

Article

# Transitioning to Agile Organizational Structures: A Contingency Theory Approach in the Financial Sector

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**Abstract:** The primary objective of this investigation is to explore the key factors within a large corporation that facilitate the transition from a conventional hierarchical organizational structure to a more agile one. Although there are studies in the literature on the different agile organizational structures, there are no clear guidelines for a large company to transform to an agile framework. This study employs contingency theory as its framework and specifically focuses on the financial sector to identify both opportunities and challenges encountered during this transformation process. Qualitative research methods were employed, involving an analysis of five case studies in which managers served as respondents. This research contributes to the identification of a model as a guideline for the transformation of the organizational structure towards agility that can provide valuable information for companies undergoing such a transformation. The managers surveyed provided their experience and the competencies of their profiles were validated, in addition to the application of the Delphi method to obtain more objective information. The findings underscore that large companies should refrain from adopting a completely flat hierarchical structure. Moreover, there exists a set of strategic-level elements that serve as a guiding framework for the transformation process. Furthermore, it is essential to acknowledge that the transformation process itself does not follow a one-size-fits-all approach; rather, it is contingent upon the unique context of each individual case, and it is also a cultural challenge.

**Keywords:** agility; organizational structure; large company/ies; transformation



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## 1. Introduction

Large companies are facing the problem of transforming and adapting quickly to changes in the market or in technology. A large company is highly complex influencing its making structural transformations in its organization since it needs to orchestrate a significant number of changes, involving many people, places, and even cultures [1]. The banking and insurance sector, characterized by a megastructure concerning human resources, technology, processes, infrastructure, training, and organizational culture, manifests a highly rigid framework [2]. This rigidity is necessitated by the external variables of regulation and security, compelling these institutions to adhere to extensive regulatory guidelines and other requirements [3], thereby complicating any transformation efforts. Such organizations require a strategy, model, or set of guidelines to assist them in navigating through these changes, considering variables, planning, addressing, and determining where to begin, as well as evaluating alternative strategies. The existing literature underscores the notion that agile structures, typically flatter in hierarchy, foster agility, innovation, and better leverage opportunities presented by change due to their rapid decision-making capabilities [4–7]. These agile structures are commonly found in smaller enterprises, such as startups, where the impact of change is less pronounced, making constant transformations more manageable [8]. In this regard, however, there exists a gap in the literature pertaining to the practical implementation of agile organizational structures within large-scale enterprises.

Additionally, these large multinational companies often operate in both developed and developing countries, which gives rise to two distinct research scenarios depending on the contextual factors, economic conditions, and cultural landscapes of these transformations of organizational structure.

The concept of organizational structure emerged early in contingency theory when it established two fundamental types of organizational systems: mechanical and organic. The latter is distinguished by its networked structure, increased horizontal interaction, and authority delegated through consensus to individuals with specific decision-making knowledge, rather than relying on a simple hierarchy [9].

In contemporary times, this organic system has gained significant attention in various studies proposing alternative organizational structures, such as flat hierarchies as a strategic approach [4–7], organic organizational structures [7,10], adhocratic organizational structures [11], holacratic structures [12], and even hybrid designs combining elements of matrix organizational structures [2].

Contingency theory emphasizes that this organic system is most relevant under “conditions of change” [9]. This means that it becomes essential when a company operates in a volatile environment, where market needs are constantly shifting, and the company maintains multiple relations and dependencies on external factors and actors. This condition is pivotal in the literature because it necessitates companies’ ability to respond swiftly to environmental changes and market demands. Such changes have led to the development of both short-term and long-term strategies [13], culminating in the concept of the agile enterprise, which aims to navigate rapidly changing situations [14]. The importance of agility is evident in areas like digitalization [15,16], where it has been a crucial tool for long-term strategic transformation, and entrepreneurship [8], where agility fosters competitiveness among startups by enabling rapid product development and innovation [8].

John Child, another influential contributor to contingency theory, noted in his research that decision-making processes were becoming increasingly time-consuming [17], a problem many companies currently face—the need for faster decision-making. The speed at which a company responds to disruptions in its environment significantly impacts its business strategy and overall performance [15]. One approach to improving decision-making speed is through the transformation of the organizational structure, although it is often considered one of the most challenging aspects to implement [1,12]. Therefore, transitioning from a mechanical system to an organic one is only justifiable in environments characterized by change [9]. Finding a stable environment is increasingly difficult, given the widespread digitization across various industries worldwide [13], particularly in the financial sector, which has seen substantial technological investment, innovation, and digitization [18], given its reliance on digital technology [19,20].

The three critical variables to consider when evaluating the need for implementing an organic system are the environment, size, and technology [17]. Interestingly, these variables align well with companies in the financial sector, making them strong candidates for adopting organic organizational systems. They operate in dynamic environments [21], are typically large in size [22], and have a historical reliance on technology [23].

Transforming the organizational structure in large companies is a complex endeavor [1], and it poses challenges, particularly in the realm of human resources, such as culture shock, to mention but one of them [2,24]. However, there is a lack of strategic guidance on how to navigate this transformation within the context of large enterprises. The previous research on organizational structure transformation toward agility (OSTTA) in large companies has highlighted several key points.

First, it is recommended to collect information through key performance indicators (KPIs) for analysis, combining interactive controls and semi-formal management information [25]. Second, during the transformation, the involvement of digital experts is essential to focus on innovation while retaining business expertise [24], potentially establishing an acceleration center [1]. Finally, the transformation process should be systematic, proceeding from the company’s base to its operational sections [26].

However, these points provide only fundamental guidance, and the literature lacks a comprehensive strategy detailing the organizational structure transformation process. How can a company effectively transition from a hierarchical structure to an agile one? What are the key factors to be considered within the transformation strategy? This reorganization of teams and the transition's success or failure will significantly impact the company's ability to respond promptly to changing environmental needs [24]. Therefore, the objective of this research is to establish a strategy that large companies can employ to transform their existing hierarchical organizational structures into agile ones, guided by contingency theory [9]. Contingency theory provides a framework for managing complex scenarios, recognizing that there is no one-size-fits-all solution.

Contingency theory outlines the foundations for addressing the challenge of organizational transformation through the implementation of contingency plans. These plans vary for each company based on its environmental variables and context, underscoring that there is no singular approach to managing and governing an organization. External variables impacting companies and necessitating swift decisions create the flexibility and adaptability to change, as emphasized by the theory for short and medium-term success. These adaptive measures lay the groundwork for organizational transformation. The expected contribution of this research is to provide a framework guiding large companies in their transition to organic structures, considering their size, technological integration, and dynamic environment. This contribution aims to identify the key factors based on opportunities and challenges by examining lessons learned from case studies, offering valuable insights to both academics and practitioners involved in the transformation process.

## 2. Theoretical Foundation—Agility and Agile Organizational Structures

The concept of agile organizational structures finds its origins in contingency theory, which introduced a dichotomy in organizational systems with the work of Burns and Stalker in 1961. In the first paradigm, known as the mechanical system, control and decision-making are centralized within a hierarchical framework, and it is characterized by specialized task differentiation and vertical interactions that primarily occur between superiors and subordinates. Conversely, the organic system represents a contrasting organizational approach, featuring more horizontal interactions and a network-based structure, where the control is exerted through communication, and authority derived from knowledge, rather than relying on hierarchical status.

The distinction between mechanical and organic organizational structures is also the alignment with managerial orientations and strategic innovation decisions within companies. Organic structures, known for their flexibility and proactive approach in anticipating environmental changes, are strongly associated with radical innovation strategies and proactive managerial styles. This alignment proves most effective in situations where organizations must navigate environmental fluctuations, quickly adapt to market dynamics, and foster the development of new products. Conversely, mechanical structures, characterized by rigidity, stability, and a focus on specialization often supported by vertical communication channels, are more closely aligned with incremental innovation strategies, strong specialization, and reactive managerial approaches.

Subsequently, in 1980, modern organizational structures were categorized into various types, including entrepreneurial, bureaucratic, divisional, and adhocratic, or also according to their distribution strategy, among business units, functional domains, geographic locations, different kind of products, or hybrid combinations of these factors [27].

Afterwards, the concept of agility has long been recognized across diverse domains. In the business context, it refers to the ability to sustain profitable operations in a competitive landscape characterized by unpredictable shifts in customer preferences [14]. The term "agile enterprise" was formally articulated in 1999, defining an entity capable of adeptly managing and applying knowledge in a harmonized and efficacious manner [28]. This definition also encompassed the capacity to confront unforeseen alterations and unfamiliar threats to ensure business survival within dynamic environments [29]. A seminal moment

in the literature occurred in 1998, when an applied case of structural transformation geared towards achieving agility was scrutinized for the first time [25]. This transformation encompassed features like team-based decision-making, decentralized management, a flatter organizational structure, autonomous business units, and collaborative initiatives.

Later on, the concept of agile methodology emerged as an iterative and adaptive approach to project management that emphasizes flexibility, collaboration, and customer satisfaction [30]. It prioritizes delivering small, incremental improvements in short time-frames, allowing teams to respond quickly to changing requirements and feedback. Agile methodologies typically involve close collaboration between cross-functional teams, frequent communication, and a focus on delivering working software or products that provide value to the customer. However, adopting this methodology also entails a number of challenges in migrating to this approach [31].

In subsequent years, agility has been defined as the prompt and adaptable responsiveness of an organization to the evolving demands of the marketplace [32]. In contemporary discourse, organizational structure is defined as the intricate web of relationships that interconnect the constituent elements of a system. Within the context of organizational dynamics, this structure is embodied by a comprehensive framework encompassing both tangible and intangible components, synergistically orchestrated to achieve specified objectives [33].

Today, agility assumes a pivotal role as a driving force behind business performance, emerging as a critical element in the realms of digitalization [15] and entrepreneurship [8]. Recent examinations of agility have characterized it as the capability to effectively leverage opportunities and mitigate threats within a changing environment through the reconfiguration of human resources, assets, and strategies. This is accomplished by adopting organic organizational structures marked by decentralized decision-making and a reduced hierarchical emphasis when compared to organizations adhering to traditional paradigms [10].

Agility can be conceptualized as a series of methodical practices categorized into distinct stages requiring coherent and sequenced deployment for comprehensive transformation. The transformative journey commences with foundational aspects such as organizational structure, followed by the formulation of human resources strategies and the integration of information technologies. The overarching objective is to empower companies to deliver the right products at the right time within dynamic and unpredictable market environments, necessitating attributes such as flexibility, swiftness, accountability, collaboration, innovation, quality, and competencies [26].

Scholarly examinations of agility span diverse sectors, including retail, automotive, and banking [18], education [34], healthcare [35], and the military industry [26]. Its influence extends to areas like business intelligence [36], digital transformation [16], and human resources strategy [37]. Notably, the financial sector stands out as a prominent proponent and investor in agility initiatives, given its substantial reliance on technology [20] and a dynamic operating environment [21].

The relevance of organizational structure to agility is underscored by scholarly investigations contending that the choice of organizational structure significantly influences a company's capacity to implement agility [5]. Specifically, flatter organizational structures are deemed more conducive to the cultivation of organizational agility, whereas vertical hierarchical configurations tend to exhibit slower decision-making and implementation processes.

Numerous proposals for agile organizational structures have been put forth in the academic literature, some of which are elucidated below.

- **Virtual enterprise:** This revolves around the idea that upon task completion, the virtual enterprise disbands, allowing its members to disperse and participate in other projects as on-demand resources. This operational fluidity is facilitated through a flat and flexible structure [7].
- **Holacracy:** As an organizational structure, this is characterized by its flexibility and adaptability, eschewing fixed administrative positions. It embraces decentralized authority redistribution, wherein multiple circles report to larger, encompassing ones.

This model empowers employees with the autonomy to assume diverse roles at different junctures, fostering a conducive environment for creative expression [38].

- Dual structures: This approach harmonizes network and hierarchical structures, designating the network side for innovation, creativity, and entrepreneurial endeavors, while retaining a more traditional hierarchical structure on the other side to uphold stability and oversee large-scale administrative functions [9].
- Agile 360-degree: This considers two elements. Firstly, the organizational structure matrix, which involves having at least two reporting heads to connect operational and entrepreneurial systems, despite encountering communication hurdles at lower organizational tiers. Secondly, the integration of cross-functional teams composed of proficient, self-directed, and autonomous individuals. This fusion of approaches posits a single reporting layer, encourages employees to take on multiple roles, and offers scalability. Nonetheless, it poses challenges such as the difficulty of replacing experienced personnel and the intricacies associated with talent [6].

Scholars have articulated various strategies in the academic discourse for the reconfiguration of organizational structures within an agile framework. These strategies encompass the establishment of autonomous, smaller teams endowed with decision-making authority [5], the promotion of low formalization and decentralization within the organizational construct [6], the reduction in hierarchical layers [10], and the adoption of fluid organizational structures [11]. It is noteworthy that the implementation of such structural transformations presents formidable challenges, especially within large organizations, primarily due to the intricate task of maintaining effective communication and coordination across a multitude of diverse groups [12]. Nevertheless, despite the inherent complexities of structural transformation, companies are driven to pursue these changes, recognizing the pivotal role of agility in shaping organizational performance and overall success [15], as in the case of start-up companies which serve as exemplars of organizations characterized by agile organizational structures, featuring flat hierarchies and deriving high efficiency from organic organizational arrangements [39].

The persistence of mechanical systems characterized by hierarchical structures can pose a significant obstacle to the assimilation of new digital cultures within organizations [9]. Consequently, there exists a compelling imperative to adopt agile organizational structures. Therefore, commendable efforts have also been observed within large corporations that have embarked on the transformative journey toward agility, particularly those commencing from traditional, significantly hierarchical structures and operating in sectors that may not inherently possess a strong technological foundation. For instance, within the oil and gas sector, companies have undertaken transformation initiatives that prioritize addressing pain points without necessitating a complete overhaul [24]. Similarly, in the container transportation domain, novel models of decentralized governance and decision-making have been adopted [7], and within traditional manufacturing firms, efforts have been directed towards reducing hierarchy levels from three to one [25].

Unfortunately, the implementation of changes in organizational structures often engenders conflicts pertaining to human resources. One such quandary revolves around the choice between recruiting new, highly skilled technology professionals possessing innovation acumen or investing in the training and upskilling of the existing workforce, which holds extensive domain-specific knowledge. Typically, organizations opt for a blend of these two approaches. However, this scenario precipitates a second conflict, the collision between two distinct groups of individuals characterized by disparate profiles, work practices, and organizational cultures [24]. A third challenge emerges in the form of a high turnover rate among new resources and the imperative need for diverse talent retention strategies [4].

Within the spectrum of digital transformations, the reconfiguration of organizational structure ranks among the most intricate to implement yet is profoundly impactful. Consequently, recommendations have been made to establish acceleration centers that assemble personnel from various organizational domains. Additionally, the integration of digital experts is advocated to create a cohesive workforce with clearly defined objectives aimed at

fostering agility within the organization. Alternatively, the acquisition of digital companies, akin to startups, has been proposed as a strategic maneuver [1].

Moreover, the context in which companies operate exerts a significant influence on the adoption of agility through technological interventions, with considerations varying based on a country's level of development [40]. Thus, it becomes an intriguing avenue of research to explore the adoption of agility in both developed and developing countries.

Given the intricate nature of transforming the organizational structure within large corporations, which cannot entirely forgo hierarchical elements due to their extensive workforce [12], the literature remains bereft of definitive answers regarding the optimal approach to execute this transition seamlessly without disrupting the organization's natural continuity. Similarly, the strategies for forming new work teams that are conducive to the establishment of an agile operational framework remain ambiguously defined. Consequently, the research objective herein is to scrutinize the process through which a large enterprise, replete with a substantial workforce, can transition from its conventional organizational structure to an agile one. This investigation also seeks to delineate the principal key factors obtained through the analysis of challenges and opportunities that may arise during this transformative journey. The imperative for such a transition towards agility stems from the necessity for companies to confront the evolving demands of the market, safeguard their competitiveness, and ensure their longevity within their respective sectors. Thus, this article endeavors to enrich the existing body of knowledge on this subject and contribute valuable insights to both academic and practitioner communities in the realm of organizational structure transformation towards agility (OSTTA).

In light of the evolving landscape of OSTTA within the global financial industry, the research objective is to systematically explore the prevailing opportunities and challenges encountered by large corporations undergoing this transformative process. To achieve this objective, this study posits the following research propositions:

RP1: the process of organizational structure transformation towards agility (OSTTA) can be effectively implemented through a series of contingent plans, which operate iteratively and incrementally to adapt and modify the organizational structure.

RP2: the process of organizational structure transformation towards agility (OSTTA) can be effectively implemented for the financial sector due to the technology base, large in size, and the changing environment.

RP3: the process of organizational structure transformation towards agility (OSTTA) can include the creation of smaller teams endowed with decision-making authority

### 3. Materials and Methods

The financial sector has undergone significant transformations in recent years, characterized by substantial technological investment, innovation, and digitization [18,41]. This evolution is primarily driven by the sector's increasing reliance on digital technology [19,20]. These advancements have enabled financial institutions to enhance their operational efficiency, improve customer experiences, and expand their service offerings in response to evolving market demands.

When evaluating the suitability of implementing an organic organizational system within a particular industry, three critical variables come into play: the environment, size, and technology [16]. Interestingly, these variables align particularly well with companies operating in the financial sector, making them strong candidates for adopting organic organizational systems.

Firstly, financial institutions operate within dynamic and rapidly changing environments [21]. Fluctuations in market conditions, regulatory frameworks, and customer preferences necessitate agile and adaptable organizational structures. An organic system, characterized by decentralized decision-making, fluid communication channels, and adaptable processes, aligns well with the need for flexibility and responsiveness in such environments.

Secondly, financial institutions tend to be large in size, with complex organizational structures and diverse operational units [22]. Managing such large-scale operations requires

coordination, collaboration, and effective communication across different departments and hierarchies. An organic organizational system, with its emphasis on empowerment, teamwork, and cross-functional collaboration, can facilitate the efficient coordination of activities and resources within large financial institutions.

Thirdly, the financial sector has historically relied heavily on technology to drive innovation, streamline operations, and deliver financial services [23]. With the increasing integration of digital technologies such as artificial intelligence, blockchain, and big data analytics, financial institutions are continually evolving their technological capabilities. An organic organizational system, which fosters innovation, experimentation, and continuous learning, provides an ideal framework for leveraging technology to drive organizational growth and competitive advantage.

According to these bases, the dynamic and technology-driven nature of the financial sector, coupled with its large-scale operations, makes it well-suited for the adoption of organic organizational systems. By embracing decentralized decision-making, fostering cross-functional collaboration, and promoting a culture of innovation, financial institutions can enhance their agility, resilience, and competitiveness in an increasingly complex and fast-paced business environment.

Therefore, this study centers on the insurance and banking sector. These companies face challenges in transitioning into large conglomerates, exacerbated by contemporary issues in communication transmission among top, middle, and lower management tiers [11]. Consequently, there exists a compelling imperative for digitalization and the adoption of agility practices within this sector.

From an agility perspective, both these categories of companies necessitate a high degree of agility in their operations, primarily due to the nature of their economic activities and their reliance on digital financial services for client communication. Notably, these sectors are predominantly service-oriented, engaging in transactions that involve intangible products. Their core operations are predominantly facilitated through software and databases, underscoring the imperative need for agility in their implementation and functionality. Furthermore, companies engaged in managing financial assets and providing monetary coverage are particularly sensitive to any issues that may arise in their interactions with clients. In such instances, swift and effective resolution is paramount. For instance, individuals facing emergencies, as in the case of insurance, or those requiring financial transactions, expect rapidity, efficiency, and correct operations. Consequently, a strong symbiotic relationship exists between these two sectors and the concept of agility. Additionally, given the vulnerabilities inherent in the digital landscape, including network attacks and transactional security breaches, robust security measures are indispensable. In this context, both speed and agility are pivotal, with any issues demanding immediate attention and resolution.

Financial institutions stand as prominent technology consumers, ranging from specialized security software [20] to the incorporation of machine learning [19]. This technological reliance, coupled with the imperative of innovation in a highly digitized landscape [42], creates a conducive environment for the implementation of agility [15]. Consequently, the application of OSTTA becomes paramount in aligning the organizational framework with the rapid pace of the financial market. Given the opportunity, the aim of this study is to undertake qualitative research utilizing a case study approach, focusing on five prominent financial institutions. This research seeks to unveil the pertinent opportunities and challenges associated with OSTTA within the financial industry.

The chosen research methodology serves the primary objective of this study, which is to formulate a strategy for large companies seeking to transition from a hierarchical organizational structure to an agile one. Qualitative research was selected due to the need for initially developing a conceptual framework and abstract understanding of the real-world dynamics through systematic observation and subsequent triangulation [43]. This approach enables the proposal of a theoretical framework that establishes conceptual relationships, offering a foundation for potential validation through subsequent quantita-

tive research endeavors. The specific case study method, as advocated by Yin (1984) [44], has been adopted to enable the in-depth examination of companies that have successfully undergone this transformation. These case studies provide invaluable insights into the implementation intricacies, challenges, and obstacles encountered throughout the process.

This research delves into the opportunities and challenges associated with OSTTA within large corporations through the examination of five distinct case studies. The core emphasis of this analysis centers on the transition from a hierarchical to an agile organizational structure. Consequently, it enhances the comprehension of this subject within the context of global opportunities available to large enterprises, thereby making a significant contribution to both practitioners and decision-makers in this field.

### 3.1. Case Selection

Drawing from the insights gleaned from the extensive literature review, this research endeavors to comprehend the opportunities and challenges entailed in OSTTA within large corporations. Case studies, renowned for their versatility, serve as potent conduits for an array of research methodologies aimed at achieving this objective. In essence, case studies remain impartial in their ability to capture the nuances of reality, being equally adept at exploratory endeavors aimed at generating novel insights or constructive analyses focused on problem-solving [44]. Consequently, this approach facilitates an in-depth examination of OSTTA, with the findings serving as a foundation for future advanced research within the same domain.

The selection of five case studies for this research was drawn from Forbes' 2021 database, which lists the world's 2000 largest companies that have successfully weathered the COVID-19 pandemic [22]. The case selection adhered to Patton's criterion sampling method, incorporating the following criteria [45]:

- (a) Companies originating from both the European Union and Latin American territories were chosen to ensure representation from developed and developing countries, resulting in a preliminary list of 32 Latin American and 269 European Union companies.
- (b) Further refinement was based on the requirement that the selected companies hailed from countries exhibiting growth in digital competitiveness within the past year, as indicated in the "World Digital Competitiveness Ranking" report [46]. This step yielded 29 Latin American and 249 European Union companies.
- (c) Subsequently, companies demonstrating satisfactory performance in terms of sales, profits, and assets, as per the Forbes data, were retained, narrowing the selection to six Latin American and thirty-four European Union companies.
- (d) Next, the criterion dictated the choice of companies exclusively from the financial sector, resulting in four Latin American and sixteen European Union companies.
- (e) Following this procedure, the Global Competitiveness Index criterion, which is published annually by the World Economic Forum, was applied. Countries with an index greater than 60 points on a scale of 1 to 100 were selected as a reference, representing the minimum acceptable rating within this range. As a result, the initial set of companies was reduced to 18, with 16 originating from developed countries and only 2 from developing countries.

Given the objective of this study was to analyze both developed and developing contexts without biasing the analysis towards a disproportionate representation of companies from either context, a balanced approach was taken. Therefore, 2 companies from developing countries and 3 from developed countries were selected from the reduced set, maintaining equilibrium in the sample composition across both contexts. According to Yin (2003) [47], a researcher should ideally work with a minimum of four cases and a maximum of twelve cases, as fewer than four cases may not yield substantive theoretical development, while more than twelve cases could introduce unwarranted complexity into data analysis. Therefore, the selection of five cases aligns with Yin's recommended criteria.

The five cases chosen for this study were a French insurance company and two Spanish banks as companies from developed countries and two Colombian financial companies, a

bank and an insurance company, as the developing country companies. The Table 1 shows the details of five cases.

**Table 1.** Details of the cases chosen.

No.	Case Study Company	Country	Group
1.	Insurance company (company A)	France	Developed country
2.	Bank (company B)	Spain	Developed country
3.	Bank (company C)	Colombia	Developing country
4.	Insurance company (company D)	Colombia	Developing country
5.	Bank (company E)	Spain	Developed country

### 3.2. Data Collection

Data were gathered via semi-structured interviews with individuals holding pivotal roles within the organizational transformation process, specifically those in the capacity of transformation managers or technology managers. These interviews involved in-depth discussions with managers who actively participated in the organizational transformation towards agility (OSTTA). Given the diverse nature of the research's three distinct propositions, each proposition necessitated distinct sections for data collection, tailored to address various facets of the transformation process.

Data pertinent to the organizational transformation towards agility (OSTTA) initiative were acquired via semi-structured interviews, in which individuals assuming managerial roles served as the primary informants. These interviews were administered using a meticulously prepared, structured interview script characterized by open-ended inquiries, and applying the Delphi method [48] to obtain more objective answers from respondents. The interview procedure was composed of three distinct segments, with Appendix A serving to furnish a concise preamble to the interview script.

The interviews were anticipated to have a typical duration of 60 to 90 min and were recorded in video or audio format, subsequently transcribed into a written script. The selection criteria for interviewees encompassed individuals occupying managerial roles for a minimum of three years and who had actively participated in the organizational transformation towards agility (OSTTA) process. Each participating company was expected to furnish two interviewees who met these established criteria.

The interview sessions were scheduled to be conducted between May and July 2023, taking into consideration the availability of the designated informants. The choice of interviews as the preferred data collection method was based on their capacity to yield comprehensive personal experiences, which served as a valuable resource for subsequent data analysis. Furthermore, interviews excel in capturing individual perspectives, behaviors, experiences, and phenomena, all of which are integral elements in qualitative research endeavors.

## 4. Results

The qualitative research process begins with the "Interview Transcription". The information obtained from the interviews encompassed verbatim transcriptions of the interview sessions, ensuring that the original content was accurately captured and faithfully represented; three validations of each of the transcriptions versus audio were performed to corroborate their accuracy. Following this, the data underwent coding, involving the utilization of specialized software ATLAS.ti Version 23.1.1 to discern patterns, themes, and recurring concepts.

These transcriptions underwent analysis employing qualitative research methodologies, specifically employing descriptive and narrative analyses. Specific segments of text were then assigned codes, reflecting the identified concepts or themes in a systematic manner, facilitated by a well-defined coding system. The utilization of this software was in-

strumental in facilitating these analytical processes and to perform the “Data Coding”. The formulation of codes and identifiers to discern recurring patterns played a pivotal role in categorizing the findings within the textual data. This categorization process was executed with a concentrated effort on aligning with the research objectives and the fundamental research inquiries guiding this study’s trajectory. Figure 1 shows the process of qualitative research used.

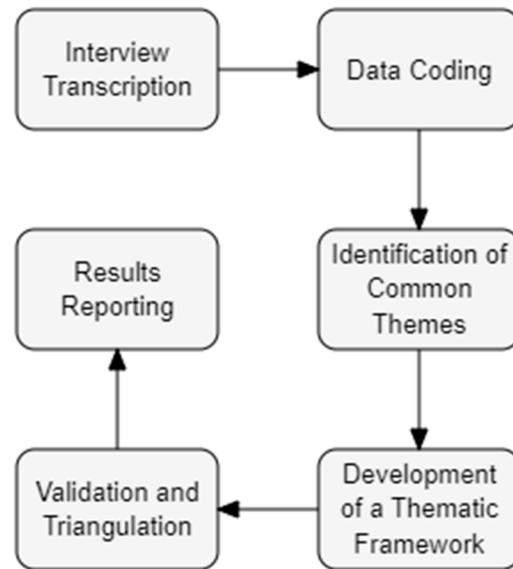


Figure 1. Coding process to thematic analysis.

Once coded, the data were analyzed to identify common themes, where related codes are grouped into broader categories or themes. This process involved exploring relationships and connections between different codes, refining and reviewing themes. Subsequently, conceptual networks were formulated to establish connections among identified concepts, enabling an exploration of effects, causes, and relationships among the most relevant elements within the theoretical framework depicted in Figure 2. A simplified representation of this network is depicted in Figure 2, illustrating the frequency of occurrences of these concepts within the “Identification of Common Themes”.

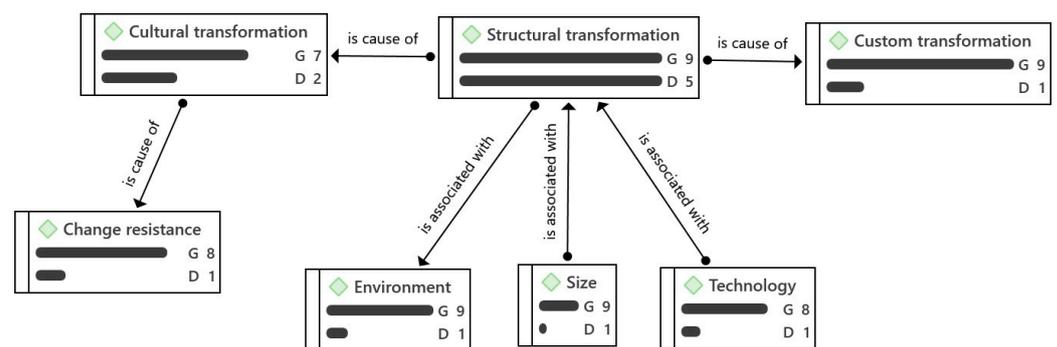


Figure 2. Network with categorizing findings. Authors’ analysis with Atlas.ti Version 23.1.1 software.

The interviews conducted with the respondents corroborated the identification of three fundamental attributes that could serve as indicators of a potential transformation in the organizational structure. These attributes comprise a changing operating environment, a considerable scale of operation (size), and a foundational dependence on technology. The managers participating in this study recognized the intricate nature of the banking and insurance sector, emphasizing its complex interplay with external variables and contingencies. Notably, this sector is highly susceptible to a multitude of variables that exert

a continuous and dynamic influence on its operations. It is worth highlighting that insurance cases, in particular, introduce an additional layer of complexity, given that the business model extends beyond end clients to encompass other corporate entities utilizing its services. Each corporate entity necessitates specific adjustments and customized adaptations to its product offerings. In contrast, the banking sector relies on established and standardized product offerings that are generally not subject to extensive customization. However, the banking sector grapples with managing a vast clientele base. In conclusion, it is evident that both categories of companies share a parallel complexity within their respective contextual frameworks.

Likewise, the factor of organizational size significantly accentuates the necessity for the initiation of this transformative process. Such enterprises commonly manifest a substantial footprint with numerous offices and branches spanning diverse cities, regions, and even countries. This extensive scale results in a considerable workforce and a diverse composition of employees. The coordination and communication difficulties that emerge within the ambit of these larger entities can pose considerable challenges when endeavoring to implement strategies, work schemes, alignments, and feedback mechanisms. Moreover, the dimension of training within such expansive groups presents its own array of challenges. The interpretation and assimilation of concepts, frameworks, and knowledge management within expansive organizational structures tend to be more intricate compared to their smaller counterparts.

The third salient theme derived from the interviews pertains to the realm of technology. All interviewees consistently underscored the paramount significance of transformation in the technological domain. In the banking and insurance sector, a robust technological infrastructure is inherent to its operational intricacies. Typically, financial products adopt digital formats and hinge on a foundation of information systems, databases, and web services. The software architecture itself comprises a central core intricately connected with an extensive array of applications. The development and ongoing maintenance of these core applications represent a considerable workload. Additionally, the evolving demands of the market necessitate continual innovation in these products to maintain a competitive edge. This implies a perpetual requirement for companies to demonstrate agility in promptly delivering financial products and services to the market.

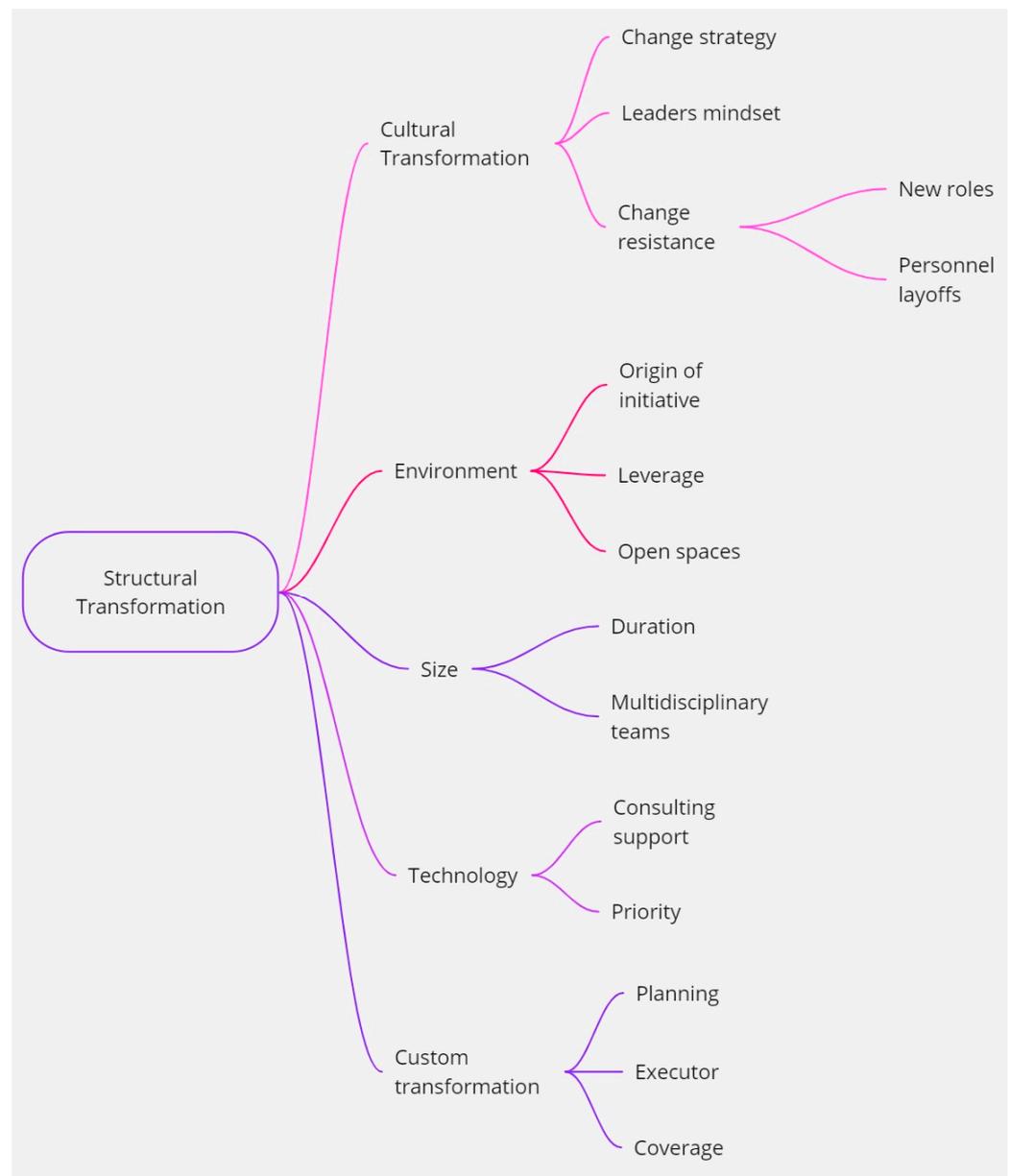
Following the qualitative research process, the “Development of the Thematic Framework” emerges from this preliminary analysis. This stage involves a detailed understanding of each of the identified code patterns, the organization of subthemes grouped within each identified category, and the location of their analogous responses in each of the transcriptions, facilitating comparison. Direct quotes from the interviews are attributed to each of the analysis subthemes, providing a comprehensive grasp of the data.

In this manner, commonalities and detected differences are generated. This thematic network identified within the responses is depicted in Figure 3, by a mind map of the thematic framework.

Validity and reliability are ensured by the cross-validation of the identified themes which is carried out using “Validation and triangulation” to confirm their consistency and relevance. The culmination of this process is the presentation of results reporting the identified themes, key findings, and interpretations derived from the analysis. The report is detailed in Sections 4.1 and 4.2, which contain discussions of the implications of the findings of each subtheme.

The research findings underscore the imperative for an additional layer of transformation. The implementation of organizational structure transformation toward agility (OSTTA) necessitates a profound shift not only in organizational culture but also in individual mindsets. A successful transition is contingent upon the necessity to overhaul work practices and reconfigure personnel management strategies. This imperative involves the thorough comprehension and assimilation of new functions and roles by employees, top management, as well as middle and senior leaders in their mindset. It is paramount to emphasize that the attainment of a well-executed organizational structural transformation

is intricately linked to cultural transformation. The consensus among respondents is that a change in mentality plays a pivotal role in the effective execution of OSTTA.



**Figure 3.** Thematic framework generated by analysis of interviews.

The cultural transformation process may encounter resistance on occasion. This resistance is not limited exclusively to operational-level employees; it is equally pervasive among the echelons of middle and senior management. The resistance predominantly materializes as a reluctance to modify entrenched work routines or deviate from one's comfort zone. Additionally, it is contingent upon the selected implementation strategy and the prevailing mindset of the individuals within the organizational context.

A critical observation arising from this investigation is the realization that structural transformation is not governed by a universally applicable and detailed procedural framework. Each organization is subject to unique internal and strategic variables that distinguish its implementation approach. As a result, the execution of the transformation process is inherently idiosyncratic, contingent upon an organization's individual characteristics. In congruence with contingency theory in management, there is no singular or universally applicable methodology

for the development, execution, and management of enterprise processes and, in this case, transformation efforts. Consequently, this underscores the concept of “custom transformation”, which allows for the flexible interpretation, application, measurement, and evaluation of diverse implementation strategies for structural transformations.

The ensuing exposition provides a comprehensive account of the information gathered. Firstly, a thorough examination of the distinctive features characterizing the transformations in each of the five cases will be presented. This analysis aims to elucidate the nuanced aspects that distinguish one case from another in terms of the transformative processes employed. Subsequently, the document will delve into an intricate exploration of the converging points where these companies converged in making strategic decisions that were congruent across multiple cases. This comparative analysis serves to underscore the coherence and convergence in their strategic orientations.

Furthermore, employing a methodology of data triangulation, pivotal aspects were discerned. These key points served as catalysts for those companies that integrated them into their transformative endeavors, while conversely acting as impediments in cases where they were overlooked or neglected. It is noteworthy that companies refraining from the utilization of these drivers have candidly acknowledged the resultant oversight as a misjudgment in hindsight. This multifaceted examination not only elucidates the diversity in transformational approaches but also sheds light on the critical factors that significantly influenced the success or challenges encountered by these organizations in their respective transformation journeys.

#### 4.1. Disparities among Cases

In the pursuit of the research objective, an examination of divergences among the cases was undertaken to identify salient points of interest. The overarching goal of this research is to formulate a strategy applicable to large enterprises aiming to transition from a hierarchical organizational structure to an agile one. Grounded in contingency theory [9], the research endeavors to discern management alignments suited for intricate scenarios where singular resolutions are not unequivocally prescriptive. Table 2 helps to illustrate the variations in these alignments, highlighted as sub-themes within the coding performed and thematic framework generated, showing a summary of the main differentiating aspects in the five transformations selected for the qualitative research.

**Table 2.** Disparities among cases. Authors’ elaboration according to the information collected in the interviews.

Feature/Company	Company A	Company B	Company C	Company D	Company E
Origin of transformation initiative	Technology area and Chief Operating Officer	Technology area	Top management	Technology Vice-presidency	Top management
Transformation duration	3 years	2 years	3 years	3 years	5 years
Change strategy	Big bang	Organic: new groups	Organic: new groups	Organic: new groups	Organic: new groups
Transformation planning	Defined at the beginning	Defined at the beginning	Defined at the beginning	Iterative and incremental	Iterative and incremental
Transformation executor	Consultancy	Internal from RRHH	Consultancy	Internal from IT	Consultancy only 2 years
Consulting support	Agile coaches	Agile coaches and assessment	All process	Agile coaches and training	Assessment, training, and execution
Transformation coverage	Technology-business areas	All company	Technology-business areas	All company	All company
Personnel layoffs	No	No	Yes	No	No

#### 4.1.1. Origin of Transformation Initiative

The organizations subjected to scrutiny in this case study have indicated diverse origins for the impetus or conception of implementing transformation initiatives. As delineated in Table 2, in certain instances, the impetus for change emanated directly from top management, either as a response to consulting recommendations or in alignment with market directives advocating process modernization. Conversely, in other scenarios, the impetus originated more internally, particularly within technology departments whose processes are inherently geared towards digitalization and the adoption of novel strategies and managerial techniques. These departments have been adept at articulating these initiatives, thereby persuading senior management of their imperative and subsequent returns, ultimately garnering support from higher echelons to orchestrate a comprehensive organizational transformation.

#### 4.1.2. Transformation Duration

The interviews brought to light that the transformational endeavors within sizable enterprises typically span a duration of no less than two years and, in certain instances, may extend up to a maximum timeframe of three to five years. It is imperative for companies to recognize that agility, as a concept, is subject to continuous evolution, demanding perpetual attention to refinement and enhancement. The protracted nature of these transformation processes underscores the intricate and meticulous execution required, especially within the expansive framework of large corporations. It is incumbent upon these organizations to approach the transformative journey with a cognizant understanding of its enduring nature, emphasizing the necessity for sustained commitment and adaptability throughout the extended timeline.

#### 4.1.3. Change Strategy

In four out of the five cases subject to analysis, the chosen change strategy manifested as an organic implementation, characterized by a gradual transformation of work structures and task execution methodologies. This involved a step-by-step evolution, incorporating the establishment of interdisciplinary groups comprising individuals possessing substantial experience and expertise. Simultaneously, the recruitment of agile coaches was undertaken to guide these novel teams in navigating the shift in work styles and cultural norms. This deliberate approach facilitated the dissemination of knowledge within the groups, fostering a conducive learning environment. Furthermore, it ensured the availability of informative feedback on the ongoing transformation.

The organic implementation strategy enabled a nuanced evaluation of adaptations, affording the flexibility to make methodological adjustments, identify individuals integral to the process, and discern the optimal means of effecting change tailored to the specific context of each company. Notably, this approach facilitated a comprehensive assessment of the transformation's progress, allowing for strategic refinements and adaptations. In addition, this strategy mitigates the cultural change within the organization and facilitates its management.

Conversely, a solitary company adopted the big bang model for its transformation [49], with an immediate adoption of the new approach without any transitional period between the cessation of the old one and the implementation of the new one, without acknowledging challenges marked by substantial resistance to change and deficiencies in cultural transformation. This divergence in approach underscores the importance of context-specific considerations in selecting an appropriate change strategy, with implications for the overall success and sustainability of the transformational initiative.

#### 4.1.4. Transformation Planning

In three out of the five cases examined, the orchestration of the transformational process was meticulously delineated from the outset, encompassing explicit allocation of budgets, defined timelines, and prescribed methodologies. In contrast, the remaining

two companies acknowledged the inherently iterative and incremental nature of the transformation, recognizing that certain strategic decisions would evolve organically throughout the process. The various departments within the organization may exhibit distinct planning approaches, consistently directed toward the overarching objective of achieving the envisioned endpoint.

#### 4.1.5. Transformation Executor

In the case of three out of the five companies under consideration, the responsibility for executing the transformative process was delegated to an external consulting firm. Typically, these companies sought consultants possessing expertise in orchestrating such organizational changes, particularly those well-versed in agile methodologies. The role of these consultants extended to coordinating the implementation across various organizational units, delivering training to existing staff, elucidating role changes to middle and top management, and furnishing comprehensive guidance to ensure the accurate adoption of new practices. Conversely, the remaining two companies opted to leverage internal expertise or recruit individuals with experience in similar transformational processes to lead the transition.

In instances where external consulting firms are engaged, it becomes imperative to facilitate the transfer of knowledge to internal leaders or departments. This knowledge transfer is vital to ensure a seamless transition back to regular operations once the consulting firm concludes its intervention, equipping the organization with the requisite tools to perpetuate the adopted organizational strategy. One noteworthy case study revealed a strategic decision where the leadership of the transformation was entrusted to an individual from within the company, specifically from the human resources domain. This decision was predicated on the individual's in-depth understanding of the company's structure, familiarity with various departments, and transformation knowledge. Such a strategic choice enhanced the implementation process, allowing for a more comprehensive coverage of different facets within the company and enabling a meticulous planning approach for each unit's adoption of the transformative change.

Conversely, another company in the research cohort appointed an internal figure from the technology domain to spearhead the structural transformation. This choice emanated from the realization that this type of transformation, given its emphasis on technology integration, is more effectively led by individuals with substantial experience in technology-centric initiatives.

#### 4.1.6. Consulting Support

Regardless of the leader executing the structural transformation, all companies needed some consulting support, especially with the "Agile coach" role. This role was in charge of promoting, disseminating, training, and evangelizing the new positions, functions, responsibilities, new practices, concepts, dynamics, and ideology, which are required in part for the cultural transformation that is embedded in the change itself.

The other companies hired maturity and adaptation assessments so that the consultants could give them either a current or final status depending on the company and its processes, thus having a starting point and a target point. As for training, some companies also decided to rely on consultants to carry them out, while others were fortunate to have staff members who knew and could provide this training. The other option was to hire people onto their staff who already had this skill for training on methodology, good practices, computer tools for the traceability of the new work scheme, and clarification of the new vision and organizational culture.

In a specific case, a particular company opted for comprehensive consulting support to instigate a structural transformation towards a more agile operational framework. In this approach, the consulting firm assumed leadership across all processes, deploying its personnel for both the implementation and training functions within the company. Throughout the course of the transformational initiative, a critical facet involved the

transfer of knowledge to empower the company to independently sustain its operations once the consultancy concluded.

#### 4.1.7. Transformation Coverage

In relation to the scope of the transformation initiative, three out of the five companies implemented it across the entirety of their organizational landscape. Consequently, this comprehensive approach encompassed all vice-presidencies and functional areas. Conversely, the remaining two companies opted for a more focused implementation, confining the transformative efforts to the technology and information systems department, along with the business area. Notably, the technology and business sectors typically represent the core elements of a company's operational focus, encapsulating the strategic framework of its commercial activities and product planning. The companies that only included technology and business recognized that it would have been good to have applied the transformation to more areas or departments, since certain external processes indirectly impact the agility of their processes. Recruitment processes in HR, customer service as feedback, and support and infrastructure are cases mentioned in both companies.

#### 4.1.8. Personnel Layoffs

Ultimately, a singular case within the examined cohort resorted to workforce reductions as part of the modification process, a decision undertaken concurrently with efforts aimed at optimizing operational efficiency. The rationale behind this strategic maneuver likely stems from the organizational imperative to enhance efficiency, streamline processes, and align workforce capacities with the refined objectives and structure engendered by the transformation. Such a course of action reflects a deliberate approach to organizational restructuring, with a simultaneous emphasis on cost-effectiveness and operational improvement. This unique case exemplifies a nuanced response to the exigencies of the transformation process, wherein strategic decisions about human resources were intricately interwoven with broader optimization objectives.

### 4.2. Commonalities

The investigation identified several shared attributes among the analyzed case studies. Firstly, in relation to "Leverage", there was unanimous top management support at the strategic level for all transformations, providing essential leverage, endorsement, and oversight of the change initiatives.

Secondly, the establishment of multidisciplinary teams comprising individuals with extensive business knowledge alongside newly acquired talents was a consistent feature. These teams incorporated individuals possessing proficiency in working under agile methodologies, with the aim of diffusing the novel working approach throughout the entire team. Importantly, the size of these teams or work units did not exceed 15 individuals.

As a third commonality, the formation of these new work teams led to the emergence of new roles that were previously nonexistent, including scrum master, agile coach, and product owner. The latter, defined as the person with the most business knowledge of their respective product or service, supplanting roles such as business analyst or requirements analyst, which were phased out.

The fourth shared element was the implementation of new working environments in all cases, wherein conventional cubicles were replaced with open spaces conducive to teamwork and expansive tables that facilitated collaborative work.

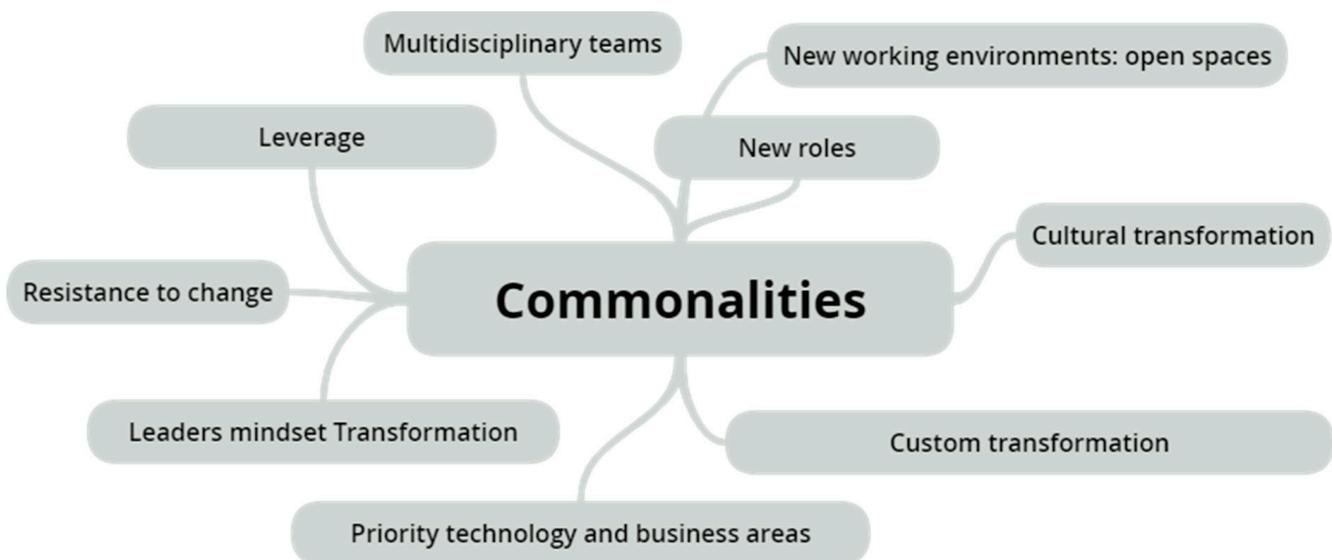
Fifthly, irrespective of the type of transformation planning, all cases recognized the necessity for ongoing adjustments in implementation methods during the course of the transformations. There was a recognition that there is no one-size-fits-all set of practices, methods, and processes; rather, variations were observed according to each company's specific context producing a custom transformation.

The sixth common point underscored by all companies was the acknowledgment that the primary challenge lay in cultural transformation and the shift in thinking patterns, given that structural changes inherently entail a corresponding shift in organizational culture.

The seventh shared attribute was the transformation of senior and middle management roles, which evolved towards more cross-cutting functions focused on supporting teams as facilitators or strategists, moving away from the traditional emphasis on supervision at lower levels and involving them in a new leader's mindset.

The eighth identified commonality pertained to resistance to change, observed in all situations. Two distinct implementation scenarios were observed: the creation of new units, extracting people from the old areas and bringing them into new groups starting to use the new methodologies, with resistance from traditional groups reluctant to reduce the number of personnel being transferred. The second type of situation was the transformation of entire groups, also opposed by people reluctant to change. This resistance had its origin in fear or misunderstanding of the new style of work, which finally pushes people out of their comfort zone.

The final common point discerned was the consistent inclusion of technology and business areas as the priority in all transformation initiatives. These areas were identified as integral components of the transformative process across diverse organizational contexts. The Figure 4 shows all commonalities.



**Figure 4.** Commonalities between cases. Authors' elaboration according to the commonalities of all case studies.

#### 4.3. Success Factors

Amidst the positive and negative experiences encountered by each company, a compilation of essential actions surfaced, serving as pivotal considerations for an effective transformation process. These critical elements were discerned through the triangulation of data. Several companies hailed these actions as astute and fundamental decisions that significantly contributed to the success of the transformational process. Conversely, other companies viewed these aspects from a contrasting perspective, deeming them as shortcomings in the implementation due to a failure to duly consider them. The ensuing enumeration delineates these impactful actions in Table 3.

**Table 3.** Success Factors. Authors' elaboration according to key actions detected in the investigation.

Factor	Description
Cultural transformation	Consider cultural transformation and not only process and structure transformation.
Internal agile coaches	It is recommended to have internal agile coaches. It is not a smart strategy to have only external agile coaches who focus on following the academic theory but fail to land an adaptation of the framework to the company.
Mindset top and middle management	Executives, top, and middle management must understand what they are doing and what is agility; their role is very important in the transformation.
Transformation coverage	It is advisable to implement the transformation in more areas such as procurement, budget management, human resources, infrastructure, finance, and others. Not only technology and business.
KPIs	There must be KPIs for two purposes. One, for the implementation of the change, second for the results of the processes with the value-added to customers.
Prioritization management	Include prioritization or demand management in the transformation. This means that all business requirements that arise must be analyzed and prioritized so that teams do not haphazardly receive their target work.
Frequent synchronization of objectives	Vice presidents should align strategic objectives more frequently (e.g., every three months instead of every year).
Involving of human resources	The transformation process must involve human resources to foster a new culture of teamwork.
Training	Training is needed not only for employees but also for middle and senior management.
Gradual implementation	Choose practices, events, and artifacts of the new work style that suit the company and gradually increase them (do not start using everything at once, as in the big bang model).
Shared tools with suppliers or partners	Use shared work management tools with suppliers or partners with whom the product or work needs to be integrated in order to have communication and synchronization with them.
Reduced focus of PMO	Project management office, PMO, will have to adjust to managing those projects with clients or partners that still operate traditionally and robustly.
Open spaces for top-down communications	It is desirable to have open spaces to share demos and to present software releases and new financial products with the participation of senior management. This practice generates more knowledge of the employees' business and a sense of belonging in the teams (e.g., bi-monthly).
Changes in physical office	Laptops are preferably required for easy mobility between teams, desks, or meetings.
Liquid organizational structure	The technology and business areas must have a "liquid" organizational structure. It means being able to reorder groups, flexible in structure, and middle management in transversal functions with mobility.
Different ways to implementation	Do not try to implement the transformation strictly in all areas. Each area should have an analysis of how to achieve the change according to its dynamics and external factors.

#### 4.4. Proposed Model

Within the context of large enterprises, the imperative to adapt and transform organizational structures has become paramount in navigating the complexities of today's business landscape. In response to this need, this article proposes a model that encapsulates key strategic elements for guiding the transformation journey showed in the Figure 5. Recognizing the diverse challenges faced by large corporations, the model aims to offer a clear and adaptable framework to facilitate the evolution of organizational structures towards one agile organization.

The model comprises several interconnected components essential for a successful transformation. Strategic alignment forms the bedrock, ensuring that the transformation is intricately linked to overarching business goals. Leadership engagement emphasizes the pivotal role of top-level commitment and active involvement in steering the change process. Cultural integration addresses the nuanced shifts in organizational culture, fostering an environment conducive to agility, collaboration, and innovation. By incorporating agile methodologies, the model advocates for a flexible and responsive approach, allowing

organizations to adapt swiftly to changing circumstances. The team-centric approach encourages a shift toward more collaborative and transversal structures, enabling efficient decision-making.

An inherent feature of the proposed model is its emphasis on continuous adaptation throughout the transformation journey. Acknowledging the dynamic nature of organizational needs, the model recognizes the necessity for ongoing adjustments. This iterative process ensures that the transformation remains aligned with organizational objectives and responsive to emerging challenges in an agile way. By fostering a culture of continuous improvement, the model supports large enterprises in navigating the evolving landscape, promoting resilience, and achieving sustained success.

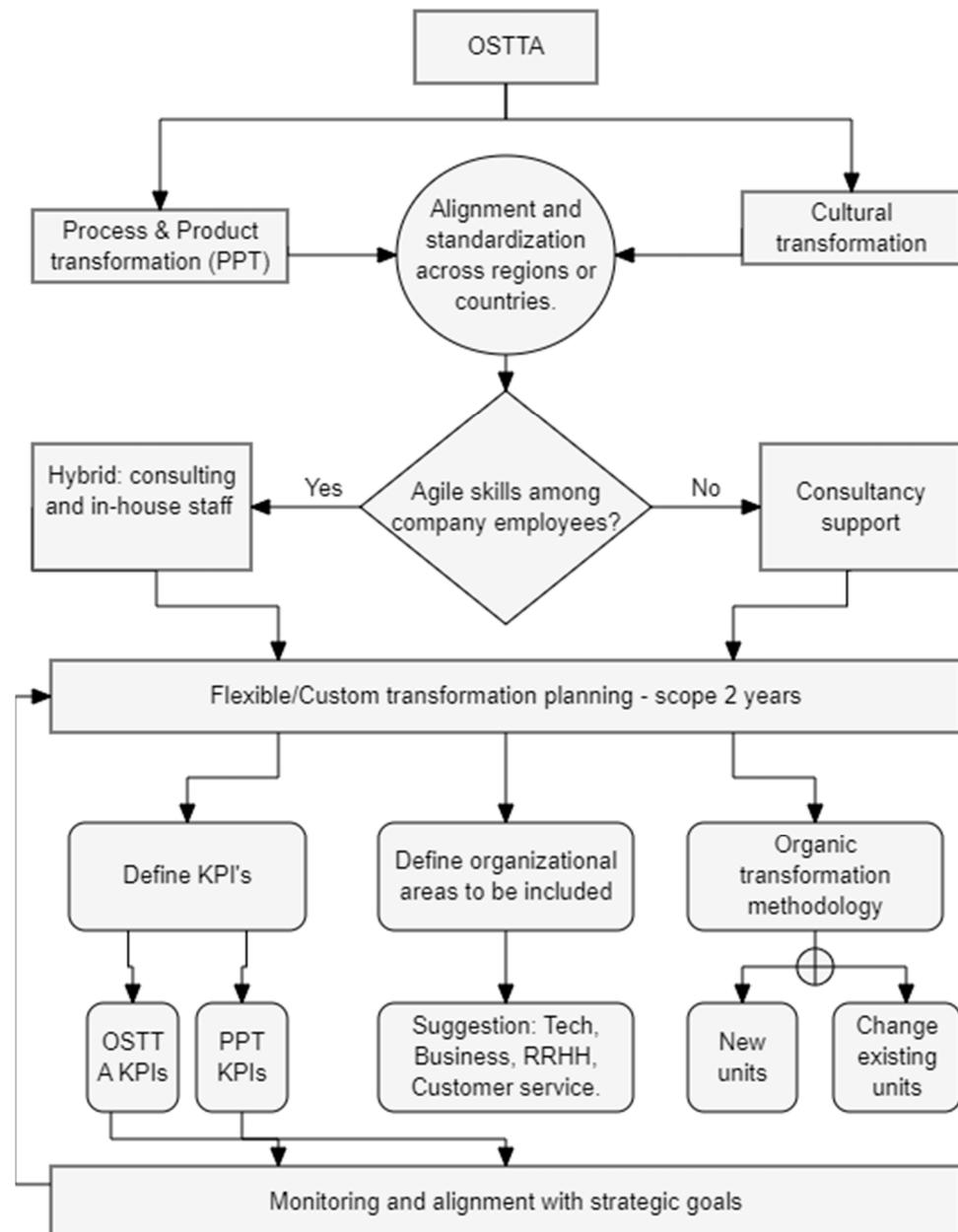


Figure 5. Model proposed. Authors' elaboration. New units: conformation of new team works.

The transformation has two fronts, as the model allows us to see. On one hand, there is the transformation of processes and products according to the defined strategy. On the other hand, there is another transformative aspect, which pertains to the cultural dimension. These two transformational components can be defined as distinct areas or management

units, each requiring effective leadership for overall planning and implementation strategy. Simultaneously, these two units must align with each other, taking into account potential alignment needs between regions or countries, if applicable.

During this alignment process, the company must investigate and identify existing human talent with skills and knowledge in agility within the organization. The identification of these profiles is crucial, as these individuals not only possess relevant knowledge for the transformation but also understand the business and internal context of the company. Based on this information gathering, the company can make decisions regarding the level of consultancy support required or whether a hybrid formation of transformation management groups is feasible.

Upon establishing the two transformational components (process and product transformation and cultural transformation) and the transformation management groups, the company can commence designing a flexible and customized 2 year transformation plan. This plan will be iterative and based on the results obtained in key performance indicators (KPIs), the inclusion of different areas of the company in the transformation along with their priority, in this case the minimum areas for transformation must be technology and business, but here the diagram also proposes as suggestion including RRHH and customer service due to the comments in interviews mentioning this missing important point. In the same way, the model suggests using the methodology of organic transformation. The iterations should occur monthly or at most every three months, allowing for adjustments in any of the three mentioned elements: KPIs, implementation areas, and agile methodology.

The lessons learned from the transformation of initial areas can provide valuable insights into subsequent implementation sections, as well as the ongoing measurement of KPIs and specific procedures of the agile methodology. The organic transformation offers two options: either creating entirely new units or transforming existing ones. This decision should be documented in the transformation plan through new organizational charts, which must be shared with all teams for awareness and transparency.

Continuous monitoring and tracking of all partial results against strategic objectives will guide adjustments for iterations. An effective communication and transparency framework is crucial for constant feedback throughout the transformation, coupled with the autonomy of work teams in making decisions regarding their own transformation. Retrospectives as a practice of the agile methodology at different levels of the organization can provide information for the improvement of the transformation process and provide more and more precise guidelines. This model facilitates the transformation of the organizational structure, thereby initiating a more agile approach to the company's dynamism. Consequently, there is potential for a slight reduction in the number of hierarchical levels. However, the paramount value addition lies in the proposed alteration of the organizational work style.

The agile organizational structure provides a range of benefits that can significantly aid the company. Firstly, it enables greater adaptability and swift responsiveness to market changes. By eliminating rigid hierarchical barriers and fostering collaboration among multidisciplinary teams, an agile enterprise can swiftly identify and address emerging opportunities or challenges.

Furthermore, the agile organizational structure promotes innovation by facilitating experimentation and the exchange of ideas across different areas of the company. Cross-functional teams have the flexibility to work on diverse projects, fostering creativity and the generation of innovative solutions.

Another key benefit lies in the enhancement of communication and decision-making processes. By removing unnecessary layers of authority and promoting a culture of transparency and collaboration, issues can be identified and resolved more swiftly. This enables agile, data-driven decision-making, contributing to greater operational efficiency and robust outcomes. Therefore, it aids the company by promoting adaptability, innovation, effective communication, and agile decision-making, ultimately leading to enhanced performance and competitiveness in the market.

## 5. Conclusions

The primary objective of this article is to explore how large corporations can approach the transformation of their conventional organizational structures into agile ones. Employing a qualitative analysis through a case study methodology, this research scrutinizes five distinct instances of organizational structure transformations within the banking and insurance sectors. The first key finding suggests that large companies may encounter limitations in significantly flattening their structures compared to their pre-transformation configurations. Although the existing literature indicates that flat structures are the most agile [2,5,38], large companies can also be more agile even if they do not have a completely flat structure. The complex nature of financial institutions necessitates management across various areas, locations, or even countries, thereby requiring hierarchical levels for effective direction and strategic alignment. Despite this, the absence of a completely flat structure does not preclude the adoption of an agile organizational structure.

These companies leverage agile work methodologies, allowing for the modification of top and middle management, as well as the restructuring of work teams. This approach results in flexible organizations capable of swift restructuring in response to evolving business needs. While the complete elimination of hierarchical levels may not be achieved, these organizations pivot towards a team-oriented approach within unit areas, concurrently transforming hierarchical levels into transversal supports. The results are consistent with previous conceptual establishments of agile organizational structure characterized by nimble decision-making capabilities [1,3,6] that facilitate responsive actions in dynamic environments [12,13,17], meeting the evolving needs of clients and market competition [24,29].

The second notable conclusion elucidates that these organizations favor a transformation strategy involving the gradual formation of new groups or units comprising seasoned professionals with extensive business experience, complemented by individuals well-versed in contemporary collaborative work methodologies, task optimization tools, and an agile culture founded on teamwork.

The final conclusion underscores the imperative for implementation to be a measurable, iterable, and adaptable process tailored to the unique attributes of each organization. Rejecting a one-size-fits-all approach, this approach recognizes the intrinsic organic nature of each company's transformation process. The adaptation and customization of the transformation journey hinge on the organization's proficiency in agility, coupled with its capacity to identify and capitalize on internal knowledge and skills. This conclusion is aligned with the theory of contingency, which implies that customized transformations should be applied to companies, considering the unique context of each organization. This theory suggests that there is no universal approach or one-size-fits-all solution when it comes to implementing organizational changes. Instead, the effectiveness of transformation initiatives depends on various contingent factors such as the company's size, industry, culture, leadership style, and external environment. Therefore, organizations need to tailor their transformation strategies to align with their specific circumstances and requirements. By adopting a contingency-based approach, companies can enhance the likelihood of successful transformation outcomes by addressing the unique challenges and opportunities inherent in their individual contexts.

This research makes dual contributions to both academia and practitioners. From an academic perspective, the application of contingency theory in organizational structure transformation makes a significant contribution by emphasizing the absence of a one-size-fits-all approach. This recognition underscores the importance of considering contextual nuances inherent in each case, thereby enriching scholarly discourse and understanding in several ways.

Firstly, by acknowledging the diversity of organizational contexts, contingency theory prompts researchers to delve deeper into the intricacies of various industries, sectors, and organizational environments. For instance, a manufacturing company may require a different organizational structure compared to a technology startup due to differences in production processes, market dynamics, and innovation cycles.

Secondly, the application of contingency theory fosters the development of nuanced frameworks and models that can accommodate the complexities of real-world organizational settings. Researchers may propose and test contingency-based hypotheses to uncover the relationships between contextual variables and organizational outcomes. For example, studies may examine how factors such as leadership style, organizational culture, and market volatility interact to influence the effectiveness of organizational structure transformations.

Thirdly, the emphasis on contingency encourages interdisciplinary collaboration and cross-pollination of ideas within academia. Scholars from diverse fields such as management, sociology, psychology, and economics can come together to explore the multifaceted nature of organizational change processes. This interdisciplinary approach facilitates a holistic understanding of the factors shaping organizational structures and their implications for performance and success.

Furthermore, the application of contingency theory in organizational structure transformation contributes to the refinement and advancement of management education and practice. By incorporating real-world case studies and examples that reflect the contingency-based nature of organizational change, educators can prepare future leaders and managers to navigate complex and dynamic business environments effectively. This pedagogical approach equips students with the analytical tools and critical thinking skills needed to tailor transformation strategies to specific organizational contexts and challenges.

For practitioners, research on the application of contingency theory offers a host of potential impacts and contributions to organizational structural transformation towards agility. By leveraging the insights gained from this research, practitioners can drive positive outcomes and facilitate a more favorable experience in the transformative process. Firstly, contingency theory underscores the importance of tailoring strategies to fit specific organizational contexts and environmental contingencies. Practitioners can use this approach to develop agile transformation strategies that enable organizations to respond swiftly to changes in the marketplace.

Secondly, the contribution provides practitioners with a framework for making effective decisions in complex and uncertain environments. By considering various contingencies and their potential impacts, practitioners can make informed decisions that support organizational agility, selecting the one that offers the greatest flexibility and responsiveness to customer demand fluctuations.

Thirdly, this focus on contingency theory helps practitioners identify and mitigate risks associated with organizational structural transformation towards agility. By anticipating potential contingencies and their consequences, practitioners can develop proactive risk management strategies to minimize disruption and ensure a smoother transition. Practitioners can design structures and processes that enable rapid adjustment to changing market conditions, technological advancements, and competitive pressures. For this case, the financial services firm may implement cross-functional teams and decentralized decision-making structures to enhance agility and responsiveness to customer needs in a dynamic market environment.

Finally, it is possible to lead to improved performance and enhanced competitiveness in the marketplace, aligning structures, processes, and capabilities with environmental contingencies. The organizations can capitalize on emerging opportunities and navigate challenges more effectively. For example, an e-commerce company that adopts an agile organizational structure may achieve faster product development cycles, shorter time-to-market, and greater customer satisfaction compared to competitors with more traditional structures.

This investigation presents multiple avenues for further research and potential quantitative validations. Explorations could extend into diverse sectors and industries to analyze varying contextual factors. Furthermore, several compelling areas for future research have been identified, notably delving into the profound impact of cultural change in organizational transformation and exploring resistance to change in greater depth. In terms of quantitative analysis, a comprehensive study could be conducted employing surveys with

employees as respondents to substantiate variables such as change resistance, the perceived impact of the transformation, the attained agility within workgroups, and the overall transformative experience within their respective organizations. Additionally, assessments with managers could focus on evaluating cultural changes in their roles and functions.

A limitation of this investigation pertains to the number of managers considered in each company, indicating a potential avenue for enhancement by gathering information from multiple managers across various organizational areas. This approach would enable the acquisition of diverse perspectives and the identification of specific weaknesses within distinct organizational domains.

The second limitation involves the selection of countries in the research, with the process encompassing only three nations. A future investigation could broaden its scope to include additional global locations, thereby facilitating an exploration of cultural changes influenced by regional nuances. Additionally, the absence of a comparative analysis between specific zones, such as developed and developing countries, presents an intriguing facet for examination.

Another limitation acknowledged in the context of future research is the exclusive focus on the banking and insurance sector. The organizational structure transformation examined in this study may exhibit variable dynamics when applied in different contexts within diverse companies, and these potential variations were not accounted for in the current research.

Lastly, the research acknowledges the constraints relating to the confidentiality of information provided by managers, particularly in the delineation of details regarding layoffs. The transparency of changes in employee conditions during the transformation was not fully elucidated in some cases, suggesting the possibility of undisclosed impacts that warrant further scrutiny.

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**Conflicts of Interest:** The authors declare no conflicts of interest.

## Appendix A

### Script of Semi Structured Interviews

#### Section 1: Introduction

Dear X,

I would like to thank you in advance for your support and help. As discussed by email, I am conducting a research study aiming at understanding the existing opportunities and challenges in OST in Latin America and Europa in big companies of the financial sector. Although our study covers a larger number of parameters, I would appreciate to discuss with you the aspects regarding transformation process, structural change in the hierarchy, and people management with its reorganization strategy. The results obtained will be strictly confidential and will not disclose any information about you.

#### Section 2: Transformation process

- (1) What has the process of transforming the organizational structure developed? (Response)
- (2) Were you able to follow an agile framework exactly in the implementation? Did they make any adaptations to the adopted this style of management? (Response)
- (3) Was the whole transformation process planned from the beginning or did you have to adopt contingency plans iteratively? (Response)

(4) What strategy was used to guide the OST? Did you do retrospectives or collect feedback of the advance? (Response)

(5) Did the changes begin from operational or strategic area? (Response)

#### Section 3: Structural change in the hierarchy

(1) How did change the organization chart? If there was any change in the number of levels or numbers bosses? (Response)

(2) What problems did you have in this process of change, what actions were taken to face them? (Response)

(3) How did impact the size of the company? (Response)

(4) How long time did take all process? Did it have phases? (Response)

(5) Were there any changes that needed to be undone later? (Response)

(6) What were the main challenges? (Response)

(7) What was the worst mistake of the process? (Response)

(8) What was the smartest decision during the process? (Response)

#### Section 4: People management

(1) Was it necessary in the process to hire new personnel? Any percentage? What skills were search? (Response)

(2) How was the handling with the old staff of the company? Were they trained for the adaptation? (Response)

(3) Were layoffs necessary in the implementation? Any target of percentage? (Response)

(4) How was the resistance to change and what management was applied? (Response)

(5) How were the new groups formed? Were new resources mixed with old resources in new teams? (Response)

(6) Were new units generated? Were new locations established? Physically, how was any strategy applied to bring about a sense of change in the organizational culture? (Response)

#### Section 5: End note

I consider that with the information I have gathered so far it will be enough for us to complement our research. Thank you again for your time and for your accurate response, I am sure that they will largely contribute to our understanding of the topic.

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