



# INVESTIGATING THE DARK SIDE OF SELF-MANAGED ORGANIZATIONS

The Case of Futurice

Master's Thesis  
Ina Ryhänen  
Aalto University School of Business  
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<b>Author</b>	Iina Ryhänen	
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**Abstract**

Continuously improving technology and globalisation are changing the way how we see work-life and organizations. The accelerating pace of information flow and technological development disrupt the industries and challenge companies' way of doing business. Simultaneously the work itself have changed. The old managerial hierarchy model has failed to match with these new demands, thus growing number of organizations are changing their organizations towards self-management.

Self-managed organizations lean on distributed power throughout the whole organization, which enables employees to hold substantial decision rights over their work. The model of self-managed organizations leans on motivational theory called Self-Determination Theory. When individual experience that the activity is self-chosen, she is more likely perform and feel satisfaction towards the job.

Self-management have shown to improve employees' performance, work satisfaction and wellbeing. It also increases organization resilience towards changing markets. However, self-management have also noticed to indicate challenges in individual level, such as heightened cognitive load and isolation, and also organizational level, such as organization inefficiency and decreased citizenship behavior. The aim of this study is to investigate challenges what self-managed organization might have by answering the question: What kind of challenges self-managed organizations face?

The study was conducted as a qualitative single case study and the data was gathered by interviewing manager level employees. The data was analyzed by using thematic analysis. Based on gathered data, the findings were divided into two categories and nine subcategories. First category is challenges around task uncertainty and the challenges are vagueness of the tasks, overworking, information overload and inaccessibility, and decision-making. Second category is social and relational aspects, and the challenges are lack of helping and citizenship behavior, lack of cohesion, conflicts, freeriding, and lack of shared understanding.

The findings indicate that the very core and commonly approved qualities of self-management might create challenges when those are taken to extreme. In the light of this study, I suggest that flexible work arrangements and high individual autonomy do not always lead to desired outcomes. I also suggest that self-management might be easily misunderstood as lack of structures and leadership.

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**Keywords** self-management, autonomy, organization design, self-managed organization, organization structure, hierarchy

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**Tiivistelmä**

Jatkuvasti kehittyvä teknologia ja globalisaatio muuttavat suhdettamme työhön ja organisaatioihin. Tiedon määrän kasvu sekä teknologian kehittyminen luo häiriöitä toimialoille ja haastaa organisaatioiden liiketoimintaa. Samanaikaisesti työ itsessään on muuttunut. Vanha hierarkkinen organisointimalli ei enää toimi, jonka vuoksi kasvava määrä yrityksiä on muokannut toimintamallejaan itseohjautuvammiksi.

Itseohjautuva organisaatiomalli nojaa hajautettuun vallanjakoon koko organisaation laajuisesti, mikä mahdollistaa työntekijöille huomattavan päätätävällän heidän työhönsä liittyen. Itseohjautumisen malli nojaa motivaatioteoriaan nimeltä itsemääräämisen teoria. Kun yksilö kokee pystyvänsä itse vaikuttamaan tekemisiinsä, hän todennäköisemmin suoriutuu paremmin sekä on tyytyväisempi työhönsä.

Itseohjautuminen parantaa työntekijän suoritusta, lisää työtyytyväisyyttä sekä hyvinvointia. Se myös auttaa organisaatiota mukautumaan muuttuvaan markkinaympäristöön. Toisaalta, itseohjautumisen on huomattu johtavan myös haasteisiin yksilötasolla, kuten lisääntyneeseen kognitiiviseen taakkaan ja eristäytymiseen, sekä haasteisiin organisaatiotasolla, kuten heikompaan tuloksellisuuteen ja organisaatiokansalaisuuteen. Tämän tutkimuksen tarkoituksena onkin tutkia itseohjautuvuuden haasteita vastaamalla kysymykseen: Millaisia haasteita itseohjautuvat organisaatiot kohtaavat?

Tutkimus on tehty laadullisena yksittäistapaustutkimuksena ja data on kerätty haastattelemalla esimiestason työntekijöitä. Data-analyysi on tehty käyttäen temaattista analyysimenetelmää. Kerätyn datan pohjalta tulokset on jaoteltu kahteen pääkategoriaan ja yhdeksään alakategoriaan. Ensimmäinen kategoria sisältää työtehtävään liittyviä haasteita, jotka ovat tehtävänkuvan epämääräisyys, ylityöt, informaatiohaasteet sekä päätöksenteko. Toinen kategoria on sosiaaliset haasteet, jotka ovat avun ja organisaatiokansalaisuuden puute, yhteenkuuluvuuden puute, konfliktit, vapaamatkustus ja yhteisen suunnan puute.

Tulokset viittaavat itseohjautuvuuden yleisesti hyvinä pidettyjen peruspilarien saattavan johtaa haasteisiin liiallisuuksiin vietyinä. Tämän tutkimuksen valossa ehdotan, että työn joustavuus sekä autonomia ei aina johda odotettuihin tuloksiin. Ehdotan myös, että itseohjautuvuus voidaan helposti tulkita väärin struktuurin sekä johtajuuden puutteeksi.

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**Avainsanat** itseohjautuvuus, autonomia, organisaatiosuunnittelu, itseohjautuva organisaatio, organisaation rakenne, hierarkia

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With love,  
Iina

In Helsinki, July 2020

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# 1 Introduction

## 1.1 Background

Continuously improving technology and globalisation have been changing our way of living already for decades and are affecting work life and organizations as well. The accelerating pace of information flow and technological developments disrupt industries and challenge companies' current businesses and way of organizing. Also, the nature of work itself has been changing due to increased automatization and digitalization. This shift from manual labour to knowledge-based work in value creation process has its impact in organizations, as nowadays managers hardly anymore have the full expertise needed for solving organization's challenges. Rather every organization member needs to contribute. Finally, the whole view towards work and organizations has changed. People are seeking personal meaning from their work, so companies need to improve their employee experience. (Lee & Edmondson, 2017; Velinov et. al, 2018; Rishipal, 2014; Martela & Kostamo, 2017)

All these factors are pushing companies to rearrange their ways of organizing to be more adaptive in the changing markets (Martela & Kostamo, 2017; Lee & Edmondson, 2017; Velinov et. Al, 2018; Lee et. al, 2018) as the old managerial hierarchy model has failed to match with the new normal (Lee & Edmondson 2017). Traditional managerial hierarchy model's rigid functions are effective only in stable conditions (Minzberg, 1979) as it works to ensure the execution of already known tasks and plans without need of rapid change (Hamel, 2008). Furthermore, its hierarchical structure builds up status differences which in turn can suppress employees' growth and development (Kegan, 1994). This traditional management model was originally developed to solve inefficiency problems and that is no longer the most urgent concern with modern day businesses (Hamel, 2008).

## 1.2 Self-managed organization

One answer to this change is self-management, the attempt to lower the traditional hierarchical command structures by distributing power throughout the organization in order to get the full potential out of people and be more agile in the changing market situations (Lee & Edmondson, 2017). The idea is leaning on psychology and motivation theory, i.e. self-determination theory (Deci et. al, 2017). In short, individual who feels ownership and ability to have power over her needs and tasks will feel more motivated towards the actions that need to be done. Thus, self-management increase employees' work satisfaction and commitment, affects positively to team performance and innovation ability, and thereby enhance company's result and improve resilience (Lee et. al, 2018; Zhang & Bartol, 2010; Martin et. al, 2013; Langfred, 2000; Carson et. al, 2007).

Even though self-managed way of organizing is gaining popularity now, it has roots already in 1940's. One of the early studies about self-management was from Trist and Bamforth (1951). They studied coalmine workers, who switched from traditional assembly line styled model to self-managed teams. Instead of focusing on one single task, they started changing roles during the shift and doing multiple tasks. The change was more profitable for the company, as this allowed the coal mine to function 24 hours per day without miners needing to wait for previous shift to finish to star their shift.

After Trist and Bamforth's (1951) study, the interest towards self-management has grown. During the past decades, there have been various ways of organizing less-hierarchically, especially self-managed teams and empowering leadership have been researched a lot. In recent years, the trend of less-hierarchical organizing has expanded to cover the whole organizations instead of just to limiting it only to some parts of organization. Another major shift in organization design is that these attempts to organize less-hierarchically do not any longer just try to make managerial hierarchy less hierarchical, but rather eliminate the hierarchical reporting relationships between managers and subordinates entirely. This aim to decentralize authority throughout the

organization gives employees the decision-making rights and abilities which cannot be suppressed by someone just because she is the “boss”. This new way of organizing companies is called self-managing organization (SMO) (Lee & Edmondson, 2017) and its corner stones are minimum hierarchy, individual’s high responsibility and freedom over their actions and tasks, and transparent communication and information flow (Martela & Kostamo, 2017).

There are already plenty of modern self-managed organizations. One of them is Morning Star, the world’s largest tomato processor. They do not have manager positions at all, rather every employee is responsible for creating and fulfilling the personal mission themselves regarding their contribution to the business. The important decisions are done by negotiating with peers. Morning Star believes in freedom and the responsibility that comes along with it. This has worked well for Morning Star. Morning Star’s employees are loyal, and the decisions are more thought through as employees need to carry the responsibilities over their choices. Morning Star reports of being more innovative and flexible towards the market and they can pay higher wages to all employees as they do not need to pay high manager salaries. (Hamel, 2011). Many other companies who have switched to self-managed organizing have noticed the same. Zappos, online shoe and clothing retailer, adopted self-managing model called as *Holacracy*. The employees praised the autonomy that enables them to make most out of their talents and have an impact on the whole organization (Bernstein et. al, 2016).

Considering the challenges in our current world, no wonder that SMOs are trendy and increasing number of organizations are changing their ways more towards more self-managed. However, as Argyris (1998, p.98) states that “empowerment is mostly an illusion”, can self-management really be all about sunshine and happiness either? As the globally varied proverb “the coin has two sides”, hints, there might be something underneath the SMO’s positive aspects that we do not yet fully understand. The internet is full of critique and personal views and stories about SMO’s challenges, but very few studies have really dug deep into to the dark sides of SMO. (Lee & Edmondson, 2017).

After few years of Holacracy, employees of Zappos have reported that the transparency of information, which gives them the possibility to do the right decisions, has had its drawbacks as the continuous communication and sitting in meetings takes lot of time from their actual tasks that needs to be done. Also, the freedom to reshape one's role according to the needs and wants has made it difficult to estimate compensation levels and career paths (Gelles, 2015). Also, Morning Star has noticed the challenges in personal development, as their employees find it hard to evaluate their professional progress without the corporate ladders (Hamel, 2011).

The challenges regarding self-management were noted also in software company GitHub. GitHub was self-managed already when established in 2007 but abandoned it eventually in 2014. They did it initially for communicational reasons by adding more rules and processes, but already in 2015, they had middle managers and one-to-one reporting structures. This change enabled GitHub to more efficiently use the scarce resources they have, which is people and their talents. GitHub also noticed that the organization's growth and scaling is hard for self-managed organization. (Burton et. al, 2017)

All in all, in order to self-management be effective, it requires creating fit with both the person and the nature of the work. Studies have shown that self-managing can be demanding for individual as it requires complex cognitional capabilities and might easily create feeling of isolation from other team members (Nagel, 2010; Langfred & Moye, 2004). The challenging cognitional surroundings might not be a fit for everyone and maybe that is why Zappos reported that after announcing that they are adopting Holacracy, 18 per cent of the employees chose to leave the company (Kumrar & Mukherjee, 2018).

Despite the advantages self-management can bring, it also involves trade-offs and challenges that can jeopardize organization survival if not managed effectively. In fact, prior research suggest that lack of formal hierarchy and extensive autonomy can lead to

problems such as unethical behavior (Lu et. al, 2017; Langfred, 2004), decreased performance (Haas, 2010; Langfred, 2000) and increased stress levels (Cheong et. al, 2016; Langfred & Moye, 2004). How prevalent are these challenges in SMOs, then? The aim of this thesis is to examine this issue within the context of a self-managed organization in Finland.

### **1.3 Research question**

The aim for this study is to increase the understanding about self-managed organizations and the challenges what they might face. These challenges are examined through a qualitative single-case study, and the study is conducted via interviewing manager level employees in global digital consultancy company Futurice. Hence, this study contributes to the current research by answering the following research question:

*What kind of challenges self-managed organizations might face?*

### **1.4 Study contributions and significance**

This study contributes to the prior literature by disclosing that the well-indented and widely accepted positive distinctive characteristics of self-managed organization can have drawbacks when those are taken to extreme. In this study, I suggest three theoretical implications. Firstly, I suggest that flexible work arrangements do not always lead to desirable outcomes. Extreme flexibility with employees' role descriptions and decision-making processes might lead to employees increased stress levels and organizational ineffectiveness. Secondly, I suggest that high autonomy does not always lead to desirable outcomes. High autonomy might lead to very individualistic mindset, which scatter the feeling of togetherness and might cause individual and team isolation. High autonomy might also increase overworking. Thirdly I suggest that the concept of self-management can be misunderstood in organizations. The flat organization model should not mean lack of structures, as employees need structures to self-manage themselves successfully. Also,

the minimum hierarchy and lack of managers does not mean that self-managed organization does not need leadership.

Based on this study, I also give three practical suggestions for self-managed organizations. Firstly, I encourage organizations to consider the level of self-management that they want to introduce. Different levels of self-management match with different organization cultures and industries. Secondly, I recommend organizations to build enough supporting structures for employees to self-manage themselves successfully. These structures should not mean increase in bureaucracy, but rather they should be commonly decided norms and processes which can be adjusted time to time. Thirdly, I suggest to create clearer role descriptions and responsibility areas internally. These descriptions do not need to be hierarchical or permanent, but they should be clear and transparent in order to help employees to focus on their core responsibilities and ease the seeking of help and support.

## **1.5 Structure of the thesis**

The structure of this thesis is the following. Next, in the second chapter, I will review previous literature around the topic of self-management. In the third chapter, I undergo the methodological part of this thesis and explain how the study was conducted. In the fourth chapter, I present the findings from the conducted interviews. In the fifth chapter, I discuss the findings in the light of prior literature and present the practical and the theoretical implications. In the final chapter I will summarize the study along with covering the limitations and suggestions for future research.

## 2 Literature review

In this chapter I am exploring the prior literature of self-managed organizations. In the first section I shortly review the backgrounds of the rise of the self-management organization model. In the second section I present the definitions of self-managed organization. In the third section, I bring forth the explanation about the psychological reasonings behind self-management. In the fourth section I discuss the strengths of self-managed organization and in the fifth section I focus on the possible challenges that self-management might have.

### 2.1 The rise of the self-management

Organization design and management models have been changing with the current trends of the world. The most widespread and still prevailing model, managerial hierarchy, was firstly introduced already in 1900s by Max Weber (Murray, 2017). Even though the managerial hierarchy model has changed from its early days, it still relies on the same principals of command-control chains and clear procedures.

The beginning of 1900s and the introduction to Weber's bureaucracy are said to be the starting point of organizational studies (Puusa et. al, 2012). Due to the industrial revolution in 1800s and the technical revolution of the 1900s, people have started to move to the cities as there was a shortage of factory workers. The work force was mainly uneducated, and the employees were seen mainly as specialized but replicable gear wheels. The World Wars and the following reconstructions enforced the foothold of an idea of rational efficiency and clear division of power.

However, after the World War II another management trend started to arise alongside to this managerial hierarchy, when researches started to see corporate organizations not only as economical units but also as social communities. One of the first case studies was Peter Drucker's work in General Motors (Drucker, 1993). He emphasized the importance of



delegating responsibilities to individual divisions and decentralization of power. Later in 1943 psychologist Abraham Maslow developed the theory of motivation called the hierarchy of needs, which inspired all managers to find new ways of getting the best out of employees. (Murray, 2019)

Around 1960 low hierarchical management style started truly evolving after W.L. Gore and Associates clothing company was founded. W.L. Gore and Associates structured the company with collaborative teams where leaders emerged naturally rather than used traditional organizational charts and command-chains. Also, the organization model called Sociocracy was created by Gerald Endenburg. The model relied on semi-autonomous circles, circular feedback and decisions made in consensus. More similar less hierarchical organizations started to pop up, for example tomato business Morning Star and Valve Software. (Murray, 2019)

Despite of the rise of less hierarchical forms of organizing, the management hierarchy kept its popularity. The rising consumption culture increased the demand of goods and managerial hierarchy model was perfectly suited to efficiently maximise the production (Martela & Kostamo, 2017). The traditional management model has kept its foothold until the beginning of 21th century.

During last centuries, the radical globalisation and technologization have increased the competition between companies and forced them to rearrange their organizations to be more flexible in this disrupted market. Simultaneously the work itself has changed from repetitive factory work towards specific knowledge professionals. Also, people's perception towards work has changed and the line between work and leisure has blurred. These circumstances have made organizations loosen their structures to make more space for individual's initiatives and motivation, thus changing their ways again towards lower hierarchical models. (Martela & Kostamo, 2017; Lee & Edmondson 2017).

## 2.2 Self-managed organization

In this section, I firstly define the self-managed organization. In the second sub-section, I introduce the basic conditions that enables self-managed organizations to be effective. In the third sub-section, I presents the psychological foundation of self-management.

### 2.2.1 Defining characteristics

In this section, I am defining self-management by presenting two different descriptions of self-managed organization. The first description is from Lee and Edmondson (2017) and the second is from Martela and Kostamo (2017). The reason behind defining self-managed organization via these two descriptions is that even though the self-managed organization is not technically a new concept, the prior literature does not offer many contemporary definitions which would explain the key characteristics as widely than Lee and Edmondson (2017) and Martela and Kostamo (2017).

Lee and Edmondson (2017) separate two approaches to less hierarchical organizing models, radical and incremental approach, and argues that only organizations which have radical approach are self-managed organizations (SMO). They identified three core elements, which separates incremental approach from radical, and thus creates the definition of self-managed organization. First is the decentralization of authority. In incremental model, the hierarchical manager-subordinate reporting relationship is lowered, but it is not eliminated whereas in radical model it is fully eliminated giving full autonomy to the individuals.

The second difference is the scope of decentralization. Where incremental model decentralize authority from managers to only slightly lower levels of organization, radical model decentralize authority throughout the whole organization. In SMOs, the decentralization is not limited to a single team or unit, but rather it involves everyone in organization. However, this does not mean that the authority is equalized. (Lee & Edmondson, 2017)

The last difference relates to power shifting. In radical model, the authority is decentralized in a formal and systematic way, so that the decentralization is made clear and explicit to all. In incremental model the decentralization power is rather just arranged between the managers or exhibited by empowering company culture. These clear “rules of the game” are important for self-managed organization as the already institutionalized form of traditional hierarchical organizing cannot just be declared to be absent. (Lee & Edmondson, 2017).

Martela and Kostamo (2017) have also studied self-managed organizations and divided the key elements of SMO into 6 intertwined qualities. The first one, which is declared to be the most distinctive quality, is minimum hierarchy. The traditional command chains are diminished, and individuals are assumed to take responsibility over their actions and thus they can be given significant autonomy (Martela & Kostamo, 2017). Lee and Edmondson (2017) elevates this decentralization of the authority to the most core element of SMO and claims that the conception of reporting to someone who has authority over individual’s actions is even “an anathema” in SMOs.

Second quality in Martela and Kostamo’s (2017) key elements is the employee’s freedom to do decisions regarding their every-day work. The decision-making power needs to be aggressively pushed down and individuals are given freedom to not only be in charge of their own daily work but also make decisions over their roles and even do investments related to their work. In contrast, in managerial hierarchy models the authority is given only to managers as power dynamics are implanted to the organization structure. Typically, the managers have authority over nearly every organizational domain, from the subordinates’ work and performance to the resource allocation and the organization’s strategy. A regular employee hardly has power over anything else than their own personal performance. (Martela & Kostamo, 2017)

The third element is also associated with decision-making. In addition to individuals' power and freedom over their own actions, they also have a voice in organization level decisions. According to this third element, the strategic decisions are not made only by top-management in a silo, but rather decisions are discussed among organization members already in early stages. Everyone's voice is important and shaping the company's direction. By granting the authority and voice to every employee, the organization shows significant trust towards employees and thus encourage them to do initiatives and be proactive. (Martela & Kostamo, 2017)

The fourth key element is transparent information (Martela & Kostamo, 2017), which means that all relevant information regarding organization, for example financial reports, and various plans and decisions, is openly shared with everyone in the organization. The transparent information enables all organization members to do the right decisions, as they have all the information that is needed to understand the full picture. One reason for managers' authority in managerial hierarchy model is that the important information is kept only in higher levels on organization. By distributing the information, employees can more easily make even bigger decisions, which are in line with the organization's needs. (Martela & Kostamo, 2017)

The fifth element is the shared vision of the organization (Martela & Kostamo, 2017). Along with transparent information, the employees need a clear vision of where the company is heading in order to make the right decisions. When everyone's actions are in line with common direction, there is no need for coordination operation through rules and strict roles. The clear vision helps autonomous employees almost spontaneously align their actions and decisions towards same direction. (Martela & Kostamo, 2017)

The sixth quality is employees' fluid and constantly evolving roles (Martela & Kostamo, 2017). Instead of strict operation areas and tasks defined by the manager, employees can negotiate their roles and responsibilities with peers to fit in the current needs of the

organization. When autonomous employees see a need in the organization, they can assume that organization expects them to act on it. (Martela & Kostamo, 2017)

**The Definition of Self-Managed Organization**

<b>Lee &amp; Edmondson (2017)</b>	<b>Martela &amp; Kostamo (2017)</b>
1. The depth of decentralization <ul style="list-style-type: none"> <li>• Manager-subordinate relationship is fully eliminated</li> </ul>	1. Hierarchy is minimalized
2. The breadth of decentralization <ul style="list-style-type: none"> <li>• Authority is decentralized throughout the whole organization</li> </ul>	2. Everyone have freedom to do decisions
3. The orderliness of decentralization <ul style="list-style-type: none"> <li>• The decentralization of authority is clear and explicit for all</li> </ul>	3. Everyone have a voice in organization-level decisions
	4. Information is transparent
	5. Commonly shared organization's vision
	6. Employees have fluid and constantly changing roles

*Table 1. The Definition of Self-Managed Organization*

### 2.2.2 Enabling conditions

After defining SMO’s key elements, it is important to understand the other enabling conditions and restrictions of self-management. Firstly, even though the manager roles are eliminated in SMOs, Lee and Edmondson (2017) point out that it does not mean SMO are free from managerial work. In SMO the managerial tasks are distributed in a way that the roles are not permanent or vested in hierarchical rank. The distribution of the “managing” authority depends on organization and it can be invested through democratic processes by those who would be managed, or the authority could be constrained by clear boundaries and the authority can be only temporarily held. (Lee & Edmondson, 2017)

In fact, SMOs tend to need more leadership than traditional managerial hierarchies (Martela & Kostamo, 2017). When there are no traditional managers telling what to do, employee’s need to depend one another and everyone becomes a leader by not only managing themselves but also contributing to the peers’ activities. When leadership is no longer tied around certain individuals, employees learn to reflect and listen to each other creating “leaderful” organization (Raelin, 2011). At leaderful organizations, the leadership is directly tied to the jointly decided practices, and employees commit to one another to act accordingly towards the common goal.

Secondly, the sense of community and psychological safety are important factors in self-managed organization, as they make people wanting to contribute to the common good (Martela & Kostamo, 2017). To ensure this commitment, the organization cannot treat employees as commodity, rather the organization need to show their commitment towards the employees as well. When managerial hierarchy creates barriers between hierarchical levels via cultural signals or having different coffee and meeting rooms, SMO try to build mutual trust by getting rid of all signs of status hierarchies and creating possibilities for informal meetings between people from different divisions.

Thirdly, when discussing about self-management, the term autonomy becomes an important construction, as in addition to being one key element of self-maned organization, it is also salient in accomplishing highly skilled, complex and uncertain work (Mazamanian et. al, 2013). In this thesis, the autonomy refers to the freedom, independence and discretion what individuals have in their everyday work (Putnam et. al, 2014). Autonomy enables employee to exercise a degree of control over the content, timing, location and performance of activities (Mazamanian et. al, 2013).

Fourthly, in spite of all the defining elements of SMO, SMO's are still very bound to the organization in hand and usually they vary in how much authority and control comes from organizational structures as rules and formal roles versus from individual sources such as status, popularity and social influence. Differences can be found also in the degree how they utilize team-based and role-based structures. Decentralization extension also vary on the nature of the organization's strategy and work context. (Lee & Edmondson, 2017)

### 2.2.3 Theory leans on psychology

The theory of SMO lean on psychology and motivation (Martela & Kostamo, 2017; Deci et. al, 2017). When managerial hierarchy believed that human is passive and lazy by nature and therefore needs to be controlled and persuaded in organizations, SMO believes that humans are proactive and intrinsically motivated to succeed, thus fully capable of having responsibility and freedom at work. This mind-set switch is caused by world's

higher wellbeing and living standards, which drives individuals to fulfil their higher needs (i.e. social and egoistic needs) in Maslow's hierarchy of needs. (McGregor, 1960). McGregor (1960) argue that traditional management means, as direction and control, are useless in fulfilling these higher needs and thus inadequate in motivating contemporary employees.

Self-Determination Theory (STD) and intrinsic motivation provides an explanation to the effectiveness of SMO (Deci et. al, 2017). As SMO needs the employees to be proactive and independently making decisions about their everyday tasks, and actively seeking for relevant information in order to self-manage their action into right direction, employees need to be intrinsically motivated to reach the common goals. (Martela & Kostamo, 2017).

Deci et. al (2017) argue in their study of Self-Determination Theory (SDT) that motivation is key parameter in employee's performance and wellbeing, and the outcome is different with different motivation types. The motivation types are autonomous and controlled. Controlled motivation arises from external reasons, for example monetary compensation or avoiding feelings of guilt. Autonomous motivation in turn comes from within the person and gives impression that the activity is self-chosen and volitional. Autonomous motivation can be divided into intrinsic, which mean that the activity itself is rewarding and gives satisfaction, or integrated, which mean that the activity is connected with person's values that she feels deep need to perform. Multiple studies have shown that autonomous motivation, and especially intrinsic motivation, is linked with lower burnout rates, work exhaustion, and lower turnover, and also to greater work satisfaction, and higher work commitment and performance (Deci et. al, 2017).

Even though autonomously regulated activities are often intrinsically motivated, extrinsically motivated activities can also become autonomously motivating when they are engaged the right and authentic way. Deci et. al (2017) describes that "when individuals understand the worth and purpose of their jobs, feel ownership and autonomy

in carrying them out, and receive clear feedback and supports, they are likely to become more autonomously motivated and reliably perform better, learn better, and be better adjusted.” When motivation is controlled, the outcome from extrinsic motivation is more short-termed, decreasing performance and work engagement. (Deci et. al, 2017).

According to SDT, organizations should need to make sure that employees’ basic psychological needs are satisfied in order to make them experience autonomous motivation (Deci et. al, 2017; Martela & Kostamo, 2017). These needs are specified as universal necessities for people, and the satisfaction of these needs will lead to employees’ high-quality performance and psychological health. The first need is the need for autonomy, which means that the employees should have the sense of volition and that their actions feels self-chosen. The second is competence, which is about the sense of mastery and being able to accomplish something and develop one’s skills further. The third one is relatedness, the feeling of being in caring relationship and feeling a sense of connection with others. (Gagne & Deci, 2005). In addition, Martela and Kostamo (2017) have noticed that employees should also have a sense of beneficence. That means feeling of having a positive impact in the lives of other people.

### **2.3 The strengths of self-managed organization**

Overall, motivation theories underline that fostering employees’ higher social and individual needs by distributing power, decision-making rights and information, it will eventually have positive effect on organization’s result when employees are more willing to take responsibility over their work. Many studies from the field of organization and management supports this statement noticing that high employee autonomy increases intrinsic motivation and thus increases individual and team level task effectiveness and performance, organizational citizenship behaviour, creativity and satisfaction. (Lee et. al, 2018; Zhang & Bartol, 2010; Martin et. al, 2013; Langfred, 2000; Carson et. al, 2007; Deci et. al, 2017). Because of the lack of the research of fully self-managed organizations (Lee & Edmondson, 2017), I am focusing on studies of other less-hierarchical organizing



models, as self-managed teams and empowered leadership. These models base on the same ideologies as SMOs, (i.e. decentralization of power, autonomy and intrinsic motivation), and hence are applicable in exploring the strengths of self-managed organization

Firstly, prior literature suggests that job autonomy increases employee's job satisfaction (Kubicek et. al, 2017; Cohen et. al, 1994; Chung-Yan, 2010), and thus decreases the overall turnover (Richer et. al, 2002). Studies have found that members of self-managing teams have higher level of job satisfaction, personal development satisfaction, as well as social need and group satisfaction (Cohen et. al, 1994). In addition, Chung-Yin (2010) noticed that autonomy leads to higher job satisfaction especially in jobs which require high job complexity. Richer et. al (2002) provides explanation for this higher satisfaction by suggesting that intrinsic motivation supported by autonomy increase the feeling of competence and relatedness towards colleagues, thus increasing the satisfaction. Kubicek et. al (2017) noticed that autonomy might even have potential buffer effect towards the high job demands which usually characterise the high autonomy work.

Secondly, studies indicate that self-managed teams perform better in their tasks than traditional teams by providing higher productivity and quality. (Cohen et. al, 1994; Martin & Campbell, 2013; Pearce & Sims, 2002). Martin and Campbell (2013) compares teams under empowering leadership, where employees were given significant authority over their tasks, and more traditional directional leadership, where the manager held the authority, and noticed that even though both teams increased their core task proficiency during the study, only the team with empowered leadership was increased with proactive behaviour. As well, Pearce and Sims (2002) noticed in their study that empowered and autonomous teams were more effective than their counterparts were, where the leadership was built with hierarchical systems. Autonomous teams were better in coordinating the tasks and thus worked better as a team (Pearce & Sims, 2002; Martin & Campbell, 2013). Carson et. al (2007) adds that when team relies on multiple team members for support

rather than one leader, they performed better. Higher performance is shown especially in creativity requiring tasks (Carson et. al, 2007).

Thirdly, by removing the bureaucratic constrains and giving employees possibility to influence their work, employees are more encouraged to make initiatives towards the work and organization. When employees are given the possibility to participate, the feeling of meaningfulness and sense of ownership for work outcomes increases. As a result, employees are more likely to commit with activities, which are valuable to the whole organization. (Humborstad et. al, 2014)

Fourthly, studies have also shown that self-management has diminishing effect on absenteeism, which indicates that autonomy does increase the work morale and satisfaction. (Beckmann et. al, 2017). Even though self-managed employees tend to do a bit more overwork, the extra time spend at work is still productive, thus autonomy also increase the productive working time. What is more, study shows that intrinsically motivated autonomous employees were not bothered about extra hours, rather studies indicated joy and commitment to work, and high job-related aspiration levels. (Beckmann et. al, 2017)

Fifthly, self-managed organizations can answer market needs with greater responsiveness than their managerial hierarchy counterparts (Lee & Edmondson, 2017) as the organization can adapt the structures to variety of tasks and conditions (Langfred, 2000). When employees have the freedom and responsibility to not only make decisions regarding their work, but also develop the whole organization further, the evolution of the organization becomes faster and almost automatic. Employees are almost spontaneously inventing, testing and improving various solutions, and seizing upcoming situations and the most fruitful inventions can be easily adapted throughout the whole organization. (Martela & Kostatmo, 2017)

## 2.4 The possible drawbacks of self-management

Along the advantages of self-managed organizations, self-management can possibly bring out numerous challenges. Researches in organization design studies have noticed that the reality is more complicated than theory predicts. Yet, the research about the challenges in self-managed organizations is still in its infancy (Lu et. al, 2017; Lee & Edmondson, 2017). Drawing upon literatures in empowering leadership, self-managed teams and job-related autonomy, I posit that self-management can have unique drawbacks arising from high individual autonomy and low organizational structure (Putnam et. al, 2014; Cheong et. al, 2016; Langfred, 2000; Haas, 2010; Lu et. al, 2017; Olsson & Bosch, 2018). By giving the freedom and decision power to all, companies are increasing employees' wellbeing and efficiency and thus becoming more agile in answering to the changing market pressure. However, at the same time they are running a risk for increasing employees stress levels, weakening the team performance and complicating their own growth.

Next, I am presenting the prior research about the challenges what self-management might have. The challenges are divided in 5 different sections, which are cognitive overload and task efficiency, social isolation, other individual level challenges, challenges in team and interpersonal dynamics, and organizational-level challenges.

### 2.4.1 Cognitive overload and task efficiency

Self-management requires a lot from individual's cognitive actions (Nagel, 2010). Firstly, in order to self-manage, one needs to have high level of interpersonal skills and mental complexity to hold multiple concepts of power and authority simultaneously in her mind (Lee & Edmondson, 2017; Kegan, 1994). Employee should be able to identify herself what kind of tasks she needs to perform and with whom she needs to collaborate and how. In the end, excess amount of autonomy might lead to increase in cognitive load witch might end up to increased stress and even burn out.

Secondly, autonomy might increase cognitive pressure resulting decrease in performance. Langfred and Moye (2004) discovered in their study of the costs of autonomy that especially in complexity demanding tasks, the autonomous employee might suffer from cognitive distraction, thus the performance level may decrease, and the employee's strain levels may increase. Individual with high autonomy is engaged in more activities, thus she need process more information from various sources in order to succeed. When engaging with more work and decision-making can possibly increase cognitive interference and switching costs, when she needs to re-orientate her thoughts towards new issues. In the end, cognitive distraction and increased responsibility caused by increased autonomy might lead to job inducted tension and diminish the positive correlation of autonomy and task performance. (Langfred & Moye, 2004; Cheong et. al, 2016)

Thirdly, the endless variety of alternative solutions in self-managing work can become a burden to individuals (Iyengar & Lepper, 2000; Nagel, 2010) making decision-making harder (Kubicek et. al, 2017). The opportunity costs associated with every decision made and attached fear of regretting the decision might become overwhelming to autonomous individuals, resulting in that individuals can no longer make rational decisions (Nagel, 2010). Iyengar and Lepper (2000) support this in their study. They noticed that against to common belief that more choices would be more intrinsically motivating, they noticed people perform better when they have only limited set of possibilities from which to choose from. The increased responsibility and the ambiguity of the decisions might require high cognitive regulation, and especially under time pressure, it might be hard for individual to recover. This may have its effects on employees' wellbeing and also harm their motivation. (Kubicek et. al, 2017).

#### 2.4.2 Social isolation

Extensive autonomy might cause individual and team isolation ending up decreasing performance. Firstly, Haas (2010) suggest that autonomous teams may suffer inefficiency because of isolation from their environment. The team might feel that the efforts spent with "the outsiders" (i.e. others that team members) is just a waste of time and the team

might end up having “not-invented-here” syndrome where the team becomes unwilling to adopt ideas from the outside. Eventually this might lead to slowed down project and decreased innovation ability. (Cohen & Bailey, 1997; Haas, 2010).

Secondly, autonomy might have drawbacks in interdependence and coordination requiring tasks due to individual’s isolation as well (Langfred & Moye, 2004). Highly autonomous individuals may perceive high team coordination as detrimental to their autonomy, thus the individual might hold on to the freedom tightly and do not cooperate as needed. Yperen and Renkema (2008) adds that especially highly performing individuals do not necessary want to contribute, if it may facilitate others’ success over their own. Individual’s isolation jeopardizes not only team’s tasks but also other individuals’ performance as well, especially if others might need help in their task completion. The challenge might have negative effects on communication, cohesiveness, and performance. (Baltes et. al, 1999; Langfred & Moye, 2004).

### 2.4.3 Other individual level challenges

High autonomy has noticed to invoke surprising paradoxes. Firstly, self-management might increase overwork and, paradoxically, feeling of lack of freedom. Researchers in management study have found tension between individual autonomy and control called the autonomy paradox. It means that the more autonomy the employees have, the more intensively they are working. By putting more hours to work, they are feeling more constrained by the work and thus feeling that the organization is controlling their lives (Putnam et. al, 2014; Mazamania et. al, 2013). This paradox is also known as corrosive effect of flexible work (Putnam et. al, 2013) as instead of decreasing the organizational control, the autonomy increases it. This is shown especially with professionals, as they are on call even when the workday is over. Overworking might be result from worrying about one’s professional reputation (Evans et. al, 2004), externally-set deadlines (Kubicek et. al, 2017), or worry about colleagues’ performance (Mazamania et. al, 2013). The collective overworking may shift the norms of how work is and should be in the organization, ending up creating informal company culture that idealizes overwork

(Mazamania et al., 2013). This may cause blurring the line of work and leisure (Golden & Geisler, 2006), increase the feeling of being trapped (Mazamania et al., 2013), and decrease the employees wellbeing (Kubicek et al., 2017).

Secondly, self-management might provoke unethical behaviour (Lu et al., 2017). Lu et al. (2017) noticed that even though autonomy increased satisfaction and creativity, it simultaneously increased unethical behaviour. Intrinsic motivation and freedom may tempt individuals to feel that they are unconstrained by rules and they can act according to their own interests. This unethical behaviour might be shown as lying about work hours, slacking off, and abusing organization's resources to benefit oneself. However, autonomy acts here more as an enabler than motivation. Employees who see greater importance of having autonomy, may feel less tempted to abuse the freedom in contrast to those who do not value autonomy. (Lu et al., 2017)

#### 2.4.4 Challenges in team and interpersonal dynamics

Autonomy does not automatically lead to positive performance both in individual and team level. Firstly, studies suggest that autonomy correlates positively with performance rather with more permanent work teams than with project teams (Cohen & Bailey, 1997). However, researchers have not yet found out why autonomy does not indicate increased performance with more temporary teams. One possible reason for this is that these project teams, which are typical for contemporary knowledge intensive work, consists of professionals whose occupational interest and motivations lies in other tasks than in project work (Cohen & Bailey, 1997). This may lead to neglecting the communicational and collective aspects what are related to project work.

Secondly, high autonomy teams may have troubles with peer monitoring. Langfred (2004) found in his study that in autonomous teams, where the trust is high, there is only limited or insignificant amount of peer monitoring. This situation might provoke free-riding issues and end up decreasing performance and increasing individuals' workload (Langfred, 2004). On the other hand, studies have shown that self-managed teams often

increase the control over individual members by intensifying the work and setting rules for each other. In this study, the examined team members perceived that the freedom decreased, and team members have become judgmental. However, they also saw that the disciplinary pressure is essential to efficient working. (Mazamania et. al, 2013).

Thirdly, individual autonomy correlates negatively with group cohesiveness (Langfred, 2000; Baltes et. al, 1999). When an individual employee becomes more independent, the interaction with group members decreases. Because of lack of contact with group members, the group cohesiveness may not even develop at all. (Langfred, 2000).

#### 2.4.5 Organization-level challenges

Firstly, high autonomy might lead to harming organization's strategic and operational effectiveness and scalability (Haas, 2010; Olsson & Bosch, 2018; Lee & Edmondson, 2017; Velinov et. al, 2018). Olsson and Bosh (2018) noticed in their study that fully self-managed teams without strategic guidance run the risk of being isolated and investing too much effort to subsidiary matters rather than driving business value. The teams might easily end up optimizing local business without understanding the whole organization's interests. Haas (2010) supports the previous findings by adding that fully autonomous business units may become risky for the company. Units that are able to do independent decisions may overlook or resist courses of actions, which would be beneficial for whole business but harmful for the unit itself (Haas, 2010). SMO's are noticed to work better in smaller organizations where everyone knows each other and the organization is not yet too complex (Olsson & Bosch, 2016; Burtton et. al, 2017; Velinov et. al, 2018).

Secondly high autonomy may decrease innovation ability. Olsson and Bosh (2018) noticed that it might become a challenge for organization to get the fully autonomous teams to continue to innovate and suggest improvements when team are successful, and the business goes well. Usually the teams are designed to optimize certain metric and key performance indicators, and if everything is well these fully autonomous teams might go into "maintenance mode". (Olsson & Bosch, 2018).

### The Possible Drawbacks of Self-Management

<b>Cognitive overload and task efficiency</b>	
Heavy cognitive requirements	Nagel (2010); Lee & Edmondson (2017); Kegan (1994)
Cognitive distraction	Langfred & Moya (2004); Cheong et. al (2016)
Cognitive opportunity cost	Iyengar & Lepper (2000); Nagel (2010); Kubicek et. al (2017)
<b>Social isolation</b>	
Team isolation	Cohen & Bailey (1997); Haas (2010)
Individual isolation	Langfred & Moya (2004); Yperen & Renkema (2008); Baltes et. al (1999)
<b>Other individual challenges</b>	
Autonomy-control paradox	Putnam et. al (2014); Mazamania et. al (2013); Evans et. al (2004); Golden & Geisler (2006)
Increased unethical behavior	Lu et. al (2017)
<b>Challenges in team and interpersonal dynamics</b>	
Autonomous project teams might suffer from lower performance	Cohen & Bailey (1997)
Challenges in peer monitoring and freeriding	Langfred (2004); Mazamania et. al (2013)
Decreased group cohesiveness	Langfred (2000); Baltes et. al (1999)
<b>Organization-level challenges</b>	
Local optimization instead of driving business value	Olsson & Bosh (2018); Haas (2010); Burton et. al (2017); Velinov et. al (2018)
Decreased innovation ability	Olsson & Bosh (2018)

Table 2. The Possible Drawbacks of Self-Management

## 2.5 Summary of literature review

Even though self-management is not a new way of organizing, only recently it has captured the interests of companies and organizational researches. The current trends of contemporary world (i.e. globalization and digitalization) are disrupting the markets, and companies have discovered that self-managed organization model suits better than traditional managerial hierarchy model in navigating in ever-changing surroundings.

Self-managed organization (SMO) is defined by systematic and radical decentralization of power throughout the whole organization (Lee & Edmondson, 2017). Even though SMOs can vary between organizations, Martela and Kostamo (2017) have found 6 key elements which characterize self-managed organizations. The elements are minimum hierarchy, employees' decision-making freedom, everyone's involvement in organization level decisions, transparent information, commonly shared organization's vision, and employee's fluid roles.



The idea of self-management is based on Self-Determination Theory (SDT) (Deci et. al, 2017, Martela & Kostamo, 2017). According to SDT, there are two types of motivation, autonomous and controlled. From these, the autonomous motivation is the key in self-management, and it is linked with better performance, and higher wellbeing and work satisfaction. The secret behind the autonomous motivation is that when individual is autonomously motivated towards the task, the activity feels self-chosen and individual feels strong urge to perform. Therefore, organizations should invest in fostering individual's autonomous motivation by providing autonomy and freedom for employees to execute their tasks. (Deci et. al, 2017, Martela & Kostamo, 2017)

The prior literature supports the Self-Determination Theory by suggesting that autonomous employees have greater job satisfaction (Kubicek et. al, 2017; Cohen et. al, 1994), autonomous teams and individuals have better performance (Cohen et. al, 1994; Martin & Campbell, 2013; Pearce & Sims, 2002), autonomous employees experience higher organizational citizenship (Humborstad et. al, 2014), autonomy increases work moral (Beckmann et. al, 2017), and lastly, autonomous employees help the organization to answer faster to the market needs (Lee & Edmondson, 2017).

Despite variety of positive aspects of self-management, self-management can also bring about numerous unexpected challenges. Even though the research in self-managed organizations is still in its infancy (Lee & Edmondson, 2017), researchers around related phenomenon have noticed several drawbacks for autonomy. Firstly, self-management requires high cognitive complexity, thus it may slow down individual's decision-making and increase work-related strain (Nagel, 2010; Lee & Edmondson, 2017; Kegan, 1994; Langfred & Moye, 2004; Cheong et. al, 2016; Iyengar & Lepper, 2000; Kubicek et. al, 2017). Secondly, high autonomy might lead to social isolation both in individual and team level resulting in decreased performance and increased stress levels (Cohen & Bailey, 1997; Haas, 2010; Baltes et. al, 1999; Langfred & Moye, 2004; Van Yperen & Renkema, 2008). Thirdly, high autonomy might decrease paradoxically the feeling of being in control (Putnam et. al, 2014; Mazamanian et. al, 2013), and provoking unethical behavior

(Lu et. al, 2017). Fourthly, autonomy might create challenges in team and interpersonal dynamics (Cohen & Bailey, 1997; Langfred, 2004; Mazamania et. al, 2013; Langfred, 2000; Baltes et. al, 1999). Fifthly, high autonomy might lead to harming organization's effectiveness and growth (Haas, 2010; Olsson & Bosch, 2018; Lee & Edmondson, 2017; Burton et. al, 2017).

In this chapter I have investigated the literature around self-management. Next, I will dig deeper into the research design and methodology, and also introduce the case company.

### **3 Research design and methods**

In this section, I will clarify the chosen research design and the methods used to conduct this thesis. Firstly, I will set the basis of this research by shortly going through the research process and introducing the research project where this thesis is originating from, following the introduction of the case-company. After I have presented the basis of this research, I will go deeper into the research design by justifying my decisions regarding the research methods. In the third part, I will go through the data gathering following with data analysis in the fourth part. Finally, I will review the trustworthiness of this study and address the ethical concerns.

#### **3.1 Research background and timeline**

This thesis process started in February 2019 when I was sitting in the coffee house with my friend. That friend was expressing heavy concerns about the knowledge gap that his colleagues will leave behind when leaving the company and eventually we ended up discussing about the problems in self-managed organizations, which today is more and more common way to organize work. Few days had passed after the meeting when I happened to find an article from newspaper about one research group who just got funding for their research project regarding similar issues that me and my friend had discussed upon. The group's name was MODE, which is an abbreviation from Minimalistic Organization Design. Their topic was focusing on self-managed organizations and one of the researchers was my professor in Aalto University. Week after that I had a meeting with that professor, and we agreed that I will join the research project as a one of the master's thesis workers among with six other students.

The research itself started later in spring 2019. Although the co-operating organizations, which would be participating to this MODE's large-scale research project, were already decided, I had a vote in deciding which one of those organization would become my case company. My original interest was in knowledge work organizations, hence I asked to have consultancy company. The case company, Futurice, is a representative case, as it

captures conditions of self-managed organization (Farquhar, 2012; Lee & Edmondson, 2017; Martela & Kostamo, 2017). I chose to conduct my study in a self-managed organization focusing on knowledge work, as I determined that this context would best yield rich data about the challenges of self-management in contemporary organizations. I will be introducing my case company, Futurice, in its own section.

Interviews started in April and ended in the end of June. In the spring I also drafted my research plan and formulized my initial research question, focusing on the challenges in self-managed organizations. During the summer of 2019, I finalized all the transcripts and started to analyse the data. However, I did not manage to finish the thesis before fall, when I started working full-time in another self-managed consultancy company. This thesis was somewhat on hold until the end of the year 2019. In the spring of 2020, I finally was able to take some weeks off to continue the thesis projects and conclude it in summer 2020.

Although I did my thesis in co-operation with the case company Futurice and research group MODE, the thesis was not done as a commission nor did I work as an intern. However, the transcripts from interviews were sent to MODE and I did get compensation for them.

### **3.2 Minimalistic Organizational Design**

This thesis is partially done as a part of a large-scale research group called Minimalistic Organization Design (MODE). The collected data and the interview transcripts that I used in this thesis are also used by MODE researchers in their research. However, this thesis is independent, thus it is not part of the MODE research.

Minimalistic Organization Design (MODE) is Business Finland funded research group who studies self-management as a phenomenon. This group consist of 5 researchers and 7 master's thesis workers from different Universities in Finland (Aalto University, Haaga-Helia University of Applied Studies and University of Tampere). The project

involves also 7 different organizations, which are Debora, JCDecaux, Metso Minerals, Vastuu Group, Telia, Futurice and Reaktor. Futurice and Reaktor have also their own product development interests along with this project. (Minimalist Organizational Design Project, 2019). Because of Futurice's own further internal research interests, the anonymous transcripts from interviews were also send to Futurice.

### **3.3 Futurice**

Futurice is global digital consultancy company that has its origins in Finland. The company was founded in 2000 in Helsinki. In summer 2019, Futurice works in 5 different countries (Finland, Sweden, Norway, Germany, and Great Brittan) and 8 offices located in Helsinki, Tampere, Stockholm, Oslo, Stuttgart, Munich, Berlin and London. Futurice has more than 500 employees in the field of strategy, design and software engineering. The main focus of the company is within designing and developing digital services for its clients.

The organization is built on tribes and competence units. Tribes are somewhat independent units with their own business goals. Helsinki office have multiple tribes, but other offices forms one tribe per office. However, employees can move between the tribes and jump on projects freely regardless of the tribe borders. Competence units holds an idea of collecting the competence, such as strategy, design, data or software, to one support group. One employee belongs thereby to one tribe and at least to one competence unit. Futurice does not have permanent teams, but rather has temporary working teams that are created by needed competence pre client project. Although Futurice has supervisory roles, the supervisors do not hold authority over the subordinates. The role of the supervisor is more of looking after the organization-wide picture, coatching and mentoring their subordinates and looking after the tribe's business. (Personal discussions with Futurice's employees, 2019)

Futurice has decentralized the power throughout the whole organization. There are no traditional command-control chains, but rather the individuals have strong autonomy over

their work and other work-related day-to-day functions. Employees are given complete trust and they all have the company's credit cards. Despite of full autonomy, Futurice guides employees' decision-making with decision-making model, which ensures the transparency and understanding of the big picture. The model is called 3x2, and it means that employees need to pay attention to people, customers, and numbers related issues both now and in the future in their decision-making process. (Futurice, 2018)

All people working in Futurice have access to all the data in the company that is legal to share. Futurice believes that when people have the information needed, they can do better decisions. In Futurice, transparency is two-way road and based on good communication. Employees are expected both seek and ask information but also push out information for others to find. (Futurice, 2018)

### **3.4 Research design**

#### **3.4.1 Research philosophy**

This study aims to create more understanding about self-managed organizations and the challenges that they might have. In order to gain deeper understanding about the issue, I need to focus on the experiences of the people working in a self-managed organization. For this purpose, the qualitative research method is the most suitable ground to start building this research (Eskola & Suoranta, 2008; Puusa & Juuti, 2020), as that gives possibility to place more emphasis to the perspectives of phenomenon's insiders (Lapan et. al, 2012), in this case Futurice's employees.

Especially in qualitative research the researcher's world view plays essential role in how the research is considered among the research community (Puusa & Juuti, 2020). Researcher always has various kind of assumptions and intuitive deductions, which will lead the research onward (Eskola & Suoranta, 2008). These cognitive perspectives are called scientific philosophical frameworks or paradigms, and are most typically divided into ontology (study of being) and epistemology (study of knowledge) (Farquhar, 2012).

For the ontological view, I posit that I have constructive ideographic perspective, which build on to an idea that world is a socially constructed and can be understood by examining the perceptions of actors (Farquhar, 2012). My epistemological stance slopes towards interpretivist. That means that as a researcher, I prefer a closer engagement with the research phenomenon (Farquhar, 2012). I am not a detached observer, even though I try to have as objective role as I can, but in the end, my findings are always my interpretations from the interviews and the interviewees' answers are their interpretations from their perspective. This kind of world view that I have is typical for qualitative research (Farquhar, 2012), where the reality is continuously created in intersubjective interactions (Slevitch, 2011).

#### 3.4.2 Single-case study

I conduct this thesis as single case study. Like Farquhar (2012, p. 5) argues in his book of *Case Study Research for Business*, “a case study is an empirical inquiry, that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”, I see that self-management is bound to organization's culture and the industry where the organization operates, thus the phenomenon is difficult to separate from the organization. Due to self-management's intertwined nature, the study calls for deeper exploring than what case study is usually used for (Lapan et. al, 2011).

The intertwined character between phenomena and context creates the value that a case study has for business. Because of the natural settings used, the results give insight into how the phenomena actually occur in real-life and the theory can be generated from the thick understanding of the actual practice (Farquhar, 2012). In addition, the novelty of self-managed organizing in contemporary corporate life and the scarcity of the academic research about this topic (Lee & Edmondson, 2017), it is relevant to increase the knowledge about the phenomena in real-life context, thus case study research is a suitable method. (Eisenhardt, 1989)

Central feature of a case study is that the researcher builds the research around one or several cases (Erikson & Kovalainen, 2015). This means that the research question is formed to understand the topic in hand from the point of view of that particular case or cases. Due to the previously explained factors about the complexity and novelty of the studied phenomenon, it is justifiable to conduct the study as a single case study (Puusa & Juuti, 2020). Self-management's challenges can be very subjective and context-dependent, thus a single case study is perfect for understanding how the phenomenon occurs within the Futurice context.

Case study research can be used both in qualitative and quantitative research. When using case study especially in qualitative orientation, it is more like a research strategy rather than a method. (Erikson & Kovalainen, 2015; Farquhar, 2012) Distinction between qualitative and quantitative method can be seen in different orientations in case study research, which are extensive and intensive case study. Extensive case study is used more in quantitative research traditions. In this orientation the case is used instrumentally when exploring phenomena and the purpose is to map patterns and mechanisms in order to develop or test theory. Intensive case study on the other hand is based on more qualitative traditions and it aims to understand the unique situation within its context. (Erikson & Kovalainen, 2015) As this thesis pursue to perceive the challenges in self-managed organization via qualitative data, I can say that this research is a intensive case study.

Intensive case study holds the ideas of contextualized, holistic, and thick description (Erikson & Kovalainen, 2015; Lapan et. al, 2011). This means describing specifically the situation and its surroundings, more specifically being explicit about research design, data gathering and connections between data and conclusions. The aim is to encapsulate the reasons behind rich and complex details of the case. This happens via interpretation by the researcher. (Erikson & Kovalainen, 2015)



### 3.5 Data collection

The data was gathered by interviewing case company's employees. Interviews are a common method in qualitative case study research due to their nature of capturing rich, empirical data (Puusa & Juuti, 2020). Particularly it is suitable method when the phenomenon is unknown and complex as interviews will generate deep and multifaceted information. (Eisenhardt & Graebner, 2007; Hirsijärvi & Hurme, 2008)

Eskola and Suoranta (2008) present that the interviews can be sorted to various categories after the rigidity of the interview design. The interview method that I used in this research is called semi-structured theme interviews. In this kind of interview the questions are divided into various predestine themes and the open-ended questions are formalized to be similar for all interviewees, but the interview situation and interviewee's view determines the emphasis of the themes (Eskola & Suoranta, 2008). This interview category gives freedom to the interviewer to flex and ask questions off the interview guide in order to gain deeper understanding about the interviewee's perceptions. At the same time, there is structure to follow, hence the interviews are comparable with each other. (Puusa & Juuti, 2020)

The interview guide (Appendix 1) was made by the MODE's researchers in co-operation with the case companies. The guide included open ended questions about themes of self-management, power and decision-making, management and organization, information, and well-being. MODE and the case company also selected the interviewees beforehand. They used theoretical sampling (Puusa & Juuti, 2020) to capture as diverse views as possible and find persons who are willing and capable of sharing their experiences and knowledge. Hereby the data will cover the studied issue as good as possible (Puusa & Juuti, 2020).

Interviews were held by me and one researcher from MODE. This researcher is also working for the case company. We divided our interviewer roles. I was the main

interviewer managing the interview situation and going through the interview guide, and his role was to observe the situation and add some new, specifying questions if something interesting came up. As the interviews are social interaction situations, the participants' joint history, possible tensions, and hierarchical positions may affect to the outcome (Alastalo & Åkerman, 2010). As my co-interviewer already knew almost every interviewee, we decided that I would be the one leading the situations, so the possible effect of familiarity between the interviewee and my co-interviewer would be decreased. In the beginning of the interviews I was a bit sceptic about whether interviewees will give their honest opinions because of their colleague being on the same room, but along the interviews my scepticism faded. The interviewees seemed to be honest and did describe freely also the challenges what they faced.

In total 22 interviews were held between April and June 2019, and the interviews lasted on average an hour per each. All the interviews were recorded and transcribed. I also kept a diary capturing the essence of the interviews in case MODE would need to understand the true tone of the interviews. The chosen sample for this thesis was decided after all the interviews were held. The sample size what is used in this thesis is 14 interviews and it consists of all of the manager level interviews. In qualitative research, especially in intensive case study, it is typical to emphasize quality rather than quantity of the data as the study aim to explore and understand the uniqueness of the case rather than produce generalized knowledge (Erikson & Kovalainen, 2015; Farquhar, 2012). Therefore, I chose to take only all the manager interviews because they had deeper and broader understanding about the challenges compared to the basic level interviews. In addition to quality, the data saturation is important aspect in data gathering (Puusa & Juuti, 2020). Even though I chose to take all manager interviews to gather as broad views as possible, I noticed that the last interviews did not give that much new aspects anymore.

From the chosen sample, 50% of the interviews were in English and the other 50% in Finnish. The interviewees were from various offices around Europe, thus some of the interviews were conducted via Google Hangouts. As Futurice is a global company and

has similar culture and norms in every office, and especially the manager level employees are continuously working together despite their geographical separation, it is justifiable to have interviewees from different offices to get the full picture.

### **3.6 Data analysis**

The data analysis method used in this study was thematic analysis. Thematic analysis is one of the most used data analysing method in qualitative research, as it is good in examining the perspectives of interviewees, thus generating unanticipated insights (Nowell et. al, 2017). The core in thematic analysis is interpreting the gathered data and formalizing it to identified themes, thus generating compelling description about the studied phenomena. As in qualitative research in general, by conducting the data analysis via thematic analysis, the researcher becomes the instrument for analysis, by making judgements about coding, theming, and reconstructing the data. (Nowell et. al, 2017) In the end, the analysis is socially constructed between the interviewees, researchers, and the phenomena. (Puusa & Juuti, 2020)

In thematic analysis, the analysing is flexible and iterative process where the researcher is re-interpreting the codes and the themes after shaping them (Nowell et. al, 2017). Nowell et. al (2017) identified 6 different phases in data analysing process. First, the process starts from familiarizing the data. Secondly, the process continues with first formulating the initial codes. Third phase is composing the codes into relevant themes. The fourth phase include reviewing the formulated themes to make sure that all the essential information from the data is covered. In the fifth phase the themes should be named according manner and the sixth phase is producing the report with thick descriptions. (Nowell et. al, 2017). Next, I am going to describe how the analysis of this thesis was conducted using the 6 analysing phases from Nowell et. al (2017).

As in the first phase of Nowell et. al's (2017) data analysing process, I started to reflect the information gained from the interviews from the first interview onwards and by carefully transcribing the interviews, the overall message from the interviews started to

build up. With this data gathering phase, I wrote down ideas and reflective questions for myself about the topic in order to understand the big picture and the atmosphere of the data. In this first phase of data analysing in thematic analysis, this deep diving into the data is important in order to familiarize myself with the extent of the content (Nowell et. al, 2017).

In the second phase, I started to generate the initial codes after firstly exploring the depth and breadth of the data. I started with reading through the transcripts one by one and drawing separate mind-maps for every transcript about what could be the dark sides of self-managed organization. From these mind-maps I started to craft codes, which I eventually combined in new bigger mind-map. During the formulation of the codes, I frequently revisited the transcripts and notes in order to be sure that I will capture the right emphasis from the interview.

When the codes were identified and initially collated, I started the third phase by searching for the themes. At first, I recognized 14 different categories from the codes, but after few iterations, I was able to narrow the themes to three different entities. The themes were generated inductively from the data (Nowell et. al, 2017). When I was ready with my initial themes, it was already the end of the summer 2019 and I started working full time in one self-managed consultancy company and due to this, the thesis project was unfortunately slowed down for a few months.

After returning to work on with the thesis, I needed to start recollecting the data. This recollecting acted as the phase four in Nowell et. al's (2017) data analysing process as I needed to review both the codes and the themes. I went through again all the transcripts and my notes as well as the codes and the themes done during the summer. This added one iteration round to my analysis process, which typical in thematic analysis (Nowell et. al, 2017). Even though a small break did slow my thesis project, it helped me to see my data with fresh mind. In addition, as my theoretical sensitivity (Puusa & Juuti, 2020) has

increased due to working in self-managed organization and reading the related literature, I noticed that I needed to recategorize the codes into new themes.

The fifth and the sixth phase occurred in parallel, as I started to work on with the findings report. The theme names and categories sharpened during the writing of the report and based on the feedback of my thesis supervisor I was confident that the themes had all the relevant information.

### **3.7 Establishing trustworthiness**

In this section, I will suggest the evaluating criteria for this study. Erikson and Kovalainen (2008, p.291) distinguish three different way to evaluate qualitative research. The first is adopting the classical criteria, which is originally based on quantitative research methods. However, the traditional metrics of validity and reliability does not necessary fit for every qualitative research (Puusa & Juuti, 2020). Second is more common way to evaluate qualitative research, and it is based on “trustworthiness” of the research. It contains four angles: credibility, transferability, dependability and confirmability. (Guba & Lincoln, 1985; Erikson & Kovalainen, 2015; Farqurah, 2012). Lastly, Erikson and Kovalainen (2015) suggest that especially researchers from post structural stance should abandon the idea of common evaluation criteria and lean on to plurality and indeterminacy. Taking this study’s onto-epistemological stances into consideration, this research should be evaluated with the second adoption, which is establishing trustworthiness via criterions of credibility, transferability, dependability and confirmability (Erikson & Kovalainen, 2015; Farqurah, 2012).

First criterion is credibility. The study report should clearly show researcher’s familiarity with the topic and link the study’s findings with reality in order to demonstrate the truth of the findings. Familiarity of the topic is demonstrated by conducting extensive literature review, which examines the phenomenon from various viewpoints. To demonstrate the fit with phenomena and reality, the data was gathered from representative case (Farquhar,

2012). In addition to establishing credibility, the results of the study should be credible or believable from the perspective of the participant in the research. (Guba & Lincoln 1985; Shenton, 2004; Nowell et. al, 2017). In this thesis I used member-checking technique (Shenton, 2004). All the interview participants have had the possibility to go through their interview transcripts and have been explicitly asked to verify the transcripts. In addition, after analyzing the data, I shared the findings and conclusions with the second interviewer as the representative of the case company allowing to Futurice to comment and clarify possible errors.

Second criterion is transferability. This criterion refers to the degree of similarity with prior literature and to the degree to which the results of the study can be transferred to other context or settings. However, in qualitative research the generalization is usually impossible because all findings are always defined by the context in which they occur. Thus, researcher should focus on offering sufficient information about the research context. (Shenton, 2004; Guba & Lincoln, 1985; Nowell et. al, 2017) I established transferability by carefully describing the research context and the central assumptions throughout of this study, and by introducing similar studies in literature review.

Third criterion is dependability, which constitutes that the research process should be logical, traceable, and documented. The dependability criterion is tightly tied with the credibility, meaning that strong demonstration of credibility helps ensuring the dependability of the study. The research process should be documented in detail, and thus enable other researchers to repeat the study in future. The explicit description also helps the reader to develop deeper understanding about the study. (Shenton, 2004; Guba & Lincoln, 1985; Nowell et. al, 2017). In this thesis, the dependability is confirmed by precise description of research design and implementation, as well as detailed review of research process.

Fourth criterion is confirmability, which refers to the degree to which the results could be confirmed to be research participants' experiences and ideas, rather than researcher's

preferences. Researcher should disclose her predispositions and explain carefully the made decisions. Such as in other criterions, establishing confirmability requires detailed methodological description. (Shenton, 2004; Guba & Lincoln, 1985; Nowell et. al, 2017). Shenton (2004) describes this description as “*audit trail*”. In this study, I used *data-oriented audit-trail*, which means that the reader can follow the research process step-by-step from data gathering to the formation of recommendations by reading this study.

### **3.8 Ethical concerns**

In this section, I will describe the steps I took to ensure that this study is conducted ethically. Breiser (1995) notes that the relationships between researcher and participants in qualitative research are more likely to be meaningful relationships and not merely participation contract. In interviews, participants may share their insightful and meaningful thoughts and feelings, which could also cause harm and pain if not handled carefully. (Breiser, 1995). In addition, as I use the single case study method in this research, and the case company is non-anonymous, I feel responsibility also to take care of the ethical aspects concerned to the case company itself.

Firstly, the interviewees were given anonymity and authority to control the input what they gave in the interviews. In the very beginning of the interviews, I told interviews about the study’s process and asked their permission to record the interview. Before starting the interview, I also let the interviewees know that they had full right to stop the interview or withdraw something they said in any given point of the interview situation. In addition, the interviewees were automatically anonymized, and interviewees got their interview’s transcript in order to give interviewees an opportunity to correct possible misunderstandings from the interviews. Every interviewee also gave their permission to use citations in this study.

Secondly, the gathered data and other data related documents are kept safe. All the anonymized materials from interviews, i.e. recordings, transcripts and notes, were sent to MODE’s secure information bank. The needed copies of the materials used in this thesis

however are kept in my own safety folder. All the confidential information is encrypted, and the codes are stored in different place than the main material. After this thesis is approved, I will delete all the interview material what I have.

Third aspects concern about the case organization Futurice. In the beginning of the research process, I signed the non-disclosure agreement with Futurice and the findings of this study are showed to Futurice and also approved by Futurice before submitting. Futurice gave the permission to disclose the identity of the case organization, and I want to use this opportunity to underline the Futurice's courage to show the challenges that they face to benefit larger audience who might face the similar challenges.

In this chapter I have presented the research methods used in this thesis, described the research process itself, and reviewed the trustworthiness and the ethical concerns of this thesis. In the next chapter I will present the empirical findings.



## 4 Empirical findings

In this section, I am first presenting the findings from the interviews and then reflecting those with the current literature. All in all, the interviewees were satisfied with the self-management, and they embraced the possibilities and freedom that it enables. At the same time, the interviewees told that they have noticed that self-management does not come without challenges.

*It (self-management) means that there is not that much given guidance what we are doing, what should we do and how to do it. And that is good thing like 90 % of the time, but the 10% of the time... it can be misused in a way that the support is missing entirely. If you don't go actively go asking for it." (12)*

I have divided the findings into two different categories. Firstly, I will present the task related challenges. More precisely on the employees' difficulty in defining their tasks and roles, overworking challenges, issues in information transparency, and challenges in decision-making. Secondly, I will present the challenges that are associated with psychological and relational aspects. I will be concentrating on lack of helping and citizenship behavior, lack of cohesion, free-riding issues, conflicts, and the lack of shared understanding.

### 4.1 Task uncertainty

Autonomy creates challenges for individual efficiency and may lead to inefficient use of valuable resources such as time and energy. These challenges are associated with the employee's everyday tasks and are divided into four categories, that are vagueness of the tasks, overworking, information overload, and decision-making.

#### 4.1.1 Vagueness of the tasks

At Futurice, there are neither traditional roles and strict role descriptions nor traditional supervisors and formal processes to place the employees into certain mould. This is one

aspect that interviewees value as this organization flexibility gives freedom to employees to build up a career and skills that they want and need. The flexibility also enables the organization to adapt faster to market demands when employees can adjust their actions to respond to the needs of organization. However, this obscurity might lead to negative outcomes, as employees are searching for their place in the organization.

*“This is the question that I’m encountering the most (from leading position), that people come to me and say, actually, I don’t know what my role here is, what people actually expect from me. And what are my responsibilities. This is the biggest, by far the biggest communication part that I have with people in the organization. So, finding their place within our organization is super difficult and also, I had the same thing, when I started. --- It’s, yeah, it’s.... you can do so much. On the one hand, you can be involved in so many different things, that it can be quite overwhelming. And then you lose the perspective, you lose your orientation, you lose the focus. That happened to me at least, and a lot of people share similar things, soon as I start sharing it, it’s so difficult to really say, okay, I will focus on these three things, on these three internal initiatives. And on these two client projects, that is enough, I have enough on my plate then and not say, oh, there is this other thing I could do. And this is needed. I can also do that... In a certain point, I was really juggling with way too many things. And I needed to reconsider my whole strategy around how to self-manage and how self-organize as well. So, I think it’s a constant struggle that people have, or some people might have.” (17)*

Interviews build a picture that not having clear roles is stressful. Not having clear and specified tasks and roles might increase the amount of individual’s work when their colleagues do not know the individual’s role, and thus are asking to do varying set of things. Interviews revealed that people perceive others and their roles based on who they are, what they do currently, and what have they done in past. When there are no clearer

roles for people, then a lot of understanding about those roles and tasks happens in the minds of the people around the individual.

*“When I started in this position, other people had different thoughts about what I do and then I always needed to clarify that no, I don’t do that, that I actually do only this. But eventually at some point I gave up and said that okay, I do what is needed and then suddenly that responsibility area expanded, and I was left thinking what is happening.” (5)*

For the individual to find their place and role, they should also define some goals for themselves. Interviewees underlined that goal setting is important. Employees should know what is expected from them, and employees should mirror their decisions based on those issues that will help to push organization forward. All the same, interviewees described that even though goals are important, those need to be set by the individuals themselves. No interviewee told me that they get help in goal setting, and no-one described how they would help others set the right targets for their work. However, some of them did describe that in the end it should be supervisor’s responsibility to check that the goals are set.

*“But I would say that, for example, my supervisor does not define those by any means. It might be that I will sometimes discuss about the goals with the supervisor, but that is quite rare. That could be one thing that should be better that those personal goals would be discussed more. But on the other hand, I have quite good understanding of where the company is going, so it is not a big issue.” 12*

People have various possibilities and usually employees are excited and passionate about starting some project, whether it is client project or internal project. All the same, the freedom with not that much support may lead to organizational ineffectiveness and individual stress and potential burnouts, as people are eager to start doing and no-one is

there to remind them what is necessary for individual growth, career progress, and the company success.

*“When people join Futurece, we very often say that one of the benefits or the good things about what we do is you decide on which, you know, in a way you decide which projects you want to be involved. You can pick those that you want, which is great. On the other hand, it's very difficult for people to do the right kind of picking into the right kind of selection, if they do not know what it means for them to make that decision. So, for example, very often people think it's their responsibility to use their freedom to pick the project, and to be, for example, very picky about that. There is, okay, you know, “my skill does not apply to 100% in that project, it only applies to 70%, so maybe I better wait for another week” or something like that, and then they are on the bench. Again, what could be needed is to also give people a way better idea of the context. So, I think very often people lack context, in which you can make a proper three by two decision.” (17)*

People are just doing things that they themselves see is important and that may turn out to be a chaos if there is no clear communication or alignment between the tasks. Eventually organization might end up inventing the wheel all over again and doing the same tasks parallelly.

*“The dialogue about parallel tasks is difficult. We have here (for example) three more or less parallel projects or people who have the similar roles, and then we need to decide who is the one to do the job or where should we put our resources. That we need to choose the one rather than doing three competing things” (4)*

In addition, when employees have the freedom to define their own tasks and there is not much guidance, it might turn into poor choices from business perspective. One interviewee noted that employees' different motivations help the company to answer

variety of client cases, but on the other hand employees may easily become too picky about the projects when there is no formal authority giving that little push towards the right direction.

*“When we have situations, where would be very important from business perspective to get some assignment as that pays the wages and the bills, and well, what eventually is the air we breathe. We have to have some revenue. So then once in a while when there are some big opportunities to jump on to some project, people are not interested. --- Just because the client is somehow a bit boring or the project is boring or the theme around it is not that some particular theme that interests the individual. It’s like... (if the consultants would accept the boring projects) We would have money coming in and there (in that boring project) would be problem solving. I think that is hard when everyone do not see that.” (10)*

Not having clear roles is not causing confusion only for individuals and their own identity, but it might affect disorientation for the employees in wider sense as well. If there is no clear person to whom one could go to talk with some specific issue, the issues might not come out at all. One interviewee noticed that after she had gotten the responsibility to look over one specific area, it opened up space for people to actually come and discuss about the topic.

*“And I think actually having me there, all of the people who have been interested in this before but didn't feel like there was a space for it, all of a sudden, are like mice that came out of their holes. You know, it's like,” wow, there's a person here now.” And “oh, I guess the company cares about this!” And now, there's like, they're more likely they come out and like, wave their flags a little bit.” (15)*

To summarize, the high autonomy and lack of formal processes and supervisors enables employees to create the career they want which foster their intrinsic motivation, thus helping the organization to stay innovative and flexible. However, the lack of clarity over one's roles and tasks might create waste of valuable resources, i.e. time and energy, when employees are struggling with the direction and searching for their place in the organization. This might end up slowing down the organization, lowering its effectiveness and increasing employee's work-related strain.

#### 4.1.2 Overworking

Along the prior literature, the freedom to choose one's projects or tasks increases the intrinsic motivation, and individuals feels passion towards the work. At the same time, this might increase the risk of overworking, especially in situations when there are no formal processes to support individuals. Individuals work tasks might accumulate when the role descriptions are vague, as previously portrayed, and when individuals are very autonomous. They need to learn and perform their tasks with minimal help and support from others.

*“It (self-managing) takes lot of energy. When you feel that you are not an expert in some area, the solution is that you need to find the solution.” (12)*

This situation with overworking might be emphasized in organizations where the employees are very passionate about their work and the organization. Interviewees portrayed a picture of typical employee, who is a very diligent person and cares about the company, the colleagues, and the clients very much. They easily take too much to carry on their shoulders. Interviewees noted that these surroundings might be sometimes challenging for these conscientious people as there are no clear limits. One interviewee admitted that overworking is chronic even though she does not see that as a problem as she likes what she does.

*“The thing I worry the most about overworking is that I still don’t do all the tasks what I have kind of gathered for myself or what just somehow lands on my desk because no-one else can do it. --- Only thing that stresses me about it is that if I for some reason leave the company, will I take a huge amount knowledge with me and, in a way, stop or slow down this machinery because then someone else needs to learn what I have already learned and what I have already done. Another thing that stresses me is that this one person has called me two time per day every day and I do not have time to answer. --- And of course, it feels bad to not perform well. It is personally distressing that my own job performance is bad in some cases. Of course, I would like to perform well in everything that I do but I just have to decide on that I don’t do these things well.” (10)*

Interviews raised a question of what does it mean to ”overwork” in a very self-managed organization. The line between work and leisure may become vague in a work where employee feel strong intrinsic motivation towards the tasks and when employees can flex with working time. With no formal supervisors, no-one can really command another to stop working. If employees are very passionate about what they do, they cannot be told to not continue with their passion projects in the evening. In addition, at Futurice, part of employees’ salary is tied with company’s profit, and with high responsibility over the project’s success, employees might be ready to do over hours to make sure that they perform well.

*“Because we are encouraging people to be very much... an intrapreneur in our organization, it's sometimes very difficult to see what is the right level of engagement and the right level of work? And because obviously, just because somebody is working a lot of hours, doesn't mean that this person is close to a burnout. And if some people for some time in their life, enjoy working a lot, like 60-70 hours, it's, I think it's not my, or not our role to really say you need to cut back on that. And I think that would not be healthy*

*from an economical point of view. I think that is, of course not. But also, not from a people health perspective. But I think, having conversations about that, and then saying, okay, is the level of work that you do right now good for you?" (17)*

To summarize, overworking may become a challenge in self-managed organizations. Even though interviewees described that the organization uses tools in measuring the extra hours that employees report, the overworking stays a challenge. In organization where the task's outcome matters and individual's working hours are her own responsibility, overworking may become a difficult challenge to tackle. Even though some employees might not be bothered in using few more extra hours at work, they might unintentionally create a culture where overworking is the norm and that might lead to increase in burnout rates. Almost all interviewees mentioned that they know someone from work who have had burnout and majority of interviewees told that at some point in their career they have had challenges with coping at work.

#### 4.1.3 Information overload and information inaccessibility

At Futurice, all information that is legal to share is open for every employee. All organization's financial reports, top-management decisions, and information regarding client projects is shared in various information sharing channels and storages, where everyone can go looking for them and create new information if needed. But especially in as big as of an organization Futurice already is, the amount of information is huge, and interviewees describe that there is already too much of it. No-one can keep up with it and seeking for the right info might take a lot of time. Interviewees do not think that full transparency is even possible. One interviewee illustrates that in order to gain full transparency, they would need to hire 500 people just for to communicate to everyone all the time. What is more is that full transparency is not believed even to be healthy as there is only a limited amount of information that one person can deal with.



*“But there's also a trade-off to this amount of information. I think we also have like, I mean, I don't have time to answer all my emails, for instance, because then I wouldn't do anything more than answering emails. So, there's this cognitive load also of information that if we are 500 people, and everyone should be aware of everything, that is impossible.” (14)*

Due to the overload of information, some important information can easily be lost and that might have its effects to all. One interviewee described that this challenge with information is shown in the delivery quality, innovation ability, ability to reform as a company, in people's wellbeing, and of course in company's profit as seeking the right information takes awful a lot of resources. In the end, the interviews outlined a negative spiral where instead of building equality, transparent information might end up becoming information overload that create silos and political games as the important information travels within individuals' informal networks diminishing the transparency. In this situation, individual's informal network and knowing the right people plays a crucial role.

*“I don't really read our internal e-mails or follow other internal sources. You just cannot do it. One person just cannot absorb the all information and you don't even need the majority of the information. It's more that in that moment when you need some certain information, I have been at Futurice so long that I know who have the answer to my question.” (7)*

The right decisions need the right information. Although interviewees were sure that they do have all the information needed to do their daily decisions, they mentioned that the information seeking might take awful lot of time, thus creates a lot of waste. Information seeking, building, and sharing takes a lot of time in organization where the information sharing structure is not built systematically. Finding the right information or people, getting time to talk with them, and collaborating with others is inefficient and that is eventually shown in company's value creation. One interviewee explained that in individual level when you seek some document for 15 minutes, it does not feel so bad but

when you scale it for happening every day multiple times per day and with 500 people, the impact is big.

Due to the lack of formal structure and difficulty to search the relevant information, interviewees told that people rely on their informal networks. Interviewees described that when the needed information comes from people around you, the power lies in the networks and easily piles to those who know the right people. Due to this, it is hard to create transparency. And in the end, individual may feel isolated, and left outside on purpose if the information sharing that happens between people does not reach that individual even though the reason is just that there is no structure that would support the information sharing process. Information sharing is happening by chance and you just happen to discuss with someone.

Interviewees also saw that in some cases gathering the right information is difficult. In SMO, everyone's view is relevant, and individual can turn to anyone when needing help, but interviewees were reserved about whose perception is correct. Few interviewees pondered the basis of the information, whether the given information is true and fair or given from selfish reasons. In addition, the gathered information could be potentially contradictory. When organization becomes very individualistic, and if there are not that much formal structure to hold things together, everyone takes care of themselves and may not even want to share all the information in order to hold on the gained interests or gather more power.

*“Maybe the question is more that do individuals want to share and can the info be easily found? In self-managed organizations the information can be easily used as power instrument in order to highlight individual's role and necessity in the organization.” (3)*

In the end, this information withholding by individuals might become as an issue when they are leaving the company, as the important information possessed by the leaving

individual are not being relayed to other employees. And again, it is on every individual's responsibility to share the knowledge and info. No-one is pushing or reminding you to share. Even though it is kind of a rule that in consultant organization and knowledge-based job, everything that you do is company's property. However, it is no-one's responsibility to take care that information is shared properly.

*“People invoke a lot that they are not allowed to share (for NDA reasons) that is not true. They just are not willing to share the material because they want to keep the competence area for themselves or they share it in a format that you cannot utilize that. That is done a lot in here. It is already become a custom. – And if someone asks for more material to be shared, the one who owns the material shares only it partially.” (3)*

The information hiding happens also in project staffing situations. One interviewee told an example of situation when there is a shortage of certain type of consultants. The one who do the staffing will hide the information about the availability of the needed talents in order to save the consultants for their own future projects. Interviewee also reflected that this is natural in a sense when knowing that you need certain type on knowledge in a good case and if that knowledge is rare, you want to make sure that the right person is in that your case. However, this kind of behaviour decrease the transparency and trust in the organization.

Organization growth adds more challenges for information transparency. One interviewee described that it is hard to keep up what is happening when the company is growing both locally and globally. However, in decision-making situations it would be beneficial to always know that who and how the decisions pertain in order to make the right decisions. Also, the bureaucracy increases when company grows and along that the transparency decreases. Interviewee described a situation when they needed to deploy information database for Futurice as it was not possible anymore to let the information just flow between people. But the systems brought such things as licenses, which eat away

the transparency and trust when there are only few people who can have the license to use the system fully. And if you need some information from the system, it might take days to get things done as you need to reach the person who could check the info from the system.

One interviewee pondered that organization should take more responsibility and build structures to help employees to navigate with the information overload.

*“And I don't put the responsibility on people to keep up to date on like, a bajillion channels across a bajillion things. So, I think maybe we should be internally establishing some common practices around which channels are used for which purpose. And I do feel like there's a responsibility as an organization, to help people have a common understanding of the different channels and the priorities so that people can engage at the level that they are comfortable or want to, but also not missing the important things.” (15)*

To summarize, information transparency is important in self-managed organization as that builds the ground for individual's freedom to do decisions independently. However, information transparency might end up becoming information overload, when everything is shared and there are no clear processes for information sharing. Employees need to use lot of time to keep up with what is happening and to find the relevant information. Due to this difficulty of finding information, the employees rely on their networks. This leads to decreased transparency when information is shared in informal encounters, which in turn may increase invisible power structures. In addition, when there are no formal processes in information sharing, individuals might end up withholding the information for personal reasons or by accident.

#### 4.1.4 Decision-making

At Futurice, employees are free to do even bigger decisions, and everyone has organization's credit card. Employees have organization's trust that with the right

information, everyone can make good decisions. Interviewees saw this decision-making freedom and its lack of formal processes liberating. It helps people to be flexible and creative, and interviewees reflected this freedom to do decisions to be the key factor of self-management. However, they recognized challenges in this very decentralized power which arise from autonomy. Interviews framed a decision-making process, which tend to be sometimes very slow and where decisions might not always be thought through. Or even made at all.

*“I just wish that decisions would be made consciously and those would be followed up better. I have feeling that in some cases people just go on like as an amoeba and people are left not knowing whether they did the decision or not, and if yes, what even was the decision?” (5)*

The decision-making process starts with collecting the information. In self-managed organization, everyone’s voice is important, thus times is spent in meetings listening peoples’ opinions. One interviewee reflected that in order to gather the needed viewpoints, you have to involve many different interest groups and people to the discussions and that usually takes a lot of time. All the same, usually people are so busy that it is hard to find time to discuss. And when you finally squeeze the time to their calendar, the people might not show up to the meeting as they might not see the meeting important and they end up prioritizing something else.

*“And those stakeholder groups grow so big so easily that eventually it is impossible get anything done when you just have meeting after meeting where people just share information and that goes pass of this self-management. We tend to have so many meetings that at least I try to aggressively avoid all, unless I really must be there.” (19)*

One reason for people to prioritize something else than the meetings is also that they speculate that the decisions are not made yet as the potential decision-maker does not have had time to prepare the material and even do the groundwork for the decision.

*“The meeting agenda may not be prepared well, that is... that is the thing in this kind of agile organization. So easily people come to situations that “here is somewhat the thing” but then they have not prepared that issue that well and because of that we end up talking about the same thing over and over again. We are using peoples time so we should maybe strive more for the situation that “hey here is the thing”, “here is the clear question about the issue” and then we should be able to go on and discuss about some other topic. In comparison to that we discuss the same thing again and again. Because discussing is expensive. It is important in some cases but often when we discuss about the same thing for the third or fourth time, in some point we should just move forward.” (19)*

Information gathering ends up being difficult also because the organization have become so autonomous and individualistic that it is hard to even get the colleagues to help. Even though Futurice has the 3x2 decision making model in order to help the decision making, some interviewees noted that it does not work the way it should anymore. Interviewees supposed that the reason for 3x2 dysfunctionality is the high individual autonomy.

*“So, I came in saying, “Okay, I want to see three by two get a sense of what is our collective priorities.” I asked people, “Okay, I'm thinking of, maybe like getting some keyboards. Do we have enough keyboards” I am like, “I don't know if there's already some keyboards in, maybe there are keyboards in like, hidden in cabinet that I don't know about? Or maybe you just ordered some that are along the way.” And so, but then when I asked around, each person was just telling me, “it's three by two, it's three by two”, which they were saying three by two, but they were really meaning*

*“don't ask me, it's your choice. It's your decision”. And I think I got frustrated, I mean... yes, it is my decision. And I am gathering information to make the right decision. So, the gathering information bit doesn't happen. So, three by two becomes, like you do it on your own.” (15)*

Finally, when the needed information is gathered, it is time to actually make the decision. But no-one really wants to do the final call, especially in tough decisions. In very autonomous organizations when no-one holds authority over another, and everyone carries the responsibility over their own decisions, no-one really want to take the risk about making the wrong decision.

*“Sometimes there is need for a push in order to get conscious decision out. So easily people are just left listening and discussion about the topic and everyone need to have the possibility to say their opinion. And that is great! But then we don't have the courage to do the decision and we are left between two opposite opinion and how we find some compromise and then the decision is just left buzzing around.” (5)*

Interviewees describes also situations where decision were left hanging after various meetings, but eventually it has been made in some more random corridor encounter and then even forgotten to inform to people who would be affected by the decision. Even the company's organization-wide decisions are sometimes left on floating as even the top-management groups does not want to make the final call. One interview portrayed the higher-level meetings as a discussion groups only, and raised a question that where is the decisions made if every governmental body feels that the decisions are not made there. In the end, he noted that sometimes the decisions are eventually done in self-managed way in some corridor encounters.

These informal decision-making situations happening in corridors or next to coffee maker may leave some employees feel rejected, even though persons who did the decision did

not mean any harm to anyone. This will also affect negatively to the transparency and may also increase politics.

*“When things start to go on through informal networks and then it is hard to get transparency and in self-managed organizations if you do not have the transparency what comes from the non-structures, then easily people start to get feeling that they are left intentionally outside because things just tend to happen unexpectedly or the knowledge is kind of concealed even though the reason is just that the structure does not support sufficient information sharing and collaboration.” (3)*

On the other hand, sometimes the decisions are made too fast. One interviewee portrayed that in some situations he sees that people are jumping to the conclusions too fast due to workload, stress factors and just the sheer amount of stuff that needs to be done. He thinks that sometimes people are lacking the right balance or maybe the meta perspective of issues. People do not have time or energy to see what consequences the decision does have in comparison to other decision options.

*“The collective prioritization doesn't happen because the decision happens on the individual and the individual ends up deciding to take on activities without understanding the collective picture of what's important and what's not important.” (15)*

Interviewees were suggesting for organization to build more guiding structures for employees to make better choices.

*“I think it's more when it comes to internal initiatives and internal projects that maybe, with a good intention, of course, and a lot of energy, wanted to change things or kind of investigate things. I think with intention of being good, it's still ending a little bit bad in the way that... there has been*



*occasions where we start off something in the like an internally... internal projects turning into quite large projects turning into a lot of hours. And in the end, there has not been a decision on, that this is something that the site should spend time or money on. --- Maybe there needs to be some guidance on how to make those decisions, because it's, in the end of the day, are spent on something that's in the, like, turning into kind of... smaller decisions that affects the budget.”(16)*

To conclude, the freedom in decision-making feels liberating as employees do not need to ask for permission to do decisions regarding everyday tasks. In addition, the decision-making freedom might release employees' creativity and increase collaboration when employees can exchange thought and ideas without bureaucratic constrains. However, the interviews portrayed a picture where high individual autonomy and the lack of formal processes in decision-making may lead to slowed down decision-making process and inefficient use of resources.

## **4.2 Relational and psychological aspects**

Under this category are issues that are related with people's experiences and perceptions of working with their colleagues and being a part of the organization. I have divided this section into five categories: lack of helping and citizenship behavior, lack of cohesion, conflicts, free-riding and lack of unified vision.

### **4.2.1 Lack of helping and citizenship behavior**

Autonomy is one the key element in self-managed organization and interviewees also embraced the possibilities that minimum hierarchy brings. However, interviews echoed the worry of being already too autonomous. When organization lean too much on individual autonomy, it might scatter the feeling of being responsible over each other and the company. The interviews gave out expression that individuals have already too much on their shoulders and in the end, it is always individual's responsibility to fix things.

*“It's empowering when you are your own “boss” in a sense. You manage your own time and doing. In a good and bad. But sometimes that is also very tiresome. You are kind of alone with your problems. Even though you know you can always ask for help.” (16)*

However, interviewees think that sometimes it is hard to ask for help. One interviewee has identified two scenarios. First, she thinks that individuals do not want to ask help as they see their colleagues being so stressed out already, and they fear that they will burden their colleagues if they ask for help. Individual might ponder if the problem is even big enough to bother someone with it. And do the colleagues perceive the individual incapable if she asks for help? So, the individuals end up solving the issues by themselves. Second, her another fear is that even if they ask help, they are not sure whether they would get it. Interviewee told that individuals are so autonomous that they might just say that “It is your decision. Do not ask for permission, just deal with it.” Eventually these small decisions or situations, where the individual has not got the needed help, might pile up and end up becoming a big exploding issue that affects a larger scale than it would have originally affected.

*“So, there's a little bit of like, if they don't even ask it out loud. I think there's an internalized voice of, like “well, but I take responsibility for it. It's my responsibility. So, I should be figuring it out”. But at some point, there is a limit to the sphere of influence you have, and at some point, you kind of need to bring in someone else who can actually make it happen and to resolve these small things, even if it seems very small. --- For example in one project, I think in retrospective, someone was saying, “those little things could have been red flags, but we couldn't tell if those were red flags. Or if that was just the person having a bad day”. But if the person doesn't know, she's like, “Oh, the water is really cold, but I'll be okay”. “Or cold waters really cold, and I have two seconds before I freeze”.”(15)*

When there are no formal leadership structures, people can easily end up keeping all the stressful issues within themselves in order to not bother others. For example, one interviewee described that no-one is having conversation with her about her overwork and she is not having that kind of conversations with anyone else's overwork. They do have one-on-one personal discussions overall, but she thinks that not everyone is ready to share their personal life and struggles as openly as it would be necessary. Interviewee pondered that maybe individuals are afraid that their stress and struggles might affect to their career progression and projects. Individuals overloading easily becomes their own responsibility. Organization just kind of assume that people are capable of saying themselves if there is too much work. However, she also added that personally she finds it hard to say that. She just does the job and hopes that the tasks will end at some point.

Sometimes people do not even dare to ask for help. One interviewee described a conflict situation where an employee thought that the issue was her problem, and that she needed to carry the responsibility and resolve the situation by herself. She does not know who to turn to, even though organization encourage her to ask for help from anyone or escalate. That might eventually increase employee's stress levels and the conflict might just to get worse.

*“We (organization) say that you can escalate it (the conflict situation) to whoever you like but it is not clear. Maybe that has effect people who have the need to escalate a conflict and do not do it, as they might think that this is their problem, and they need to carry the responsibility and solve it by themselves and then they don't dare to ask for help.” (10)*

The organization expects people just deal with things by themselves. When there are no clear responsibility areas and roles, things may easily become no-one's responsibility. Interviews raised up that they are expecting that organization just fixes itself and very often the interviewees noted that in the end, it is about how much individuals can carry

on their shoulders. The lack formal processes thus may end up individuals feeling left alone with their problems.

*“It (working in self-managed organization) does not fit to all, or there is a risk that the person is left alone with her freedom and responsibility and does not know what to do as no-one have told her and everyone just assumes that she will self-manage herself somehow. --- Especially if the newcomer is very junior who does not right away get in to some bigger team and ends up in wondering around and doing some small stuff and if she is not strongly self-managing kind of person, it can be very hard as she needs to somehow figure things out or find someone to ask help from” (7)*

Again, interviewees reflected that maybe organization should build more supportive structures to help individuals to deal with self-management.

*“On the other hand, I see also a lot, how it puts... a lot of responsibility on individuals' shoulders, and I sometimes think we are not, we are not well prepared. And again, I think, I see that in many other organizations, they try all those things to offer enough... helpful and structures and a supportive system in general, that helps people to actually do self-managing and be self-fulfilling, in a very constructive way. So, it's (self-management) putting a lot of stress to people, because we are asking a lot from people, if we say, okay, you need to self-manage pretty much everything” (17)*

To summarize, even though autonomy is perceived as one of the key factors in self-management and interviewees sees autonomy as positive aspect in their work, the interviews shows that extensive autonomy might also have drawbacks. In very autonomous surroundings everyone might end up dealing only with their own things which might cause individuals feeling left alone. This might be the case especially if organization does not have strong supporting structures. Feeling of left alone might

increase stress and decrease the productivity and performance as no-one is the expert in all fields.

#### 4.2.2 The lack of cohesion

High autonomy gives freedom to employees to choose how they prefer to work with their assignments, and everyone have possibility to flex with their working times and styles. The extensive individual autonomy can also scatter the feeling of togetherness. Interviews disclosed that even though people care about each other and the company, the excessive autonomous culture disables employees to create and maintain the feeling of cohesion. Interviewees narrated that people might feel isolated and very disconnected from others and crafted picture where everyone takes just care of their own actions for different set of reasons and there are no processes which could guide people to support each other.

*“People have no problem with autonomy. If anything, people are almost too extreme on the autonomous such that we are becoming atomized. Like, the group has become atomized - there is no group. And I could kind of see this happening at various levels, at broader of organization as well. --- So what I see is you have different people like running around doing different things, and what's actually really missing, or... so they are self-managing in terms of like, oh, you know, like... and I've heard this other term called do-ocracy where, you know, just start doing and, to me, what's missing is actually the connective tissue, that could actually enable more life and flow, because in some ways, we are like, over indexing in the autonomy, and it becomes atomized and then we're leaning way more towards chaotic than life giving, or get organic life giving, and the missing pieces are these like, connected structures that are actually synergizing these atomized things.” (15)*

These chaotic surroundings are shown especially to more manager level employees. Interviewees described that they feel that they are losing the feeling of control, and it is hard to be responsible for something what you cannot know and predict.

*“It (the biggest challenge is self-management) is the feeling that you lose control if you are more broadly responsible for the organization. You just have to trust that everything works. --- The feeling is daily.” (7)*

Interviewees raised a concern that these autonomy related challenges will increase as the company is grows, and they have already seen this change happening. There is constant feel of chaos. One tribe chief explained that when the tribe grows, the personal feeling disappears, and individuals stop acting and grabbing the opportunities or tasks that need to be done. Furthermore, the peer pressure does not work the same way anymore in the bigger organization. When the tribes were smaller, people had a feeling that everyone had responsibility. Now there are concerns that do individuals understand the big picture anymore as issues do not feel so personal. One interviewee speculated that organization’s growth increases the need of hierarchy. Otherwise it is impossible to stay on track what is happening in organization if then that is not your fulltime job.

*“And what almost always happens is a more siloed approach to how we do our business. So, it means that you built, when you have at the beginning, you have one community, right? Where people feel very much like one family that acts as a family and shares everything. The more people you add to it, the more diverse it becomes. But also, the more siloed it becomes because then you have a design sub community, for example, or a tech community and things like that. It's quite natural that you build that, and you build tribes within the tribe if you want. And in one hand is, I think is an immediate reaction to us as humans having a need for, for being part of something. And this cannot be too big. If you're if you're aware of Dunbar's law, for example, who says that you can have 50 people's, 50 people can*

*have a meaningful conversation or can have a meaningful... feel like they're very close to each other. And you feel like you have an identity as a group, you cannot extend that beyond a certain degree of people. So that adds a lot of complexity to it. If you have more people and then they tend to balkanize, to build smaller groups within the bigger group. This, I've seen it as almost all our offices, it happens quite naturally.” (17)*

This might be challenging especially for organizations where there are not fixed teams or tasks. Feeling of just drifting around might increase especially when you might not have a project right away when you join the company, or you have been switching back and forth between units or groups.

*“In this job when you are not in fixed position, you don't have the same clear team community around you all the time. Rather your team community might change multiple times within a year. And... someone might have the same team for four years, and... this is the challenges in a way, that what are the things you attach to? That is it your competence community, or the unit, or the client relationship, or something else? And what happens if you are between two client cases and so forth?” 19*

Another aspect for growth is more business related. When organization grows, people's perception of community and understanding of the big picture might have big impacts to the whole organization.

*“We are starting to be in that size group, that does people understand what impact their actions have to the whole organization. Like, simultaneously we are offering opportunities to people to do clever decisions, no-one is checking the receipts (of one's purchases with company card), and so forth, but then does people understand that, for example, how they use their time, that how big impact that has to the whole? --- This is built like that this is...*

*“it’s your ship” -type of phrase what we use quite much here, and that how much individuals can perceive as they are just one person from 500 others and quite small things daily makes eventually big impact to many things. --  
- That maybe the challenges are that, after we have empowered people, how we can give the sense of liability, and at the same time them to take responsibility over their actions?” 19*

One reason for the lack of cohesion might arise from people’s perceptions of self-management as a phenomenon. One interviewee estimated that only 5-10 percent of organization’s employees knows what self-management and its terminology really mean. The rest have only associations of what those mean. Another interviewee has heard someone reflecting that self-managing would be almost equal to anarchy or lack of structure. That might end up confusing people of what is really expected from them. Even though people’s intentions are good, they are often misunderstood and the gap between these two types of employees who have different understandings of self-management might generate frustration. Interviewees see that the organization should have a role here in decreasing this gap and increasing the knowledge of what self-management means for this company.

*“When problem arises, the immediate reaction is “okay, I would love to help fix this. I’m just going to do whatever I can” and takes more effort to coordinate. So, “I’m just going to, you know, do whatever I can and just start going.” Some people are really good at starting to go. Other people feel like paralyzed. And like, “I don’t really know what to do” and “I would like to help but I’m not sure how”. But then the people who are doing stuff end up feeling really like resentful of, “well, I’m the only person who was doing, while you’re just sitting here” and like... so not emphasizing that the person is feeling overwhelmed, and that we may actually need some support. So, I guess I’m saying all of this to say, when there’s... quote*



*unquote crisis, we have this atomization happening again. So, what we were just doing just now is... and I think people are saying like, "Well, you know, it's supposed to be each person's responsibility." So that becomes an excuse. So, the people who are, like jumping out and doing stuff, like feel like they're taking responsibility, and they're blaming those who are just sitting back for not taking responsibility, for that those who are sitting back, and they're feeling overwhelmed, feel guilty, that they're not taking it as they know they're not taking responsibility, but they feel guilty about it, but they don't know where to start. And I think there is a place where the group actually has a responsibility to come in to provide support and structures that sometimes in self-management we overlook, and we set our, like people's understanding of self-management. Forget this part of what are the structural pieces that are needed to enable the self-management and the autonomy. So we focus a lot on self-management, but that I think the structures that are needed... to enable that are often missing."(15)*

To summarize, individuals join the organization with different approaches, perceptions and personalities, and this heterogeneity is seen generally positive and very welcomed. The challenges come when the organization is very autonomous and may not have the needed structures what would help the individuals come together. In this case the individuals may find it hard to feel belonging and that may lead to stress and decrease of organizational effectiveness.

#### 4.2.3 Conflicts

Conflicts are identified as a problem in organizations where there are no formal authorities and plenty of freedom over one's tasks. When the organization just expects employees to take care of each other, there is no-one really taking the role of breaking off the arguments. One interviewee describes a situation where there were people yelling and throwing things around in common space. No-one intervened and situation resolved only when the other walked away crying. Even though this described situation is an individual

case, interviews expressed that conflict situations are difficult as no-one feels that it is their job to act on in unpleasant situations and no-one feels to have the authority and responsibility to cut of the arguments. Another interviewee described a situation when he tried to handle conflict, but it was hard to know what mandate he had as he was not supervisor at that time.

*“Well those (conflicts) are maybe the Achilles heel, that we don’t have proper conflict resolution mechanism at the moment. That those are resolved quite just case-by-case discussions. This is maybe one of the clearest shortcomings in self-management that... we don’t solve those.” (4)*

Interviewees identified that conflicts arise because of the fact that people have conflicting interests and needs. That is of course natural. The challenges come when the self-management and autonomy join along and indicate that you should manage only yourself. One interviewee noted that people often misunderstand self-management, and that it actually means that individual is just a piece of a bigger system. Without a common understanding of the basis of working in self-managed organization, no wonder there are conflicting habits and ideas.

*“We will have more and more of those conflicts, because we are more and more strengthening the autonomy that the individual has. So, there will be more clash of opinions and somebody needs to take care of that. Avoiding is not a feasible option.” (17)*

Conflict resolution is not easy and according to interviews people just avoid conflicts as they really do not know how to handle them. Interviewees told that in conflict situation the individuals should try to handle it firstly by themselves, and then try to involve someone as a mediator if needed. However, this is difficult as people do not really know how to have these difficult discussions as they demand quite delicate people skills, and

no-one really has the responsibility over addressing these conflicts. However, the conflict resolution is important, especially in client context.

*“I think it's also very important that as soon as there's a conflict, you don't go around to your boss, because that also creates a hierarchy from you as an employee. It's more how to address this conflict yourself, how to solve it, and maybe we can have like, regardless of career path level or like title, they could be like certain peoples who are more like trained in conflict resolution. So, there could be like, one out of 10 people, for instance, who has the official role also to be called conflict mastering person. So that is person you can go to and ask for... conflict handling if you need it.” (14)*

To summarize, conflicts are natural aspect in people's life and those cannot be fully unrooted from organizations. However, the risk of having conflicts increase in very autonomous surroundings when employees have differing ways of working and have complete authority over their own work and work-style. Conflict resolution is hard when everyone has the mandate to interrupt the argument and help in solving the conflict, but no-one really feels that to be their role.

#### 4.2.4 Free-riding

The key qualities of SMO hold an idea of minimum hierarchy and eliminated command-control chains. These aspects are strongly connected with intrinsic motivation and enables employees to do decisions freely. However, this high autonomy and the lack of feeling responsibility over others may lead to freeriding situations. Interviews shows that no-one is intervening in situations where someone is slacking off or does not do her job and that may escalate to freeriding. One interviewee described that the whole system is based on peer pressure and the organization kind of fixing itself, and that this will work as long as there is full transparency, which is easier to achieve in smaller organizations. But when organization is growing, this transparency is lost and organization kind of stops fixing itself. Interviewees describes that in big organizations, where there is no possibility to

know everyone, people do not feel obligated to intervene and the responsibility is easily given to someone else. However, the interviews did not make it clear that who this “someone else” is. One interviewee told that the organization does not have a process for how to handle this kind of situations. Everyone just assumes that these people who are freeriding would just figure out themselves what they need to do.

*“Well for example if we notice that someone hasn’t been at a client project for a while and is not even looking for situations where that person could find a project. Okay, these situations are sometimes very tricky if that person has a competence for which it is hard to find a project. But that situation might last for a long time and it may become the new normal. And then we just wait that these kinds of persons find something smart to do by themselves, which might not happen.”(12)*

Currently there is no processes how to solve these kinds of issues. As well in other topics, organization expect employees to address those by themselves and with the people who the freeriding affects. Interviewees see that in general the older Futurice generation have better touch about peer pressure and more difficult conversations than younger generation. It is harder to perceive wrong and right if you are new at the company. But again, it is hard to learn the norms as no-one has the right or wrong answer as everyone has just their own interpretation over culture and company norms.

*“The first thing I usually encourage the team to is to address it on their own and not run to me. I think this is also the first thing in self-management, you have to also, if something is not working, you have to be able to address it as objectively as you can. And also discuss it with the person who it negatively affects other people's work, for the quality of the work, because it's not a... they would not complain if it doesn't affect them, righ? And if it really doesn't work, I also had issues where I just talked to the person, and then it changed. Some people rather listen to, which is sad, listen to people*

*in our hierarchy level above them, rather than to their peers, which is... should not be the case, but it happens.” (13)*

To summarize, the minimum hierarchy and nonexistent command-control-chains are representative qualities for self-managed organization, and interviewees described these qualities as enabling factors for employee wellbeing and motivation. However, the same qualities might have their drawbacks. Interviews disclose that when organization does not have formal structures to make sure that no-one can exploit the system, the responsibility to look after colleagues' swiftness to peers. Without the formal authority employees find it hard to point out the free-riding and to accept the feedback about it. This may end up even long lasting free-riding issues and challenges in organizational effectiveness.

#### 4.2.5 Lack of unified vision

For the autonomous employees to make the right decisions with the relevant information, they need to have clear vision where the company is heading. Instead of coordinated roles and norms, employees should be autonomously aligned through shared and together-set direction. However, the interviewees saw that alignment is the hardest thing to do with so autonomous culture as everyone has their own interpretation of where and how the company should go.

*“It's very difficult to actually define a common idea or find consensus, maybe even about what is actually important? What matters? And where to go? Where is the goal that we want to find? Is it here or there and how can we bring together and join our forces in order to do something? If it's not governed in a in a good way, if there is not enough direction, then we can also not combine our energy. And then it's again, just the individual and what weight he or she can pull, and not so much about the synergy of bringing together those energies” (17)*

One major affecting thing is that Futurice has so many different offerings, every tribe is so autonomous and adapting to their own local situation and everyone is using their own

tools, that alignment is hard to find. Even within the tribes the alignment is hard as everyone is an individual, thus interpreting the vision their own way.

*“We are struggling with focus. Finding the right focus on what we actually want to do, and how we want to contribute and what is our impact in the world. It's quite difficult, for obvious reasons, because the more autonomy you give to people, the more they also, that the more difficult it is to keep... people sometimes say, to hurting the Tigers - everybody is an individual, everybody's a snowflake in a way and you don't want to have to snow storm, you want to have something beautiful out of that. And this is sometimes very tricky.” (17)*

*“Everyone can invent their own tools and sales decks and so on. Different tribes do different excels where they measure things in different levels and so forth.” (4)*

One concrete example of difficulty and importance of alignment is recruiting, which was raised to be one of the most critical things in self-managed organization as organization does not afford to have much not-fitting employees. When every tribe has right to recruit freely, organization as a whole does not know who are recruited, what skills they have, and to what career level they are recruited. Interviewees raised concerns that this might lead to misalignment of organization-wide processes, for example salary levels and employee expectations. Also looking at the big picture, the recruitments might not always be in right place if considering the whole organization and its situation. Interviewees raised concern that this recruitment situation might easily get out of hand.

Struggles in alignment can happen also within the culture. One interviewee raised up a concern about openness and everyone's voice being heard to easily, as it can easily turn into complaining culture and shift in company's focus. If everyone does not understand or are not capable of seeing the bigger picture, the voice of the crowd can convert the company culture from hard business making to more like a social club. The interviewee

was concerned about that when employees get used to company's culture, they may be taking it for granted and start focusing more on not so important stuff for business, for example where the company should take them for skiing or what kind of yoga they have on lunch break or should they have the most high-tech coffee maker or not. This discussion might be dangerous if it takes the focus away from actual business, which is helping the clients.

*“If I feel that something is the most important thing, and you feel that something else is the most important (thing), and the third person thinks again that something else is important... It's kind of like, where do we go? How do we measure progress? How do we achieve our goals? So, I think it's crucial to avoid that situation. To really have like joint goals and joint strategies or visions. Otherwise, it will not work. “(14)*

Despite the challenges, almost always people mean good. They want to help and be proactive, so whenever they see a need, they do their best to fix things. It just would be so much more effective if things would be done in alignment.

*“Things are done by different people who see different needs, and they just start acting, and they are requesting people's participation. But sometimes, from the other side, I'm wondering is their alignment across them, and instead of more, can we have fewer, but with more impact. So, this alignment thing relates to we are so atomized whenever we see opportunities we act, but I don't know if there is an alignment layer, that actually helping synergize and like creating greater impact. Once those activities are being started. So often I see a bunch of activities being started, and the people are pushing in different directions. And then it's like different small lights that are burning. And then when they're burning, but they don't have enough support, then like eventually they burn out. --- I don't see the synergizing that's happening where these small lights can actually come together, should become a bigger fire that can actually be more*

*sustainably burning longer. So that's an example of... I see a lot of atomization and not a lot of synergies.” (15)*

All in all, interviewees were bouncing the idea of bringing more structure in order to get alignment and “the school of fish staying together”.

*“We have also a tendency to reinvent the wheel for several very basic processes over and over again, just coming out of some other conversations this morning's where it's about our sales process. So how do we actually do sales, and there are a lot of different opinions around how to do sales, and people then have their own opinions, and they follow their own ideas of what the process should look like. But a process, I mean that is part of the definition of a process, means it's not only about you, it's all about, it's about all the actors that need to be involved, so that needs to be, there need to be a shared understanding about how the process looks like and how to install it, implemented it and also adhere to the process. So, what is the governance around that? I think governance in general is, is a very, a very crucial topic, when we talk about that, at first sight it seems like, when you have self-organized and self-managed teams and individuals, you don't need governance, but I think it's quite a contrary truth. So, you need to find better ways how to govern an organization.” (17)*

The challenges with alignment may have its effects also in employee’s wellbeing. Interviews saw that clearer direction would not only help organization to be more profitable, but also increase employees’ wellbeing as they would not need to use that much cognitive resources in finding the right thing to do.

*“I think we're lacking in wellbeing and maybe create stress for people is not really about like this, this factors about supportive care or insurances or all those things but actually more providing some kind of alignment with things. I know also that is something that causes stress in working places,*



*if you come and especially if we expect self-management that like, we have a very broad offering, we do a lot of different things and that is something as you as an individual needs to navigate, but of course a clearer guiding star might also increase wellbeing for people. But that is another dimension to like what sort of quest are we going for?" (14)*

To summarize, getting the organization going to same direction is very crucial for businesses. At the same time, it is very difficult at least for self-managed organization. When everyone has their own interpretation on the direction and are free to do decisions toward to those interpretations, that might lead to inefficient use of resources.

### **4.3 Summary of the findings**

All in all, the interviews describe a story about complex social system where are so much good aspects, which enriches the employees' work experience and enhance organization's effectiveness. However, the same aspects might have their drawbacks when those are taken to extreme. Findings are divided into two sections, which are task related challenges, and social and relational challenges.

In task related challenges, findings show that first, lack of clarity over one's tasks might lead in increase of employee's work-related strain and lower the organization's effectiveness. Second, the lack of clear role descriptions may increase employees amount of work leading to overworking. Interviews indicates that it is hard to intervene overwork because of lack of formal authorities. In addition, the line of overworking is blurred with very passionate employees. The third challenge concerns information. Due to transparent information, every bit of information is shared to everyone. Yet, this may easily lead to decrease of transparency when individuals do not have time to seek information themselves, rather they are leaning on to their informal networks. The fourth challenge relates to decision-making. The individual autonomy may lead to slowing down the decision-making process when people do not feel comfortable in deciding and taking the responsibility over made decisions.

In social and relation challenges, the first two issues concern about the individual's feeling of being alone with their problems. The organization have become so autonomous that the feeling of togetherness is fragmented. Third and fourth social and relational challenge are conflicts and free riding, which arises from the lack of structure and no-one taking responsibility over others. The fifth and last challenge is the lack of unified vision. Very autonomous organization with no formal structures may end up having trouble with going the same direction.

In this chapter I went thought the main results of my study. Next, I will continue to discuss these findings in the light of prior literature.

## 5 Discussion

In this chapter, I firstly review shortly the purpose of this thesis as well as the thesis execution and findings. After that I discuss the findings presented in Chapter 4 in relation to the research question and prior literature and give my theoretical and practical implications.

### 5.1 Study synopsis

Self-managed organization model is growing its popularity among contemporary businesses, and it have variety of strengths from employee's higher motivational levels, higher creativity, better individual and team performance, to decreased absenteeism and more agile organization (Kubicek et. al, 2017; Cohen et. al, 1994; Chung-Yan, 2010; Richer et. al, 2002; Martin & Campbell, 2013; Pearce & Sims, 2002; Humborstad et. al, 2014; Lee & Edmondson, 2017). However, there are also some trade-offs with self-management, as heightened risk of unethical behaviour and both individual's and team's isolation (Cohen & Bailey, 1997; Haas, 2010; Baltes et. al, 1999; Langfred & Moye, 2004; Lu et. al, 2017) These challenges might deteriorate the positive effects.

The purpose of this thesis is to generate insight into the dark side of self-management. I conducted interviews by interviewing manager level employees in Finnish digital consultancy company Futurice and constructed the findings by using thematic analysis. I found two types of challenges. First category is task related challenges, which are unclarity over tasks and roles, overworking, challenges in information sharing and slowed down decision making. Second category is relational and psychological challenges, which are lack of help and organizational citizenship, lack of cohesion, challenges in conflict resolution, free-riding, and lack of unified vision. These challenges might lead to individual's higher stress levels and organizational inefficiency.

## 5.2 Theoretical implications

This study enhances the understanding about self-managed organizations and their complex and intertwined nature. Even though self-managed organizations are effective in many ways, this study indicates that there are challenges that might arise because of the decentralization of authority and the lack of formal processes. The following discussion is divided according to the three main theoretical implications. Firstly, the flexible work arrangements do not always lead to desired outcomes, rather they might end up increasing individual's stress over task unclarity, slowing down decision making, and increasing organization inefficiency. Secondly, the high level of autonomy may lead to employee isolation and overworking. Thirdly, self-managed organization model might be misunderstood. The lack of command-control chains, minimal hierarchy, and individual autonomy should not mean lack of supporting structures, and lack of managerial work and leadership.

### 5.2.1 Flexible work arrangements do not always lead to desirable outcomes

Decentralized power and individual autonomy create favourable environment for both employees and organization to be flexible in work context and markets (Martela & Kostamo, 2017). However, the findings suggest that the flexibility does not always lead to desirable outcomes. In following, I will discuss the findings around task inefficiency and other task related consequences. First, I will focus on individual level consequences suggesting that the flexibility with individuals' roles and tasks might lead to increased stress-levels and organizational ineffectiveness. Second, I focus on group level consequences and suggest that individuals are easily left alone with decision-making and the decision-making process might slow down due to the flexibility and high autonomy. Third, I will focus on organizational-level consequences and suggest that high flexibility and autonomy might lead to organizational inefficiency.

#### 5.2.1.1 Individual level consequences

Martela and Kostamo (2017) describes the flexibility of employees' roles as one of the key elements of self-managed organization. It enables employees to create their own

career what keeps them motivated but also to grasp on issues what need to be done and thus keep the organization flexible (Martela & Kostamo, 2017; Lee & Edmondson, 2017). This study partly supports the previous statements, as interviewees embraced the freedom and the possibilities that it brings. On the other hand, the findings of this study are in conflict with the previous statements and suggest that this same flexibility may appear as unclarity over everyone's responsibilities, and cause individuals' work-related strain and organizational inefficiency.

Firstly, findings imply that the unclarity over one's tasks may create stress for employees. Employees have plenty of project possibilities to choose from, and the tasks and role descriptions are continuously changing along with market situation and individuals' own interests. Even though this freedom is empowering, it simultaneously creates cognitive strain for the individual and might lead to inefficiency when one does not know for sure what kind of tasks should she perform and what is expected of her. The prior literature supports this finding (Iyengar & Lepper, 2000; Nagel 2010; Kubicek et. al, 2017; Lee & Edmondson, 2017; Langfred & Moye, 2004; Kegan, 1998; Cheong et. al, 2016). In addition, the role theory (Kahn et al., 1964) suggest that inconsistent expectations towards to the individual might cause work related strains and decrease job satisfaction. Organization's unclear expectations can also interfere with individual's role perceptions and thus lead to stress (Cheong et. al, 2016).

Secondly, the findings imply that vague role descriptions might raise the risk that organizational problems or individual challenges do not see the daylight. Findings show that when organization nominated a person for being responsible for some particular organizational aspect, employees started to disclose the challenges regarding that organizational aspect. Findings also indicate that employees do not always feel that there would be space for every occurring challenge. These unspoken challenges might cause individual work-related strain, inefficiency and in the end, the challenges might expand to become bigger organizational problems. In addition, without more formal responsibilities, there might not be space for extra-role behavior, such as solving free-

riding issues and conflicts. The finding of vague role description leading to unspoken challenges and lack of extra-role behavior is novel and highlights the challenges with unclear role and task descriptions.

#### *5.2.1.2 Group level consequences*

SMOs have very decentralized decision-making power, and everyone should be able to do even bigger decisions regarding their work. For individual to make good decisions, organization's information need to be transparent and accessible for all (Martela & Kostamo, 2017; Lee & Edmondson, 2017). This was confirmed by the findings as interviewees agreed that everyone have organization's trust to do decisions and they all have needed information to make the decisions. Interviewees see this freedom liberating. Prior literature suggests that due to this organization's flexibility, the decisions are made faster when employees do not need to get an approval from supervisors (Lee & Edmondson, 2017; Langfred, 2000). However, my findings challenge prior literature, and thereby supplement that in some cases SMOs are not that fast in decision-making. In contrast to faster decisions, my findings show that due to the lack of formal processes and high individual autonomy, the decision-making process is slow and sometimes the decisions are even left undone.

Firstly, findings imply that employees might be left alone with the decision-making and the outcomes of their decisions because of high individual autonomy. This finding is supported in prior literature (Nagel, 2010; Iyengar & Lepper, 2000; Kubicek et. al, 2017). Individuals might have too much various solutions to choose from and not that much help in choosing, resulting in decision-making that might become cognitively challenging and the decisions may not be rational. In addition, the fear of making wrong decision might become high as individuals are easily left alone with made decision and their outcomes. (Nagel, 2010; Iyengar & Lepper, 2000; Kubicek et. al, 2017)

Secondly, findings indicate that decision-making is slowed down and the risk of wrong decisions increase because of the lack of commonly understood structure and direction. This finding is surprising and novel but has strong support in my data. The lack of structure leads employees to use excessive amount of time in collecting information and opinions needed for decision-making, which they either might not even get because of the extremely high individual autonomy, or they might have to listen to too many different interest groups as everyone's opinion matter. In addition, when the individual's do not have support in decision-making process, the final decisions might be done without understanding the big picture. Individuals might end up listening only their own informal network which can be detrimental and increase the politics when everyone can lean on to those colleagues who share the same opinion. These factors slow down the decision-making process and may end up in poor decisions for the whole organization.

#### *5.2.1.3 Organization level consequences*

Due to the flexibility with roles and decision-making, the organization can answer faster to the demands of the market (Lee & Edmondson, 2017; Martetla & Kostamo, 2017; Langfred, 2000). The findings follow the prior literature by implying that employees can certainly switch their roles and tasks to answer to the demands. However, simultaneously the findings conflicts with prior literature by noting that this flexibility might harm the organization effectiveness due to high autonomy and the lack of common direction.

Firstly, according to the findings, due to the flexibility and the freedom of choosing the projects, the individual and team end up doing tasks and similar projects parallelly and reinventing the wheel, which in turn decreases the organizational effectiveness. Prior literature supports this finding and suggest that high autonomy teams might easily end up isolating from others and view other as "outsiders" (Haas, 2010; Cohen & Bailey, 1997). This may lead to "not-invented-here" thinking and everyone just making their own judgements and continuing with parallel work. Olsson and Bosch (2016) and Haas (2010)

supports this by noting that isolation might cause organization's misalignment as teams might end up prioritizing their own success over the business interests.

Secondly, the findings imply that common direction is hard to set up and maintain when individuals have full autonomy and organization have only minimum amount of structure. This finding is not addressed in prior literature. When every person and every unit in organization has the freedom to use their own tools and metrics, and define their goals, the common ground is hard to find. In addition, if organization tries to set up clearer directions, it may face rebellion as the top-down suggestions may feel like decrease in individual autonomy and no-one want to give up the gained advantages (Martela & Kostamo, 2017).

Thirdly, the findings imply that the challenges may grow along with the organization, and the prior literature supports this finding (Velinov et. al, 2018; Olsson & Bosch, 2016). When organization grows, employees might find it even harder to keep up with the whole organization and understand the whole business. According to Olsson and Bosch (2016), Haas (2010) and Burton et. al (2017), self-managed organizations might have the risk of local optimization and reating silos. This study supplements these findings by noting that the likelihood for local optimization and silos might grow with the organization. Findings shows that Futurice has had to increase a bit of hierarchy and formal structure in order to keep up with the organization's growth.

### 5.2.2 High autonomy does not always lead to desirable outcomes

High individual autonomy is one of the key-defining elements of SMO (Martela & Kostamo, 2017). Autonomy strengthen intrinsic motivation, which in turn boost employees' wellbeing and performance (Deci et. al, 2017; Martela & Kostamo, 2017). However, this study shows conflicting results and reveals that autonomy do not always lead to desirable outcomes. Extensive autonomy might leave employees feeling alone and blurring the line between work and leisure, thus heightening the risk of burnout.



### 5.2.2.1 *Isolation*

In SMO employees are given significant autonomy and the hierarchy is pushed to the minimum (Martela & Kostamo, 2017; Lee & Edmondson, 2017). Prior literature discusses that the autonomy and intrinsic motivation increase employee work satisfaction and performance (Cohen et. al, 1994; Chung-Yan, 2010; Kubicek et. al, 2017; Martin & Campbell, 2013; Pearce & Sims, 2002). This study does not editorialize to increased satisfaction and performance but contributes to the prior literature by supporting the studies around social isolation (Cohen & Bailey, 1997; Haas, 2010; Baltes et. al, 1999; Langfred & Moye, 2004; Van Yperen and Renkema, 2008; Langfred, 2000) suggesting that high individual autonomy might end up employees feeling alone by scattering the feeling of cohesion and organizational citizenship. In addition, in the light of the findings I suggest that organization growth might complicate the feeling of cohesion, as employees cannot be acquainted and create relationship with all their colleagues anymore.

Firstly, the findings show that in very autonomous surroundings, everyone might end up just taking care of their own things, thus scattering the feeling of cohesion. This finding is supported by Langfred (2000) by noticing that once the autonomy is given to individuals, they want to make their own decisions about their work, thus individuals do not lean on that much to others.

Secondly, the findings imply that this isolation might create a culture, where asking for help is difficult. Individuals might end up feeling that they do not want to ask for help because, (1.) they do not want to be a burden for their colleagues, (2.) they do not know whether they would get answers to their questions, (3.) they are not sure if their need of help would be interpreted as lack of skills, thus affecting to their career progression, and (4.) they are not sure if their problem is big enough to involve someone. This finding is novel. The prior literature does address helping, but from the perspective of help giving. Van Yperen and Renkema (2008) have noticed that highly performing individuals tend to find it hard to help their colleagues, as they might fear that helping others could

jeopardize their own success. However, this study does not address whether there is causation between asking for help and giving help.

Thirdly, the findings suggest that the extensive autonomy may lead employees feeling that they are alone, because of there is no clarity over to whom they should turn to when facing problems. The unclarity over one's responsibilities and the idea of everyone being responsible for peers may end up weakening organization citizenship behaviour as no-one feels responsibility to intervene in challenging situations such as freeriding and conflicts. This finding is novel, but have strong support in the data.

#### *5.2.2.2 Overwork*

The findings support Deci et. al (2017) reporting that the freedom and autonomy in SMO fosters individual motivation and passion towards one's tasks. However, the findings also disclose that the same aspects also increase overworking. This finding is in line with prior literature (Beckmann et. al, 2016; Mazmanian et. al, 2013; Putnam et. al, 2013). Interestingly, both prior literature and the findings of this thesis suggest that even though employees tend to do overwork, they are not bothered by it. Beckmann et. al (2016) have noticed that the overwork done by self-managed employees was productive and despite of working extra hours the employees showed increased commitment and satisfaction towards their job.

However, prior literature also emphasizes the risk of overworking (Kudora & Yamamoto, 2019). Kudora and Yamamoto (2019) noticed that that even though employees are fully aware of the risks of overworking, they still choose to overwork. The findings of this thesis also disclose the possibility that the overworking might lead to higher burnout risk, as almost every interviewee told having experienced work-related strain and almost everyone knew someone at Futurice who has had a burnout.

### 5.2.3 Self-management might be misunderstood

The flat structure and minimum hierarchy are widely discussed (Bernstein et. al, 2016; Martela & Kostamo, 2017), but this study shows that those praised aspects could be easily misunderstood. Findings support Bernstein et. al (2016) noting that despite of their flat structure, lack of middle managers and employees' self-managing their work, SMOs need structure and leadership.

#### 5.2.3.1 Lack of structure

SMOs are well-known about their lack of structures and the individual autonomy which gives freedom for employees (Martela & Kostamo, 2017). However, the findings underline that SMO should not mean lack of structure and direction. On the contrary, interviewees continuously stressed the importance of structure. These structures would both ease the employees' stress levels and increase the organization efficiency. Martela (2019) have also noticed that SMO's would benefit from enabling structures, but the essence of these structures is still unknown.

Firstly, self-management and minimum structure might end up putting too much weight on individual's shoulders, thus increasing stress and decreasing employee's wellbeing. Findings shows that employees might easily be left alone without structures which would support employees work and collaboration. This finding is novel but leans on to Clement and Puranam (2018), who noticed that structure helps individuals to feel sense of belonging.

Secondly, findings suggest the lack of structure complicate organizations core processes and thus creates a lot of misuseage of resources, such as time and energy. Due to lack of structures, the information sharing, and decision-making are slowed down and other employee's every-day tasks (e.g. staffing and career counseling) is causing stress for employees. This finding is novel.

Thirdly, the findings imply that the lack of structure can increase the use of informal processes and thus decrease the transparency and increase politics as employees do not want to share all the information what they might have. This finding is partly supported by Van Yperen & Renkema (2018) as they note that especially performance-oriented individuals may consider helping others as unnatural because that might benefit others by the detriment of themselves. However, the prior literature does not address the increased politics due to the lack of structure.

#### *5.2.3.2 Lack of leadership*

SMO do not have traditional supervisor functions, rather the supervisor role is modified to be supporting function and acting more as mentor or coach (Martela & Kostamo, 2017). This change in managerial structures and lack of manager roles do not, however, mean that the traditional supervisor tasks are useless and can be vanished, but rather conversely there should be more leadership activity (Martela & Kostamo, 2017; Raelin, 2011). The findings of this study remark the change in managerial traditions and the need for leadership and managerial action. Even though the term self-management indicates managing oneself, the findings tell that the distributed leadership and strong individual autonomy might lead to negative outcomes as no-one takes leadership and responsibility over each other.

First, findings show that this lack of leadership and high autonomy may create harmful organizational culture, where organization just expect people to deal with the issues without asking around other's opinions and individuals just handles everything by themselves. This finding is novel. This is shown firstly in individual level, when individuals do not get support in their goal settings and they do not know who to turn to when facing challenges at work. Secondly it shows in community level, as no-one feels responsibility to intervene in conflict, overworking and freeriding situations. Thirdly it shows in organizational level as the lack of commonly understood business direction.

Second, the findings show an interesting paradox between the longing for leadership and the enjoyment of the autonomy. Interviewees described the worry of the lack of togetherness and help, which affect negatively to the individual's wellbeing and organizational effectiveness. Simultaneously they did not raise worry about themselves needing to navigate alone their goals, roles and tasks. This finding is not discussed in prior literature.

#### 5.2.4 Summary of the theoretical implications

This study contributes to the prior academic discussion by proposing three different consequences that extensive self-management may produce. My first proposition is that the flexible work arrangements do not always lead to desirable outcomes. Firstly, individuals' flexible task and role descriptions may cause unclarity over what organization expects from individuals resulting employees increased work-related strain and inefficiency. Secondly, I suggest that flexibility in organization's core processes (i.e. information sharing and decision-making) may slow down the organization. Thirdly, the flexible work arrangements may cause organizational inefficiency by parallel tasks and difficulty to define common direction.

My second proposition is that the increased autonomy might cause individuals work-related strain and organizational inefficiency. Firstly, extensive autonomy might lead individual feeling of isolated and creating difficulties to ask for help. These conditions in turn might increase work-related strain and inefficiency as individual might feel that she needs to handle all the confronting challenges by herself. Secondly, extensive autonomy might lead to overworking. Even though the findings support the prior literature (e.g. Beckmann et. al, 2016) arguing that autonomous employees are not that negatively affected by the overwork, the findings agree that extensive overworking and blurring the work-life balance will increase the employees stress levels leading to heightened risk of burnout.

My third proposition is related to the understanding of the self-management, noting that self-managed organization design might be easily misunderstood. Firstly, self-management organization model should not mean lack of structures. In this case, the structures do not mean hierarchical structures, but rather they are to be understood as liberating and supporting structures which would help the individual to practice self-management. Secondly, even though self-management means breaking the managerial command-control chains, it does not mean that the self-managed organizations would be free from managerial work and leadership responsibilities.

### **5.3 Practical implications**

Self-management organizations are advantageous in many ways, such as increased employee motivation and organization's increased flexibility. However, this study shows that self-management has also the other side of the coin. In the light of the findings of this thesis, I suggest the case company Futurice and similar companies to consider following suggestions in order to avoid or minimize the challenges.

First, along with Olsson and Bosh (2018) who notes in their study that more is not always better with the extend of empowerment, in the light of this study I suggest the same with self-management. Instead of reaching always to be more autonomous, organizations should consider different levels of self-management depending on their aim to achieve, characteristics of the industry domain, business model and the characteristics of their individual employees.

Second, I suggest organizations to invest in recruiting and onboarding. Firstly, organizations should be aware of what kind of self-management skills they require from their candidates. People come from different backgrounds and not all candidates share the same level of understanding and skills about self-management. Secondly, organizations should focus on onboarding the new recruit. People have different needs for support in the beginning depending on their experience about self-management. By

focusing on recruiting and onboarding, organizations will build more commonly shared understanding about self-management.

Third, I suggest building supporting structures to help employees to self-manage. Structures do not necessarily have to mean increase in hierarchy, rather they can be commonly decided norms and procedures which would guide the employees to align their actions towards common goal. These structures could be more task related, for example together created rules for information sharing and communication, commonly agreed tools used in everyday collaboration, and commonly agreed processes for conflict management and free-riding situations, or organization wide processes, such as formalized mentoring program and commonly agreed career evolution system.

Fourth, I suggest creating clearer role descriptions, so employees would know who have the responsibility over various issues. These roles do not need to be hierarchically structured or permanent. Rather the roles could rely on individuals own interests and professionalism towards the subject. In addition to task related roles, organization should introduce people related roles in order to help individuals to feel something to attach to, for example some kind of mentoring or peer supporting roles.

## 6 Conclusion

Organizations are changing their way of organizing to be more self-managed because of the changing trends of the world. This new orientation in organization design has been gladly received by organizations because self-management has been stated to be beneficial for both individuals and organization. However, the rising body of researchers have noticed that self-management brings also challenges that are not yet fully understood. (Lee & Edmondson, 2017; Langfred & Moye, 2004; Olsson & Bosch, 2018). The purpose for this thesis is to increase the understanding about this possible dark side of SMO by answering the question of *What kind of challenges self-managed organizations might face?*

The findings show that self-managed organizations might face challenges both in task related matters, and in social and relational matters, indicating that extensive individual autonomy and minimalistic structure might increase the individual work-related strain and organizational ineffectiveness. These findings challenge the common belief of self-management always leading to employees' higher job satisfaction and wellbeing, and increased organization's effectiveness.

### 6.1 Limitation

The objective of this study is to increase the knowledge about self-managed organizations and the findings suggest possible challenges what self-managed organizations might face. However, it must be noted, that this study has its limitations. Firstly, this study is conducted from qualitative orientation, thus the results cannot be directly generalized. By the nature of qualitative research, the reality of this study is constructed in social encounters between me and the interviewees, and the findings are my interpretations from the gathered data.

Secondly, the sample size of this thesis consists of only manager level employees and very small percentage of the whole organization, thus the sample can not represent the



whole organization. Because of the nature of the manager level employees' work, they might reflect the aspects of self-management more than non-manager level employees, thus manager level has noticed more subtle issues. However, managers' day-to-day work might differ from basic employee, thus the results do not fully cover the experiences of all employees. In addition, Futurice has noticed that manager level employees do not have as much support as non-manager level employees. Therefore, the findings might imply slightly different situation compared to what non-manager level employees might experience.

Third limitation regards the intertwined nature of self-management and organizational culture. Even though self-management has its defining characteristics, it can appear differentially in different organization cultures and industries. This study was conducted in consultancy field and specifically in software-oriented business, where job autonomy has been a normal for decades and where the work-life balance is traditionally more blurred (Scholarios & Marks, 2004). Because of these aforementioned reasons, the causal connection of found challenges might have been mixed between what evolves from self-management and what from organization's individual culture and general industry.

Fourth limitation is the lack of prior research on the topic of challenges of self-managed organization. The prior literature used in this study consist mainly researches on self-managed organization related studies, such as empowered leadership, self-managed teams, and job autonomy. These studies base on same ideologies as self-management, thus create sufficient understanding about self-management. However, the prior literature does not fully reflect with the challenges in self-managed organization.

## **6.2 Future study suggestion**

Future research can take several directions. Firstly, as the challenges in self-managed organization is not yet widely studied, it would be interesting to continue the investigation of the dark sides of self-management with other type of organizations. This study was

conducted in consultancy business, but self-management is not limited to only knowledge-based organizations. Therefore, in order to fully understand the challenges, I suggest future study to extend the research to concern variety of business fields.

Second possible direction for future study is to examine which kind of impact national cultures have on self-management. Finland, and The Nordics in general, are commonly find as quite low hierarchical. Therefore, Nordic based companies might more easily exercise self-management. For future study, I suggest examining self-management in organizations which originate from more traditionally hierarchical cultures.

Thirdly, I suggest continuing with the results of this study by examining which kind of supporting structures would be needed in self-managed organization and how the structures should be implemented. According to the findings of this study, self-management should not mean lack of structures. However, this study does not show which kind of structures would be the most beneficial in supporting individuals to self-manage.

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## Appendix

Interview Guide / Managers

### Taustakysymykset // Background questions

Titteli ja työtehtävä  
*Job title and duties*

Millainen päivä sinulla on ollut tänään?  
*How has your day been so far?*  
Kerro mitä teet työssäsi?  
*Please tell what your tasks are?*

Kuinka monta vuotta työelämässä?  
*How many years have you been in working life?*

Entä tässä firmassa?  
*Moreover, in this company?*

### Orientaatio // Orientation

Mikä tässä yrityksessä on hyvää? Mikä harmittaa?  
*Please tell the positives sides of this company. And the negative ones?*

Jos kerrot yrityksestäne ystäville tai tuttaville (esim. baarissa), niin mitä kerrot?  
*If you talk about your company to your friends or acquaintances (e.g. in a bar), what kind of information you share?*

### Itseohjautuvuus // Self-management

Viime aikoina on paljon puhuttu itseohjautuvuudesta. Mitä se sinun mielestäsi tarkoittaa? Onko tämä organisaatio itseohjautuva?  
*Lately self-management has been a hot topic. What do you think it means?*

Oletteko tehneet työn organisoinnin muutoksia joko itseohjautuvuuteen tai hierarkian muutoksiin liittyen viime aikoina? Millaisia?  
*Have you made any changes to work organization regarding self-management or changes in hierarchy? Please specify.*

Miksi näitä muutoksia on tehty?  
*Why have these changes been made?*

Mitkä ovat olleet tärkeitä kohtia ja päätöksiä itseohjautuvuuteen siirryttäessä, vahvistamisessa tai ylläpitämisessä?  
*Which steps and decisions have been important whole moving towards self-management? How about its strengthening and maintaining?*

Millaisia kokeiluja teillä on ollut?  
*What kind of experiments have you had?*

Mikä on seuraava tavoitteenne itseohjautuvuuden suhteen?  
*What is your next target regarding self-management?*

Mitkä ovat itseohjautuvuuden hyvät puolet?  
*Please list the good sides of self-management*

Mikä toimii hyvin? Mitkä ovat suurimpia onnistumisia?  
*What is working well? What are the biggest successes?*

Mitkä ovat suurimpia haasteita?  
*What are the challenges encountered?*

Mitkä olivat suurimpia epäonnistumisia tai harhapolkuja?  
*Which have been the most significant failures or false tracks?*

Valta ja päätöksenteko // Power and decision making

Mitä mieltä olet vastuun ja vallan suhteesta teillä?  
*What do you think about the relation between responsibility and power in your company?*

Entä vastuun ja vapauden välisestä suhteesta?  
*How about the relation between responsibility and freedom?*

Kenellä on formaalia (virallista) ja epäformaalia (epävirallista) valtaa?  
*Who has formal and who informal power in your company?*

Miten teillä tehdään päätöksiä? (Pyydä esimerkkejä)  
*How are decisions made in your company? (Ask for examples)*

Milloin ja miten meni, kun yhteinen päätöksenteko toimi hyvin? Entä huonosti?  
*Please give some examples when joint decision-making has been working well.  
Please give some examples when it has failed.*

Johtaminen, organisointi // Management, organization

Montako hierarkiatasoa teillä on? Miten ne näkyvät arjessa? (esimerkkejä)  
*How many levels of hierarchy do you have? How do they show in everyday work? (Ask for examples)*

Mikä on esimiehen rooli? Millainen sen pitäisi olla?  
*What kind of is the supervisor's role? How it should be?*

Miten tiimit/yhteistyöporukat/projektit valikoituvat?  
*How do you choose teams/collaboration groups/projects?*

Miten oman työsi tavoitteet määräytyvät?  
*How are the goals set to your work defined?*

Miten ratkotte konflikteja?  
*How do you solve conflicts?*

Jos joku laiskottelee, myöhästyy, ei tee töitään, miten siihen puututaan?  
*If someone slacks off, is late, does not perform his/her duties, how do you interfere?*

Jos joku asia on pielessä, kenen vastuulla on tehdä jotain sen eteen?  
*If something goes wrong, who is responsible for further actions?*

Onko yrityksenne muuttunut sisäiseltä toiminnalta viimeisen 1-2 vuoden aikana? Jos on, miten? Millainen se oli aiemmin ja millainen nyt?  
*Have your company's internal activities changed during the last 1 or 2 years? If yes, please specify. How it was before and how it is now?*

Tieto // Information:

Miten teillä varmistetaan, että jokaisella on tarvittava tieto oikealla hetkellä?  
*How does your company make sure that everyone has the right information at right time?*

Minkälainen tieto teillä on kaikille avointa?  
*What kind of information is open to everyone?*

Mikä tieto on vain rajoitetun joukon saatavissa?  
*What kind of information is restricted?*

Mitä mieltä olet tiedon määrästä? Onko sitä liikaa/liian vähän?  
*What do you think about the amount of information? Too much/too little?*

Hyvinvointi // Well-being

Miten teillä tuetaan työntekijöiden hyvinvointia?  
*How is employees' well-being at work supported in your company?*

Miten teillä puututaan liiallisen työntekoon ja esim. burn-out -vaaraan?  
*How do you intervene if someone is working too much and giving signs of burnout?*

Onko sinulla ollut ongelmia jaksamisen, motivaation tai työhyvinvoinnin kanssa?  
Mistä uskot niiden johtuneen ja miten niitä saatiin ratkaistua?  
*Have you had any problems regarding coping at work, motivation or well-being at work?  
Where do you think they originate and how were the problems solved?*

Minkälaisia palkitsemiskäytänteitä tai urasuunnittelutukea teillä on/annetaan?  
Minkälaisia palkitsemiskäytänteitä teillä on?  
*What kind of traditions of rewarding and career planning support do you have?*

