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ORGANIZATIONAL DESIGN BASED ON HOLACRACY AS A SOURCE OF COMPETITIVE ADVANTAGE

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Abstract. This study aimed to investigate the extent to which an agile and flat organizational design based on Holacracy can bring a company a competitive advantage in the market. Holacracy design is considered to be a Dynamic Capability. The research was conducted as a case study of a flatly organized company operating in the field of designing and supplying technologies for industrial automation in the Czech Republic. Interviews with company executives and questionnaires were used to gather their opinions on the company's ability to have a competitive advantage. The questionnaire included a guiding question and four statements about their truthfulness on a 5-point Likert scale. The first group of statements assessed the extent of the company's ability to exploit market opportunities. This ability was rated as average to slightly above average. The second group of statements assessed the extent of the company's ability to neutralize competitive threats. Here, a rather average to slightly below-average level was found. This research found that the innovative Holacracy design may not be able to create a competitive advantage if a company operates in a highly competitive and price-sensitive industry. Companies' efforts to achieve above-average performance thus remain primarily a matter of appropriate pricing, well-managed costs, and the ability to differentiate more than dynamic or agile organizational capabilities. The limitations of this research were mainly the small number of similarly organized companies operating in the same industry and the small base of companies of similar size and structure.

Keywords: Holacracy; self-management; competitive advantage; dynamic capabilities; organization design

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JEL Classifications: A10, L10, L22

1. Introduction

The demands on businesses for rapid responses to external conditions and overall agility are constantly increasing. In this new environment, the main question facing business leaders worldwide is how to maintain competitiveness amid ongoing disruptions. The biggest problem is that every business that has made it past the start-up phase is optimized much more for efficiency than for strategic agility, as the ability to exploit opportunities and quickly and confidently avoid threats (Kotter, 2014). The ability of a company to respond rapidly and the need for continuous innovation make traditional organizational structures less flexible in decision-making, management, and organizational processes (Gavurova et al., 2020, 2022a; Szostek et al., 2023). One possibility for achieving higher corporate agility and flexibility is to redistribute and delegate decision-making processes to lower corporate levels and use individual self-managed teams or to apply an agile self-managed form to the entire organization, such as the Holacracy concept (Magpili & Pazos, 2018). In this

free organizational arrangement, where there are no traditional managers, individual employees take on all responsibilities and decision-making functions (Schwer & Hitz, 2018; Skare et al., 2023). Although efforts to disrupt traditional hierarchical organizational structures in the form of self-managed teams have been known since the 1980s, the first comprehensive concept of an entire self-managed organization, According to Robertson (2007), Holacracy was introduced in 2007 and has been actively developed and intensively supported since 2015 (Robertson, 2016).

Today, thousands of companies in the world have adopted this concept and are trying to apply it in various forms in practice. However, it is still a very new and unexplored organizational model, which is typically implemented in companies involved in the digital economy, software development, or service provision, and knowledge about it and empirical research are still very limited (Bernstein, Bunch, Canner, & Lee, 2016; Mehmood et al., 2023). The current experiences of Holacracy-organized companies are documented and published primarily as case studies, such as Zappos, Mercedes-Benz.io, Morning Star, and others (Bernstein et al., 2016; Ackermann et al., 2021; Gino et al., 2013). For the long-term success of an organization, it is essential to ensure that individual employees perform their work in a way that contributes to the organization's overall goals. This requires clear direction from the company, sharing and coordinating information, and ensuring that decision-making is aligned with the organization's objectives (Burton et al., 2017; Borisov & Vinogradov, 2022; Parmar et al., 2022).

The Holacracy structure is different from traditional hierarchical organizations in its internal behavior. Transitioning from a traditional hierarchical structure to Holacracy can be complicated (Schell & Bischof, 2022). The basic building blocks of Holacracy are roles, circles, tactical, governance, and strategic meetings. In general, Holacracy is a purpose-driven decentralized organizational system that eliminates decision-making at the managerial level and transfers it to self-managed units (circles) within the organization. The main advantage of this concept is a high degree of innovation and the ability to make rapid changes at the operational level without the need for lengthy approval processes. Another advantage is the higher responsibility and productivity of individual employees (Robertson, 2016). In the Holacracy structure, the main governing document is the Constitution, which provides a formal framework for the organization's operation. All responsibilities are delegated to self-managed decentralized circles where autonomous decision-making occurs (Farkhondeh & Müller, 2021). Even the company's CEO does not have decision-making authority or the ability to make directive interventions in self-managed teams (Robertson, 2016). The same way of organizing and delegating applies to strategic issues of the company as well (Lee & Edmondson, 2017). Strategic meetings are also organized at the lowest levels of circles. Still, they usually only address improvements in everyday work and deal primarily with operational inter-circle tensions or other obstacles (Robertson, 2016).

However, flat organizational structures, such as Holacracy, are a significant managerial approach to how companies could be organized. Research shows that traditional hierarchical managerial methods are insufficient for dealing with a hypercompetitive and rapidly changing environment (Rishipal, 2014). The main attributes of Holacracy that can be considered a competitive advantage are primarily innovative agility, distributed entrepreneurial decision-making, the ability to learn and adapt to change quickly, and transparent communication. It can be said that the most successful companies in the future will be those that discover and exploit new opportunities and turn them into management innovations and more efficient ways of organizing activities in companies (Velinov et al., 2018; Soltes & Gavurova, 2014).

The behavioral characteristics of Holacracy described above correspond in their nature to the theoretical concept of Dynamic Capabilities (DC), which in organizational theory represent the ability of a company to adapt its resource base quickly and purposefully. The idea of dynamic capabilities is partly like the previously existing concept of operational capabilities, which relates to the organization's current operations. However, dynamic capabilities relate more to the ability of the company to effectively and quickly change these operations and develop its resources (Helfat et al., 2009). Nelson and Winter (2004) associate the growth of the dynamic capabilities concept with the resource-based view of the firm and the concept of "routines" in evolutionary theories of organization. The resource-based view (RBV) mentioned here is a management framework used to identify strategic resources that a company can use to achieve sustainable competitive advantage. The resource-based and dynamic capabilities concepts are often linked and overlapping (Wernerfelt, 1984).

The initial Dynamic Capabilities concept organized the framework around processes, positions, and paths (Teece et al., 1997). This concept was revised and adapted by the same author after two decades and is conceived into three main groups of agile corporate capabilities: sensing, seizing, and transforming (Teece, 2007). Dynamic capabilities allow firms to identify profitable configurations of competencies and assets, gather and organize them, and use them in an innovative and agile organization (Schoemaker et al., 2018). The ability of flexible functions stands out here, which can be combined in one way and reconfigured into other combinations. The art of capturing and creating value in this way is necessary if an organization wants to develop and maintain a competitive advantage over its existing and potential rivals (Teece, 2023).

From the perspective of strategic management, then, the dynamic capabilities of a firm require that agility in rapid decision-making and strategy be very closely linked to make sense and be effective. Only when everything is well connected and mutually linked, value can be created and the concept of a sustainable business model may be implemented (Bocken & Geradts, 2020). Therefore, it can be assumed that in today's rapidly changing environment, an organizational design based on Holacracy can become a source of competitive advantage and could provide a company with higher efficiency in capturing and creating value.

The purpose of this article is primarily to expand theoretical knowledge about the organizational design of Holacracy, to understand and know it better, and to assess its benefits in practice. This study aims to clarify whether the Holacracy organizational structure can increase the competitiveness of a company and increase its ability to gain a more advantageous position in the market. Competitiveness as a comparative measure between companies is related to competitive advantage. Competitive advantage is thus a determining factor in strategic management, which shapes and forms a company's long-term success in the market.

RQ: Can the Holacracy concept bring a competitive advantage to a company?

2. Literature review

The Holacracy organizational structure is characterized by high agility, allowing it to react more quickly to changing conditions, higher operational efficiency, innovation, and higher employee engagement. This article explores Holacracy and its properties, which are linked to the theoretical framework of a company's Dynamic Capabilities. However, evaluating and comparing the effectiveness of dynamic capabilities between companies is very difficult, and therefore, assessing their effects is always very individual and multidimensional. It also essentially depends on the specific situation or certain specific conditions. For this reason, the literature review is focused primarily on a more holistic connection between dynamic capabilities and competitive advantage in the form of companies' organizational, innovative, and managerial abilities.

According to Bari et al. (2022) found a relationship between dynamic capabilities and sustainable competitive advantage. By examining the drivers of corporate sustainability, the study found that dynamic capabilities to sense opportunities, reconfigure, organizational flexibility, and technological flexibility lead to competitive advantage development. Ferreira et al. (2020) research shows that a firm's competitiveness is higher when creativity and innovation capabilities are supported by a higher level of entrepreneurial orientation, which supports critical firm interests in seeking new market opportunities and renewing existing areas of operation (Terán-Yépez et al., 2022). Other quantitative studies indicate that the innovative behavior of an organization and its environmental dynamism has a significant positive impact on competitive advantage (Fatoki, 2021; Ključnikov et al., 2021; Civelek et al., 2021). Qualitative comparative data analysis has shown that dynamic capabilities lead to competitive advantage in a dynamic and munificent environment, which allows for generic differentiation and low-cost strategies (Fainshmidt et al., 2019; Gavurova et al., 2022b).

In the context of business model innovations (BMI), the relationships between organizational design, dynamic capabilities, and sustainable BMI (SMBI) have been investigated. Bocken and Geradts (2020) explore how corporate design influences the dynamic capabilities needed for SMBI and analytically identify barriers and drivers as factors operating at institutional, strategic, and operational firm levels. Santoro et al. (2021) examine a quantitative method that the relationship between knowledge management, dynamic capabilities, and

ambidexterity in entrepreneurial intensity. The results show that knowledge orientation has a positive and significant impact on entrepreneurial passion when using both incremental and disruptive innovations and subsequently on the entire organization's performance.

Competitive strategy as a mediator between a firm's dynamic capabilities and the ability to create value in the environment was investigated in the SME segment (Rashidirad & Salimian, 2020). The study argues that the competitive strategy of SME firms significantly mediates their ability to derive value from their dynamic capabilities. A case study of a hierarchically managed manufacturing firm decomposed dynamic capabilities into two key elements: control and decision-making (Schulze & Brusoni, 2022). The firm developed its dynamic capabilities through a long-term transformation by focusing on processes and the ability of workers to switch attention between operational and adaptive tasks. A study of open innovation in firms confirms that dynamic capabilities can transform a firm's existing knowledge structure, enabling the firm to create and capture value from open innovation and ultimately achieve sustainable competitive advantage (Jia et al., 2023).

One of the critical features of bossless companies, which decentralizes decision-making and affects organizational performance, is self-selection, where each employee can initiate projects and participate in them. Ketkar & Workiewicz (2022) found that balancing resources and opportunities is essential in choosing between a self-selection regime and centralized resource allocation. While self-selection works better in an environment rich in opportunities relative to available resources, centralized distribution works better when opportunities are scarce relative to available resources. Semke & Tiberius (2020) attempt to connect the ability of firms to forecast and predict the future, explore possible future states of the business environment, and connect them with dynamic capabilities. The results show that firms must rely on more than static processes and rigid resource bases, but foresight and dynamic capabilities can ensure the flexible renewal of organizational competitiveness.

Three capabilities were investigated as drivers of organizational agility in the form of a test model. The input drivers of the model are formed by the ability to digitize, the ability to build relationships, and innovation capacity. The model's output comprises three components: financial performance, process innovation, and product innovation. The study showed a positive impact of organizational agility on higher firm performance (Troise et al., 2022). An empirical study in the services and manufacturing sectors, using the concepts of RBV and DC, confirmed the impact of shared managerial leadership on a firm's market-oriented culture and its subsequent impact on its innovation capacity and performance (Singh et al., 2022). Araújo et al. (2022) seek to demonstrate that strategic planning is the micro-foundation of a firm's dynamic capabilities. DC can more effectively guide decision-making in an organization and can be used effectively to improve firm performance.

Ojha et al. (2020) explored an empirical study of manufacturing firms in dynamic strategic planning, which led to improved financial performance through the mediator of a firm's operational capabilities. The study confirms that higher performance is associated with improved core processes and operational capabilities of a firm. Another combined study investigated the impact of strategic foresight on two distinct types of dynamic capabilities: strategic flexibility and strategic capabilities. The results show a significant positive effect of the studied dynamic capabilities, especially in periods of high environmental uncertainty (Haarhaus & Liening, 2020). A study of new firms in the market assessed the relationship between four variables: dynamic capabilities, competitive advantage, entrepreneurial creativity, and ambidextrous innovation. The authors found that more than strengthening dynamic capabilities is needed for new firms in the market to create a competitive advantage (Sijabat et al., 2021).

De Aro & Perez (2021) examine the relationship between capabilities related to open innovation and dynamic capabilities as a source of competitive advantage. The study reveals nine individual capabilities in the open innovation process related to dynamic capabilities and the strategic management of internal and external knowledge as a source of competitive advantage. Clauss et al. (2021) examine strategic agility in turbulent environments, the role of business model innovation (BMI), and the relationship to firm performance. The study finds that strategic agility, represented by strategic sensitivity, leadership unity, and resource flow, is positively correlated with the three dimensions of BMI, which are value proposition, value creation, and value innovation. A study highlighting the main features of strategic agility in the concept of multinational companies suggests

that strategic agility and sustainability of multinational companies are mutually contributing to their long-term success in the business environment (Shams et al., 2021).

Vu (2020) examines dynamic, innovative, and entrepreneurial capabilities and their relationships. She confirms the impact of these capabilities on a firm's extraordinary performance on an empirically verified model. Radical innovations, which directly affect firms' innovative and dynamic capabilities, have been studied in the context of a nearly threefold increase in literature in the last decade. The authors identify research clusters that affect organizational performance: radical innovation management, organizational learning and knowledge, financial aspects of radical innovation, adoption and diffusion of radical innovation, radical innovation in industry as a challenge for established firms, and radical innovation in specific industries (Tiberius et al., 2021). In the model of dynamic capability extension, the authors identify that investments in knowledge and educational processes, alliances, and resources increase the possibility of understanding new sources of competitive advantage, especially in unstable and turbulent conditions (Bitencourt et al., 2020)

The processes that support value creation through the precise orchestration of firm resources are studied by analyzing and combining the two constructs of dynamic managerial capabilities (DMC) and dynamic capabilities (DC). This utilizes the full spectrum of the firm's organizational capabilities (George et al., 2022). Miterev et al. (2020) found that different organizational designs can play a supporting or even hindering role depending on the nature of the value-creation process. Therefore, a successful corporate design must be adapted primarily to the conditions, disruptions, and interventions from the external environment. The ability to process and use information using an IT system is closely related to the issue of organizational design efficiency. The results of an empirical study show that a firm can gain a competitive advantage directly from developing a valuable, rare, and inimitable information processing ability and indirectly from improving the efficiency of decision-making processes (Cao et al., 2019). Research on SMEs confirmed a positive and significant influence between leadership and competitive advantage, where entrepreneurial orientation was a moderating factor. Entrepreneurial orientation can create a significant competitive advantage by providing the manager's or owner's perspective on management and the use of resources and capital (Tobing et al., 2021).

Feng et al. (2022) integrate both the Knowledge-Based View (KBV) and Dynamic Capability View (DC). The study confirmed that the ability to dynamically manage knowledge, including its absorption, transfer, and application, significantly contributes to the innovative and financial performance of firms. The authors use evolutionary theory based on the dynamic capabilities framework to connect and utilize the cognitive thinking of individuals and groups (Cristofaro & Lovallo, 2022). The view of the firm through dynamic capabilities clarifies the relationship between routine and innovation. It explains how strategic decisions of managers with dynamic capabilities are essential for the firm's success and the industry's dynamics. An empirical study of open innovation found a close relationship between the value of knowledge of top management, knowledge sharing, open innovation, and organizational performance. The study confirms that creating and sharing expertise in value-creation processes within a firm affects its competitiveness and performance (Singh et al., 2021).

3. Methods

Objective measurement and evaluation of the effects of competitive advantage and their mutual comparison between firms is complicated. Research in the field of competitive advantage is affected by its definitional ambiguity. Different authors use different definitions of competitive advantage in the literature, and thus, this concept needs explicit semantic content (Hamulczuk & Pawlak, 2022). The groundbreaking theory in the field of competition Porter (2004) introduced the concept of competitive advantage into business strategy but has not provided any explicit definition since its inception. The author only states that competitive advantage arises from the ability of a firm to create higher value for its buyers and that outstanding value results from offering lower prices than the competition for equivalent benefits or advantages.

Because it is difficult to identify and measure total created value, Grant (2022, p. 143) defines competitive advantage as: "a firm's potential to earn a higher rate of profit than its direct competition". Here, it is good to note that the word "potential" is crucial because exceptional value creation is naturally followed and measured by outstanding financial performance that company stakeholders, investment politics, or broader circumstances

can purposely influence. Even other authors do not focus on any explicit descriptive concept. Therefore, the concept of competitive advantage suffers from the so-called "definitional problem" and does not offer a unified semantic basis for more accurate scientific research (Sigalas & Pekka Economou, 2013). Despite the difficulty of identifying a conceptually robust stipulative definition of competitive advantage, Sigalas et al. (2013) have developed a definition of competitive advantage that incorporates all its latent characteristics. This definition deliberately separates competitive advantage from the two most common concepts, which are the performance-based concept and the resource-based concept. This results in a third concept that offers a suitable methodology and allows for the "measurement" and evaluation of competitive advantage. This measurement is focused on the firm's ability to exploit market opportunities above the industry average and neutralize competitive threats.

The methodology constructed a variable for measuring competitive advantage from the variable of firm competitiveness. For competitive advantage to be measured, it must be compared to the industry's competitiveness level. The firm's competitiveness variable contains four items crafted from the observable attributes of competitive advantage's operational definition, Figure 1.

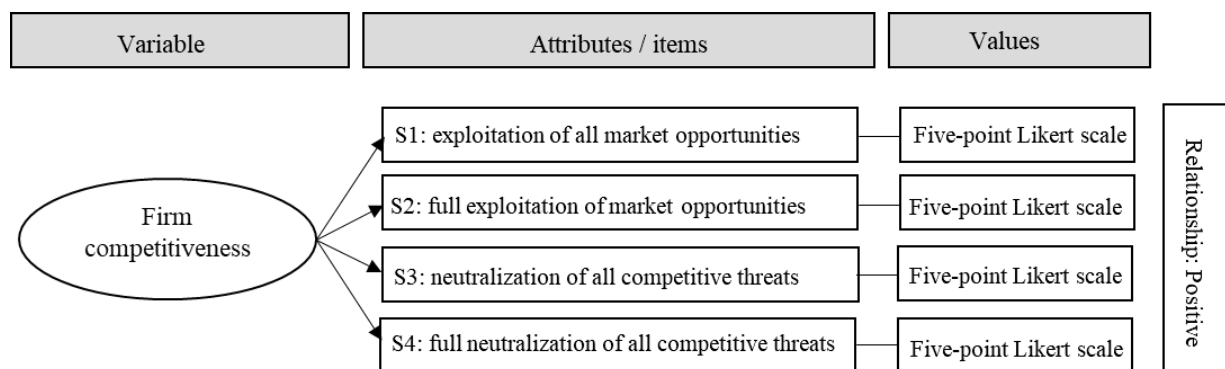


Figure 1. Methodology to measure competitiveness
Source: Sigalas et al. (2013)

In this article, the firm ICE Industrial Services, a.s., headquartered in the Czech Republic, which has been operating since 2014 as an engineering and supplier firm in industrial automation, is examined through a case study using the methodology mentioned above. Its specific business activity contains the architecture, design, manufacture, and supply of automated industrial production lines. The company is classified as an SME in terms of size. This company has been organized based on a flat organizational structure in the form of circles and self-managing teams since its inception, where decentralized decision-making is introduced, and the principles of Holacracy are used. The organization of internal activities is further adapted to the operational processes and internal needs of a private company.

Because the concept of Holacracy does not have a formal management structure, the research was conducted through personal interviews and questionnaires from five key representatives of the company, who either hold the position of statutory representative, specific top manager, or other important company role that could be identified for this research.

The questionnaire included the primary identification of the respondents, their function and position in the company, the date of response, guidance text, and four statements to which the respondents were to assign their opinions. The questionnaire was created based on a 5-point Likert scale. In the questionnaire, each respondent marked their opinion on a scale of: 1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree.

The question and statements were formulated by the methodology used as follows:

“Over the last three years, your competitive strategy has allowed your firm to”:

Statement 1: exploit all market opportunities that have been presented to your industry.

Statement 2: fully exploit the market opportunities that have been presented to your industry.

Statement 3: neutralize all competitive threads from rival firms in your industry.

Statement 4: fully neutralize the competitive threads from rival firms in your industry.

Statement 1 and Statement 2 form the first thematically related group, while Statement 3 and Statement 4 form the second group.

For this study and by the proposed research methodology, the meaning of the terms competitive advantage and firm competitiveness was considered to be identical. The measured variable is then considered to be the degree of firm competitiveness.

4. Results

A small number of companies in the Czech Republic use Holacracy or other similar decentralized organizational designs, and they operate in different industries. Therefore, it would be challenging to compare them based on performance metrics. For this reason, a case study of the company ICE Industrial Services a.s. was used to conduct the research. The study's purpose, goal, and intent were explained to the respondents during a personal interview. Then, they completed a questionnaire that assessed the company's ability to exploit market opportunities and neutralize competitive threats above the industry average.

After completion, all questionnaires were submitted and grouped into Table I. Questionnaire evaluation, where the arithmetic mean, median, and variance of the obtained responses were calculated using basic statistical methods.

Table I. Questionnaire evaluation

	Attribute/Item	Mean	Median	Variance
S1	Exploit all market opportunities that have been presented to your industry	3.4	3	1.04
S2	Fully exploit the market opportunities that have been presented to your industry	2.8	3	0.56
S3	Neutralize all competitive threads from rival firms in your industry	2.8	2	0.96
S4	Fully neutralize the competitive threads from rival firms in your industry	2.4	2	0.64

Source: authors

The results of the first statement, S1, show that most respondents consider the company's ability to exploit all known market opportunities somewhat above average, with a value of 3.4 and a median value corresponding to the mean of 3. However, the relatively high value of the standard deviation of 1.04 indicates higher differences of opinion among respondents. This may indicate different perceptions among respondents regarding the amount and types of suitable market opportunities for the company.

The second statement, S2, which evaluates the company's relative ability to exploit more market opportunities than the competition, suggests the company's market position. This ability is classified as slightly below average, with a value of 2.8 and a median value of 3, which represents the mean. The low standard deviation of 0.56 then indicates greater consistency of opinion among respondents.

The third statement, S3, evaluates the company's ability to neutralize all known competitive threats in the industry. This ability is classified as slightly below average, with a value of 2.8 and a median of 2, which confirms the below-average trend. However, the standard deviation of 0.96 also indicates a certain degree of inconsistency of opinion among respondents. This may be due to respondents' different perceptions and perspectives on the competition.

The fourth statement, S4, deals with the ratio of the ability to neutralize competitive threats. This is at a below-average value of 2.4, which may indicate a highly competitive environment for the company and a low ability to respond. This is also reflected in the median of responses with a below-average value of 2. The relatively low standard deviation of 0.64 suggests a certain degree of consensus among respondents.

All the above results suggest that, on the one hand, the company under study is capable of slightly above-average utilization of market opportunities in the industry. Still, on the other hand, it operates in a highly competitive

market or cannot effectively neutralize competitive threats for different reasons. It can, therefore, be indicated that the company does not have an above-average level of competitiveness. This finding also supports previous research mentioned in the chosen methodology, which suggests links and correlations between the results of the used competitiveness measure and the company's financial performance itself. This link, in other words, means that the higher the company's competitiveness, the higher its performance. For the sake of completeness and, in this case, a more subjective assessment of this link, which was not the subject of the study, we provide a percentage expression of the value of EBITDA of ICE Industrial Services a.s. as determined from the Profit and Loss Statement obtained from the Commercial Register. This was 14.4% in 2019, 2.22% in 2020, and 2.28% in 2021.

5. Discussion

Global corporate, entrepreneurial, and market environments are highly variable and heterogeneous, and scientific research in the field of strategy and management should always consider both the conditions of the specific market and many other specific and exogenous factors that influence a given business in a given industry. In the current rapidly evolving, volatile, and heavily technologically influenced economic conditions, both new opportunities and new business models are emerging, as well as unique corporate structures and organizational arrangements.

In this sense, competitiveness and competitive advantage depend more on specific conditions and are context-specific. As Ma (2000) states, competitive advantage is a relationship between the focal firm and its rivals within a particular competition. Competitive advantage is not a universal, general, or summary characteristic of a firm or specific aspects of a firm. The research deals with the relationship between competitive advantage and the self-managing, flat organizational design of a company based on the principles of Holacracy in the form of a case study in the Czech Republic. The corporate structure of Holacracy is considered a Dynamic Capability that the company possesses in this case.

The results of the case study of a company in the field of industrial automation ICE Industrial Services a.s. show that although the company is very agile in its internal operation and in the established principles of self-management, where decentralized decision-making processes work well, and its dynamic capabilities are at a very advanced level, this arrangement has a negligible impact on competitive advantage. The company's ability to better exploit market opportunities is somewhat above-average, and the ability to neutralize competitive threats is slightly below-average.

These findings can be attributed to the very price-sensitive and saturated local market of the Czech Republic, where the company operates, with quite strong competition in industrial automation. A similar conclusion was reached by the study Sijabat et al. (2021), which investigated the impact and strengthening of dynamic capabilities primarily in new companies on the market. While these capabilities are positively related to competitive advantage, there is no evidence of their direct effect on firm performance.

In general, a firm's agile and unconventional organizational design is very closely linked to the value-creation process, through which the firm captures and creates value. The amount of this value created is represented on the one hand by the maximum price the customer is willing to pay and on the other hand by the firm's internal cost structure. According to Miterev et al. (2020), long-term empirical research within a specific innovation program emphasizes the need to align value-creation processes and strengthen the organizational arrangements that influence them. From this, it can be inferred that only this alignment can help a company to create more value than the competition, and the company can thus achieve a competitive advantage in the sense of better performance. The ability of a company to take advantage of more market opportunities or neutralize competitive threats is, therefore, more subject to the external conditions of a price-sensitive and saturated market.

The significant impact of external conditions on the efficiency of self-managing companies and teams is also associated with the number of opportunities on the market. Self-managing teams work well in cases where there are enough opportunities in the industry on the market. Still, on the other hand, this increases the amount of organic competition. The study by Ketkar & Workiewicz (2022) confirms that decentralization of decision-

making and the use of self-managing teams is more suitable for an environment that is rich in market opportunities, while in an environment where there are few market opportunities, centralized decision-making, and centralized resource planning are more suitable. The ability of a company to exploit more opportunities or neutralize threats from competitors is, therefore, more dependent on external market conditions than its internal structure.

The findings suggest that a highly agile, self-managed organizational design may not create a competitive advantage if the company operates in a highly competitive and price-sensitive market. It is, therefore, more about the efficiency of the internal processes by which the company creates value rather than its dynamic capabilities. However, these can play a significant role in the company's long-term strategic direction, in a high degree of flexibility, and in the ability to identify and exploit new opportunities promptly. The recognized and discovered advantage of self-driving companies with decentralized decision-making is the relatively large freedom and individual time space at the level of the CEO, which is rarely needed for daily decision-making when the functionality of the entire Holacracy system is well set and maintained.

This case study shows that the Holacracy organizational design may have little impact on a company's competitiveness. Further research in Holacracy-organized companies or similar flat corporate designs should focus more on analyzing the external environment and individual industries and sectors where Holacracy could be more suitable and gain greater importance. With the availability of more empirical data, new research could better compare the effectiveness of traditional hierarchical and new organizational designs and their impact on a company's competitive advantage.

Conclusions

This study investigated whether an agile and flat organizational design based on Holacracy, with decentralized decision-making, can bring a company a competitive advantage in the market. In this sense, the company's corporate design is considered a Dynamic Capability of the company. Competitive advantage belongs to the multidimensional area of research in firm theory. Due to its ambiguous definition, it suffers from the so-called definition problem. For research purposes, competitive advantage is considered by conceptual streams, which are then categorized. These are currents focused on the company's economic performance, the resources of competitive advantage, and the company's ability to exploit market opportunities better and eliminate competitive threats. Competitive advantage often needs to be correctly understood and interpreted even in managerial and business practices (Sigalas, 2015).

This paper, in the form of a case study of a flat and agile company in the Czech Republic, ICE Industrial Services a.s., using the organizational principles of Holacracy, investigated to what extent such a corporate design can bring the company a competitive advantage. By surveying the company's leading representatives, their opinions on its disposition to have a competitive advantage were obtained. The questionnaire provided basic introductory text and four statements with the possibility of verifying the degree of their truthfulness according to a 5-point Likert scale. The first thematically related group of two statements assessed the degree of the company's ability to exploit market opportunities. This ability was evaluated as average to slightly above average. The second thematically related group of two statements then assessed the degree of the company's ability to neutralize competitive threats. Here, a rather average to slightly below-average level was found.

The main reason for Holacracy's low ability to create a competitive advantage is the influence of the highly competitive external environment, the structure of the industry, and industry standards in the field of industrial automation. A highly saturated and price-sensitive market becomes the primary determinant and measure of the value companies in the industry can create. In this competitive battle, the company's efforts to achieve above-average performance remain primarily a question of appropriate market pricing, carefully managed cost structures, and the need to differentiate rather than its dynamic or agile capabilities.

Due to the lack of empirical data for research on Holacracy, the limitations of this research were primarily the tiny number of flat-organized companies studied in the same industry in the Czech Republic. Another limitation is the small base of companies of similar size and structure, where it would be possible to carry out long-term

comparisons and evaluations of the economic efficiency of each of them about a traditional hierarchical or flat organizational structure.

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