated model, observed in Continental Europe and Japan, takes a more comprehensive approach by recognizing the interests of workers, managers, suppliers, customers, and the community (Ping and Wing, 2011).

The Anglo-Saxon model, commonly found in the U.S., is marked by the dominance of independent individuals and individual shareholders in companies (Ungureanu, 2012). This model encompasses variations such as the shareholder, stewardship and political models (Chen, 2023). Managers in this model are accountable to both the Board of Directors and shareholders, with a focus on profitability and dividend distribution (Ungureanu, 2012). The goal is to run the company in a manner that maximizes shareholder interests, with proper incentives in place to align management behavior with shareholder goals. This model recognizes the importance of shareholder support and aims to keep management effective. The board typically consists of both insiders and independent members. While the CEO and board chairperson can traditionally be the same person, this model aims to have two distinct individuals fill those positions (Chen, 2023). The distribution of ownership and control rights within organizations is dominated in the United States by financial markets activities. Laws have always been seen as being against concentration, particularly in the banking sector, but in recent years, new regulations have been noticeably developed, largely as a result of new economic trends (Ungureanu, 2012). According to Chen (2023), U.S. regulatory authorities tend to favor shareholders over executive management and boards. Legislation focuses on transparency, access to information, strengthening the relationship between regulators and shareholders, and promoting business ethics.

The Continental European model of corporate governance is distinguished by a significant concentration of capital, where shareholders share common interest with the organization and actively participate in its management and control (Ungureanu, 2012). In this model, managers are accountable to broader group of stakeholders beyond shareholders, including unions and business partners (Ungureanu, 2012). In the Continental Model, controlling authority is exercised by two main governing bodies: the management board and the supervisory board. The supervisory board is composed of outsiders like shareholders and union representatives, while the management board is of insiders from the company, especially executives (Chen, 2023). This structure allows shareholders a notable opportunity to intervene in the management process (Ungureanu, 2012). Within the Continental model, two sub-models with distinct characteristics are recognized:

- *Rhenish Model:* This model, prevalent in countries like Germany, Austria, the Netherlands and Luxembourg, follows the Rhenish Footprint business approach characterized by maximizing value for the entire company. Notably, there is less separation of ownership and control, with shareholders actively participating in corporate life. Co-determination or co-management is a key feature, allowing workers to engage in corporate governance. Strategic decisions require consensus from all stakeholders, including employees, banks and local communities. In the Supervisory Board, cooperation is essential, and employees are deeply involved. (Meli, 2020).
- *Latin Model:* Found in countries like France, Spain, Portugal, Belgium, Greece and Italy, the Latin Footprint model emphasizes the shareholder's central role and substantial control over management bodies. In this model, "voice" is prioritized over "exit", indicating the conditioning role of ownership on senior management, limiting their autonomy. Small and medium-sized enterprises (SMEs), often family-owned, are widespread, limiting stock market development. Shareholding tends to be concentrated in the hands of few, such as large families or public entities. Banks play a less influential role compared to the Rhenish Footprint, and employees rarely participate in strategic decisions. In this model, business is perceived as a potential source of social injustice, and labor unions play a significant role in protecting workers (Meli, 2020).

However, the influence of national interests is substantial in this corporate governance model. Companies are expected to align with government objectives, and stakeholder engagement is highly valued as it can support and strengthen a company's sustained operations (Chen, 2023). The interaction of these elements contributes to the unique structures of distribution and control management within the Continental European model, reflecting specific characteristics tailored to different reference markets (Ungureanu, 2012).

The Japanese model of corporate governance introduces the innovative concept of the “holding”, which entails the formation of industrial groups comprising companies with shared interests and similar strategies (Ungureanu, 2012). Key players in the Japanese corporate governance landscape include banks, affiliated entities, major shareholders, management and the government (Chen, 2023). Managers in this model bear a unique responsibility in their interactions with shareholders and keiretsu, a network of loyal suppliers and customers. Keiretsu is a complex web of relationships that is both cooperative and competitive. It is characterized by minimizing opportunism, protecting long-term business relationships, and using defensive tactics in hostile takeovers (Ungureanu, 2012). The governance pattern is predominantly characterized by two legal relationships: co-determination between shareholders and unions, customers, suppliers, creditors and government, and a separate relationship between administrators and stakeholders, including managers (Ungureanu, 2012). The Japanese model is built on the foundation of internal control, focusing not on the influence of robust capital markets but on the presence of strategic shareholders. The board of directors typically comprises insiders, including company executives, and major shareholders actively engage in the management process to enhance economic efficiency and penalize its absence (Chen, 2023; Ungureanu, 2012). In contrast, Individual shareholders who are smaller and independent do not have a voice or role (Chen, 2023). In contrast to the United States, Japan has a concentrated shareholder structure that makes it easy to implement corporate governance that is oriented toward control. This concentration is viewed as a consequence of a market landscape dominated by companies founded and run by families (Ungureanu, 2012). The government plays a pivotal role in influencing corporate management through regulations and policies (Chen, 2023). Presently, Japan's system is oriented towards transactional networks, potentially at the expense of individual considerations (Ungureanu, 2012). According to Chen (2023), the model emphasizes the concentration of power and the interests of those in power, which makes corporate transparency less likely.

In conclusion, the diverse models of corporate governance reflect the unique economic, cultural and regulatory contexts in which they operate. Each model brings its advantages and challenges, shaping the governance landscape of organizations around the world.

	Anglo-Saxon	Continental Europe	Japanese
Oriented towards	stock market	banking market	banking market
Considers	shareholders' property right	shareholders' property right and company's relationships with its employees	stakeholders' interests (keiretsu)
Shareholding structure	dispersed	concentrated	concentrated (cross possession of shares)
Management	executive directors non-executive directors	Supervisor Board Board of Directors	Board of Directors Revision commission
Control system	external	internal	internal
Accounting system	GAAP	IFRS	GAAP and IFRS

Table 5: The main features of corporate governance models. *Source: Ungureanu (2012)*

3.2.4 A focus on Italian legislation

Civil or civilian law, forming the legal basis in the majority of countries worldwide, particularly in continental Europe, Japan, Latin America, and former colonies of continental European nations, is often associated with a more systematic approach to corporate governance (Ping and Wing, 2011). The roots of this legal tradition trace back to the 17th and 18th centuries, marked by the development of codification as an embodiment of Natural Law and Enlightenment ideals. The prevailing political philosophy during this era emphasized democracy, property protection, and the rule of law, necessitating the creation of legal certainty through codification and uniformity (Ping and Wing, 2011). This legal tradition gained momentum in the 19th century with the emergence of the nation-state concept, requiring the recording of laws applicable to each state (Ping and Wing, 2011).

In contrast, the common law, a significant component of legal systems in former British territories or colonies, is distinguished by its reliance on extensive non-statutory law derived from centuries of legal precedents. The theory's core principle is that common law, as opposed to civil law, is linked to a greater emphasis on market institutions rather than on government intervention (Ping and Wing, 2011).

Turning our attention to Italy, where this discussion centers on publicly traded companies listed on Italian regulated markets, the legal structure “Società per Azioni” (Joint-stock company) is predominant. Corporate governance in these entities can vary based on the chosen organizational model, with options including the "traditional," "one-tier" (monistic), or "two-tier" (dualistic) models. Firstly, the company may be managed by a board of directors, with monitoring functions entrusted to either a board of statutory auditors (in the "traditional" model) or an internal board committee (in the "one-tier" or "monistic" model). Alternatively, under the "two-tier" or "dualistic" governance model, the company is managed by a board of management, appointed by a supervisory board granted powers for oversight. Additionally, Italian listed companies may be subject to specific corporate governance rules based on their business activities (e.g., banking) or the composition of their shareholder base (e.g., state ownership) (Italian Civil Code).

The ordinary system, a typical Italian model in the absence of a different statutory choice, involves a Board of Directors (or a Sole Director) and a Control Body, known as the Board of Auditors. The Board of Auditors may perform both management and accounting control if explicitly provided for in the company's bylaws and if all auditors are registered. If the bylaws do not assign this function or the conditions are not met, the board exercises legality control, and accounting control is delegated to an external auditor (Italian Civil Code).

The dualistic system, inspired by the German model, divides company administration between the Management Board and the Supervisory Board. This model can be adopted through special statutory indication as an alternative to the other two systems. The Supervisory Board assumes tasks typically exclusive to the assembly, such as approving annual financial statements. Simultaneously, the Supervisory Board appoints the Management Board responsible for company management. Accounting control remains entrusted to an external body, either an auditor or a company designated for this task, similar to the ordinary system (Italian Civil Code).

The one-tier model, mainly related to Anglo-Saxon governance systems, delegates company management to a unitary body – the Board of Directors – within which a dedicated Audit Committee is designated. Like the previous models, this is an alternative option available to all companies through a special provision in their bylaws. Auditing is mandatory and is entrusted to an external body, such as an auditor or auditing firm (Italian Civil Code).

Each model has distinct characteristics, offering companies flexibility in choosing a governance structure aligned with their specific needs and circumstances. Auditing is mandatory in all models, involving external bodies such as auditors or auditing firms (Chen, 2023).

3.3 Corporate Governance in a VUCA world

In contemporary organizations, existing governance structures and processes often are not suited to our VUCA world – a world characterized by Volatility, Uncertainty, Complexity and Ambiguity (Craddock, 2023). The core of the problem is a large mismatch between the intended function of governance and the way it is usually implementation. Governance mechanisms urgently need to be reconfigured in order to close this gap and make sure they are responsive to the dynamics of our volatile and uncertain environment. To enable organizations to respond, adapt, and innovate in the face of challenges from diverse stakeholders, customers, and legislative bodies, such adaptation is essential (Craddock, 2023).

As Mitchell et al. (2022) point out, the increasing complexity of organizations requires the dispersion of governance mechanisms in contrast to the traditional approach of centralized oversight. The agile philosophy is far more comprehensive and emphasizes teamwork over strictly procedural work, value delivery over in-depth discussion, and doing the right thing over doing what was initially decided. (Craddock, 2023).

In the pursuit of effective governance in the VUCA era, there is a shift towards a bottom-up approach in governance theory building, either as a replacement or complement to prevailing top-down approaches (Mitchell et al., 2022). Leon (2020) advocates for a people-centered strategy that gives individuals a lot of responsibility and nurtures a collaborative culture between teams, customers, and colleagues. With strategic choices closely linked to team participation, this process encourages knowledge sharing and the adjustment of roles, clusters, and projects to changing requirements over time. Corporate governance patterns tend to reinforce path dependency, limiting the production and integration of new knowledge. This new knowledge serves as a fundamental input for strategy formation and innovation (Leon, 2020). The adoption of agile working practices is actually crucial to achieving the goals of "better, faster, cheaper" (Craddock, 2023).

To mitigate the adverse effects of path dependencies rooted in traditional corporate governance, new frameworks must be allowed to emerge and develop. These frameworks should reflect the principles of trust, multiple levels of leadership, transparency, and communication inherent in people-centered organizations (Leon, 2020). Below we will focus on what might be the right way to implement more agile and decentralized governance, going below to take a closer look at the DAO model, which is gaining momentum due to technological advancement.

3.3.1 Agile governance

Corporate governance agility is the measure of how governance helps or hinders a company's capacity to adjust to changes in its surroundings. From an evolutionary standpoint, a company's long-term survival and success are probably heavily dependent on its agility (Lehn, 2021). Organizational governance, as a guiding principle, should guarantee congruence with moral standards and productive methods of operation. This term encompasses entire businesses or specific subsets of that business, such as operational groups, support functions or project teams. Effective governance harmonizes direction, guiding purpose and methods, with ongoing monitoring to ensure adherence (Craddock, 2023). Rather, a mismatch between classic regulatory compliance and governance mechanisms, which presume predictability of both the outcome of a given effort and the methods of working necessary to achieve it, and a modern, flexible, and empowered approach to getting things done, often impedes the achievement of agility in business (Craddock, 2023).

Differentiating itself from the more general subject of flexibility options, corporate agility refers to how quickly an organization adapts to changes in its environment. Essentially, compared to their less agile counterparts, agile firms effectively utilize flexibility options, making timely decisions that maximize results (Lehn, 2021). In order to facilitate business agility, governance must be flexible and not excessively restrictive. It should not obstruct a business; rather, it can and should work to its advantage. This can only be accomplished by effectively empowering those who completely share the organization's goals (Craddock, 2023). The ongoing Covid-19 pandemic has brought attention to how crucial corporate agility is in times of sudden shifts in the business environment. In uncertain times, it is a powerful indicator of business performance and survival (Lehn, 2021).

Agile governance should be widespread, pervasive, and scalable in order to promote corporate agility. It should be based on principles that give priority to:

- **Radical transparency over Subject bureaucracy**. Radical transparency pushes for objective, factual, and clear records to replace tedious reporting and the dangers of pro-forma documentation. Even in the face of audit requirements, transparency should win out to ensure that practices are accurately represented (Craddock, 2023).

- **Trusted autonomy over Hierarchical control**. Agile governance encourages trusted autonomy because it acknowledges that people are fundamentally capable of solving complex problems both individually and collectively. Human potential is released when self-organizing, autonomous collectives with shared goals are empowered, surpassing pre-programmed hierarchical mindsets (Craddock, 2023).

- **Collaborative responsiveness over Diffuse deliberation**. Organizations must put collaborative responsiveness ahead of diffuse deliberation in a VUCA world. Those closest to the events should make decisions, relying on their knowledgeable perspective and making adjustments for changing external circumstances (Craddock, 2023).

The production and integration of new knowledges are limited by governance models tied to the past. This new knowledge is used to implement new inputs for strategy formation and innovation to ensure not only the survival of the organization, but also its growth (Leon, 2020). Nonetheless, there are obstacles to knowledge transfer, especially when it comes to the possible expense of moving knowledge from those who possess it to decision-makers, often centralized in the form of central planners. Decentralization is preferred as a tactical method, giving decision-making authority to individuals with pertinent knowledge (Lehn, 2021). In order to explore the trade-offs related to decision-making structures, it is important to distinguish between two categories of knowledge: "specific knowledge," which is expensive to transfer, and "general knowledge," which can be transferred for free or at a minimal cost. Knowledge transfer entails more than just sending information; depending on the type of knowledge, recipients may need to take some time to process and understand the material (Lehn, 2021). During periods of rapid environmental change, centralized decision-making faces a disadvantage in comparison to decentralized decision-making. To respond to a constantly shifting environment, you need to use specialized knowledge, which is typically found at the divisional level instead of centrally at headquarters. This trend does not apply when headquarters already has the necessary specialized knowledge; this is usually the case with companies that are upending the business environment (Lehn, 2021). Acknowledging the importance of particular knowledge at different levels guarantees informed, flexible, and resilient decision-making in the face of changing business environments.

Lappi and Aaltonen (2017) identified six dimensions, essential for implementing agile governance projects, emphasizing incentives, goal-setting, monitoring, coordinating, decision-making, and capability.

- **Incentives.** Agile governance project should motivate teams through shared commitment and performance, emphasizing team recognition over individual rewards (Lappi and Aaltonen, 2017).

- **Goal-setting.** Agile corporate governance focuses on visionary and flexible goal-setting aligned with customer value in the fast-paced environment of agile delivery (Lappi and Aaltonen, 2017).

- **Monitoring.** Agile governance emphasizes real-time monitoring by empowering delivery teams to decide empirical performance metrics, ensuring transparent progress visibility (Lappi and Aaltonen, 2017).

- **Coordinating.** Successful agile project governance relies on setting the right culture for collaboration and facilitating knowledge sharing among team members, as seen above (Lappi and Aaltonen, 2017).

- **Decision-making.** In agile setting, decision-making involves team collaboration, continual customer engagement, and adaptive leadership approaches, contrasting with traditional top-down decision-making (Lappi and Aaltonen, 2017).

- **Capacity building.** Agile governance emphasizes observation, engagement and assessing opportunities for improvement, focusing on team behavior and practices over processes and documentation (Lappi and Aaltonen, 2017).

Adopting agile governance principles is crucial for enhancing corporate agility. By aligning with contemporary needs and fostering a culture of transparency, autonomy, and responsiveness, organizations can navigate the challenges of a dynamic business environment, ensuring long-term success and growth.

3.3.2 Decentralized governance and DAO

The rules of governance in decentralized governance systems are emergent, not imposed. Members of the organization are free to suggest changes to the rules and voluntarily accept them. Compared to top-down governance, these regulations are "softer". Members of the group themselves enforce the rules, which are frequently supported by systems that encourage self-reporting (Mitchell et all., 2022).

The theoretical validation of decentralized governance involves reconsidering issues like the principal-agent problem and knowledge problems. Knowledge asymmetry issues arise in all multi-person collaborative systems, including market, hierarchical, collective, and cooperative ones. Maintaining autarkic rights to property, production, and self-governance within organizations helps to mitigate decentralization of governance internally, but only to the extent that organizational agents are driven to maximize the organization's governance (Mitchell et all., 2022).In order for the organization to maintain its long-term financial prospects and effectively compete in the market, as well as their own financial stake, stakeholders are incentivized to mitigate misconduct within the organization. Decentralized governance's primary advantage lies in utilizing specific knowledge for better oversight, addressing gaps overlooked by centralized audits. The "softness" of rules allows for governance innovations, fostering gradual evolution and spontaneous growth. Flexibility and innovations make decentralized governance expected to improve practices over time (Mitchell et all., 2022).

In centralized systems, new rules are imposed from the top, potentially leading to inefficiencies. Decentralized governance corrects inefficiencies by abandoning bad rules and innovating better solutions. Despite the tradition of centralized governance, decentralized governance is viable at both organizational and individual levels. Although there is a genuine principal-agent problem, decentralized governance theory aims to enhance employee self-governance and efficiently identify breakdowns (Mitchell et all., 2022).

Challenges like information asymmetry and disempowerment in hierarchies question whether hierarchy is always the best governance structure. According to the theory of decentralized governance, knowledge asymmetries in centralized governance can be partially addressed if organized well by shifting governance oversight to the lowest levels of the organizational hierarchy, as demonstrated above. Moreover, the theory offers different perspectives on and incentives for self-governance (Mitchell et all., 2022).

An example that decentralized community governance can work in practice rises with the creation of the so called “Decentralized Autonomous Organizations” (DAO), such as Bitcoin.

Decentralized Autonomous Organizations (DAOs) stand at the forefront of innovative governance structures in the digital era, leveraging technological advancements to establish non-hierarchical entities managed through a democratic consultation process based on blockchain and smart contracts (Schneider et al., 2020). A slightly more precise definition states that a DAO is an organization operated by rules encoded as computer programs, emphasizing the pivotal role of smart contracts deployed on a blockchain. Community validation ensures ledger synchronization within DAO (Tse, 2020). Adhering to the decentralization principles, DAOs seek to do away with centralized control and traditional hierarchical management models, depending instead on distributed autonomy through blockchain technology, transparency and consensus-based decision-making (Schneider et al., 2020).

Decentralized decision-making and transparency—realized through the decentralization and auditability of blockchain technology—are the driving forces behind DAOs (Schneider et al., 2020). Since transactions are verified by community consensus rather than central authority, the management and operational guidelines of DAOs are encoded on tamper-resistant blockchains, eliminating the need for a reliable third party (Tse, 2020). Blockchain features include audibility (transactions are validated and easily verifiable), persistency (transactions are recorded and difficult to tamper with), anonymity (users can use addresses to avoid identity exposure), and decentralization (no central authority is needed for decision-making) (Schneider et al., 2020). In contrast to traditional organizational structures, DAOs lack managerial hierarchies, relying on member consensus for decision-making. Proposals are created and voted upon by the community, fostering cooperation and equality (Schneider et al., 2020).

The concept of 'code is law' within a Decentralized Autonomous Organization (DAO) empowers the community to govern itself, eliminating the need for traditional managerial positions and fostering efficiency through automated processes (Schneider et al., 2020). At the core of this self-governance are "smart contracts," computerized transaction protocols that execute contractual terms (Schneider et al., 2020). Deployed on a blockchain, these smart contracts function as computer programs, ensuring non-repudiable and verifiable transactions. Their crucial feature lies in being both defined and executed by their underlying code. Once the specified contractual parameters encoded in the smart contract are met, enforcement occurs automatically, without discretion, mitigating the risk of breach for promises (Tse, 2020). Moreover, smart contracts can be coded to trigger subsequent contracts upon execution, enabling a seamless chain reaction. This automatic self-execution feature is pivotal in the creation of decentralized organizations, as highlighted by Tse (2020). The autonomy and automation offered by DAOs not only streamline operations but also cultivate trust and reduce communication and transaction costs within organizations, enhancing members' confidence and coordination toward shared goals (Schneider et al., 2020).

Notwithstanding, the overall objective of DAOs is still unclear and needs to be further developed despite their recent inception. Moreover, the ambition of DAOs to function as self-governing entities, they are currently susceptible to external influences and, in some instances, dependent on external actors. The case of 'The DAO' exemplifies the challenges arising from the absence of central authority, hindering swift resolution in critical situations. Although DAO activities are guided by self-governance principles, they remain subject to external forces, potentially impacting their operations (Schneider et al., 2020).

3.4 Ownership in a dynamic world

Ownership structure can no longer be limited to a simple description of the typical dominant ownership form in a nation because it is such a flexible and potent factor in explaining the observed governance of corporations worldwide (Aguilera and Crespi-Cladera, 2016). Velasco Fuentes (2016) defines ownership as the cumulative rights held by individuals or groups over assets, encapsulating the concept of property.

To comprehend the evolving landscape of ownership, it is important to consider its transformations and in what ways it is evolving. In doing so, it is considered how the ownership paradigm is changing and alternatives models that deviate from traditional forms of ownership. As organizations adapt to new emerging structures, a crucial aspect is the integration of ownership and governance with these evolving organizational models. This integration necessitates an exploration of the impact of employee participation on motivation and performance. Understanding how employee involvement contributes to creating a culture of value creation is fundamental to aligning ownership and governance with contemporary organizational frameworks. In essence, the dynamics of ownership extend beyond conventional boundaries, intertwining with governance structures and organizational models in a dynamic interplay that shapes the corporate landscape.

3.4.1 Rethinking Ownership paradigms in development cooperation

It may be argued that viewing ownership merely as a system of exchangeable rights is too limited to provide a comprehensive understanding of modern ownership-related interactions between humans and nature, as well as inconsistent with fundamental concepts of a regenerative paradigm (Velasco Fuentes, 2016). The ownership paradigm encompasses a spectrum of structures, practices, concepts, values, patterns, and worldviews within a particular community at any given time concerning property and the resulting social-ecological relations (Velasco Fuentes, 2016). Nevertheless, this conceptualization tends to ignore the concept of ownership's social and ecological interdependence and fails to recognize that economic characteristics are only one aspect of the larger cultural and political values associated with it (Velasco Fuentes, 2016). Rather than viewing ownership as a fixed *"property",* effective development cooperation views ownership as an actively promoted goal that is subject to change over time. The ability of all stakeholders to make suggestions and take into account offers and demands shapes ownership, which is a measure of the quality of the development cooperation relationship (Keijzer et al., 2018).

Examining Strang and Busse's (2020) definition of ownership reveals three key issues:

- rather than being seen as a static bundle of rights, ownership is seen as a social dynamic system that emphasizes its intentional, human-made nature and is shaped by the cultural value system of a society (Strang and Busse, 2020);
- the culturally and historically specific nature of ownership highlights its dynamic evolution. Not only does the meaning of ownership vary widely across culture, but it also changes within a single community over time (Strang and Busse, 2020);
- ownership, as a means of expressing and defending rights, shapes and is shaped by how individuals relate to the objects in their surroundings as well as their social interactions with one another (Strang and Busse, 2020).

This emphasizes how important it is to understand both social and ecological embeddedness when defining ownership. Consequently, research should not only observe the extent of ownership manifestation but also analyze stakeholders' dedicated actions towards promoting ownership and their effectiveness (Keijzer et al., 2018).

The way humans conceptualize ownership significantly influences their role within their community. Ownership analysis necessitates evaluating relationships among actors across and beyond typical intervention cycles (design, planning, implementation and monitoring, evaluation) and the role human play in their natural environmental (Keijzer et al., 2018; Velasco Fuentes, 2016). Therefore, there is a close relationship between the concepts of ownership and identity and belonging (Velasco Fuentes, 2016).

The establishment of nurturing and long-lasting relationships between people and their environment should be the foundation for the design and implementation of various ownership systems, including open, private, and collective ones. Social behavior takes priority over personal interests in these systems, and the particular social-ecological conditions and spatial constraints of a given location inspire a broad range of possibilities, enabling the coexistence of concepts like "belonging" and "belongings" (Velasco Fuentes, 2016). An ownership paradigm shift in relation to relationships denotes a change in perspective more than a simple replacement of standardized property regimes. Understanding the world as a dynamic, complex network of interdependent social and ecological systems replaces the idea that it is a stock of inert resources available for human consumption and changes conceptions of ownership, values, principles, and other social institutions regarding property. This paradigm makes it possible and even advanced operating the co-existence of a variety of governance arrangements (Velasco Fuentes, 2016).

3.4.2 Steward ownership

Steward ownership, an alternative to current traditional ownership, has brought a fresh idea of upholding the company's independence in its legal structure and long-term mission protection (Röckel & Schleicher, 2022). This concept, realized through various forms such as the trust foundation or the golden share model, guarantees that the organization's environmental, social, and economic values remain protected (Röckel & Schleicher, 2022).

The legal frameworks supporting steward ownership vary in governance philosophy and structural complexity but converge on two fundamental principles: profits serving a purpose and self-governance (Pol, 2022). This aligns with the notion that the purpose of business should be to solve problems for people and planet profitability, as advocated by the British Academy (2020). This purpose is intertwined with the Triple Bottom Line concept, emphasizing the interconnected pillars of sustainability: people, planet and profit. Consequently, a lot of businesses reinterpret their mission statement to prioritize social well-being, i.e., "doing good" and "doing well" at the same time (Röckel & Schleicher, 2022).

Within steward ownership, a form of corporate governance known as self-governance is implemented. This approach emphasizes the importance of maintaining independence, with entrepreneurs connected to and actively working in the enterprise retaining control, as opposed to external investors (Sanders, 2023). Self-regulation ensures that the company's operations adhere to socially and ethically responsible practices. Through a self-governance model, where only stewards, such as employees, hold non-saleable voting shares, decision-making power is distributed among multiple individuals, reflecting a broader range of stakeholder interests. The primary focus is on decision that benefit the entire organization, contributing to the company's sustainable development (Canon et al., 2020; Espinosa, 2015; Röckel & Schleicher, 2022).

Legal obligations to their goals ensure that steward-owned businesses will always prioritize their mission and values over maximizing profits (Canon et al., 2020). Profits should be seen as a means to an end, or the purpose of the business, rather than as an end in themselves. Unlike conventional ownership, where profits are often distributed to shareholders, steward ownership dictates that profits remain within the business, serving the common good and contributing to solutions for sustainability issues and societal development (Röckel & Schleicher, 2022; Sanders, 2023). To safeguard the company's purpose, the legal structure dictates that control over management, strategy and key operational decisions lies with individuals closely connected to the firm, known as stewards (Pol, 2022). In this sense, the type of ownership can be very important because the commitment of owners and the proportion of investors' shares greatly influence the organization's purpose (Röckel & Schleicher, 2022). Stewards, holding only voting shares, are responsible for making decisions that prioritize the company's long-term survival and goals. Importantly, the legal structure prohibits the sale of the firm, reinforcing its commitment to its purpose (Pol, 2022).

The legal jurisdictions, structural complexity, and governance philosophies of the structures employed to stay independent, goal-driven, and long-term focused can differ. Three specific structures are commonly utilized in steward-owned enterprises (Pol, 2022):

- **Golden Share Structure.** This model allocates voting rights to stewards while economic rights belong to investors. To safeguard, a foundation holds a golden share.
- **Neutralized Capital Structure.** In this arrangement, a foundation possesses economic ownership, while stewards hold voting rights.

- **Shareholder Foundation Structure.** This structure involves a foundation holding the entire company or a majority of the voting rights, supported by a robust governance structure (Pol, 2022).

The steward ownership structure provides stability, fostering leaders with a long-term perspective free from the pressures of earnings reports and share valuations. This focus on long-term governance leads to increased continuity in company strategy, a stronger alignment with the company's purpose and enduring relationships with stakeholders (Pol, 2022). Steward-owned companies exhibit fewer transitions, lower management turnover, more conservative capital structures, and a tendency towards long-term business decisions. Employees in such companies enjoy higher job security, improved representation in corporate governance, and fairer compensation, contributing to heightened productivity and social cohesion (Pol, 2022).

However, a potential disadvantage lies in governance weaknesses, which may reduce company efficiency. The reduction of shareholder activism and a lack of a profit motive could lead to less focus on cost efficiency. While removing the profit motive has advantages, it may come at the cost of facing challenges in attracting outside capital. The balance between advantages and disadvantages varies for each company (Pol, 2022). Nevertheless, steward-owned companies are recognized for better reputations, social responsibility, and slightly superior economic performance in terms of profitability and growth compared to conventional ownership structures (Pol, 2022).

3.4.3 Shared capitalism and employee's participation

Shared capitalism, a prevalent mode of compensation in US, has been extensively adopted throughout the economy, demonstrating links to positive workers behavior conducive to heightened productivity and profits. Research by Freeman et al. (2010) suggests that shared capitalism correlates with reduced turnover, increased work effort and positive outcomes for workers, including better pay, job security and favorable relations with employers. Workers in more intensive shared capitalist programs report strengthen cooperation, emphasizing the positive impact of such initiatives (Freeman et al., 2010). The positive impact is contingent on the implementation of human resource policies and workplace practices that provide workers with autonomy, freedom from close supervision, and foster strong labor-management relations. However, although the analysis conducted by Freeman et al. (2010) indicates that shared capitalism generally seems to be beneficial for both workers and firms, there is also a significant variation in its effects. Based on the free rider theory, workers shouldn't be inspired to perform better under shared capitalism. The fact that shared capitalism raises economic risk by connecting people's employment, wealth, and income to their employer's performance is another cause for concern (Freeman et al., 2010).

Shared capitalism encompasses diverse compensation practices, including employee ownership, individual employee stock ownership, profit sharing, gain sharing and stock options.

Employee ownership, ranging from complete ownership to a minority stake, is facilitated through legal entities, such as trusts, that votes the shares as a group, while Employee Stock Ownership (ESO) involves acquiring equity shares, providing rights to profits, financial information and voting (Freeman et al., 2010; Ligthart et al., 2022). Profit sharing involves distributing specified shares of profits, either in cash, future savings, or bonds, providing employees with a stake in the firm's financial success (Freeman et al., 2010; Ligthart et al., 2022). Gain sharing, which focuses on work unit performance rather than the entire enterprise, allows one group of workers to benefit from their efforts even if other groups fall short (Freeman et al., 2010). Nonprofit enterprises, including government agencies, can engage in gain sharing, while they cannot readily engage in profit sharing. Stock options, serving as a hybrid between profit sharing and employee ownership, allow employees to purchase stock at a predetermined price, securing gains without facing investment risks (Freeman et al., 2010).

The breadth of financial participation among employees in various industrialized nations is extensive, although the incidence and levels of participation differ significantly between countries (Kalmi et al., 2012). Broad-based financial participation, applying to most or all employees, serves as a common incentive, fostering increased effort and cooperation by aligning individual and enterprise goals (Ligthart et al., 2022).

Human resource management aims to motivate employees to achieve company objectives and some management groups advocate for instilling “psychological ownership” in employees, fostering a collective sense of purpose (Pierce et al., 2001). The traditional view from agency theory considers financial participation as an incentive aligning workers’ interests with the firm’s and shareholders’ goals, often integrated into high-performance work systems (Ligthart et al., 2022). However, contradictions arise in the distribution of value between wages and profits and in decisions about technology, production location and employment. When employees become owners, these conflicts diminish, though challenges may arise regarding the distribution among different employee groups and decisions on pay, savings, technology, etc (Mygind & Poulsen, 2021). Creating a sense of co-ownership is easier when employees possess actual ownership, making it a management task to align interest across diverse employee groups. Establishing a common identity is crucial for psychological ownership, where employees identifying strongly with the company are more motivated to enhance skills and contribute positively (Mygind & Poulsen, 2021).

Employee ownership impacts performance through three channels (Mygind and Poulsen, 2021):

A. Stronger with the company leading to positive motivational effects and higher productivity. B. Full employee ownership, which gives workers power and shapes the company's behavior. C. Ensuring broad and deep ownership with restrictions on non-owning employees and external ownership.

Shared capitalism practices, tie worker compensation to firm or work group performance (Freeman et al., 2010). While shared capitalism provides incentives for performance improvement, increased involvement in decision-making amplifies its impact. Employee ownership significantly impacts motivation, innovation and skill development, leading to greater attachment and reduced job turnover (Mygind & Poulsen, 2021). In employee-owned companies, workers use their voice to shape working conditions, fostering internal training and a unified corporate culture. Full employee ownership eliminates the capital-labor contradiction, enhancing mutual interests (Mygind & Poulsen, 2021). The central focus on productivity arises from tying workers' pay to workplace performance, fostering increased effort, commitment and information sharing (Freeman et al., 2010). In teamwork settings, this reduces turnover and absenteeism, creating a "win-win" situation where both workers and the firm benefit from enhanced production. Profit sharing stabilizes employment, providing a buffer against job-destroying events like takeovers or downsizing (Freeman et al., 2010).

However, the number of employees will have a negative impact on the incentive effect of profit sharing and employee ownership because each worker pays for her own labor entirely but receives a small portion of the benefits. Mutual control between employees becomes crucial to overcome this, ensuring a collective effort and avoiding conflicts tied to employee involvement. Organizational, startup, entry/exit, capital and risk-related problems pose obstacles, and skill requirements for managing employee-owned firms differ from standard firms (Mygind & Poulsen, 2021; Freeman et al., 2010). Problems like the lack of a specialized model for employee ownership organization, startup difficulties and challenges in the entry/exit of employee owners can overlap, complicating the management of these organizations. Furthermore, national, cultural and institutional factors play a vital role in explaining employee participation (Ligthart et al., 2022). However, the diverse compensation practices under the umbrella of shared capitalism offer employees different avenues for financial participation, promoting a sense of shared interest and cooperation.

3.5 Conclusion

The dynamic and rapidly changing business environment necessitates a reevaluation of organizational structures, as seen before, and corporate governance practices. The traditional approaches to corporate governance, focuses on holding agents responsible for specific goals, is evolving to meet the challenges posed by a VUCA world (Galhardo-Galhetas, 2023). Novel organizational structures, such as non-hierarchical governance, are emerging to distributed decision-making authority across network, allowing for greater adaptability and responsiveness to changing conditions (Galhardo-Galhetas, 2023).

To effectively navigate the uncertainties of the modern business landscape, it is imperative for corporate governance to prioritize ethical behavior, responsible business practices and a commitment to social and environmental sustainability (Chen, 2023; Galhardo-Galhetas, 2023). The shift towards alternative ownership models, with a particular emphasis on employee ownership, aligns the interest of companies and employees, fostering long-term sustainability and resilience to economic downturns (Freeman et al., 2010). This not only promotes equitable distribution but also contributes to increased well-being and productivity among workers.

Studying global corporate governance involves a multifaced exploration, encompassing board composition, responsibility, transparency and sustainable development. The chapter underscores the importance of understanding and addressing the needs and perspectives of stakeholders, emphasizing regular and transparent communication as a cornerstone for building trust and productive relationships (Canon, 2020).

In essence, this analysis delves into the transformative changes occurring in the governance and ownership landscape of organizations. By embracing innovative governance practices, prioritizing stakeholder engagement and exploring alternative ownership models, businesses can position themselves to thrive in the face of ongoing disruptions and uncertainties. This comprehensive approach is essential for achieving effective corporate governance in a VUCA world, fostering sustainable growth and ensuring the well-being of both companies and their stakeholders.

Chapter 4 – A case study on agile governance and diffuse ownership in evolving organizational forms

4.1 Introduction

The literature review in this paper has been instrumental in enhancing the understanding of the contemporary business context and the imperative for companies to compete effectively. It underscores the significance of adapting organizational design and corporate governance to navigate the dynamics of the present VUCA world. Flexibility, agility, and adaptability emerge as key characteristics influencing both organizational design and corporate governance. Recognizing the interdependence of these pillars, a well-designed organization coupled with appropriate corporate governance can serve as a source of competitive advantage, ensuring transparency and motivation among employees. Organizational agility is pivotal in addressing the challenges of a dynamic environment, facilitating the effective management of rapid and unpredictable changes, ultimately elevating competitiveness and performance. As businesses evolve in the middle of changing environments, a thorough evaluation is necessary to uphold robust corporate governance practices. Striking a balance between organizational design and governance becomes indispensable for long-term success and the trust of stakeholders. Responsibilities are shared among all employees, decisions are made through mutual consent, and ongoing feedback is emphasized (Lu & Ramamurthy, 2011; Daoud, 2023; Felin, 2016; Buckton et al., 2023; Teece, 2020).

Motivated by the acknowledged necessity for research into how corporate governance and ownership adjust to a more flexible and adaptive organizational form, and recognizing the imperative for change, this chapter is devoted to enhancing our comprehension of the adoption of decentralized and flexible governance, along with the adaptation of ownership to this more dynamic organizational paradigm.

How is spread the decisional power inside the organization? How is employee's engagement? Will the adoption of new forms of ownership and governance concretely change the role of employees within the companies that adopt them, or will it remain a more fictitious thing? What are the main benefits of doing so and what are the challenges?

The purpose of the study presented in this chapter was to provide valuable insights and enhance understanding regarding the adoption of decentralized and more agile forms of governance and ownership in newer organizational form, specifically examining how they tangibly modify the role of employees within adopting companies. The contributions deriving from this study may prove valuable for individuals seeking to participate in less rigid organizational structures, potentially facilitating the development of successful change initiatives in response to the demands of the current business environment. Accordingly, the research question that the study was aimed to answer was the following:

How to adapt governance and ownership to newer and constantly evolving form of organization to remain competitive in a dynamic and uncertain world?

4.2 Method

The decision to use a case study approach was made on purpose in order to successfully answer the research question presented in this paper and achieve the study's main objective. The reasoning behind this deliberate choice of the case study methodology is its intrinsically qualitative nature and its capacity to explore a range of dynamics within a particular setting. This methodology was chosen because it was considered to be appropriate for highlighting the complex aspects of the phenomenon being studied. The case study design was thought to be especially advantageous for achieving the goals of this research since it was well-suited for capturing the complexity of context and the interaction of different factors. The study aims to clarify the peculiarities surrounding the adoption of more flexible and decentralized forms of ownership and governance by using a qualitative lens. The case study approach that was selected allows for a detailed examination of the processes and interactions that have resulted in the current situation, as opposed to just focusing on its outward manifestations. However, it is essential to acknowledge a potential limitation associated with the case study methodology. The outcomes may not be as generalizable as those from a more comprehensive quantitative study due to their narrower scope. Despite this consideration, the chosen methodology was deemed not only appropriate but also justified, as it aligns with the overarching objective of seeking in-depth insights. By prioritizing depth over breadth, the study aims to contribute substantially to the understanding of the transitional dynamics within organizations embracing more flexible governance structures, thereby providing valuable knowledge for practitioners and researchers.

To support my research, a case study of an Italian organization with a more distributed governance among its employees and a unique structure compared to most Italian companies was examined. For the implementation of my research, I encountered the Arsenalia Group, which has a structure similar to that of the Chinese company Haier. The group consists of multiple independent companies but linked by their affiliation and membership to the same group. These companies originated and developed at different times, but a notable feature concerns the fact that new companies can only be founded by internal personnel, more specifically employees of the group. To pursue my research, I interacted with three companies in the group: Alpenite, Ccelera, and Oblics. In this way, within the case study a comparison was made between these diverse entities, each having slightly different structures and governance but sharing a culture and values align with those of the group. Of particular importance is that the founders of the group, referred to as senior partners, interact with various companies, serving as a pivot and collaborating with partners and operatives without exercising direct authority. For the implementation of the case study, I initially interfaced with the group through the assistance of Marta Calabretto, who is part of human resources department of the entire group. Each company has an HR function reporting directly to the overall HR function of the group. This turns out to be one of the few cross-functions, along with the administrative function, that the group has in common and interfaces directly with all the companies. The concept of ownership is also interesting, considered in this study as an element accompanying governance to explore how power is legally distributed among the companies, each being an independent and separate entity. This approach allowed to conduct a qualitative comparative analysis, as each company has its own structure and governance, ranging from those with a new organizational design to others with slightly more hierarchical but still flexible structures.

This case study can illustrate the complexities of a situation because there is no one factor but many factors contributing to understanding the phenomenon. When obtaining data for a case study, information about this is obtained from many sources (e.g., interviews, observation). Accordingly, the data for this study was collected through multiple sources, which also contributed to obtaining a wider perspective of each case. The data sources include open-ended interview that allow subjects to express themselves more freely and insight into events. The data sources seek to include multiple perspectives. By collecting information from a range of different stakeholders, they can document multiple viewpoints and highlight areas of consensus and of conflict. In this case study, three main macro-categories within the organization were interviewed using guided questions. In order to be able to get a more in-depth analysis of this organization, three senior partners, founders of the Arsenalia group, three Partners and three operatives, one for each company mentioned above, were interviewed. In addition, the visit to Arsenalia's offices helped to gain tacit knowledge that become perceptible only upon entering the offices themselves, reflecting the working life of this organization. The table below shows all the figures interviewed with their respective roles.

ARSENALIA GROUP		INTERVIEWEE	ROLE	MAIN TASK
		VALENTINO GIRARDI	SENIOR PARTNER	Coordination of internal processes and projects with a focus on companies involved in digital services
		MARCO DALLA LIBERA	SENIOR PARTNER	International business development and business development of new initiatives
		GIANLUIGI ALBERICI	SENIOR PARTNER	Supporting companies and coaching with the sales teams of the various companies
	ALPENITE	MATTEO ZANIOLI	PARTNER	Managing company's operations and projects
	ALPENITE	DANIEL MUTU	OPERATIVE	IT consultant and people function
	CCELERA	FRANCESCO GARBELLOTTO	PARTNER	Focus on HR aspects and managing a specific line of business
	CCELERA	VIRGINIA ZITUN	OPERATIVE	Following HR aspects of the company
	OBLICS	DANIELE PALMITESTA	PARTNER	Managing company's operations and projects
	OBLICS	GIULIA PASCALE	OPERATIVE	Following and developing projects

Table 6: Summary of the individuals interviewed in the group. *Source: author's elaboration*

Moreover, an analysis of various company and group surveys was conducted. These data are useful for supporting the results obtained from the interviews mentioned above, considering a large number of operatives and partners, including those from other companies within the group. To facilitate this process, given the overall insights emerging from the internal analysis, the information was consolidated in the Arsenalia group results. The main objective is to evaluate the comprehensive impact on the group through an analysis conducted across different areas.

Furthermore, in order to analyze the current state of the Italian landscape and explore any challenges encountered in implementing such a system, I had the opportunity to interview Giuseppe Milan. He served as the general director of Assindustria Veneto Centro, bringing legal expertise and experience in managing complex integration processes, as well as industrial relations. The interview conducted with him provides an external perspective, addressing the general dynamics of capital-labor negotiation in the Italian context and highlighting key legislative and regulatory frictions. Moreover, along with individuals form diverse backgrounds, he is involved in creating a foundation aimed at initiating projects to support SMEs and contribute to the evolution of the Italian business environment, with an initial focus on the Northeast of Italy.

The results of the collected data follow a presentation which firstly gives a brief background information and an analysis of the entire group and the single micro enterprises. This includes an analysis of various aspects for each company, with slightly different perspectives provided by the interviewed individuals regarding governance and, to a lesser extent, ownership. This makes it clear how difficult it can be and what are the main difficulties in adopting such a model in a context like the one present in Italy, accustomed to rigidity and hierarchical forms, with structural levels that hinder action flexibility and maneuverability for the frontline, usually the one that interfaces with the customer. To understand how the relationship between capital and labor should evolve, we started by outlining the broader history of Italy, later shifting the focus to how and what changes and developments should occur to better fit to the current context. Due to the explorative orientation of the research, there was no predetermined model for analyzing the results of the case studies. Instead, the analysis aimed at identifying benefits and challenges that an organization, such as Arsenalia brings into the market, with a focus on the labor one, throughout the analysis and adoption of agile and more decentralized governance and a spread ownership.

4.3 Results

4.3.1 Internal perspective: Organization

Arsenalia group

In 2019, the Arsenalia Group was established, a corporate group operating in the strategic and managerial consulting sector, creative communication, and systems integration. The Austrian group has an international presence primarily focused on Europe, with offices in France, Austria, Switzerland, the United Kingdom, and in Italy, specifically in Venice, Milan, Rome, Padua, and Treviso. Currently, the group comprises 15 companies and brands: Aboutrust, Actabase, Alpenite, Altitudo, Amplize, Anda, Anda+, Ccelera, Invent Commerce, Matriceotto, Oblics, Pallino, Reelevate, Versostudio, and Vulcano Agency. The following table shows some information about the growth the group has experienced in recent years.

Arsenalia

2020	2021	2022	2023
Revenues	Revenues	Revenues	Revenues
34.5 Million	*50 Million*	*75 Million*	*100 Million*
N° of Employees	Growth rate	Growth Rate	Organic Growth
+440	*+43%*	*+26%*	*+25%*
	N° of Employees	N° of Employees	N° of Employees
	+580	*+700*	*+900*

Table 7: Path of group growth. *Source: author's elaboration*

This grow represents a continuous process of adaptation as a single organism, integrating new business initiatives and combining technology, creativity, and experience. They try to generate a system of modular and scalable services, capable of responding rapidly to changes in the digital scenario and interpreting the contemporary needs of people, brand and organizations. The model entails that the group holds a certain percentage of each company, with the remaining portion distributed among the partners of the respective company. The group governance structure is as follow:

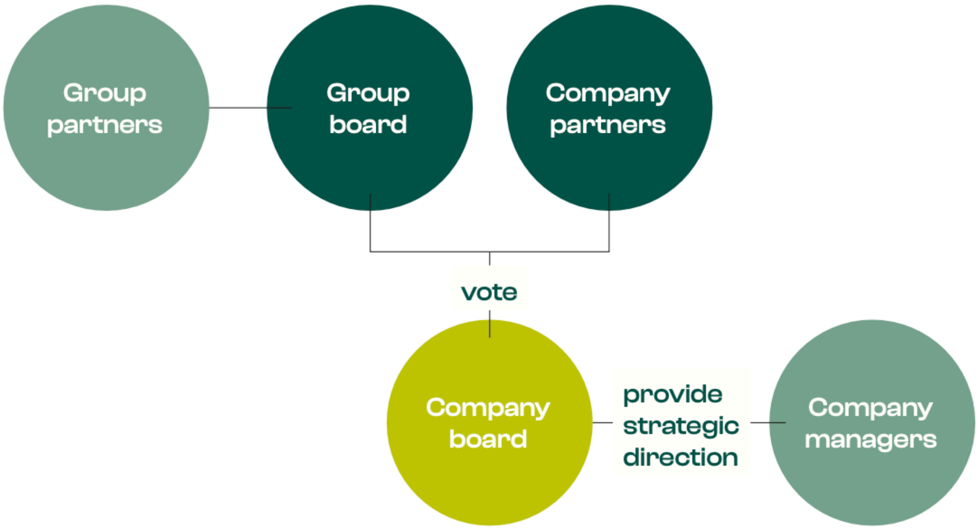


Figure 8: Group governance structure. Source: Arsenalia Sustainability Report (2023)

Each partner within the group holds a voting right in the group shareholders' meeting. Ordinary decisions necessitate a 51% majority vote, whereas strategic decision, such as creation of startups and new partners, require 75% majority. The appointment of the board of the group holding company is orchestrated by the group partners. The Group articulates its strategic objectives to the boards of the participating companies through a unified vote, equivalent to a majority vote across the consolidated companies. The board of each participating company is accountable to both the Group board and the company partners, who also function as managers within the company. The company's board furnishes strategic guidance to the company's managers.

Within the group, there are 6 founders known as Senior Partners, but as mentioned above, only three were interviewed for the analysis. Each senior partner plays a different role, contributing to a fairly natural balance. Responsibilities range from managing internal processes and coordinating various functions that aid in overseeing the overall governance of the group, particularly of specific companies, to coaching sales teams and primarily focusing on the market, interfacing with top customers, and handling international business development and business development related to new initiatives. The effective coordination and collaboration among the partners, coupled with mutual respect and established processes, ensure that the work is carried out in a functional and correct manner.

Hence, the Arsenalia Group is an aggregation of companies, some already existing, others acquired or established after its formation. The companies in the group needed to consolidate under a single offering, as they were all complementary, although with different histories and goals. Additionally, the external market is evolving rapidly and beginning to demand more cross-cutting competencies. The idea was to build something where synergies significantly enhanced the ultimate goal, striving to preserve the skills, focus and market presence of these companies. On the other hand, there was an effort to create and allow more space for individuals, establishing a system that facilitated participation and the spread of ownership while attempting to eliminate anything representing the capitalist notion of doing business. An example that leads to this is that the opportunity to become partners is only extended to individuals actively working within the group. This approach represents a way to distribute ownership and responsibilities more equitably, even though there are no specific regulations in Italy that mandate such a practice. To implement this system and simplify procedures, the senior partners agreed to forego the capital shares each had initially contributed, opting to divide it equally to create an overall balance in terms of share valuation. This choice is also motivated by the fundamental idea of constructing a long-term project, not merely related to the financial aspect, but one that could endure over time. The concept of widespread ownership follows the same egalitarian principle, making it easier for other potential future partners to join the group seamlessly. To support this, a mechanism has been established to facilitate the entry of possible members, maintaining the fundamental requirement that only individuals working within the company have this opportunity, as well as for exiting when individuals are no longer employed. The entry and exit value of the share are the same, simplifying the process for individuals who can contribute with their experience to the group. In the meantime, the partners enjoy the benefits of their participation and being actual partners, participate in the meetings. The partners argue that the implementation of this model allows for a broad distribution of responsibility and ownership, providing flexibility in entry and exit within it, thereby resulting in enhancing the group’s agility. Moreover, through the implementation of this model there is the potential to bring a higher level of specialization and cross-disciplinary expertise to clients, fostering collaboration that reduces competition among the various companies. On the other side, there is a high degree of complexity in maintaining this model in balance, especially, concerning the market and the increasing global competition. Additionally, this difficulty is given consistently at the regulatory level, as in Italy lacks laws permitting the implementation of such a model.

Regarding communication, the overall goal is to eliminate barriers; indeed, this turns out to be a very boss less model, where everyone collaborates with everyone. The primary relationships are formed through meetings, which can occur weekly, for instance, among senior partners, or on a monthly basis, with varying cadence depending on the type of meetings involving senior partners and partners. When specific activities are undertaken, senior partners also interact closely with the operative line as well, providing their knowledge and working on an equal basis. The primary mindset is to focus on the value that can be contributed rather than hierarchy. The underlying goal of relationships is trust and transparency, as well as the establishment of mechanisms that enable a true distribution of responsibility and functions. This is achieved through both coordination and direct communication on the one side and autonomy on the other. This is because those involved in various functions must be empowered to be autonomous in carrying out and managing processes. The real challenge, therefore, turns out to be scaling this degree of openness to dialogue and communication, particularly as it occurs among senior partners, so that it reaches and is understood uniformly by everyone. The role held by senior partners necessitates structured feedback activities, due in part to the fact that it is critical to grow together through a level of oversight based on peer feedback. There isn't a singular feedback tool at the group level, but there are various ways to facilitate these exchanges, such as Teams chat or various channels, making it is easy to be able to give and receive feedback. The process and method of acknowledging feedback is something they strongly believe in. Hence, they have introduced a culture of continuous feedback that occurs in all directions - top-down, bottom-up, and cross-functional - where everyone is capable of providing feedback to everyone else and receiving feedback from everyone. This ensures a broad exchange of perspectives and opinions among senior partners, partners, and operatives.

In the absence of written values, the group places significant emphasis on nurturing its corporate culture, aiming for an increasingly flat and horizontal organizational structure that fosters unity and serve as cohesive force. Long-term members are expected to exhibit alignment, allowing values to be transmitted implicitly to new hires. Rather than focusing solely on values, the emphasis is placed on identity—the sociality people associate with and the reasons behind it. Typically, individuals share a similar identity with the company they are a part of. The challenge lies in harmonizing these diverse identities, with the goal of creating a new collective group identity that unifies and brings everyone together.

Senior partners in the organization believe that employees are also valued through the opportunity to participate in secondary activities and spontaneous initiatives that come directly from the workers and create a sense of community, such as art-related activities, or supportive activities, which make individuals enhance their personal identity. Moreover, there is considerable freedom in organizing one's work to achieve goals. It is not predetermined where, how and when of work or at what time individuals must start, providing significant flexibility. This flexibility extends to the structural and organizational levels, where the result to be achieved is defined, but individuals have the autonomy to decide how to reach it. This approach particularly benefits young employees, fostering a broad sense of flexibility and dynamism. The organizational model is highly decentralized, and decisions are not imposed hierarchically, but are reached consensually. There are no activities carried out within the group that are not supported by the consensus of all involved. This aspect, although positive, turns out to be difficult to manage because it is always linked to consensus, building from the bottom-up. Mechanisms have been established to ensure the success and ongoing progress of this approach into the future.

The dynamics of the relationship with workers have shifted, acknowledging the challenge of reaching everyone in a widespread way. This shift necessitates placing trust in individuals who may not be directly reachable. The change also involves relying on those who interpret and convey the fundamental idea of the continuous nurturing of resources and the ongoing development of skills to the next person in the chain. Autonomy and delegation have led to an increase in decision-making capacity, fostering positive growth and speed in the organization's development. Autonomy and delegation have created an increase in decision-making capacity that has been good for growth, and the speed at which we grow. This has contributed to the creation of expectations for individuals to be highly self-sufficient in various aspects, although it occasionally results in conflicts as a limiting factor. In the rapidly evolving industry they compete in, there is a growing need for autonomous leaders who can collaborate and support each other, especially as the industry has swiftly transitioned into a multitouch environment.

It is clear, from the analyses conducted during the survey review, that opportunities for growth exist within the company with the aim to enhance human resources. This recognition follows a steady trend, correlating with the increasing age and years of service of operatives within the organization. Collaboration is the key to support those who need help, creating a stimulating and humane work environment that fosters a sense of community. At the center there are individuals, with their freedom of expression and action being an essential element of collective growth. Involvement plays a major role, not only for internal company employees, but also in the goal of engaging third parties and integrating them into the organization. Collaboration and involvement have proven to have a positive impact, with homogenous distribution within the group. Regarding the organizational aspect, participants bring out the benefits of being part of a group that has adopted this model. Those in more operational roles perceive the organization as having a positive impact on relationships among colleagues, although some difficulties, widespread among different companies, were found.

Analysis of the sustainability survey conducted among employees is critical to ensure that the company's impact comes from employees' own choices about what to prioritize. Even if indirectly, these activities influence people's engagement, enabling them to help shape the direction the group will follow.

There are three main aspects to sustainability: the economic aspect and governance, the social aspect and the environmental aspect. Through these surveys and the spontaneous initiatives that develop within the organization among employees, shared perspectives are created to be disseminated within the group. This process encourages the creation of a common and uniform direction among the different entities present, promoting cohesion and homogeneity. Goals are established that go beyond the mere profit scope, contributing to the formation of shared relationships and intent.

Regarding the economic and governance part, it was found that a significant part is about technological transformation and digitalization. As highlighted in the initial analysis regarding the evolution of the context in which we find ourselves, this aspect emerges as one of the key factors contributing to the development of real-time communication channels and IT interfaces (Shafiee Kristensen, Shafiee and Shafiee, 2021; Burton and Obel, 2018). In addition, it turns out to be one of the factors that foster increased organizational dynamism, which is essential for creating a significant competitive advantage.

The social analysis conducted through the survey fosters the creation of spaces that place people's needs and demands at the center, valuing them. This represents a key point of the people-centered perspective, highlighting how much workers and their demands are listened and efforts are made to implement plans according to those demands. Very relevant social issues that are given high value on both sides, from the perspective of operatives and those who have to implement practices aimed at people's well-being and enhancement.

Regarding the environmental aspect, various organizations seek to implement greener and more sustainable techniques and environments that reflect the demands of the workers themselves and follow corporate sustainability principles.

The analysis shows how value creation can be understood in a broader perspective. Economic value is derived from environmental and, more importantly, social practices related to aspects of sustainability in a broader sense. Especially with regard to human capital, the implementation of practices that enhance it has a significant impact on overall value creation, since the various projects start from them. It is therefore important to provide space for and enhance human capital, seeking to increase through initiatives of various kinds of knowledge and skills. This is also done through general skills development and training activities, which are in demand in the market and perceived positively.

MAIN HIGHLIGHTS ARSENALIA GROUP

OWNERSHIP	Six senior partners, each sharing an equal portion of the group's assets and collectively holding a stake in all the group's companies
STRUCTURE	Encompassing various brands and companies, these collaborative entities are interconnected and complementary, characterized by a high level of flexibility
COMMUNICATION	Transparent and direct communication, without barriers. Openness to dialogue and peer feedback to ensure an exchange of perspective
CULTURE AND VALUES	Establishing trust and a delegation of responsibilities, with a focus on individual identity, leveraging their expertise and fostering an environment of equality in collaboration
DECISION-MAKING	Freedom and flexibility in organizing work to achieve goals, with a highly decentralized approach. Decisions are not imposed through hierarchy but are reached through a consensus-based approach
MAIN BENEFIT	• Building something where synergies enhanced the ultimate goal, striving to preserve the skills, focus and market presence of companies • Establishing a system that facilitated participation and the spread of ownership • Broader distribution of responsibility and ownership, providing flexibility in entry and exit within companies • Enhancing group's agility • Bringing a higher level of specialization and cross-disciplinary expertise to clients
MAIN CHALLENGES	• high degree of complexity in maintaining this model in balance, especially, concerning the market and the increasing global competition • Difficulty at the regulatory level, as in Italy lacks laws permitting the implementation of such a model

Table 8: Summary of main features of the Arsenalia group. *Source: Author's elaboration*

Alpenite

Alpenite, established in 2010 as a consulting and systems integration company, was founded by three Senior Partners of Arsenalia and has been part of the group since 2019. Currently, Alpenite is a consulting firm focused on digital process transformation, supporting companies worldwide in driving change and fostering innovation. Its main areas of focus are Commerce, Customer and Enabling technologies. Since its establishment in 2010, the company has experienced significant and rapid growth, currently employing over 250 professionals. In its initial stages, the organizational structure was straightforward, with teams operating in delivery teams led by a team leader responsible for management. The roles within the teams primarily fell into two categories: project managers and developer consultants. Since February 2020, the company has had a significant organizational transformation, moving to a Teal model. This transformation process aimed to prevent any disempowerment between individuals in different roles. Moreover, with the company’s continued growth and the adoption of the new organizational model, the structure is now divided into 4 hubs. Within each hub, there are 6 functions, each comprising one or more individuals. These individuals, in addition to contributing to projects, have a specific focus on themes such as performance, scheduling, quality, project technique, methodology, or people. The fact that with an exogenous situation such as covid they have been able to manage the work without any kind of problem and that with the same number of people they have increased efficiency suggests that the model works well.

The main challenge lies in the cultural aspect, where individuals are still in the process of fully assimilating the organizational change and often seek approval from partners before accepting empowerment. In each company, after achieving its annual targets, a portion of EBIT is distributed. In the case of Alpenite, following the organizational change, they introduced a model allowing everyone to collectively decide how to distribute the premium. This decision-making process involves a feedback system, where individuals receive attribution based on the value, they have created for those they interacted with or interfaced with during the day. This empowerment to make collaborative decisions not just for oneself but for others has presented various difficulties as individuals adapt to this new way of working.

All individuals will have full autonomy in making decisions, with the main goal being to promote the company's success. This autonomy extends to choices about where and how to work, including the adoption of smart working practices. Every individual is assigned a mentor, who may even be a partner, and the people function conducts frequent meetings and feedback sessions to track progress as a whole. Within Alpenite, technical skills are well distributed, allowing individuals the freedom to explore other functions based on personal aptitude. The guiding principle, as seen for the partners' perspective, is to empower individuals to fully express their talents, promoting increased efficiency, productivity and be advantageous to all parties. Moreover, there is a need for increased cohesion among the companies. Despite existing collaborations, there is a current perception of a goal crisis. Aligning goals between individual companies and the group proves challenging due to the diverse skills, approaches and perspectives within the organizations. The disparity in these aspects contributes to the existing difficulty in achieving a shared version and common objectives.

From the viewpoint of individuals working within Alpenite, there are still difficulties in fully embracing a Teal model. Dependency on the functions of the various hubs persists among the workforces. While feedback is generally seen as positive, the difficulty lies in stiving for objectivity and separating from emotional aspects, focusing solely on the actual value created. Additionally, giving negative feedback remains a challenge due to concerns about its potential impact on the person that receive it. However, it is beginning to be widely perceived that the performance of the individual hub is closely linked to the performance of the other hubs. This realization is fostering increased communication and collaboration across all levels. This is particularly evident when specific expertise is required for a particular project, aiming to reduce the risk of errors and speed up delivery times. Furthermore, the facilitation of workforce relocation across projects ensures a more equitable distribution. Collaboration with other companies, on the other hand, proves to be much more challenging due to the difficulty to quickly connecting with the right individuals. The ability to engage in various work opportunities and having flexibility within projects greatly contributes to a positive sense of value among individuals, significantly enhancing overall engagement. The high degree of freedom also plays a crucial role in this positive dynamic. Rather than emphasizing hierarchy, people tend to value accumulated experience and skills possessed by their colleagues, particularly when seeking assistance in challenging situations. In time of difficulty, individuals naturally gravitate towards those who prove most helpful in solving specific problems at that moment. Despite this, there is still a perceived influence of partners in collaboration, although it is not yet clear whether this arises only from seniority and experience or by the fact that they hold a certain position within the company. In addition, a slight division is perceived, ensuring clarity about assigned tasks to perform. Nevertheless, a lot depends on the extent an individual is willing to get involved within the company and the group. Many opportunities and projects are available, requiring individuals to assess what aligns with their interests and actively engage in collaborative efforts to foster development.

Ccelera

Ccelera was established in 2017 to consolidate expertise on the management solutions front within the Alpenite ecosystem. Later, in 2019, it become part of the Arsenalia Group. Ccelera was born out of a deep awareness that the adoption of cloud solutions requires a new way of approaching projects. It changes the way of managing, implementing, leading and adopting processes. Ccelera seeks to acquire skills that can cover several fronts, functioning as a classic system integrator, offering adoption consulting, and emphasizing communication skills to underscore goals and results. The shift from traditional methodologies to more agile and more effective approaches has been one of the driving elements behind this change. Currently, the team has over 170 individuals divided over 6 lines of business and 3 geographical locations. From an organizational perspective there is a very collaborative dynamic both between partners and with front line functions in various business unit, such as scheduling and HR.

The distribution of responsibilities within Ccelera is delegated to functions overseeing the different lines in a coordinated way. The difficulty has been navigating the transformation from a small company to its current size and determining how to manage organizational aspects during this growth. Unlike the early days when direct contact with everyone was feasible, nowadays having a front line that reflects the values and organizes people in ways that are not fully teal (like Alpenite), but not fully vertical either, become crucial. Unlike Alpenite, the various business units in Ccelera have substantial differences in terms of skills and projects on which they work. They operate with distinct processes and serve to reference individuals in different geographic areas. This complexity emphasizes the need for a flexible and adaptive organizational structure.

The level of freedom within Ccelera is relatively high. The company fosters extensive collaboration and brainstorming, particularly during crucial decision-making processes. This collaborative culture has developed as senior partners gradually disengage. Coordination goes through the front line, which organizes various business units, however employing a consensus-based approach with team members. Shared responsibilities are strongly emphasized, facilitated by ensuring that functions have good visibility. Communication is well-balanced, occurring in both top-down and bottom-up directions. Dedicated monthly moments are reserved for interactions with the company's partners and front lines, fostering open communication channels across various organizational levels.

It is good that people are free to express themselves because the company grows with the people who grow within it. As the market changes, there is a need for a common vision and comparison with other companies as well. Moreover, there are periodic moments, following a regular schedule, where each business unit has spaces and opportunities to share and engage with individuals in various functions or relevant partners. To facilitate this interaction, an app has been implemented to support the feedback process and exchanges at all levels. The app is structured around three macro areas: internal organization, planning, and customer feedback. Team members can share and request feedback at their convenience, fostering moment of comparison and continuous improvement. Furthermore, each team member has a designed HR care contact for reference. There are unwritten but strongly perceived values by everyone that are those of collaboration and person identity, values shared across the entire group. The company actively promotes individual identity, recognizing and appreciating the unique characteristics and qualities of each person. The emphasis on individual expression aligns with the company's belief that its growth is interlace with the growth of the individuals within it. As the market evolves, there is a recognized need for a common vision and ongoing comparisons with other companies, reflecting a commitment to staying responsive and relevant in the changing business landscape.

From the perspective of Ccelera employees, the work environment is perceived as highly stimulating, attributed in part to the diverse characteristics of the people within the organization and the opportunity for individual expression. Employees feel valued and listened to, with a supportive atmosphere that extends assistance in various situations. The workplace fosters a high degree of flexibility and trust, allowing individuals to navigate their positions within the company with a considerable level of autonomy. There is a strong sense of support, sharing and collaboration among colleagues and with partners. Employees appreciate the freedom to promoting and follow up on initiatives and projects. However, this freedom comes with challenges, creating a sense of uncertainty and pressure, as individuals may encounter the possibility of making mistakes. Consequently, there is a concerted effort to share projects and collaborate, particularly when ideas have a high added value. The emphasis on collaboration aims to mitigate potential uncertainties and enhance the overall success of projects.

The ideas and suggestions originating from senior partners and partners hold significant weight within the organization, and there is a culture of open dialogue and mutual support. However, an examination of the feasibility of proposals in terms of associated costs and project timelines is a crucial aspect of decision-making. Certain projects, particularly those linked to the HR function, necessitate alignment with other companies and the strategic selection of individuals based on project requirements. A noticeable level of engagement and attention to individual contributions is observed. The Diversity & Inclusion group, initiated spontaneously by individuals from various companies, reflects a commitment to these principles beyond regular working hours. Also, in Ccelera people have the opportunity to have a piece of EBIT in case set goals are achieved. Despite this incentive, it is not fully appreciated and is not seen as an incentive to improve and achieve increasingly challenging goals.

Oblics

Oblics, established as a startup in 2022 within the Arsenalia group, is in the initial stages of development, with a team being formed and expanded. The company's partner is still employed by Altitudo, one of the founding companies of the group. Oblics specializes in integrating change management, digital adoption, creative communication, and innovative techniques to bring projects to fruition and support individuals in their digital transformation journey. Change management, a key discipline employed by Oblics, encompasses a range of tools aimed at guiding individuals from their current state to a future state, ensuring the realization of expected goals and benefits. The Oblics brand, previously associated with specific projects, has evolved into a standalone company due to its transversal nature, linking projects across various entities within the group. The main benefits relate to the fact that the company now manages to respond to a market demand that previously could not be answered by individual companies. By consolidating resources and expertise into a unified package, the company delivers a higher-quality offering. However, challenges arise due to distinct corporate interests within each company of the group, leading to complexities in collaboration and occasional difficulties in aligning the overall model.

The transition to becoming a partner entails a significant shift in responsibilities, encompassing all decision-making, in addition to administrative duties. While autonomy prevails at the company level, the partner is required to engage in discussions and alignment with senior partners to synchronize with the group's interests. The difficulty lies in the fact that a company that has just established and small in terms of people has completely different needs compared to companies with a very different history and size. The newly established company faces the challenge of striking a delicate balance, given its immediate need for diverse skills. However, despite people's familiarity with intercompany teams, collaboration and organization prove challenging due to the necessity of aligning with the schedules of other companies within the group. Continuous feedback from senior partners and ongoing dialogue among various partners characterize the company's collaborative environment. The positive value attributed to employees' ability to move between companies reflects a commitment to valuing individuals and addressing their needs. The practice of reallocating resources while actively listening to the workforce further emphasizes the company's emphasis on flexibility and responsiveness.

From the perspective of employees, they express a strong sense of value in the opportunity to work interchangeably between companies, allowing them to apply their skills in several ways. The work environment is described as stimulating, as it involves integrating components from various realities. There is a perceived lack of pressure, providing a high degree of freedom to operate and propose alternatives, with an emphasis on maintaining balance, varying from project to project. When new ideas are presented, there is always an in-depth discussion and examination. However, if these ideas prove to be effective, they are fully acknowledged and recognized by the person who proposed them. Employees feel actively involved in decisions affecting them, fostering an open channel of communication with partners within a transparent and equitable relationship, characteristic of the decentralized and very distributed leadership structure.

The prevailing perception is that there is a strong emphasis on competencies. The focus lies heavily on the role one plays within a specific project and the actual skills one possesses. The evaluation and dependence are placed on individual competencies and contributions within the context of the project. It is natural that greater emphasis is placed on the partner as one of the most experienced individuals, considering their depth of knowledge and competence, rather than strictly to a hierarchical sense. The recognition and authority are derived from the partner's expertise and understanding, fostering a culture that values knowledge and competence over rigid hierarchy.

Several moments are dedicated to feedback, which is provided both punctually concerning a specific project and comprehensively regarding personal growth. These feedback sessions occur bidirectionally, meaning not only from the partner to the operatives but also from the operatives to the partner. They consistently serve as valuable occasions for respectful discussion, fostering a healthy dynamic. Additionally, it is appreciated that individuals, especially partners and senior partners, are approachable and attentive, contributing to the establishment of relationships built on trust. Despite the absence of written values, these principles are alive and evident in daily interactions with people and the activities proposed and carried out.

MAIN HIGHLIGHTS COMPANY

ALPENITE

OWNERSHIP	The senior partners own a percentage, and other partners share the remaining amount
STRUCTURE	Adopt a Teal model with 4 hub and 6 different functions in each hub
COMMUNICATION	Open and transparent communication, peer feedback, all individuals at the same level
CULTURE AND VALUES	Trust, full autonomy, self-management, flexibility and open to change
DECISION-MAKING	Distributed and decentralized decision-making processes
COMPETENCIES	Cross-cutting and more homogeneous skills across all hubs with different degrees of experience
COLLABORATION	Improvement in the degree of collaboration and interaction among operatives and partners and among different hubs

Table 9: Summary of the main features of the Alpenite. *Source: Author's elaboration*

CCELERA

OWNERSHIP	The senior partners own a percentage, and other partners share the remaining amount
STRUCTURE	Quite flexible, present 6 lines of business with front line functions
COMMUNICATION	Well balanced, with a supportive feedback process at all levels and among all levels of individuals
CULTURE AND VALUES	Shared responsibilities, trust, transparency, and mutual support
DECISION-MAKING	Consensus-based approach, with a high degree of collaboration and brainstorming
COMPETENCIES	Cross-cutting and more heterogeneous skills based on the business of line in which they work, with different degrees of experience
COLLABORATION	Good level of collaboration, inclusion and sharing of perspectives

Table 10: Summary of the main features of the Ccelera. *Source: Author's elaboration*

OBLICS

OWNERSHIP	The senior partners own a percentage, and the other partners owns the remaining amount
STRUCTURE	Startup, with a team being formed and expanded
COMMUNICATION	Direct and transparent communication, with continuous feedback and an ongoing dialogue
CULTURE AND VALUES	Equivalence, transparency, continuous improvement, trust and autonomy
DECISION-MAKING	High degree of freedom to operate and propose alternative, employees feel actively involved
COMPETENCIES	Cross-cutting and more distributed skills, with different degrees of experience
COLLABORATION	Good level of collaboration, inclusion and sharing of perspectives

Table 11: Summary of the main features of the Oblics. *Source: Author's elaboration*

4.3.2 External perspective: Italian Context

Regarding the external context, as mentioned earlier, an analysis was conducted through an interview with Giuseppe Milan, presenting his perspective and experience focused on Italy, with a consideration aimed at change and progress.

In Italy, from the twentieth century onwards, capital and labor have been conceptualized as two separate spheres, linked only by industrial relations. Depending on whether it was during periods of class struggle, as occurred in the 1960s and 1970s, where relations were more conflictual, or as happened in the 1990s after the Ciampi Protocol, where bargaining served as a connection, capital and labor have always been distinct. These distinctions concern the cultural perspective, meaning the concept, way of thinking and way of life. They have translated into very clear and defined organizational models in which a clear distinction between capital and labour has been created. There are also legal categories, in which jurisprudence typically recognises two: the obligation of means (Labour) and the obligation of result (Capital). It is unclear whether it was the cultural premise that generated the categories of law, which in turn generated the organisational categories, or whether, conversely, the categories of law generated culture, which in turn generated the organisational categories.

However, cultural, organisational and legal categories represent the three elements that uniformly have always kept the two spheres separate, with industrial relations acting as a point of contact. This has been particularly evident in large companies, as well as in small and medium-sized enterprises (SMEs). The Italian experience of collective bargaining has generated a dynamic of relations between employer confederations, representing capital, and trade union confederations in the National Collective Labor Agreements (CCNL), representing workers. Furthermore, in the negotiations of industrial relations, the performance bonus was consolidated, for the recognition of co-participation in company results. This can lead to improvements in productivity, quality and efficiency, as well as in the economic performance of the individual company. It defines ways in which labour could participate in the results of capital, but without ever actually participating in governance or capital itself. It is argued that Italy should develop and adopt, in perspective, an organizational, regulatory and cultural model derived from the Italian economic matrix and not structured on the basis of another model, for example of German derivation.

Given this as a premise, the former director of Confindustria Veneto argues that there are several components to consider that could help include workers in ownership and governance. The first component concerns cultural awareness. In fact, for several years now, various agents, such as representative associations, have been working to engage even with SME capitalism, encouraging people to reflect about the convenience of opening up capital. This effort, defined by Milan as 'cultural massage', could represent a significant step forward, and some effect has already been seen in terms of cultural maturity. In recent years, there has been the listing of various companies on the stock exchange, the entry of institutional funds into capital, such as regional funds (e.g., Veneto Sviluppo) and the Italian Investment Fund, as well as openness to private equity funds or various suppliers. On this front, therefore, the idea of opening up capital and growing companies is beginning to mature. What is still lacking in this process, in some rare cases, but essentially remains absent, is that Italian companies have considered placing part of their capital in labour.

The second component refers to the labour front, as things are changing in this regard as well. Especially in the younger generations, there is a search for a sense of work that can focus on the traditional form of employment, that guarantees income certainty to build a future, but at the same time tends not to exhaust the young people's need for fulfilment. This is linked to the need to give a broader sense to work that goes beyond security and mere satisfaction but creates a sense of belonging and community. This can be derived from welfare policies and resource management that establish a context. The possibility for employees to become stakeholders introduces a perspective of employee loyalty. Alongside regular compensation, a structure involving dividends based on outcomes and a form of deferred remuneration that repays the investment made is utilized, a substantial investment that may not be cheap. Consequently, the idea is gaining ground that there are cultural foundations to start setting up organisational models where capital and labour are no longer separate.

The other key element concerns the technological transformation, mainly linked to the digital evolution, which has been significantly stimulated by the impact of COVID. Increasingly, traditional concepts like working time and workplace are poised to transcend current legal, cultural, and organizational frameworks in shaping work performance.

All these factors are transforming the traditional obligation of means into an obligation of results. In addition, there are several other motivations. First of all, the policies of retentions of human capital even during a negative cycle, as this does not necessarily have to be linked to the economic trends. Another reason concerns the enhancement in productivity, as these dynamics tend to elevate the value of the enterprise, in the interest of both the entrepreneur and the workforce. A third aspect the logic of business succession, which tends to create internal conflicts and the last aspects concerns the stabilisation during a crisis.

In the current Italian context, it is challenging to imagine the entry of labour into capital governance simultaneously. It seems more feasible to create special categories of shares that enter into capital but not into governance. If we consider the scale of the average company in today's Italian market with a family structure, it is difficult to imagine an outsider joining a board of directors and participating in governance. It is easier to start with the inclusion of labour into ownership, and then gradually expanding this perspective to include governance. It is crucial for workers to be able to enter, perhaps with special categories of shares that grant informational rights, especially adopted towards transparency principles consistent with today’s sustainability goals. This process of integrating labour into ownership is one of the forms to work towards sustainability objectives: by entering ownership, workers gain rights to information and transparency, ensuring transparency even regarding the banking sector. Moreover, those informational rights can evolve in positive terms, moving from participation in ownership to participation in governance.

The current economic, cultural, and legal context in Italy is not very favorable for addressing changes that would lead to the widespread dissemination of governance and ownership. However, certain niches are beginning to initiate change processes. In Italy, there is a lack of an entity actively promoting initiatives for change. The CISL (Confederazione Italiana Sindacati Lavoratori) has proposed legislation aimed at playing the role of a promoting entity, although there are difficulties and limitations related to existing regulations in Italy and the model upon which this proposal is based.

Furthermore, Giuseppe Milan, along with individuals from various backgrounds (entrepreneurial, labor representation, professional world, managerial), is establishing a foundation—an entity without profit-making purposes—that brings together capital and labor within the same organization to create a connection between the two spheres. The foundation will receive financial support from the cooperative credit sector, which also contributes a cultural premise consistent with the project’s design. The foundation will aim to work on three main aspects, to assist Italian companies in shifting and triggering new processes. Its primary focus includes being the driving force for change through conferences, debates, etc., involving various local realities; providing possible support, including technical assistance, for the implementation of new organizational models and growth processes within companies;

and finally, striving to modify the regulatory framework to facilitate access to the envisaged model. The element that makes it clear that there is a possibility of taking such a project forward is the fact that there are some large companies that have already begun to implement, through different strategies, models aimed at creating widespread and agile governance and ownership (e.g., Arsenalia). Italy has its fundamental matrix to start from, linked to certain entrepreneurial models developed in the North, from which new models compatible with the evolving tools and culture can be developed. It is from these models that other entrepreneurs, with spin-offs, have emerged, deciding to establish new entities.

To implement skills useful for the development of this evolving reality, three main aspects should be primarily addressed. From a training perspective, the more traditional element concerns technical training, as the ability to manage technological transformation over time. This continuous training process is essential in the context of lifelong learning, reflecting a logic of ongoing and consistently nurtured learning. From another standpoint, these transformations require a high capacity for adaptation and modification in fast-paced environment. Thus, developing transversal competencies, commonly referred to as soft skills, has become crucial. Today, along with "what you can do," there is a demand for "who you are," understood as a set of knowledge more than skills, which is valuable for adaptation to changes. Finally, significant attention should be given to attitudes and inclinations that should naturally be nurtured, within the limits of what can be achieved.

Moving toward more flexible organizational forms is crucial because it is important for labour to be involved in the risk and opportunities of capital, transforming the obligation of means into an obligation of results. Therefore, involving workers in a portion of the business risk and, naturally, in a share of the opportunities is essential. This helps increase productivity, enhance the stability of companies, and promotes democratic participation. Democracy, in this context, involves a wealth redistribution process, and the most effective way to achieve this is through labour involvement. These dynamics are important as they involve labour in the capital in the upward phase, through participation in results, contributing to wealth creation. This approach aims to reduce the wealth gap between rich and poor classes, fostering the growth of the middle class.

MAIN HIGHLIGHTS EXTERNAL PERSPECTIVE

DRIVERS TO CHANGE	• Cultural awareness and the idea of opening up capital and growing companies • New generation need to give a broader value to work, creating a sense of belonging and community • Technological transformation and digital evolution • New policies of retentions of human capital • Helping to facilitate the logic of business succession
MAIN BARRIERS	• Italian companies do not consider the possibility of placing part of their capital into labour • The need for a promoter to lead the change process • The need for support, including technical assistance for the implementation of new organizational models and growth • Italian regulations and laws obstructing the process
MAIN BENEFITS	• Increased productivity • Enhanced stability of companies • Promote democratic participation • Trasforming an obbligation of means in an obbligation of results

Table 12: Summary of the main features of the External context. *Source: Author's elaboration*

4.4 Discussion

The results from the case studies show how, despite the difference in organizational forms and the size of the various companies, it is possible to implement much more flexible governance and a widespread ownership that can yield positive results. Indeed, it can be observed from the above results how the various companies, even within the same group, have organizational structure, which also imply organizational design, that vary greatly from one another. There is a transition from a large-scale company like Alpenite, with a Teal form (Laloux, 2016), to Ccelera with a flexible but slightly more verticalized structure, to Oblics, being a startup, is still forming and does not yet have a fully defined organizational form. Each company, in turn, has a governance that reflects its type of organizational form. There are some aspects that are quite consistent across the three companies and with the Arsenalia group. All companies, as well as the group, emphasize that they are oriented toward a people-centric model, being highly focused on the person rather than just the financial result. This is evident in the fact that highlighting the individual's identity is among the core values of each company, aiming to accommodate individual aptitudes in the work context and through secondary activities that involve everyone. This work is necessary because, as theoretically evident, implementing a shared basic culture and values is challenging. Especially in contexts where there are many people with different knowledge and skills, as individuals themselves impact the culture. If defined correctly, these values can help establish a less fragmented but more uniform and defined direction at the group level (Zohar, 2022). Additionally, it would help to define common intra-company goals that align with and clearly reflect those of the larger group, maintaining an agile governance. This comes from the fact that in order to successfully implement a functioning governance, there is a need to ensure consistent alignment with the company's values and with the main vision. This can be an ongoing challenge, especially with the company’s growth and change in scale.

Regarding the level of autonomy there are different aspects. Fundamentally, the Arsenalia group was founded with the idea of providing a significant margin of decision-making and operational freedom from the early stages of its establishment. Today, with the group’s growth, there is a continuous need for implementation and adaptation (Fassoula, 2004), which must be carried out through ongoing updates of responsibilities, particularly due to the current context. The desire to break down space-time barriers and focus on achieving objectives without defining specific methods assist help this process of continuous evolution. At the core of this group is a high degree of trust that allows for a broad delegation of responsibilities, not only to the partners but directly to the operatives. Looking at different companies, autonomy is managed differently, also with respect to the organizational model on which they are based. Alpenite seeks to bring everyone on the same level and completely eliminate the concept of roles and hierarchy, advancing a model based on equality in decision-making and at operational level. The goal is to fully empower all operatives so that they become entirely autonomous. Fostering continuity and a context where each person can handle different type of situations, thereby speeding up response and problem-solving times. It is important that this decentralization process does not lead to a work-life imbalances and potential burnout among employees, especially if the focus on customer satisfaction overshadows employee well-being. In Ccelera, there is also a tendency to grant a high degree of autonomy, especially at the operational level. Here, there is more of a tendency towards collaboration, so while there may be a bottom-up approach, there is also adequate monitoring of work. This is also due to the diversity of skills within the company, which need to be managed, requiring someone to coordinate various projects. As for Oblics, being a newly established company, it relies more on the autonomy derived from the group and the companies from which it acquires skills, understood as individuals it needs. The flexibility within the group is also evident at the individual company level. The ability and opportunity to change or to expand one's skills, making them cross-functional, is well received and supported by both partners and senior partners. In fact, it is the recognized skills and knowledge that contribute to implement this sense of autonomy. These are among the key factors that helps an organization, in this case, the ecosystem in which they operate (Zohar, 2022), to ensure that the people working within it can interface with the dynamism and demands of current market and achieve their set goals.

Regarding communication, it is essential to acknowledge how it takes place both within individual companies and among them within the broader structured context. Concerning individual companies, despite having organizational forms that should imply slight differences, the communication process is quite similar. There are specific moments for group and individual discussions. Additionally, whenever necessary, there are HR functions specifically dedicated with this sphere. Many times, operatives interact directly with partners or senior partners, breaking down barriers that typically exist within hierarchical structured organizations. Direct communication enhances trust and transparency, facilitating a more timely and widespread dialogue, even reaching those who have been there for a shorter period (Freeman et al., 2010). The opportunity to give and receive feedback in this way should be used optimally and as transparent as possible, whether the feedback is positive or negative, as it leads to personal and group growth and constructive discussions. Communication is highly cross-functional not only within individual companies but also at the group level. This does not fully reflect the level of collaboration, which still encounters challenges.

While within each individual company, there is a good level of collaboration, driven by moments of brainstorming and sharing, this collaboration is not as evident at the group level. Collaboration and coordination, facilitating by adopting a more agile governance and increasing autonomy at the individual level, become more challenging to manage. This is especially true when more and more individuals with different skills and perspectives come together to make decisions on various aspects. The difficulties result in goal crises, making it more complex to understand the direction to take and how to achieve it. Without effective communication and collaboration mechanisms, this can lead to duplicated effort, inefficiencies or conflicting experiences. These challenges escalate, affecting operatives, causing processes to slow down and resulting in a loss of effectiveness and efficiency. Although many activities have been carried out to date, they have primarily occurred at the company level, causing each entity to implement these activities differently. However, a sense of collaboration, can be found in secondary activities related to the work context but outside working hours, through the creation of groups that carry out various initiatives. These initiatives indirectly contribute to building working relationships.

The analysis of surveys reveals the significant impact that sustainability aspects currently hold, fostering a sense of belonging among individuals. These aspects play a crucial role in value creation, encompassing not just environmental considerations but also social and economic factors. Employees contribute ideas and lead the implementation of these practices across the entire organization. This people-centric approach to green practices underscores the importance of listening to employees' requests and preferences. It demonstrates that specific individuals within the organization develop plans and projects to fulfill these requests, highlighting the organization's commitment to integrate sustainability into its operations. Moreover, the survey underling how to be part of the group can lead to benefit situation, but to the other hand can create difficulties at organizational level that emerged also from the interviews.

All these elements that, in some way, come into play and contribute to creating a context of more agile and decentralized governance are implemented within a framework of ownership different from the traditional model commonly found in Italy. Here, companies mainly adopt hierarchical models with a multi-level structure and minimal distribution of power, centralized in the hands of those at the top. The adoption of a model with widespread employee participation represents, in perspective, a step forward in the Italian system, helping to build employee loyalty and making the company more efficient and responsive to change (Mygid & Poulsen, 2021). In Italy, there are challenges in the implementation of such a model as it is not rooted in the Italian system. As reported by the external analysis, there is a need for a regulatory change that protects and allows the implementation of these ownership models, which are different from those deeply ingrained in Italian culture.

For this reason, it is important, in addition to the business context, to also consider the national context and the feasibility of such implementations. The rationale for this analysis lies in the fact that if it proves difficult to implement widespread ownership and governance that help corporate flexibility and dynamism, it will also be challenging to compete in highly dynamic worlds. This is because corporate rigidity will consistently hinder the development and implementation of forms that better fit the market in which one is operating. In this case, the industry market that implements tech solution and consulting in this field is extremely responsive and constantly changing. As mentioned, it is not about importing existing models from other countries, but about readjusting and evolving the Italian model so that new models of governance and ownership can be established. These would help to reduce reaction and response times to the market, providing the necessary support and streamlining processes. In addition, they would be a way to increase employee engagement and commitment, not only through benefits and economic incentives, but especially through a sense of belonging to the system in which they are integrated.

GOVERNANCE	AUTONOMY • Operational freedom and empowerment • Emphasizing collaboration and adequate monitoring • Derived from the group and focuses on skill and experience
	COMMUNICATION • Direct and continuous communication • Enhances trust and transparency • Leading to timely dialogue • Essential for successful implementation • Avoid inefficiencies
	COLLABORATION • High support • Expertise exchange within companies and groups • Alignment challenges arise with organizational growth • Within individual companies is good but less evident at the group level
	VALUES • Equivalence, transparency, continuous improvement, trust • Shared and delegation of responsibilities • Mutual support • Open to change, fostering an environment of equality in collaboration • All companies emphasize a people-centric model focusing on individual identity and accommodating individual aptitudes.
	DECISION-MAKING • Freedom and flexibility in organizing work to achieve goals • Highly decentralized approach • Not imposed through hierarchy but reached through a consensus-based approach • High degree of collaboration and brainstorming • Freedom to propose alternative

SUSTAINABILITY	• Emphasis on economic, environmental, and social sustainability • Creates a sense of humanity and long-term value • Foster a sense of belonging • Contribute to value creation • Green practices are integrated into operations, reflecting employee preferences and requests
OWNERSHIP MODELS	• Widespread employee participation represents a step forward in the Italian system, improving loyalty and responsiveness • Regulatory changes are needed to support the implementation of these ownership models
NATIONAL CONTEXT AND MARKET DYNAMICS	• Feasibility of implementations should consider national context and regulatory support • Flexibility in governance and ownership models is crucial in highly dynamic industries • Adjusting the Italian model to fit market demands is essential for competitiveness
PEOPLE	• Organizations reflect individuals within them, valuing all workers is crucial for organizational growth • Agile governance and diffuse ownership models can increase operatives' engagement and commitment • Operatives feel actively involved

Table 13: Summary of the main aspects from the case study. *Source: Author's elaboration*

4.5 Conclusion and Practical Implications

The research question of the study presented in this chapter was *to increase the understanding of the adoption of decentralized and more agile forms of governance and ownership in newer and more flexible organizational form*. This is due to the fact that the context in which we live in, characterized by high uncertainty and dynamism, requires today's companies to be agile, responsive and flexible, ready to handle situations of significant change (Hiltrop, 2005). Through the study of the governance and ownership of the three companies considered, along with that of the entire Arsenalia group, as well as the context in which they position themselves by following the case study methodology, valuable insights and implications have been obtained. These insights may be useful for organizations competing in the Italian market that wish to include employees through the implementation of widespread ownership and adopt agile governance. In today's global-scale competition, there is a need for many people to express different points of view. In societies facing high complexity and dynamism, the fact that the thinking of many is not made available, even in the more conflicting and confrontational situations, limits the exploration of all possibilities. As seen in the literature review, to compete in a world with a high degree of uncertainty and volatility, there is a need to adapt processes and people quickly.

The main aspects at the general level concern the effort to implement a *strong culture* rather than just focusing on well-being. An organization that operates through a true distribution of responsibility create incentives that allow employees to feel involved, as if they are truly in ownership. In these type of organizations workers uses their voice to shape working conditions, fostering internal training and a unified corporate culture (Mygind & Poulsen, 2021). Dealing with fundamental elements for the growth and functioning of the organization makes them feel like they have a real stake in the company. This *sense of belonging and involvement* binds them much more than economic incentives, although, for obvious reasons, everything must be genuinely motivated by fair financial compensation. However, what constitutes the motivation and sense of participation for individuals is feeling part of this machine, helping to reduce turnover and resulting in a situation where both workers and companies benefit from this mechanism. One of the main problems lies in the *lack of a specialized model* for organizations developing such implementation, as well as challenges in the entry/exit of employee owners, which can overlap, complicating the management of these firms. Leaving a *high degree of autonomy* and trying to *make everyone responsible* for processes and projects in this kind of organizations helps to create flexibility and dynamism, reducing crises and moments of stagnation, making the companies and the group dynamic and able to move forward quickly. To successfully implement these kinds of processes, there needs to be a *continuous flow of communication* among various figures, leading to a high degree of transparency and trust. At the *collaboration* level, there is a high degree of *support* and *exchange of expertise* when needed. An *informed, adaptable, and resilient decision-making process* is ensured in the face of dynamic business environments when specific knowledge is acknowledged at various levels. A major challenge turns out to be the *ability to align consistently and clearly* by creating a widespread understanding and strategy for achieving the main goal, especially as the size of companies grows. A fundamental element that implements governance concerns *sustainability*, not only understood as economic sustainability, but also environmental and social sustainability. Implementing practices in these closely interrelated areas creates a sense of humanity and recognizes the importance of the involvement of all individuals who come into contact with the organization. It emphasizes the importance of considering *long-term value*, aiming to maximize that value over time in all areas. For such implementation, flexibility and adaptability are essential in addition to the need for continuous learning and constant improvement.

In conclusion, it is impossible to predict how markets will evolve and, consequently, how organizations competing in these markets will develop. Nevertheless, given the evolution of the economy and markets that have brought competition on a global scale, and the consequent change in organizational design, including governance and ownership, as presented in this paper, it can be assumed that the world will continue to advance with dynamism and uncertainty similar to or greater than those of today. Therefore, it is essential to try to implement and readjust the model and governance based on the growth of organizations and evolution of markets. It requires continuous updating because it is a model that grows and runs, so it must be constantly adjusted, refined and adapted to the overall context, also influenced by the people entering or exiting the organization. This is because organizations reflect the individuals working within them; hence, it is crucial to recognize and value all the workers contributing to shaping and growing the organization.

Table 14: Main insights and aspects of adapting governance and ownership. *Source: Author's elaboration*

Research question: *How to adapt governance and ownership to newer and constantly evolving form of organization to remain competitive in a dynamic and uncertain world?*	
Aspects of Adapted Governance and Ownership	**Description**
A strong culture	Fostering a distinct and robust organizational culture that aligns with the company's values and goals.
Employees' sense of belonging and involvement	Encouraging active participation and engagement among employees, ensuring they feel connected to the organization.
Creation of an ownership model supporting organizational development	Establishing ownership structures that empower stakeholders to contribute to the organization's growth and success, fostering a sense of commitment.
A sense of responsibility	Cultivating accountability among all stakeholders, ensuring individuals understand and fulfill their obligations effectively.
Continuous flow of communication	Maintaining open and transparent communication channels throughout the organization to facilitate information sharing.
Collaboration through support and exchange of expertise	Promoting a collaborative environment where employees freely exchange knowledge, skills, and resources.
Decision-making process	Developing decision-making frameworks that are well-informed, flexible, and resilient, capable of responding effectively to evolving challenges and opportunities.
Ability to align consistently and clearly	Ensuring alignment between organizational objectives, strategies and actions, and communicating these alignments clearly throughout the organization.
Considering long-term value	Prioritizing sustainable and responsible practices that generate long-term value for all stakeholders.
Sustainable practices	Integrating sustainable business practices that promote transparency, ethical conduct, and respect for human values and dignity.

4.6 Limitations of the Study and Future Directions

The study conducted to answer the research question and, consequently, to enhance the understanding of the adaptation process of governance and ownership to new organizational forms in
Italy has some limitations. First, the number of case studies reported in this paper is limited, which restricts the generalizability of the results. If a greater number of cases were included, the findings would probably have brought to light additional aspects or characteristics contributing to the implementation of adaptation and flexibility. A second limitation is that all the companies belong to the same group. Thus, the fact that they are based on the same style and share some similarities in processes and adaptation of solutions might limit the diversity of findings. A further limitation concerns the fact that, although the group is located in Italy, governance and ownership have been structured on the basis of an Austrian model. This highlights how Italian regulations hinder development and pose a limitation in the implementation of such models, emphasizing the need for not only organizational but also regulatory changes to simplify and facilitate the transition. In addition, some limitations are due to the Italian cultural context, which currently does not appear conducive to the development of such models.

The conclusions derived from this study, as a result of existing limitations, should not be considered exhaustive or generalizable regarding how to implement decentralized and completely flexible governance or widespread forms of ownership. Instead, the results and conclusions should be interpreted as contributions to a better understanding of the reasons and practical implications that should encourage organizations that adopt highly hierarchical and centralized power to implement more distributed forms, with less top-down pressure and greater employee empowerment. A particularly interesting aspect is the need to consider that each organization is unique, shaped by different cultures and values that often reflect the individuals within it. This lead to different degree of resistance to change from one organization to another, and it must be implemented correctly and with an appropriate process. This highlights the need for further research to gain insights and fully understand the benefits and limitations that may arise in the implementation of such processes. *Future research should explore how widespread and agile governance and ownership can be applied to models with different kinds of organizational forms, histories and sizes.* Nevertheless, the results of this study contribute to a better understanding, providing valuable insights for organizations operating in conditions of high dynamism and uncertainty.

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Appendix

INTERVIEW: QUESTIONS SENIOR PARTNER ARSENALIA GROUP

- What was the initial idea when you decided to undertake this project?
- Why was it decided to implement such an organizational form? In hindsight main benefits and difficulties in implementing such a model?
- Role held within the organization, an example of activities you usually perform.
- How do you interface with the various companies? difficulties and benefits
- How do you find the level of communication between you and partners and between you and operatives?
- How do you feel company values are perceived?
- How do you think employees are valued through this organizational model?
- Had other practices been considered to implement employee engagement or improve it? How does it impact engagement from your perspective?
- Has the relationship with workers within the group changed? How and why?
- Do the processes adopted also work well in terms of decision-making freedom or do they create blocks and problems?
- As the group grows should they be implemented or readjusted in some way?

INTERVIEW: QUESTIONS PARTNER OF THE COMPANY

- Brief history of the company. What has changed for you with this ownership model? What have been the main benefits and difficulties encountered?
- At the decision-making level do you feel you have sufficient freedom to operate or are there pressures (top-down/bottom-up)? With what degree of freedom are you able to operate?
- How do you find communication at the organizational level?
- Do you adopt feedback systems? How do they occur?
- How do you perceive alignment with othercompanies?
- How is the relationship with other company partners and senior partners? Are there moments to exchange feedback?
- How are corporate values perceived?
- Has the relationship with workers within the group changed? How and why?
- Does the freedom given to workers in the company seem adequate or could it be improved?
- How do you think employees are valued through this model? How does it seem to impact engagement?

INTERVIEW: QUESTIONS OPERATIVE OF THE COMPANY

- How do you find the work environment? What do you think of the organizational design adopted by this organization?
- How are the corporate values perceived?
- How do you find the level of communication within the organization?
- Do you feel valued? (Describe how with three adjectives or brief examples)
- With what degree of freedom are you able to operate?
- Could other forms be adopted at the level of participation and, more specifically, decision-making participation, or do those present work well enough for you?
- Do you feel included in business processes?
- Is proper weight given to your ideas and projects you have done/do?
- In your opinion, how does the adoption of this organizational form impact your work life?
- How do you perceive alignment with other microenterprises? Is it difficult to coordinate and collaborate?
- How does the model adopted by the company impact the level of inclusion and engagement?