ORGANISING ASPECTS OF THE LEVELS ADDED ORGANISATION (LAO)

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How to achieve a more efficient, more successful, and above all more competitive organisation in the given environment and equal spare time in everything? One of responses is evidently hidden in the levels added organisation concept, which has already proved its advantages in some domains practice, and now we also try to define and explain them from the organisational and scientific aspect. As briefly presented in this paper, the nucleus is hidden in the evolutionary development of the organisation that adopts innovations, then tests and evaluates them, combines and upgrades them, and consequently it efficiently resolves difficulties of existent organisational concepts.

1. INTRODUCTION

Permanent acquiring and keeping advantage in the field of more successful and more efficient organisations objectives achieving over the competitors increasingly attracts attention in practice, as well as in theory. Therefore, new organisational approaches have recently been developed, putting emphasis on those domains in the organisation that can provide such an advantage.

New organisational approaches and models that put emphasis mainly on motivation, employment and work with the staff (education and training), and on the group dynamics advantage output in team work, have thus already proved their advantage over the traditionally designed organisation at home and abroad (Boeree, 2000, 1). Therefore, the focal attention in this paper will be

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devoted to these particular domains, i.e. team work, employment (selection and training), and motivation. For easier comprehension we shall first define in the following section the LAO, and expose essential characteristics and advantages of the modern LAO in comparison with traditionally designed organisations.

2. LAO, ORGANISATIONAL EFFICIENCY CONDITIONS, AND ADVANTAGES OVER A TRADITIONAL ORGANISATION

2.1. LAO Definition

In literature the LAO is defined in various ways. There likewise appear different LAO denominations and comprehension. In the English literature the Multi Level Organisation notion is most frequently applied for such an organisation form. But from the various LAO definition contents analysis it is evident that as a rule the authors speak of very similar topics.

Peter Clothier (1993), as undoubtedly one of well-known and successful LAO theoreticians and experts in the world, defines the LAO as a combination of two common principles:

- □ At first, multilevel organisational principles where the LAO can mainly be defined as an organisation with several organising levels or stages.
- □ As the second principle, we can define each individual (and/or team) development internal plan, which we call the career or career plan. Activities, rights and liabilities of an associate at each of career posts are thereby accurately defined. These activities are primarily assistance in the work introduction to new associates, education of associates on lower career levels, motivation and employment of new associates.

James W. Robinson (1997), who is also known as an independent analyst of the Amway company efficiency, has defined the Amway Corporation in his book entitled The Kingdom of Freedom as a network organisation, which operates according to multilevel principles. Unfortunately, in this book he nowhere deals with the detailed analysis of this company from the organisational standpoint. But, on the basis of his records and knowledge of the Network 21 system, being also the Slovene branch of the Amway Corporation supporting system, we can summarise that this system combines the LAO principles with several career levels, even though the author nowhere writes it explicitly.

Among the Slovene authors, who has already dealt with the LAO topics it is worth to mention Aleš Lisec (1995) and Samo Lubej (2001), who define the LAO as an innovative mode of organisation. In the books the authors set out the same LAO principles, as the above-mentioned Clothier. Thereby, they emphasise that in some LAO application cases it is possible to increase the efficiency and decrease the company operation costs essentially – especially in the field of distribution.

Summarising the aforesaid definitions and adding our own cognition of the LAO, we could set out at least the following three LAO principles:

- □ Organisation: Multilevel organisation principle. As the organisation basis, we can set out a multilevel parallel organisation where the associates carry out various tasks parallel to the career level within teams they belong to. Over the time passing between career levels modifies these tasks. Associates on lower organising levels deal mainly with operational tasks. Associates on higher organising levels deal more and more with management, searching for new associates, education and motivation.
- □ Individual: Individual and team multilevel career principle. Another characteristics of multilevel organisations are the individual associate promotion in the career scale as to his achievements at work. An individual promotes in the career scale as to the achieved results and conditions provided by the career plan. As a rule, the associates can promote independently of each other, and everyone has an option to achieve also the highest management levels. By the career plan promotion he gets the right to form his own team, what however the associates mostly do.
- □ Management and administration: Holding (parent) organisation common rules minimisation principle. To make the whole system function the basic rules proposed by the LAO management and approved by the owners are urgently required. There is about rules on the organisation and career levels number, on the career scale promotion conditions, and other essential system operation provisions. There are in fact very few restrictive limitations, and they even are simple. The majority of rules and instructions for use are regulated incentive (motivationally) as much as possible to stimulate the associates to achieve the best possible results.

The stated three basic principles are characteristic for the LAO function and organisation – at least from the standpoint we deal with in this paper.

2.2. LAO Organisational Efficiency Conditions

If we make an attempt to compare characteristics of traditional organisations with characteristics of contemporary designed organisations, we establish great differences in the former and latter efficiency presumptions. We carry out a traditional and contemporary organisation comparison with the efficiency conditions comparison in a traditional and contemporary organisation. We can set out at least the following characteristics (Uršič et al., 1999; Hatch, 1997) collected in Fig. 1:

| Efficiency Conditions | | |
|---------------------------|----------------------------|--|
| Traditional Organisations | Contemporary Organisations | |
| | Promptness | |
| Clear role | Flexibility | |
| Specialisation | Integrity | |
| Control | Self initiative | |
| Static condition | Innovation, dynamics, | |
| (invariability) | steadiness is a change | |

Figure 1. Efficiency conditions in a traditional and contemporary organisation

The stated comparative explanation of characteristics sets out required modifications as to the traditional definition and presentation of an organisation, and can be understood as a vital condition to survive in future. Let us see some most characteristic modifications, which have been put forward in the LAO in comparison with a traditional comprehension of the company organisation.

There is less and less common rules in the LAO, only those most fundamental and urgently needed remain. They are replaced by a common vision of all the LAO participants and their common values, which upon they build the organisation and themselves in common. Consequently, some detailed rules are not required, as the associates focus to it objectives derived from the vision.

The LAO are the network type organisations, and as such inclined to polycentrism. The latter is particularly present in large international (global) LAOs, as due to the parent companies largeness and pressure of fast reactions the majority of decision making is implemented on the lowest possible level – thus with each individual associate. In case of the LAO the decentralisation of an organisation is radical and ends up on the individual level.

In opposite to a traditional, strictly limited organisation wherein the restrictions have been quite clearly written and strict, the contemporary LAO are opened to the operating environment, and search for an optimal organisation likewise by not allowing for the organisation external boundaries. It means that the LAO is being spontaneously connected with partner organisations. Thus, the

network organisations are created, and they introduce dynamic comprehension of an organisation, its boundaries and opportunities.

If we summarise the second point the LAO organising form (and thereby also the LAO teams) is one of the most innovative forms of the organisation. On one side it allows for cognition based upon the systemic approach saying that the organisation is required for a successful and efficient work, the one that forces an individual and a group into permanent creativity and development effort (Uršič, 1996). On the other side it enables its development through the very clear and incentive oriented organisation for the participants.

The development essence is to repeatedly define new competitive advantages, which we ascribe to innovating and innovations in the LAO and its environment. They will simultaneously be likewise comparable with potential modifications in values and ethics, or larger in the LAO organisational culture. In the forefront there is mainly the competitiveness criteria potential that should be searched for mainly outside the individuals existent and asserted ways of thinking, and relations among them and others in the business organising system.

3. ORGANISING CHARACTERISTICS AND LAO TEAMS SPECIALITIES

By all means it is primarily to ask us if work within a LAO company has teamwork characteristics. Although we can find quite a many elements, which deviate from the traditional theory of teams, for the LAO theoretical study basis we can conditionally take a very traditional organisation of teams, as we can set it out as a background for the LAO teams theory development (Boeree, 2000,2; Boeree, 2000,3).

For traditionally organised teams functioning there are in force some presumptions and characteristics that are not effective in the LAO. At this point we warn against the most evident and significant differences, which essentially differentiate the LAO teams theory from the traditional one. Right here the development and processing (dynamic) organising components of the LAO teams that traditional teams do not know them are in fact the most evident. In the LAO approach to teamwork they play an important role. Whatsoever, by introducing the development and dynamic components that put in permanent development and innovation into the LAO, the LAOs provide themselves advantage to traditionally organised teams. The proper number of team members namely depends on the tasks composition and team members heterogeneity level. According to the traditional theory a team should count from three to six members, or seven at the most. It is effective for the LAO teams that the optimal number of members is three to five, but here also the optimal number depends on the particular LAO work domain, and on the manager competence and team members independence. It is worth to set out that the LAO team members number may vary over the time.

By his career development through leading to managing posts an associate co-operates mainly with his direct associates, and from this standpoint he keeps more or less the same direct team members all the time, and who gradually form their own teams. In this way formed teams when direct associates – heads build up their own teams are called structures in the LAO.

The LAO teams have a great advantage in selecting team members in comparison with teams in other companies and organisations. While in traditional organisations teams are formed from the existent staff in the company, or are just partially completed by new or hired staff, in the LAO organisations the team heads have an option of their associates largest selection in the teams formation, as there is about establishing a completely new team, and (as a rule) without any restrictions as to the associates selection in the team.

Persons being alike as to their values, standpoints and interests, work and world views, and are professionally complemented, can more likely form stable and permanent, and above all effective and efficient teams, which provide as such a competitive advantage o the market. In heterogeneous teams there are several possibilities of cliques and destructive clashes (conflicts) formation in the team.

The future (traditional) team is primarily a group, which still has to be transformed into a team, what it needs time for. In such time the team manager in common with the associates sets up the team objectives, the management and work method are selected, and tasks divided, the interactive communication is introduced, etc. In this phase we can talk about transition from the group to the team, as the minimum conditions are complied to start teamwork pursuant to teamwork principles. Due to continuous recruiting and roles alteration this procedure takes place in the LAO teams during all the team existence period, parallel to all other (work) events in the team (Richard, Huseman, Goodman, 1999).

With the exception of the manager the team members are mainly not aware of the team transformation process. The manager duty is to control and direct this process to the desired trend. He will thus achieve the team harmonic operation. By allowing for the LAO organisational rules it will lead to reliable put forward objectives achieving.

Experiences with traditional teams have shown that it is risky to dissolve the already formed teams, and to replace individual members. In the traditional team formed organisations this could have represented an obstacle for normal work, as the novices are mainly not resourceful in already fluent work, and they even cause a completely informal reorganisation of the team.

It is different in the LAO, since the basic roles distribution rules in the particular team are distributed in details, and they accurately define what are the team member duties. The team manager can relatively quickly and efficiently initiate the novice – also by other associates in the team assistance.

The traditional teamwork organisation theory presumes (or it is at least required) that working teams have all the time the same number of members who carry out (at least functionally) it tasks during all the team operation time. As already mentioned it is not the same in the LAO teams, since novices are perpetually included in the operations, and on the other hand the associates promote to higher career posts, and start to form their own structure – their team. Thus, the proficiency is transmitted from managers – already experienced associates – to novices, and thereby possibilities and potential for improvements based upon new cognition of work in the LAO team are persistently searched for.

The next speciality of the LAO teams is their gradual formation. Traditionally designed teams are mainly entirely formed at the beginning of operation. On the basis of planned objectives the tasks to achieve the common objective and there from resulted staff requirements are defined in advance. In the LAO teams the number of team members is not known in advance. The team originates gradually by including new members – associates who are ready to accept working and business challenge provided by the LAO team and organisation rules.

For efficient work in the LAO team the LAO management should provide some basic rules, which will consistently be implemented by all associates without exception. Therefore, such rules have been formed in the LAO that are equally valid for all teams and associates; and they are acquainted with rules by joining the selected LAO.

The highest efficiency level can be achieved if the team alone strives to implement tasks. Thus, all individual talents are exploited on their own initiative to perfection. While in traditional teams the tasks are distributed, and individual members are specialised for specific domains, in the LAO teams work frequently runs parallel – accordingly, the same team members at least partially carry out equal works.

By observing the team operation we are most often focused to observe the contents. Problems, which most frequently occur in teams, are mainly hidden elsewhere in the teams operation process and organisation. Therefore, in the LAO team development and planning we apply organising approaches that make us continuous updating and innovating feasible in the field of teams and their work organisation.

This freedom is assigned to leaders, and above all to managers who by allowing for basic rules of the selected LAO decide quite independently upon their team organisation and development. Therefore (by allowing for the organisation basic restrictions), each following generation of working teams is established on a certain new, higher organising level, more appropriate for actual (competitive) conditions.

In this type of development work in the field of the LAO team organisation, as well as of the entire LAO organisation, above all we keep in mind the potential of competitiveness and competitive advantages, which are to be searched for outside the existent and asserted organising forms. But exactly this advantage separates the efficient and the penetrating from others. Therefore, to keep the leading role a continuous development of (also) the organisation on the innovation basis is required. In this point recorded view on the LAO teams and teamwork enables us that.

We thus state that we can apply cognition of the traditional team organisation theory for the organising issue, as well as for the LAO team theoretical basis. The majority of traditionally organised team characteristics are equally valid for the LAO companies. But the separated LAO teams organising development has introduced some novelties and modifications upon which both approaches are distinguished. Naturally, The LAO teams organisation has developed some elements being characteristic for a contemporary organisation in general. From this point we have mainly noticed the development processes inclusion through continuous changing of the team members number, and changing of roles and functions carried out by an individual associate – the team member through the team development phases.

Likewise, an approach to different objective formation in the LAO teams and elimination and avoiding conflicts that originate in connection with it in traditional organisations is interesting. The conflicts option minimisation by achieving individual, team, as well as organisation objectives has been highly efficient in the LAO.

4. ASSOCIATES ACQUISITION AND KNOWLEDGE TRANSFER TO LAO

Each business organisation system focus is in the personnel, relations among people in it and in its environment (Uršič, 1996). Therefore, we pay attention to acquire new associates where we compare the employment processes in traditionally organised companies with the employment processes we know in the LAO. Similarly, as in the previous chapter for teams we search for a similarity between the traditional theory of employment and processes that we meet in the LAO. On the basis of collected traditional theory cognition and proper experiences from the LAO practice we make an attempt to argue and define the employment characteristics in the LAO.

The new personnel acquisition process is naturally proceeded by the personnel education and training process. This process is directed to create and improve the associate's ability for effective and efficient work in the LAO.

The difference between procedures in acquiring, selecting, and introducing the staff dealt with by the contemporary organisation theory, and those that are suitable for the LAO in practice, is based upon the difference in the both systems operation outline (Možina et al, 1998; Lipičnik, 1998). Some elements of the employment traditional system like attracting associates by advertising are completely out of use or even forbidden in the LAO. Other experiences and proficiencies, as for instance selecting and introducing procedures are likewise applicable in the LAO by a proper adjustment.

In the LAO each associate employs. This activity is implemented in compliance with his objectives as to his own business development. The

independent employment on one hand means an advantage, since everyone searches for new associates whom he supposes they are fit for co-operation, and that he will successfully collaborate with them. On the other hand the independent employment means for (too) many associates a (too) pretentious task, as the employment is a pretentious procedure, and experiences as well as proper knowledge are required for its efficient implementation.

An associate is an independent entrepreneur and his team manager. Selecting those whom he will collaborate with does not ends up by the selection and introduction into operations. The manager has also later a possibility (and also liability) to control the individual associates quality of work. Those who do not comply with the requirements should be eliminated from the system.

Efficient contemporary service companies (wherein the LAOs are also classified as a rule) realise that the main efficiency element is people. And the optimal functioning of this key resource is to a great extent regulated by training and education procedures. Therefore, there is nothing surprising that these procedures are earmarked more and more attention and also funds.

To carry out the transfer of knowledge and experiences the most rationally possible (with the lowest possible costs and the highest possible result) the LAOs have developed an efficient system of the internal transferable education. Pursuant to this concept the associates with more experience (heads, managers) transfer their knowledge and experience to the associates with less experience. A part of this knowledge transfer (the most essential proficiencies) is carried out within formal education and training, and a part in the informal form like individual consultancies and preparations for work. Therewith, the education costs are also decreased to minimum, since the associates from administration and management levels do not get any direct payment to implement these activities.

For the internal education system efficiency and direct transfer of knowledge in the manager – associate (tutor – apprentice) relation the basic LAO concept is very important, and where the whole team (manager and all his associates) tend to the same objective with a very small possibility that their interests would come in conflict.

The associate's development programmes are divided into two groups (education and training), although the contents often coincide. In education and training the associates gradually acquire proficiencies and skills required for efficient work. Above all, these are proficiencies in the field of products, consultancy, and later also management and rhetoric.

5. MOTIVATION ROLE IN THE LAO

We hereby set out the motivation aspect, its urgency and integrity in operations and in work with the personnel in the LAO. Naturally, in this field the perpetual dynamics and innovation is likewise present. Therefore, we look at the entire process of the LAO motivation and operation from the continuous change standpoint, which is here likewise presented in allowing for new future options and generations of the approach to motivate the associates.

In the event when there is about an individual, new ideas, strengths and motives are required, and in the event when there is about a company (or team) a charismatic manager who correctly presents new ideas to the associates, makes them enthusiastic for them, and introduces the ideas into practice (Florjančič et al, 1994).

Experiences have shown that the majority of people are at least partially dissatisfied with the development of their so far attempted career. Thereby, they do not see the reason for dissatisfaction about them, but they search for it and attribute it to the environment, most often to the company, to the company organisation, to the promotion system and selection of the managing staff, and to their superiors.

Thus, there exists a certain type of frustration, load, and an unfulfilled desire of an individual to prove himself and build his own career, what has already been his ancient but (by others) suppressed vision and great desire.

Despite (mostly) the negative experience of his past career outside the LAO, the experience of his future career – his ancient dream fulfilment is more important for the associate. Therefore, the career is a motivation instrument of a special kind that forces the associate into activities for its realisation.

Every normally thinking individual feels a necessity for the personality development, and consequently for the career development. Equally, an organisation should also develop and plan this development. Within the framework of preparations for future activities the associates attempt to develop competencies they will need at future work. These activities are carried out as development programmes by which development programmes by which the job career is very closely connected very closely connect the job career. It is then right that each associate is created the career plan wherein he can see his objectives, and he strives for their realisation.

Naturally, such a plan by itself is already a highly strong motivation, as it (finally) offers the associate from the side of the others (superiors) a career development independent plan, the realisation of which depends only on the associate and his decision readiness and firmness to implement the plan and achieve the objective.

The career plan offered by the LAO offers the associate excellent opportunities to develop his personal career, and the majority of people in this way for the first time meets with the career (and objectives) plan prepared in advance, being multilevel and contains control items, and accurately set up promotion criteria.

The LAO career plans further have an advantage over the career development options in traditional companies. As a rule, therein time limits are set up, the promotion is frequently conditioned by vacating the job, being the next on the career scale. These are the factors that cannot be influenced on by an individual who strives for his own career development, and act with negative motivation. Expectations of several candidates in an organisation who has hoped to occupy a higher position on the career scale, but only one of them has succeeded have a similar effect of negative motivation.

In the LAO creating an own structure that the associate creates "under" himself forms the career. Hereby, there are no time limits for promotion, no waiting for a higher position vacating in the career, and all of them have a possibility to be promoted to the highest position. Thus, the career development promptness and scope depend on each individual and his readiness and capacity to create his own structure, and its efficient sale.

The LAO are planned to resolve some negative motivation problems of a traditional organisation already in their outline. Even more, by innovative solutions they have succeeded to make of them the motivation tools, which make the associates enthusiastic, and additionally attract to work in the LAO. The most typical is the career case, being (too) often the grounds for frustration in traditional companies, and one of the most efficient motivation tools in the LAO.

Motivation is precisely the main tools to stimulate innovations and development thoughts in a contemporary company. Therefore, the LAOs govern

and plan their associates activity by approaches of positive motivation directed to achieving brilliant and (quasi) important objectives for the associate, and mainly the profitable ones for the company.

6. CONCLUSION

The competitive struggle drives on the development in all domains (likewise in the field of organisation), and faster at all times. We herein constantly meet with the need to provide and keep competitive advantages, as they provide higher success and efficiency than provided by the competition, as well as a higher profit.

Summarising this, the LAO advantage focus in comparison to the traditional organisation in the field of providing greater success and efficiency lies in a more intensive and larger engagement of participants in the LAO, i.e. its associates, and in greater harmony and adjustment of all activities in the LAO. We hereby do not think only on the labour intensity and diligence to work, but on those elements the consequence of which is a greater labour intensity, which is naturally based on proper motivation.

We can establish that among organising elements we have dealt with, any revolutionary solution cannot be found, but only mostly known cognition of the traditional organisation. But we have complemented them for the LAO model needs, and combined them in a new, innovative way, and thus acquired through synergetic effects a new, more successful and efficient organisation, which takes the advantage over competitive companies (and forms of the organisation), and which is also resulted in the final stage in the so much desired general criterion of success – the profit.

When the aforesaid on greater diligence to work, as a consequence of efficient motivation, and thereby connected greater engagement of associates, we have come to the margin of Tom Schreiter (1995) thinking, who has namely defined work in the LAO as a special lifestyle, or perhaps even as »a concept wherein you succeed if you enough believe in it«. Therewith, we already touch the personal conviction limits, and the personal (at least organisational and economic) world ideology, unless even the religious ideology.

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ČIMBENICI DIZAJNIRANJA ORGANIZACIJE S DODANIM RAZINAMA

Sažetak

Kako postići da organizacija bude efikasnija, uspješnija, te, prije svega, konkurentnija, u danoj okolini i uz dano vrijeme? Jedan od odgovora na gornja pitanja zasigurno je skriven u konceptu organizacije s dodanim razinama, koji je već dokazao svoje prednosti u nekim praktičnim područjima. U ovom se radu pokušava definirati ovaj koncept s organizacijskog i znanstvenog aspekta. Njegov se temelj može pronaći u evolucijskom razvoju organizacije koja prihvaća, testira i procjenjuje inovacije, te ih kombinira i unapređuje, te, stoga, učinkovito rješava probleme s kojima se neuspješno suočavaju postojeći oblici organizacije.