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# Recreating Innovative and Meaningful Workplaces

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**Abstract:** This study is about organizations that have been able to combine high job satisfaction with good productivity and profitability, i.e., they are able to operate profitably while being recognized as the best work places in Finland. These organizations are called alternative organizations. They have consciously rejected many traditional organizational practices like rigid hierarchies, administration, order and control. The ways of working lean on continuous learning and improvement, customer orientation and collaborative development. These companies continuously ensure that they are on the right track in customer projects and they let employees take initiative and responsibility. The importance of shared objectives is recognized and people are brought together to figure out the shared purpose. Usually the work happens in self-organized teams. Findings from alternative organizations have raised a lot of interest also in traditional companies, which are interested in questions such as *what ultimately can be learned from alternative organizations and how to increase self-organization?* This study aims at describing how a traditional company can recreate its structures to become a more innovative and meaningful workplace. The alternative organization in this study is in the information technology business. The data was collected from three theme interviews. The analysis produced a description of an organization which has abandoned traditional organizational and management practices. Then, a survey was conducted for a more traditional company in which the personnel evaluated their working environment. The researchers then analysed how alternative and traditional companies differ in various aspects and how the traditional company could develop in those aspects.

**Keywords:** complexity, alternative organizations, innovation, ways of working

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## 1. Introduction

Complexity theory including the concepts of chaos and emergency has been considered one of the most revolutionary products of the 20<sup>th</sup> century having influence on science, technology and economics among others. Complexity thinking suggests that the organization is more than the sum of its parts and it develops together with its environment. Even a small action may cause huge changes in the organization because there are linkages between different actors in the organization. The organization is constantly operating at the edge of chaos, i.e. between chaos and order. Order as such is not even desirable because it is static – unlike the organization and its environment. Instead of order the organization aims at reaching adaptive position, an ability to react and evolve. Being at the edge of chaos creates a possibility for new ways of working. (Vartiainen et al, 2013.)

The complexity theory challenges the traditional organizational and management practices. The requirements caused by complexity are so challenging that linear ways of working connected with rational planning will not be enough. When clear targets are missing, the customers start guiding the operations of the company. This requires open communication with the customers. (Juuti, 2008). The assumption that everything can be modelled given enough time or intelligence has thus been given up and instead, it has become evident that everything cannot be formalized into predictable, mechanistic patterns easy to understand or recognize. (Pelrine, 2011.) Flatter hierarchies, decentralization of decision-making, self-organization, emergence, empowerment of employees and the creation of new order are key characteristics of complex systems (Daft & Lewin, 1993; Mitleton-Kelly, 2003.)

Complexity thinking emphasizes that investigating all possible solutions is impossible. Instead, many options will emerge and one – suitable for the situation - has to be chosen. It is useless to aim at perfection, nor is it possible. Traditionally, organizational and managerial science has emphasized operations that do not allow failures or fair solution but instead, organizations have used methods and models that strive for perfection – as much as it is possible. Complexity thinking aims at revealing that admiring perfection can be an obstacle for creativity and thus prevent the development of the organization. This all requires that management has to put up with insecurity. Detailed instructions are not possible. The most important thing is to facilitate and manage the operations of the organization as a whole. (Vartiainen et al, 2013.)

This study uses the term alternative organization (Reedy & Learmonth, 2009) to refer to companies whose aims are different from those of so called traditional organizations. The aims can be such as having fun or being self-sufficient, or the aims can include targets like mutual support, sustainable development, self-management, self-expression or bringing a change in society. These kinds of targets make alternative organizations operate in a

different way comparing to traditional organizations – especially in terms of hierarchy or power relations. Pre-ailing conditions in alternative organizations are independent decision making, equality and co-operation rather than targets that are deduced from productivity or profitability.

## 2. Theoretical framework

Organizations face challenges when either the dynamic complexity or the behavioural complexity of work increase. In situations where both the dynamic complexity and the behavioural complexity are high, challenges can be overwhelming, because such situations require both systemic and conceptual thinking skills and also, interpersonal and facilitative skills. The complexity of behaviour describes how complex are the aspirations, mental models and values of decision makers. High complexity means that there is a conflict between the assumptions, beliefs and perspectives, which makes it difficult to make people agree on what should be done, because the way they see the world varies and they have different preferences and goals. On the other hand, when the complexity is low, people share the same values, on the basis of which they can develop common perspectives and procedures. (Roth & Senge, 1996).

**Table 1** Dynamic and behavioral complexity of work

		Dynamic complexity	
		Low	High
Behavioural complexity	High	2. Wicked problems	4. Wicked messes
	Low	1. Tame problems	3. Messes

The dynamic complexity describes situations where the cause and its effects are distant in time and place (table 1). Low dynamic complexity characterizes situations where it is possible to see a connection between the actions and their effects. Big organizations are an example case of high complexity. It is typical for them that few, if any, have an understanding of the causes of problems and many interventions only improve the situation in the short run but make in worse in the long term. In fact, many problems are actually unintended causes of previous decisions taken. Thus, it is very difficult for decision makers to learn in situations where the dynamic complexity is high. (Roth & Senge, 1996.)

The nature of work is changing towards knowledge work and services instead of mass production, which makes intangible assets the most important in the company. At the same time, it becomes more important to have knowledgeable and competent work force. (Alasoini, 2014.) The changes in the nature of work make the limits of organizations more difficult to define. Differences in productivity become very much a question of how the work is done and how it is organized. (Työelämän kehittämisstrategia vuoteen 2020.) As the business environment is changing ever more complex, the companies must start seeking competitive edge from flexibility, agility, innovativeness and customer insight (Alasoini, 2012.)

The rise and use of new technology demand rejection of old mass production operating models. Knowledge work cannot be profitable if it is carried out using methods that used to work well with tame problems in the context of mass production. One important change is the spreading of work among many different organizations into collaboration and crowdsourcing. This means that learning inside the organization, in teams or processes, is not enough – the changes taking place over organizational boundaries are mixing the situation on a constant basis. New measures are needed and they should cover the quality of working life, well-being at work, know-how and productivity. (Alasoini, 2014.)

Sydänmaanlakka (2014) suggests that before hierarchies can be torn down, people must get used to the idea of equal and open co-operation in the networks. Quick solutions and decision taking require open and active sharing of information and transparency. Instead of maximizing profits organizations must collect human, social, economic, technological, political and ecological capital. In addition, management should be based on positive, holistic view of people. Unlike in traditional organizations where people are seen as passive and externally motivated, people are seen as active internally motivated actors who seek meaning in their work.

The change in the organization needs a change in its culture. The culture defines how things are done and if this contradicts with new ways of working, people in the organization will obey the culture and new ways will be rejected. In other words, what theory about work has been adopted in the organization defines what kinds of ways of working are in use and how the work is organized. The daily routines in an organization are built on

thinking and structures. If one wants to change action, one must first change thinking – new organizations are born from new thinking. This does not happen at once. (Törmälä et al, 2015.)

Wicked messes and complex context require interaction and communication. Mitleton-Kelly (2003) says that complex behaviour arises from the inter-relationship, interaction and inter-connectivity of entities within the system and between a system and its environment. People in the organization communicate through their normal activities and organization-wide patterns emerge from this ongoing communication. It is not possible for managers to determine this pattern though they have intentions about what they want the pattern to be. In order to make sense of versatile and equivocal matters, people in organizations must interact and discuss to share understanding and interpretations; the more different communication tools in use, the better. The key problem in ambiguity is not the imperfect understanding of reality that could be solved with additional information but the fact that additional information does not solve anything.

### **3. Methods**

This study was carried out as a multiple case-study of two cases. The purpose of case-study is to map, describe, interpret and explain cases as precisely and thoroughly as possible and to learn as much as possible from the case companies and form a descriptive material that allows alternative interpretations. The purpose is not to produce results that are generalizable but instead the results should be transferable. Transferability is ensured through thorough documentation. (Saaranen-Kauppinen & Puusniekka, 2006.) Choosing the cases is one of the most important phases in a case-study. The essential criterion effecting the choice of cases is what we can learn from them. Since the number of cases under scrutiny is limited, the cases should be such that they contain essential elements of interest concerning the study in question. (Eriksson & Koistinen, 2005.) The research problem in this study is:

- to find out the how traditional companies differ from alternative companies in essential aspects and
- how traditional companies could be developed in those aspects.

The data for the present study was collected from two companies. The preliminary data accounts for three interviews carried out in the alternative company. The theme interview was chosen as a method of data collection in the preliminary phase of the study. Theme interview is a suitable method in situations where we need to get information on topics that we know little about or when the research design cannot be defined precisely in advance but it is better to complement it in the course of the study. The idea of a theme interview is to give space to the interviewee's own interpretations, experiences and free speech. The themes are chosen carefully on the basis of the topic because the themes are the link between the data and the research question. The interviewees should be chosen on the basis of their appropriateness, i.e., those people who best can give information on the topics that are of interest. Prior studies give a guideline for the themes that are common for all interviews although they do not necessarily appear in the same order or in the same extent. (Saaranen-Kauppinen & Puusniekka, 2006.)

All interviews were individual interviews with always two researchers present. The theme interview data consists of material that was recorded. Informative questions were asked first and the actual themes after them. The themes embody issues like how people work both on personal level and on organizational level, targets, responsibilities, co-operation, networks, the role of customers, the interaction and the challenges of the company in the past, in the present time and in the future. Free speech was also given space in the course of the interview. The interview material was transcribed verbatim by a third party.

The analysis started with an in-depth phase using full transcripts of interviews to search for common themes and to gain a deep understanding of the organization. Both authors of this article read each transcript. The analysis concentrated on highlighting the key points and on finding out the most interesting or important issues so that patterns started to emerge one by one. These were listed in an Excel spreadsheet and evidenced with a quotation. In the second phase of the analysis findings were discussed and the main themes were agreed in order to avoid bias and to provide a deep understand of the issues. The themes were then clustered. (Mitleton-Kelly, 2006.) Six main themes were established on the basis of that data. The themes were classified as follows: 1) ways of working and their development, 2) trust and empowerment, 3) customer focus, 4) responsibilities, administration and follow-up, 5) aims and culture and 6) profitability.

The second phase of the study was carried out using an online questionnaire realized by Survey Monkey. The themes of interviews were used in the preparation of the questions in the questionnaire. The online questionnaire with open questions grouped under the six themes was sent to a company that wanted to recreate their organization, i.e. to increase their self-organization. The questionnaire was sent to 40 people (in both supervisory and employee level) of which 34 people answered. The analysis of the data was done by two researchers. The data was compared with the data extracted from the alternative organization and the results of this descriptive comparison will be presented in next chapter.

The trustworthiness of a case study is characterized by repeatability and authenticity. A case study should be planned well and carried out thoroughly till the end. A strong evidence is a benefit for a case study; the meaning and correctness of the results is strengthened by offering an elaborate description of the data collection, the data itself and its analysis. However, the personal touch of the researcher is always shown in the research results. It is beneficial for a case study if it is capable of offering alternative interpretations for the case and, if the purpose of the case study is to produce new ideas or descriptions, the analysis of the data from many points of angles improves the quality of the study. (Eriksson & Koistinen, 2005.)

#### 4. Findings

It is very important for the company to be able to define the context in which they operate. It helps in understanding the organizing of the company; what works and what does not work and why. Organizing in turn is connected with management practices. Defining the context accurately can be interpreted as a prerequisite for finding a successful and purposeful way of organizing and way of managing the organization. The context of the organization defines the nature of the problems they handle.

The most important features of the alternative organizations are the way how they are organizing themselves, the organizational culture and the specific features connected to alternative organizations. These can be seen in figure 1. In order to be an alternative organization, the two first mentioned prerequisites must be achieved: an alternative organization operates systemically rather than hierarchically. The systemic organizing offers a means to be able to operate in a complex context. The organizational culture of an alternative organization is free instead of an organized one. Productivity and profitability are essential features of alternative organizations, but they are considered the outcomes instead of aims. The two prerequisites make it possible to use new ways of working and when those are in use, productivity and profitability come as a side-effect.



Figure 1: Main themes in the data

When observing the co-effect of organizing and organizational culture one can see that these two are prerequisites for an alternative organization. Differences in organizational structure and culture of alternative and traditional organizations certainly exist. The two cases under scrutiny in this study were compared with each other and the illustrative data is presented in table 2. These quotations illustrate how differently people in these two kinds of organizations experience the structure and the culture of the organization and its ways of working.

Table 2: Illustrative data of the two case companies

Traditional company	Alternative organization
<p><b>Problem solving</b></p> <p>Problems will be dealt with only when things have gone very wrong, we don't sense things early enough.</p> <p>It's nice when somebody promises things to happen but very unpleasant when you notice that finally the things that have been promised will be postponed in the future or rejected after the promise.</p>	<p>When we do things in close co-operation we know the challenges already in the beginning and we can take care of them right away. It is every team members' responsibility to raise difficult things up. Then we can talk about them with the sales team and management and together we can react to them very quickly.</p>
<p><b>Innovation</b></p> <p>It feels that at the moment there are a lot of all kinds of things going on and there are renewals that for sure need a lot of money, but the profits are still very unclear...</p>	<p>We have done quite wild things together and the whole team is proud because we have been ready to experiment and to take risk once in a while.</p>
<p><b>Empowerment</b></p> <p>The knowhow of people should be taken more into account and the management should share responsibility and projects that are meaningful so that people wouldn't get stuck to old things when the whole working becomes dull...</p>	<p>We will bring the frames inside which people will actively take their own decisions and understand what is important for them and suggest their own ideas on how we should proceed. I think this is what is crucial for our competitiveness in the future. That we don't have people who just wait for instructions but instead they will think on their own what is sensible and how it could be realized.</p>
<p><b>Trust</b></p> <p>I think people are not trusted enough.</p>	<p>Employees are trusted – really – and they are not limited in any way. That's the biggest thing.</p>
<p><b>Ways of working</b></p> <p>The development is not agile, the needs of customers are heard and taken down, after they are postponed for months after months as long as months become years. Nobody takes decisions that this thing will not be done, but they w this thing will not be done, but they won't be done either. Also the customers notice this.</p>	<p>We use Agile methods, that is, we very quickly start to experiment and pilot things. This way the customer gets a picture of what is relevant for him in the product or service and then we develop it forward. We meet the customer every week or every second week with the whole project team.</p>
<p><b>Customer focus</b></p> <p>We should remember in the middle of all these changes that it's the customer who brings the money and we should go closer to the customer.</p> <p>The signals from customers are not listened enough. Only when a very big customer says his opinion then we take it seriously even if we had noticed the signs before. In sum, there should be more anticipation.</p>	<p>In this field and in this business it all comes from the customer. We don't have to put frames inside the company, because the customer gives them, in addition with the budget and timetable and what we do and such. Within the scope of these we then define own ways of working, but the customer is the boss in a way.</p> <p>The fact that you see immediately from the face of the customer whether you have done good or bad work and also that the customer contacts are so close to us...</p>
<p><b>Management</b></p> <p>The foremen should be more aware of who does and what and sometimes guide a little bit more to the right direction and also interfere if there are problems.</p>	<p>When you don't have anything you could rely on or lean on, then you just have to start doing things on your own. This way... And a very light and human and humorous atmosphere and communication.</p>
<p><b>Targets</b></p> <p>The individual and common targets should be clear and the model for remuneration should be clarified as well. The pay should be based on the knowhow of an individual and on his achievements. It's not good to have the same pay model for everybody.</p> <p>The targets and plans should be clearer, more focused and concrete.</p>	<p>The pay model targets at equality and the experience of fairness and our common values. We talk about the role description where we talk about the influence... What counts is what you produce and the path is individual and based on your strengths. The principle of strengths is behind everything. The aim of all this is to activate people and to give them ownership of their own work.</p> <p>We have a 100 % satisfactory guarantee. If the project goes badly and the customer is not satisfied with the cooperation or the end product there won't be money coming to us.</p>

The way of organizing reflects how differently these two organizations are managed. Teams are in an independent position in the alternative organization and the power and responsibility are in the team. The role of alternative organization's management is to facilitate the teamwork by knowing whether they have problems and reacting quickly if they do. This encourages individuals to take responsibility. The function of management is very much in supporting the self-management of employees and to enhance the communality. In building such conditions the sense of equality and trust are in an important role.

The alternative organization uses Agile project methods which are based on constant dialog and feedback. They pay much attention to the quality of dialog and try to make communication as effortless as possible. The teams meet the customers on a regular basis in order to give the experts an occasion to present their work and to get direct feedback. Customer feedback is discussed in public in personnel meetings and successful projects are celebrated. The work in alternative organizations is essentially about co-operation - within the organization and with the customer. There is also a lot of external co-operation with other companies operating in the same field of business, i.e. competitors.

Alternative organizations have a very open organization culture. They invest in the commitment of employees in many ways and they aim at continuous improvement and want to be the best workplaces in their field. They try to keep both the employees and customers satisfied. The management does not want to dictate practices but it tries to listen the employees to know to what direction the employees want the company to evolve. This way the commitment to the company and work will be on a high level. The customers are listened in the same way.

Traditionally companies are managed by financial figures and the turn-over or profitability is the target itself. In alternative organization, good financial figures are not the only targets but kind of a side-effect of customer satisfaction and success in a customer projects. Self-organization in traditional companies could be increased by shifting focus more customer centric, seeing the value of constant interaction and facilitating it in casual, effortless ways. In alternative organization the customer is truly in focus of all operations and the only targets for the company are set by the customer. The satisfaction of customers is ultimately ensured by giving customers a 100% satisfaction guarantee. This reflects the fact how serious these companies are with customer orientation. Thus, customer orientation is not verbiage at all - everyone knows that customer satisfaction is always very important and doing great job is demanded from everybody. Every invoiced hour has to be valuable for the customer.

## **5. Conclusions**

If traditional organizations' operational environment becomes complex, challenges can be overwhelming unless the company changes its ways of working. The important questions in change are: how to move the organization at the edge of chaos and how to reject linear thinking models and rationality (Juuti, 2008)? Both case companies offer expert services and perform knowledge work which means that they operate in an environment where both the dynamic complexity and the behavioural complexity are high (Roth & Senge, 1996). When organizations start aiming at lowering the hierarchical and bureaucratic structures, managerial thinking must change radically. Management becomes a collective and shared process. Individual performance transforms into co-operation. The importance of management function grows so big that it cannot be left in the hands of management alone. (Sydänmaanlakka, 2014.)

Trying to make the changes happen using a top-down approach is difficult and usually just causes competition inside the organization. It also channels the expertise of management into something else than managing. In the worst case, the top-down approach leads to control and monitoring, which are the antithesis of change and agility. Top-down approach has little chance to succeed also because people are better to solve problems than taking orders, which suggests the use of participative methods. An expert can help as support but in the center of participative change are the people in the organization. Managing knowledge workers requires humility and ability to deeply understand the nature of their work. (Juuti, 2008.)

According to Mitleton-Kelly (2003) emphasis on relationships both internally and externally contributes to the success of complex systems. When enhancing this, making connections should be encouraged for instance by letting everyone talk to anyone. Facilitating connectivity in physical office environment makes it possible to increase creativity and innovativeness in a workplace. It can also contribute to changing the office culture. Building



trust requires positive view of people. People who are trusted aim at being worth of trust and on the contrary, those who are not trusted aim at avoiding responsibilities. Thus, people often behave as they are supposed to behave and a certain behavior can actualize in certain kinds of structures. For instance, structures supporting co-operation and cohesion create cultures supporting learning and safety, which in turn are prerequisites for motivation. (Törmälä et al, 2015.)

Productivity and profitability were mentioned in many occasions and their importance was highlighted but they did not represent the aim of the organizations as such. Instead, the alternative organizations believe that when the organization is fine-tuned with regard of everything else, productivity and profitability are unavoidable consequences. Indeed, collaboration does not only increase well-being at work but it has remarkable positive effect on individuals', teams' and organizations' ability to increase productivity and profitability. (Sveiby & Simons, 2002).

Alternative organization show that successful business is possible even during poor financial times and there are alternative ways of running a company instead of traditional management practices. This article describes some differences between alternative and traditional organizations and gave suggestions on transforming traditional company towards self-organized. The interesting area of the future research is what concrete tools could be invented to help in this transformation.

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