SMALL BUSINESS SIMPLIFICATION UNDER DIGITALIZATION AND GLOBALIZATION CHALLENGES: TEAL ORGANIZATIONS DEVELOPMENT

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Introduction. The current conditions for small and medium-sized businesses in Ukraine are quite difficult. Thus, in 2019, Ukraine was ranked 71st in ease of doing business, among Kyrgyzstan, Indonesia and Mongolia [1]. It means that business in Ukraine is possible, but there are several obstacles.

One of the basic problems is not much experience of individual business that began to develop since the independence of Ukraine. The first stage of commercialization was chaotic and criminalized. Therefore, young entrepreneurs are still facing such problems as the inability to build a strong hierarchy, the backwardness of European trends, the excessive taxation of labor.

However, such problems are inherent to the classic approach to business, which is too outdated. Today, business has tendency to hierarchy decreasing, digitization of bureaucratic processes, outsourcing and other innovative business technologies that lead to a decrease direct communication between employer and employee, increase of business freedom, globalization in economic relationships between counterparties, etc.

Objective. The main idea of this article is to investigate the most possible simplicity of hierarchy and structure of organisation on the principles of "teal" company, to build an innovative model of organization based on outsourcing, digitization, globalization and the idea of social utility.

The main material and research. Historically, there was a long discussion between theorists about the term "teal" in relation to the organization. It all started back in 1960, when Claire William Graves, an American psychologist, developed the concept of spiral dynamics. Graves studied man and the development of his outlook with a spiral character – in the process of change people are also going through stages with common features. Each next stage also includes the features of the previous one. For the sake of clarity, each stage has its own specific color [2]. Subsequently, Don Beck and Chris Covan, students of Professor Graves, adapted this theory for managers and strategists by writing the book "Spiral Dynamics" [3].

And in 2014, color classification of organisations began in the book "Discovering the Organizations of the Future" by Frederick Lalu, in which he analyze the evolution of organizations from structures with rigid subordination to self-menegment. Lalu identifies seven stages that organizations all over the world have gone through. Five of them still exist,for each of which the researcher gives a specific color.

"Red" - such organizations have a constant demonstration of power to keep subordinates in obedience. The organization is using fear to stay active. Mafia and street gangs are examples of such organizations.

"Yellow" - such organizations have from top to the bottom type of management, there is also a high formalization of duties. The main objective is stability, which is ensured by strict process execution. Examples are government agencies, public schools, the army.

"Orange" – the main goal of such organizations is to overcome competition, to achive profits and growth. It can only be achieved when what to do is under control of and freedom is given to decide how to do it. Examples are transnational corporations, private schools and, in general, most organizations of today.

"Green" - these organizations pay a lot of attention to delegating tasks, motivating employees and creating an internal culture, focusing on common

values. Examples of such organizations are small startups that work on the principles of a flexible methodology.

"Teal" - such organization can be defined by the presence of common values and goals, openness, distribution of responsibilities among employees who make decisions independently, although they can consult with other members of the team [4] (Fig. 1).

Lalu has studied successful organizations with good financial results and growth rates, in which employees are given more freedom to make decisions, and called such organizations "teal" or companies of the future.
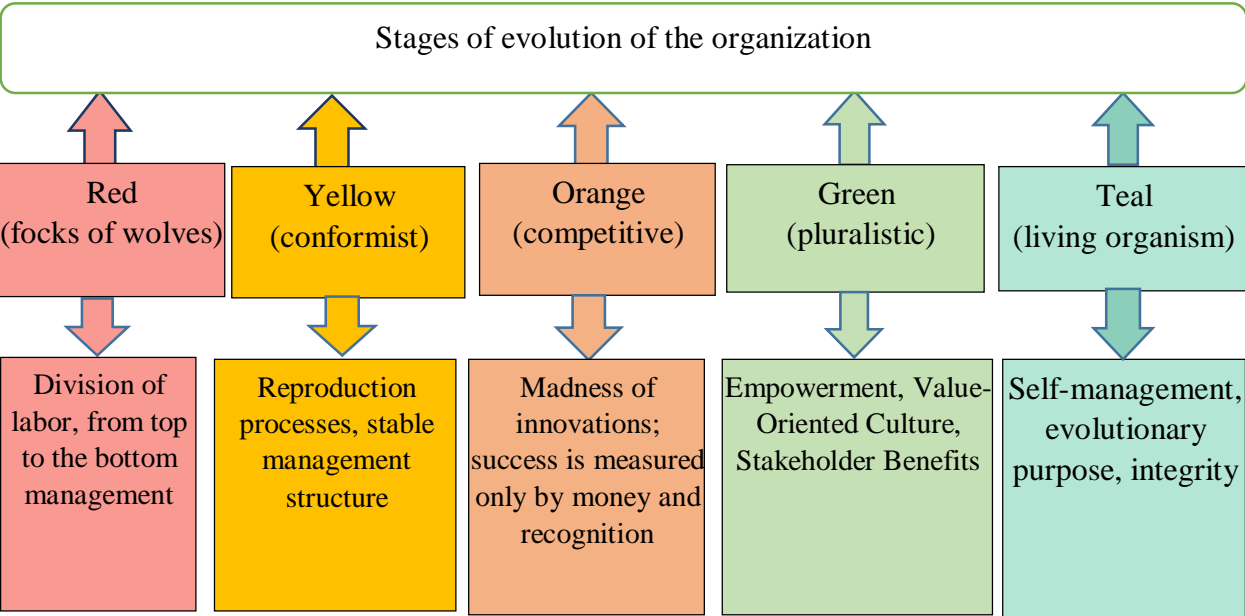
Stages of evolution of the organization				
Red (focks of wolves)	Yellow (conformist)	Orange (competitive)	Green (pluralistic)	Teal (living organism)
Division of labor, from top to the bottom management	Reproduction processes, stable management structure	Madness of innovations; success is measured only by money and recognition	Empowerment, Value-Oriented Culture, Stakeholder Benefits	Self-management, evolutionary purpose, integrity

Fig. 1. The stages of evolution of organizations according to the concept of Frederick Lalu

The first "teal" organizations appeared in the late 1980s, when creative workers were tired of total management control, strict and unfair management, and harmful internal competition. Such organizations appeared when employees stopped making unnecessary reports that only senior management needed, and wanted to be effective and stop being afraid of making mistakes.

There are quite a few companies that use elements of self-management. For example, at one time, Google implemented a "20% of the time" rule that allowed employees to work on their own projects once a week. This made Google News, Gmail and AdSense appear. Subsequently, changes took place in the company - in order to be able to work on your own project, it was necessary to get the permission of the manager. And later, Google analysts found out that no one used the rule of 20% because of the need of managers' permission. Now it has been canceled at all. But it was a great example for other organizations and "teal" companies appered in many countries around the world. For example, Buurtzorg Nederland, which provides care for the sick people. Racoon Gang, 4IRE labs, ZEO Alliance, EVO are among the largest companies in Ukraine working on the principles of "teal" organizations. Uptech, an IT outsourcing company, is also known for its financial success.

The success of such companies is in the special features of its management. They are like a living being that are able to self-development and growth. Employees of such companies think of organization not as of a mechanism or a machine, but as of an alive organism with a soul that is able to develop and grow without control of managers and strategic plans.

Therefore, the key components to creating a modern, easy and efficient business are the following: self-management, evolutionary purpose, and integrity.

To implement these components into modern business, you need to provide or create certain conditions at the organization. First of all, motivation for self-management requires an environment where there are no clear hierarchical leaders, and teams which work separately from each other, but have common purpose. Therefore, there should be conection between different departments of organization for communication and receiving all kinds of inside information. You will also need a highly efficient and motivated team that is difficult and costly to gather for creating a hierarchical structure of management.

The second condition to ensure the integrity of the organization is an effective hiring policy, free access to reports for staff and honesty in the financial sphere of the company.

The third condition is the creation of an evolutionary goal and the transfer of these ideas to the workers. The organization should be open to the future and changes, adaptive and mobile, work for team unity and the business process itself.

Thus, all these conditions can be implemented in any organization, but they will still require a special approach, significant costs, some restrictions, etc. But it is equally important for teal organization to be self-sufficient and holistic.

Starting business of self-service vending machines that independently provide scanning, copying and printing services can be an example of a possible implementation of "teal" organization's principles in Ukraine.

Despite the fast process of digitization, paper circulation of documents is an integral part of any person's life and is unlikely to be completely unnecessary in the nearest future. The mission of such a company is to provide the population with a simple, fast and convenient solution for printing, copying and scanning documents in many places with high potential demand for these services: libraries, faculties, shopping centers, service stations and others. A vision can be the desire to become a global company that provides the facilities to print, copy and scan documents easily, conveniently, and completely cover all common needs, reducing the role of expensive and non-eco-friendly home and office printers.

Thus, the evolutionary purpose of such business is also associated with the environment, which is incredibly important for today. These machines are an environmentally friendly products, they do not produce waste such as empty cartridges and toner cartridges during regular use. In particular, he uses recyclable paper for his work [6]. By reducing the usage of home printers, power consumption will also reduce. It will also reduce by the installation of electronically efficient components.

The possibilities of these machines are quite large, which completely cover the capacity of printing companies with operators: printing documents from any media (USB flash cards, memory cards); printing documents, methodological materials, etc. from one's own database. It supports almost all types of documents (graphic, text, pdf, word and excel,); accepts mobile payments (supports other services as well); intuitive touch interface; programmed cost of any services; maintenance of statistics on services provided with the function of sending a report by e-mail. In addition, they can have advertising function and can be customized during events to print out materials are required for the event. The mobile app is used in similar startups in Poland and Germany [7], and also can be an additional opportunity for earning money and advertising.

Three permanent departments should be created to manage this business, such as accounting, marketing and logistics, and the IT department that will only exist as outsourcing. This will allow "teal" organization to improve its competitiveness in the market by reducing the cost of services and reducing administrative costs. After all, outsourcing helps to increase the efficiency of business by delegating certain duties to other organizations in order to optimize all types of resources and concentrate on the main activity [8].

The maintenance of these machines is quite convenient and can be done with the help of app that all employee will have. It will report client's complaints, stocks of paper, paints, etc in accordance with all automatic machines. It will be a good opportunity for additional earnings for students or service staff in technopoles, universities, hospitals and others. This app also creates perfect conditions for self-management and the ability to plan and coordinate collective work.

The accounting department will receive all information from the vending machines and the application for the maintenance department. Due to such high level of digitization, this function can be outsourced to companies with strong

accountancy centers. The connection between the departments will be transparent, so everyone can know their theoretical earnings and rewards.

The marketing and logistics department, which will look for new promotional offers, places to install, joint projects etc., is key, but not the main one. It does not have access to the application and cannot manage staff or accounting.

Such combination of independent departments is perhaps the best example of possible implementation of teal companies in Ukraine. Possible expansion of the market, adaptability, environmental friendliness, freedom in the process of providing services are all desirable in the economic environment of the country. That is why similar companies should be encouraged by the authorities in order to promote efficient and innovative business.

The key elements for a "teal" organization are intellectual capital and the corporate thinking paradigm (Fig. 2).

Internal environment of "teal" organization

| Mission and evolutionary purpose | Internal rules of the organization | Coaching of organization and employees |

| Work with stakeholders on the principle of «win-win» | **THE CORPORATE THINKING PARADIGM** | System of protection against external risks and threats |

INTELLECTUAL CAPITAL

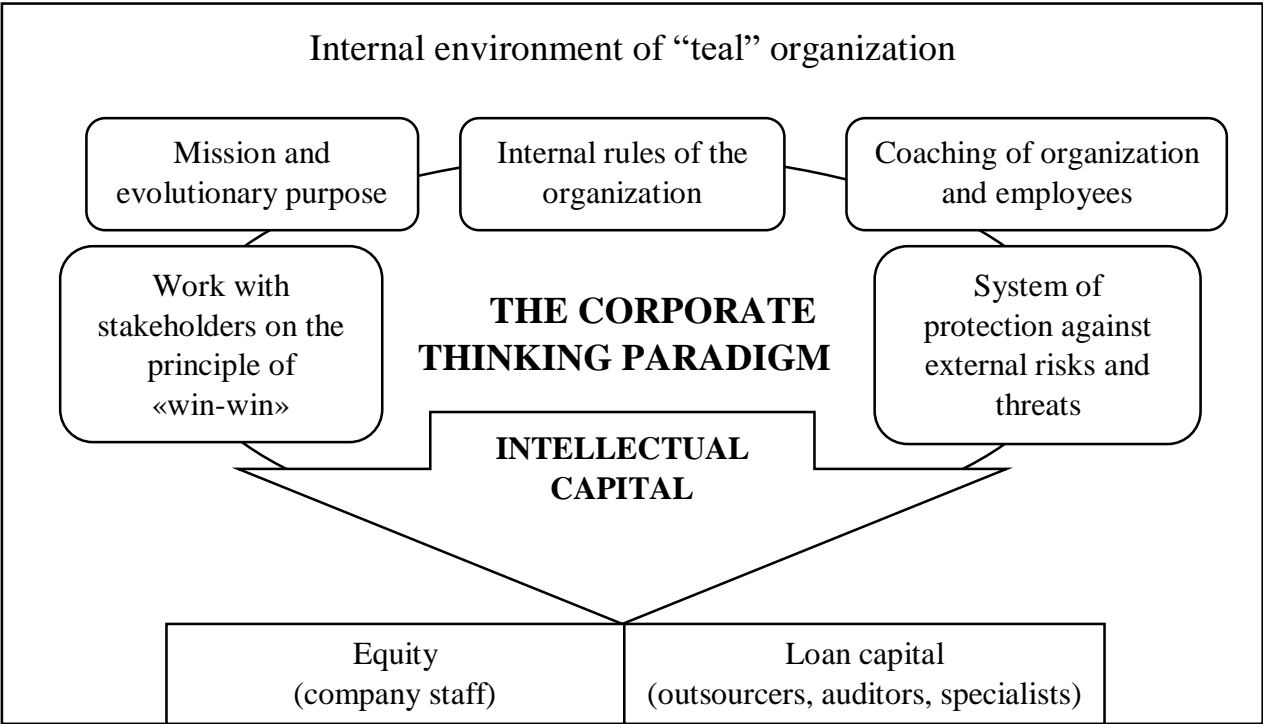| Equity (company staff) | Loan capital (outsourcers, auditors, specialists) |

Fig. 2. Model of organization of "teal" organization.

The model describes the synergy of components that should stimulate independent enterprise growth and flexibility in dynamic market conditions. Maintaining a corporate thinking paradigm built on intellectual capital is a key task for the efficient functioning of a "teal" organization.

It should be mentioned that a "teal" organization can be created not only "from scratch", but almost any company can be reorganized. First of all, it requires the desire of the business owners, the board of directors and the CEO. Without the simultaneous desire of key individuals in the company, building a "teal" organization is impossible, and even harmful, because of internal disputes. As soon as problems arise, the "classic" managers will take everything under their control, and return to the usual methods of leadership. The principles of "teal" organizations should reflect organizational leaders' thinking principles.

But problems can also arise with the implementation of these principles among staff, so not every employee is able to abandon accurate instructions, rigid management and control. In large industrial enterprises, this process can harm production, with the outdated thinking of employees. However, teambuilding and material motivation for employees should help to percept the new management structure. All this should encourage workers to change their vision of their role in business. But such efforts take considerable amount of time and resourses that can not be available.

The creation of "teal" organizations, in the Ukrainian market, will occur in the creative sphares, because freedom in actions is an integral part of any creative activity. Little firms and startups where all participants are most interested in the success of the common idea, and receive proportional benefits - are the basis for the development of a new stage of individual business. This form of organization is also ideal for NGOs and civil society.

Generally speaking, innovations in any field, from agriculture to education, will help new "teal" organizations to create innovative products. Also, the working principles of a "teal" organization can be implemented in separate

departments of traditional "orange" businesses, in particular those dealing with creativity and innovation [9].

Conclusions. Thus, "teal" companies have great potential, which can help to develop business in Ukraine and update business trends. Today, there are more and more vivid examples of the usage of digitization and globalization of economic processes. But, nevertheless, "teal" management is not an objective solution to the problem of business failure. They should only be part of the whole business environment upgrade, where a combination of traditional and innovative methods shold be. Ukraine, with its technical potential and tendency to outsource, is a favorable environment for the development of "teal" companies, although these trends can be improved by regulatory control.

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Liana Ptashchenko, Doctor of Economics, Professor. **Tetiana Berezhetska**, **Andrii Maksymenko**, National University «Yuri Kondratyuk Poltava Polytechnic». **Small business simplification under digitalization and globalization challenges: teal organizations development.** In this article, the most possible simplicity of hierarchy and structure of organisation were investigated on the principles of "teal" company. An innovative model of organization was build based on outsourcing, digitization, globalization and the idea of social utility.

Keywords: "teal" organization, self-management, hierarchy, management, business, digitization, outsourcing, globalization.

Лиана Птащенко, доктор экономических наук, профессор. **Татьяна Бережецкая**, **Андрей Максименко**, Национальный университет «Полтавская политехника имени Юрия Кондратюка». **Упрощение малого бизнеса в условиях диджитализации и глобализации: развитие бирюзовых организаций.** В данной статье исследована максимально возможная простота иерархии и структуры организации на принципах «бирюзовой» компании. Была построена инновационная модель организации на основе аутсорсинга, диджитализации, глобализации и идеи социальной полезности.

Ключевые слова: «бирюзовая» организация, самоуправление, иерархия, управление, бизнес, диджитализация, аутсорсинг, глобализация.