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Overcoming challenges of decision-making in a self-managed organization: Case Study

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Degree programme	
Information Systems Management, Master's Degree	

Thesis title	**Number of pages and appendix pages**
Overcoming challenges of decision-making in a self-managed organization: Case Study	64 + 8

This study is a case assignment for a software company. The intention of the company is to become truly self-managed organization where all employees can make decision at all levels, including strategic decisions. There were certain practices established in the company to help employees and now there is a need in improving employees' decision-making, which became the objective of the thesis. The research question is 'How employees can overcome challenges of decision-making that they face in self-managed organization?'

The theoretical part describes several forms of organizational structures that advocate self-management including agile, holacracy and teal. Further it focuses on theoretical concepts of self-management, it's implementation and known challenges of decision-making in a self-managed work environment.

The empirical part of the study was done in cooperation with selected employees of the company under transformation and group of employees leading the transformation process. Several interviews and surveys were conducted to answer the research question of the study.

The outcome of the study is guideline or list of suggestions for overcoming barriers that employees of the company face in their decision-making process.

Keywords

Organizations of the future, teal organizations, holacracy, self-management, agile, decision-making.

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1   Introduction

'The organization of the future' trend scored first place in the annual Global Human Capital Trends magazine released by Deloitte in 2017. 88% out of 10 000 HR and business leaders from 140 countries say that building the organization of the future is important or very important. Moreover, in 2017 many companies moved from planning phase to actual implementation of some form of future organization. Self-managed organization is one form how leaders see organization of the future.

Although self-management is not a new phenomenon, it has grown up in popularity recently. Companies prefer self-management, as it promises increased motivation, productivity and innovations with lower costs in compare to traditional organizations. First time self-management was mentioned back in 1951, when self-managed teams were found to be efficient form of employees' organization for a coal mine industry. Since then self-managed teams were adopted in different industries and countries. Eventually many leaders wandered if self-management can be applied to entire organization. Laloux in his book Reinventing organizations summarized experiences that different companies had with transformation to teal organization - one form of self-management implementation in practice through appropriate structures, policies and practices.

 Although having all processes and practices is critical for success of self-management, the real challenge is to encourage employees to stand up and take initiative for their own work, team progress and company success. The success of self-management depends directly on how willingly employees will take responsibility for making decisions and committing to them in 'no-managers-around' environment.

In sake of higher productivity and employees job satisfaction the company under study has started organizational change to become self – managed organization. They are flattening organization by removing all hierarchies between employees; by giving for all employees right to affect all decision in the organization; by creating a transparent organization, where all employees have access to all information to make the most appropriate, most effective and innovative decisions. One of the challenges of self-management in their opinion, associated with

employees' decision-making process. Although they have appropriate process at place, the level of initiative to make decisions is still quite low.

Objective of the study is to improve employees' decision-making in self-managed organization. To reach objective of the study the following research questions should be answered:

- Research Question1: What are the known challenges of decision-making in a self-managed organization?
- Research Question2: What decision-making related challenges employees of the company are facing in their daily self-managed way of working?
- Research Question 3: How employees of the company can overcome the challenges?

In sake of answering the research questions barriers of decision-making in a self-managed environment will be found from literature review and the case study. At first profound literature review will be conducted to find known barriers for decision-making in self-managed organizations. The findings will be used to construct questionnaires for assessing employees. Besides some open questions will be added to the questionnaire to find out some challenges that were not discovered from available literature. Suggestion for improvements will be provided based on the findings from interview and literature review.

2 Evolutionary context of organizational structures

Humans have been grouping for centuries to establish communities or organizations for pursuing common goals and aspirations. It is commonly known that all modern businesses run in form of an organization. Although they might differ by their structures, models, cultures in the core of an organization are employees. Any corporate organization can be described as group of people working together to achieve a certain purpose. Role of an organization, in turn, is to help people to integrate their activities to get work done effectively and timely.

Organizational structure, in this context, is one of the tools that an organization may exploit to unleash all talents of its personnel and enable efficient and effective collaboration; and can be described as a "pattern of organizational roles, relationships, and procedures that enables integrated, collective action by its members" (Bernstein & Nohria 2016, 1). Professors Bernstein & Nohria (2016, 1) state that any organizational structure is expected to serve the following four coordination functions on organizational and individual levels: Coordinated capabilities, Coordinated activities, Coordinated Goals, and Coordinated Boundaries (Figure 1).

Function	Organizational Need	Individual Need
Coordinated Capabilities	It enables members of the organization to draw on a wide variety of skills according to a *division of labor* that defines a shared map of who is able to do what.	It enables members of the organization to develop specific skills and capabilities and to learn, grow, and advance *individualized careers*.
Coordinated Activities	It enables members of the organization to coordinate activities (individual actions) through *integrating mechanisms* such as hierarchical supervision, formal rules, processes, and procedures.	It enables members of the organization to *bond* with a larger community, engage in interdependent work, and collectively produce valuable output.
Coordinated Goals	It enables members of the organization to distribute *decision-making authority* for priorities and goals, shaping the organization's raison d'être—its broad purpose and mission.	It enables members of the organization to integrate *individual interests into shared goals* that are personally motivating and rewarding.
Coordinated Boundaries	It enables members to set and sustain *organizational boundaries*, defining what work they will do (and not do) and who they will hire (and not hire).	It enables members of the organization to *identify* with the organization's business model and competitive positioning, and to decide if they wish to join (or not).

Figure 1. Functions of organizational structure (Ethan & Nitin Nohria 2016, 2)

There is no single right way of creating an organizational structure. In fact, each company tries to create or transform organizational structure so that it serves their needs in the most effective way by operating with the four dimensions to improve dynamics in the organization:

- The Division of Labour to Coordinate Capabilities defines how skills and knowledge are distributed between employees and department;

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- Integration Mechanisms to Coordinate Activities define mechanisms for integration of employees' work efforts;
- The Distribution of Decision-making Authority to Coordinate Goals defines rules on how decision-making power is distributed;
- The Setting and Sustaining of Organizational Boundaries defines activities performed within and outside of organization) (Ethan Bernstein & Nitin Nohria 2016, 2-3).

Although functions of organizational structure are still the same (coordinating activities, boundaries, goals and capabilities), the structures themselves have been transforming to be able to reflect new aspects of the ecosystem around them. Today when the pace of the transformation is faster than ever before (Figure 5), the organizational structures can be categorized into two groups: traditional (commonly used, traditional structures that mostly were emerged in industrial era) and emerging (attempt to find new ways of cooperation that will reflect realities of modern world).

2.1 Traditional and emerging organizational structures

Traditionally the evolution of the organizational structure was an attempt of an organization to adapt to the quickly changing realities of business ecosystem. For example, Bernstein & Nohria (2016, 4-8) see the evolution as result of such environmental changes as globalization, diversity, digitalization and social media.

However, the traditional approach failed to encompass human behavioural context of an organizational evolution. Laloux (2104, 14) in his book took historical perspective of organizational models' development form human's perspective. He described evolution of organizational structures because of evolution of human society and human consciousness development (Laloux 2014, 14).

Although the approach of Laloux is more important for the study, it is beneficial to consider both views in this to have wider understanding of the evolution of organizational structures.

2.1.1   General view of evolution of organizational structure

Bernstein & Nohria (2016, 4-8) state that there are only few designs of organizational structure exists today*: Management-Centric, Employee-Centric, and Crowd – Centric* organizational forms (Figure 10).

Core Tool for Organizational Design	Organizational Structure Centered Around and Driven By	Basis for Authority	Examples of Organizational Forms
Structure (Organizational Form)	Management	• Formalized Power	Functional, Divisional, Matrix
	Employee / User	• Knowledge / Expertise	Network (Nohria & Eccles, 1992), Team-Based (McChrystal, 2015; Mohrman et al, 1 Project-Based (Turner, 2009), Holacracy (Robertson, 2015), Adhocracy (Mintzberg, 1983), Heterarchy (Hedlund, 1986), Shamrock (Handy, 1989), Boundaryless Organization (Devanna and Tichy, Hypertext Organization (Nonaka & Takeuchi, 19 Edge-of-Chaos Organization (Brown and Eisenha Teal Organization (Laloux, 2014)
Structuring (Form of Organizing)	Crowd / Community	• Task or Project Responsibility • Reputation in Community • Values	Self-Organizing (Ticoll, 2004), The Open Organization (Whitehurst & Hamel, 20 Agile Squads (Sutherland & Sutherland, 2014), Hackathons, Flash Mobs / Flash Teams (Retelny et al, 2014)

Figure 2. Forms of organizational structure. (Ethan Bernstein & Nitin Nohria 2016, 10)

Management-Centric organization is traditional organizational form, where decision-making power is centralized on the top of an organisation; organizational structure is driven by management and normally has very hierarchical way of organizing people to organizational function, divisions, or matrix. New forms of organizational structures (or forms of organizing) emerged in 21st century as natural reaction on such environmental changes as globalization, diversity, transparency leveraged by social media, and technological advancement. To stay competitive companies had to change the way they work and re-design work processes so that they can operate and innovate faster, adapt to changes better and learn more rapidly. (Bernstein & Nohria 2016, 4-6)

Employee-centred organizations emerged to meet requirements of todays' business ecosystem, as it allowed making decisions faster by decentralizing power and empowering employees to make decision. Such unofficial sources of power as knowledge and expertise start to play bigger role in decision-making, as often front-line employees are expected to make important decisions. (Ethan Bernstein & Nitin Nohria 2016, 6-7)

Social media and crowd-based collaboration helped to emerge phenomena of *self-organizing crowd communities*. Employee-centred organization mostly rely on self-managed way of defining work processes, distributing roles and authorities, whereas crowd-centric organizations only provide platforms where people can contribute in a self-organized way. Work force division is very fluid, as roles are distributed, exchanged, discarded by members of community themselves. Decision-making power and authority are distributed, innovations and advancement appear all around. Open source communities, hackathons, flash mobs, flash teams are examples of self-organizing structures. (Bernstein & Nohria 2016, 7-8)

2.1.2   Evolution of organizations by Laloux

To explain evolution of organizational structures Frederic Laloux (2014, 14) referred to the theories of individual's consciousness development developed by Ken Wilber. Ken Wilber defined cognition (what an individual is aware of), values (higher purpose), and self-identity (what one identifies with) as main s features of an individual's consciousness (Brown, 2007, 1). These features of consciousness evolve over the time to the next stage. Important to note that each stage reveals new ways of looking at the world around. Every stage of consciousness is mapped with a colour, for easy reference (Figure 3).
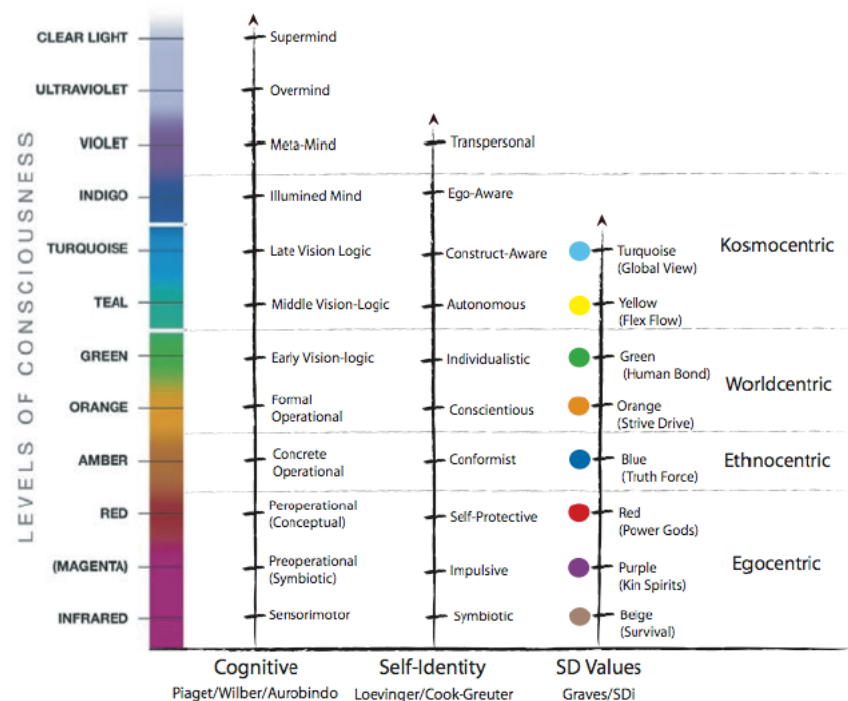

Figure 3. Levels of consciousness diagram (Brown, B. 2007, 1)

Laloux (2014, 14) noticed that every new stage in human consciousness caused a breakthrough in the ability to collaborate, and as a result new organisational models emerged. "Every time that we, as a species, have changed the way we think about the world, we have come up with more powerful types of organisations." (Laloux 2014, 33) In the other words, organizational structure, is result of our current stage of consciousness development and our current worldview. Quite in the same way as Ken Wilber, Laloux used colours to reference new organizational structures with correspondence to stages of consciousness (Figure 4).

First form of organization emerged about 10,000 years ago when *Impulsive-Red* was major paradigm. First red organizations appeared in the form of small military groups with the purpose of tribe protection. These first organizations were glued with continuous exercise of power in interpersonal relationships. Two major breakthroughs in the way people collaborate happened at that: people learned to divide work efforts and to follow authorities. Worth mentioning that Red organizations still exist in modern society –gangs, criminal groups are example of such organizations. Red organizations have advantage of making decisions quickly, but they were not able to cope with growing complexity (Laloux, 2014, 17-18).

Color	Description	Guiding Metaphor	Key Breakthroughs	Current Examples
RED				
	Constant exercise of power by chief to keep foot soldiers in line. Highly reactive, short-term focus. Thrives in chaotic environments.	Wolf pack	• Division of labor • Command authority	• Organized crime • Street gangs • Tribal militias
AMBER				
	Highly formal roles within a hierarchical pyramid. Top-down command and control. Future is repetition of the past.	Army	• Formal roles (stable and scalable hierarchies) • Stable, replicable processes (long-term perspectives	• Catholic Church • Military • Most government organizations (public school systems, police departments)
ORANGE				
	Goal is to beat competition; achieve profit and growth. Management by objectives (command and control over what, freedom over how).	Machine	• Innovation • Accountability • Meritocracy	• Multinational companies • Investment banks • Charter schools
GREEN				
	Focus on culture and empowerment to boost employee motivation. Stakeholders replace shareholders as primary purpose.	Family	• Empowerment • Egalitarian management • Stakeholder model	Businesses known for idealistic practices (Ben & Jerry's, Southwest Airlines, Starbucks, Zappos)
TEAL				
	Self-management replaces hierarchical pyramid. Organizations are seen as living entities, oriented toward realizing	Living organism	• Self-management • Wholeness • Evolutionary purpose	A few pioneering organizations (see "Examples of Teal Management")

Figure 4. Stages of organizational structure evolution (Laloux, 2014, 36)

In *Conformist-Amber* stage, our ancestors evolved from tribes to the first civilizations with states, institutions, and religion. Individuals of that stage developed awareness of other's feelings and perceptions. Human's self-evaluation was mostly built based on the opinion of other people around. Agriculture affected people's way of working and organizing their future. As a result, people learned to plan for medium and long future and create first types of scalable organization. Amber organization have place in todays' society. Their distinguishing futures are fixed hierarchies, organizational charts, decisions made on the top and executed at the bottom. Workers mostly seen as dishonest, lazy, and in need of commands. (Laloux, 2014, 18-23)

Orange stage can be characterized by devaluing morals and defining effectiveness as main driver for decision-making. In orange paradigm's world-view the best decisions are the once that result in the best outcome. The main breakthroughs of the orange organizations are innovation, meritocracy, and accountability. Marketing, research and development, and product management are inventions of orange organization as well. Orange organizations started to employ carrot instead of stick to motivate employee for the best result. Today Orange is the most dominating way of worldview in business and politics. Having said all important achievements of the stage, it is worth mentioning that orange stage is associated with social inequity, materialistic obsessions, mass consumption, materialistic obsession, loss of community and corporate greed. (Laloux, 2014, 23-29)

The *Pluralistic-Green* worldview emerged as opposition to values of orange. Green 'seeks fairness, equality, harmony, community, cooperation, and consensus' (Laloux, 2014, 15). Green organization do not concentrate only on shareholder, but instead on all stakeholders in organization in compare to orange organizations. If orange organization is seen as machine, followers of green believe that knowledge workers cannot be treated as cogs in the engine. Therefore, leaders of green invest in organizational culture and values, coaching, mentoring. Empowerment and egalitarian management are main breakthroughs of the Green Organizations. Worth mentioning that Green organizations can be categorized as emerging organizations, as Orange organizations are still dominating. (Laloux, 2014, 30-34)

Women's right move, global movement against climate change, movement to protect minorities, increased awareness of need to protect the planet were introduced by Green paradigm. However, Green has some cons, as well as other stages. In an attempt to oppose Orange views

(very pragmatic and rational), Green defines romantic and non-rational views as dominant. Besides, it turned out, that egalitarian management and empowerment are very hard to maintain in long term. Green organizations, in their aspiration of equality, often go too far with dismantling all structures and hierarchies. As result, power does not disappear, but transforms to the underground power of informal structures, that often very harmful for an organization. Besides, Green organizations often put into challenge of being abused by the parties they are inviting to share equality. Last, but not the least limitation of Green, is its tendency to look at everything around only from its worldview vantage point and go too far in advocating their worldviews as the only right once. (Laloux, 2014, 34-35). The idea of sharing the same values, might be difficult to accept by all employees, as at the modern world there are worldviews of five stages co-exist (Figure 5).
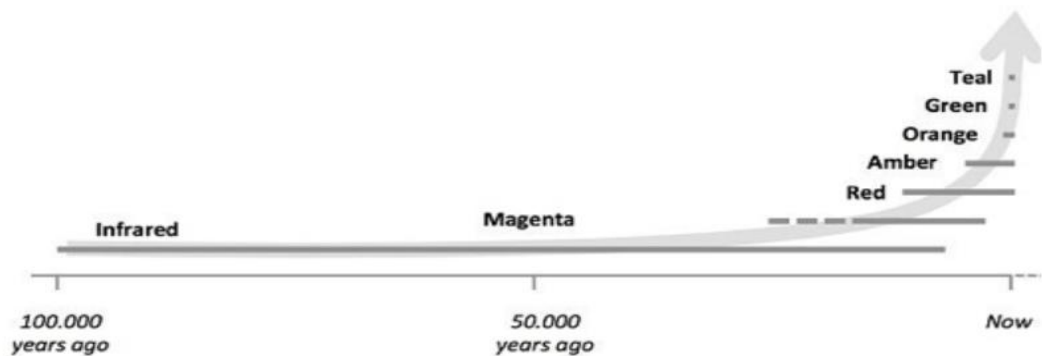
Figure 5. Timeline of different paradigms (Laloux, 2014, 35)

2.2 The organizations of the future

According to Deloitte's early Deloitte Global Human Capital Trends (2017, 3-4) report organizational transformations are inevitable. Gap between technological advancement and increase in business productivity grows from year to year. Although technologies becoming more and more sophisticated, amount of performed work does not increase significantly (Figure 6).
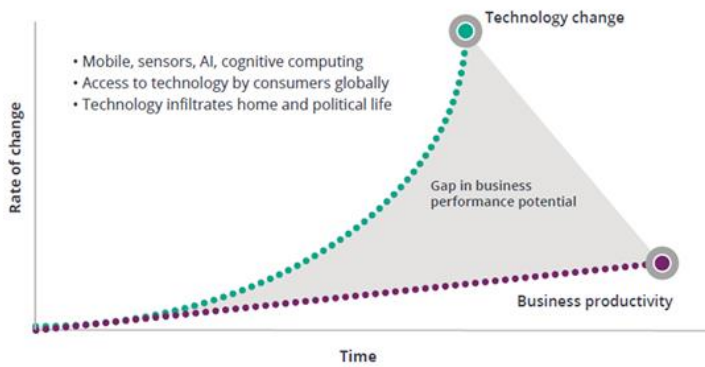
Figure 6. Business productivity vs technology change: What appears to be happening. (Deloitte University Press 2017, 3)

Deloitte in their report explains that actual gap is not caused by the lag of technology adoption by employees. While individuals are found to adapt to the technological progress quite well, organizations and business are lagging (Figure 7).
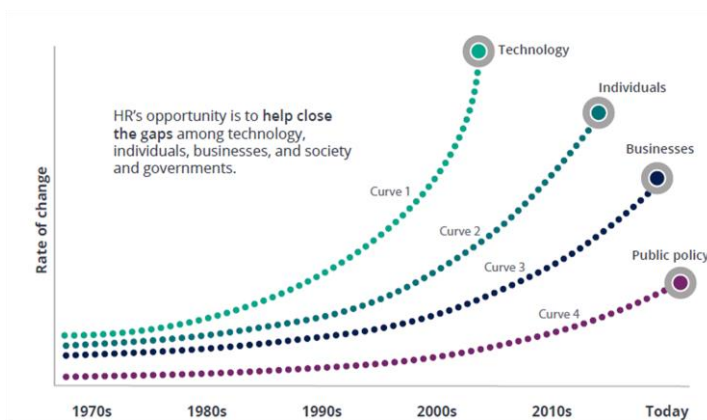
Figure 7. Business productivity vs technology change: What is really happening. (Deloitte University Press 2017, 4)

The business processes of planning, control, organizational structure, rigid and hierarchical communication were adopted in industrial era and obviously cannot reflect needs of informational era. (Deloitte University Press 2017, 3-4)

Many companies seem to understand that major challenge for them is to refine their working practices and adapt new ways of working reflecting needs of future, rather than past. In 2017 Deloitte revealed Global Human Capital Trends based on research of 10,000 HR and business

leaders in more than 140 countries. "The organization of the future' is defined trend number one in 2017:

- 88% of survey respondents say that building the organization of the future is important or very important;
- 59% of survey respondents believe that building the organization of the future is very important;
- in 2017 many leading organizations moved from design phase to actual implementation. Many organizations do not believe they know the right way of implementation though". (Deloitte University Press 2017, 3-4)

There are many forms how organization see the futuristic model. Some of them are demonstrated on Figure 8. Only those of them that define self-management as part of their model will be discussed in the scope of the study. Teal organizational culture will be described in the subchapter 2.3 of the document. Holacracy, thanks to Zappos, is growing in popularity in IT industry (Bernstein, Bunch, Canner & Lee, 2016) and Agile practices (adopted form Lean) are commonly used in today's IT industry. Therefore, in the subchapter 2.3 Lean and Holacracy will be discussed as well.

Figure 8. Examples of models for 'Future organizations' (Rego M, 2016.)

2.3   Evolutionary teal organization model

Laloux (2014, 39) states that evolution to the next stage always conditioned by major changes in life of human kind, that cannot be answered from the current worldview. Today, increasing number of individuals are evolving into new stage of consciousness – teal. The transition to evolutionary teal stage is driven by ability of humans to have ego under control. Teal people can control their ego and not let fear, ambitions, and desires run their lives (Laloux, 2014, 45). As a result, they minimize need of control and desire to be liked by community. Instead, they have the following values as compasses in their lives:

- *Inner rightness as compass.* Teal people, having fewer ego related fears, make decisions that can be accepted by their inner conviction. People of previous stages were looking for success, recognition, wealth, love; whereas teal people are looking for a life well-lived. As a result, incentives for decision-making are not external anymore, but internal – inner rightness: "Does this decision seem right? Am I being true to myself? Is this in line with who I sense I'm called to become? Am I being of service to the world?" (Laloux, 2014, 44);
- *Life as a journey of unfolding.* Inner rightness helps teal people to find purpose of the life. In teal, life is journey of unfolding toward the truest expression. Teal People, having ego under control, do not fear failures in their journey of the "true self-discovery" (Laloux, 2014, 45) Clare Graves describe teal persons as "a person who has ambition, but is not ambitious." (Laloux, 2014, 45)
- *Building on strengths.* As teal people do not seek for recognition at the first place, they do not need to spend efforts trying to fit to the community by overcoming weaknesses, or self-blaming. Quite in the same way teal people do not spend time looking for weaknesses and problems of people around, instead they focus on development of their true strength and accepting true strengths of others. (Laloux, 2014, 46)
- *Wisdom beyond rationality.* Teal people gain knowledge not only from information analysis, but as well from emotions, non-verbal ways of communication, intuitions. (Laloux, 2014, 46)
- *Striving for wholeness.* Communication of people free of judgement and vulnerable ego is not defence oriented. People learn deep listening, as their listening is not oriented for information gathering for better arguments, and dismissal. Teal people create community where "they listen each other into selfhood and wholeness". (Laloux, 2014, 48)

2.3.1   Three breakthroughs of teal

Evolution of level of consciousness inevitably resulted in need of having new type of organizations – organizations whose worldviews will match worldviews of the emerging group

of people. Laloux (2014, 55) defines the following tree breakthroughs that differentiate evolutionary-teal organization from organizations of other stages: Evolutionary purpose, Wholeness, and Self-Management (Figure 9). Evolutionary purpose and wholeness will shortly be described in this subchapter.

Figure 9. Three breakthroughs of teal organizations (Laloux & Appert, 2016, 55).

Teal Breakthrough1: Evolutionary Purpose.

Teal organizations exploit purpose as the main driver for growth. Leaving ego and greed behind, teal organizations, in compare to vision statement driven organizations, are pursuing deeper purposes rather than revenue or growth. Here is how Tami Simon, the CEO of Sounds True, defines business purpose: "We have this idea about business— everything we do has to help us make more money, be more productive or whatever. But that's not my view of business. My view of business is that we are coming together as a community to fill a human need and actualize our lives". (Laloux, 2014, 197)

Teal organizations do not pursue their purpose through control and prediction, instead they try to sense and respond. Prediction and control gives false sense of stability, while the world is much more complex. Instead of following strictly defined by management plans, teal organizations invite everyone to listen to true purpose and innovate together. There is no best solution, instead improvements are welcomed based on new information. (Laloux, 2014, 210-212)

The way teal organizations see competitors is different as well. Companies of previous stages were losing a lot of efforts and energy trying to beat competitors. Teal companies pursue not

growth but purpose achievement. Thus, companies having the same purpose are seen not as competitors, but as allies who can help to achieve the purpose. (Laloux, 2014, 223)

Teal Breakthrough #2: Wholeness

Teal organizations invite people to be who they are; they do not require keeping professional masks or follow strictly defined ways of behaviours. They welcome natural communication and deep listening. Because of such interpersonal relationship between employee organization reaps such benefits as:

- Smarter groups. Higher emotional intelligence results in higher productivity.
- Increased innovation and creativity. The more employees are approachable by each other, the more they can understand whole and get new ways of solving problems. Moreover, the more people are welcomed with all their feelings, intuition, inner creativity, the more probable for human to feel free to innovate.
- Improved employee satisfaction. Teal companies are creating work environment where everyone can be authentic and true to themselves. (Laloux, 2014, 223)

Short introduction into teal organizations was provided in this sub-chapter. The comparison to other known models of organizational structures with self-management will be conducted in the next sub-chapters in sake of gaining deeper understanding of teal principles.

2.3.2 Difference between teal and agile

Lean philosophy emerged in Japan in the mid of 1950s in automotive industry. Originally it mainly focused on processes improvements for manufacture waste elimination. In 2001 agile manifesto was created as adaptation of lean philosophy for software development (Nedre, 2016.). In a nutshell, agile is philosophy that advocates iterative process of software development and delivery. In the core of the agile worldview are agile principles (Agile Alliance, 2017). By looking at them through the lens of Laloux model of consciousness we can see the difference between Agile and Teal philosophies (Table 1).

Table 1. Agile vs Teal (adapted from (Agile Alliance, 2017))

Agile principles	Colour	Explanation

"Our highest priority is to satisfy the customer through early and continuous delivery of valuable software." (Agile Alliance, 2017)	Green	Priorities of teal organization are dictated by evolutionary purpose of an organization, rather than by customer's needs. The most important is to serve the higher purpose and stay true to the deeper purpose. Green, in compare to Orange, puts priorities of other stakeholders higher than priorities of shareholders. Therefore, customer satisfaction becomes more important than revenue.
"Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage." (Agile Alliance, 2017)	Teal	Quite in the same way teal invites to sense and listen rather that plan and control. New information and ideas are welcomed all the way during software development.
"Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale." (Agile Alliance, 2017)	Orange	Orange defines times and estimates, while Green and Teal define customer satisfaction and higher purposes as most important factors. While Agile states that customer satisfaction is the highest priority, it defines the deadlines as well.
"Business people and developers must work together daily throughout the project." (Agile Alliance, 2017)	Green	Teal organizations do not have exact definitions of roles and everyone is welcomed to join team where they can contribute.
"Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done." (Agile Alliance, 2017)	Green	Teal appreciate diversity and finds strength in everyone.

"The most efficient and effective method of conveying information to and within a development team is face-to-face conversation." (Agile Alliance, 2017)	Green	Teal does not have exact specification employee's location.
"Working software is the primary measure of progress." (Agile Alliance, 2017)	Orange	Teal sees primary measure of progress as getting closer to the purpose. Green sees customer's satisfaction primary measure. Orange, in turn, is very result oriented.
"Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely." (Agile Alliance, 2017)	Teal	Teal advocates that sustainability and focus on long term results are more important than rush for short-term achievements.
"Continuous attention to technical excellence and good design enhances agility." (Agile Alliance, 2017)	Teal	In the core of teal is idea of evolution. It does not see itself perfect but as a stage of development for the excellence.
"Simplicity–the art of maximizing the amount of work not done–is essential." (Agile Alliance, 2017)	Green	This principle of Agile lays somewhere between orange and teal. Orange will simply dictate the exact way of doing the things. Teal invites people to be true to themselves and welcome all ideas to be considered.
"The best architectures, requirements, and designs emerge from self-organizing teams." (Agile Alliance, 2017)	Teal	In both Teal and Agile self-organized teams are welcomed.
"At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behaviour accordingly." (Agile Alliance, 2017)	Teal	In the core, evolutionary Teal is idea of evolution. It does not see itself perfect but as a stage of development for the excellence.

If we sum up, we get the following:

- 5 – Teal Stage
- 5 – Green Stage
- 2 – Orange Stage

Agile advocates mostly 'green' and 'teal' ways of working. It can be defined as teal when it comes to self-management, shared leadership, distributed power, and accepting changes and emergencies. It is green in its way of accepting employees, defining purposes and values. However, agile is very results and achievement oriented in compare to teal. Teal sees achievements as inevitable results of doing what an individual believes in in the way he wants.

2.3.3 Difference between teal and holacracy

Holacracy is the most known and widely adopted form of self-management on the organizational level (Bernstein, Bunch, Canner & Lee, 2016). Developed in 2007 by Brian Robertson it gained wide support and popularity due to big success of holacracy at Zappos (Bernstein & Bunch,2016).

Holacracy is one of the ways to   implement self-managed organization. As any other model of self-managed organization, it shares the same principles of distributed authority and decision-making and relies on the following principles:

- Roles instead of job descriptions. Employee do not have strictly specified job descriptions. Instead, the roles are specific to a work and can be modified depending on the needs. The defined roles can be taken by any employee if they see a need there. Each employee can fit several roles; (Holacracy, 2017)
- Distributed authority. Authority is distributed not between top and middle management, but between teams and roles. Decisions are not made on the top, but by the front-line employees; (Holacracy, 2017)
- Transparent rules are in the core of organizational policies. The rules are open for everyone. Everyone, including top leadership should follow the same rules; (Holacracy, 2017)
- Reorganization as a way of living. In holacracy organizational circles can form and disappear; job roles are permanently updated based on company needs. As a result,

organizational structure is permanently updated based on company needs through the series of regular small iterations; (Holacracy, 2017)

- Circles instead of organizational charts. Holacracy organization form circles (super circles and sub-circles), each with specific function. Each sub-circle is expected to serve purpose of its super circle. Tasks are assigned to a sub-circle or super-circle by lead link of the circle. Lead link is responsible for controlling function and monitors that assigned work is completed (Figure 10). However, in compare to a traditional management lead link cannot dictate the way job should be done and how roles are filled by employees. (Feloni, 2017)

In compare to the teal organization, holacracy advocates only self -management and does not advocate evolutionary purpose and wholeness. Although, Laloux (2014, 321) in his book mentions this model as the most appropriate model of team structures in a self-managed managed organization with complex value chain, there are many followers of the self-management who criticizes holacracy for being too hierarchical. CEO of Zappos Tony Hsieh admits that there is more structure and role definition in holacracy than in a traditional organization. However, the power is not assigned to specific employee, but to a roles and circles (Figure 10). Besides, all circles and roles serve interests of the purpose. Tony Hsieh calls hierarchy of holacracy as hierarchy of purpose. (Feloni, 2017)

This is the major difference between self-management in teal and holacracy. In holacracy an organization defines roles and responsibilities and allocates decision power to roles and responsibilities. While in teal, anyone in organization can make any decision as far as they follow the 'advice process'. In short, teal self-managed organization, in compare to holacracy self-managed organization, provides the power of decision-making to everyone in the organization.
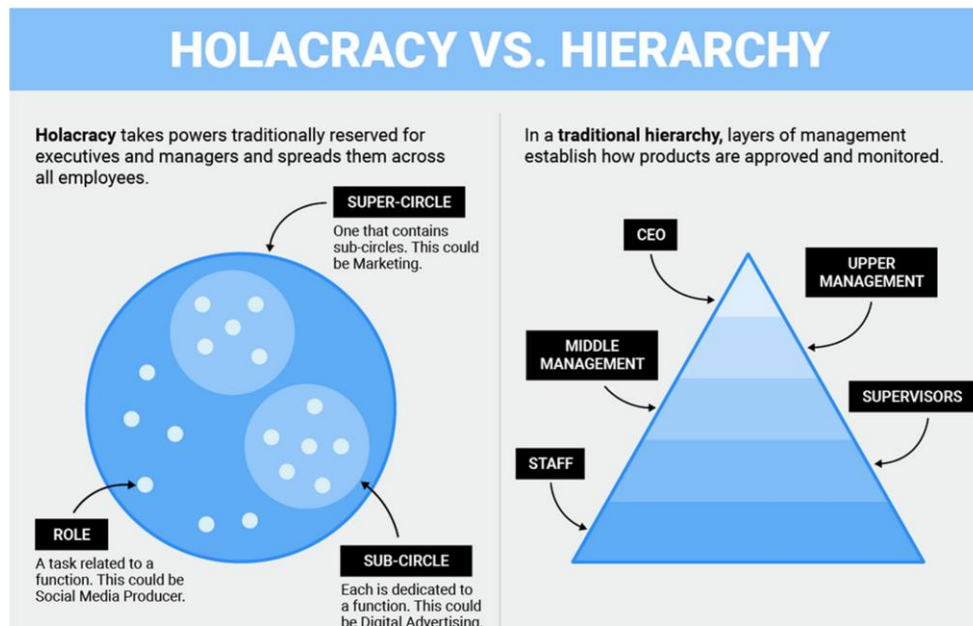
Figure 10. Hierarchy in holocracy and traditional organization (Feloni, 2017)

2.3.4   Pioneers of Evolutionary-Teal type of organization

Common myth about self-managed organization is that only some types of the organizations can adopt it. The practice shows, that there are no any limitations on organizational structure and domain - any organization can operate in self-organized way. Laloux (2014, 57-60) during his research found out that companies from different industries, with different level of employee's education, with headcount size from 90 to over 50 000 employees were proven to succeed in their attempt to operate in a self-managed way (Figure 11).

Figure 11. Pioneers of teal (Laloux & Appert, 2016. 52)

Laloux (2014, 57-60) states that most of the companies making very good profit, despite their financial strategy was not defined, neither controlled. Here are some of the examples of the success stories:

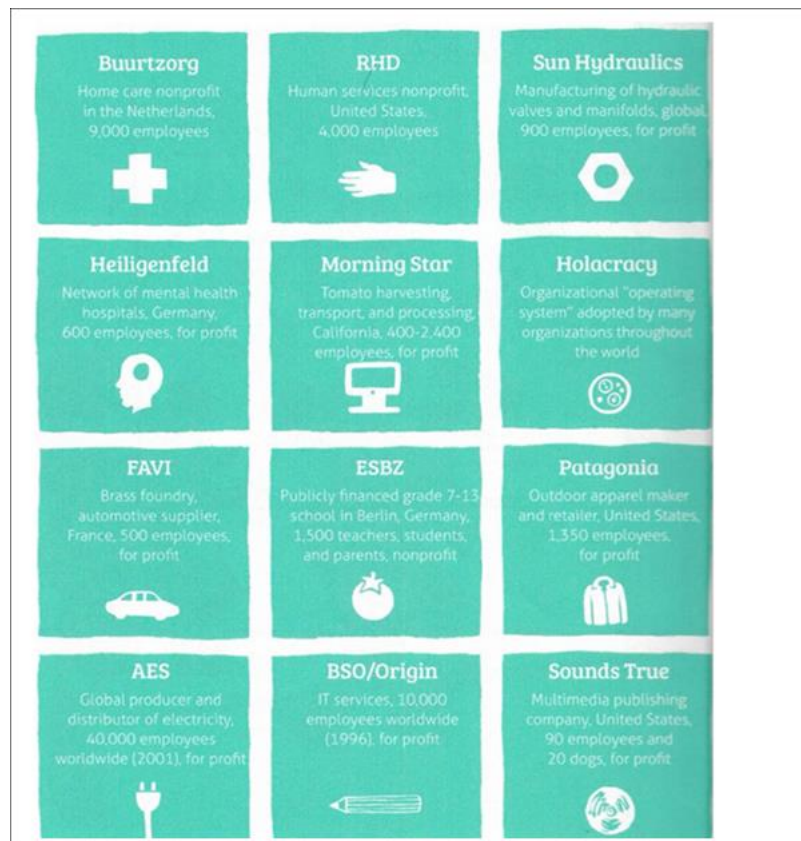- Sun Hydraulics is a global producer of hydraulic cartridge valves and manifolds. All 900 employees work in self-managed way without time check, quality control, purchasing or scheduling departments. Financially Sun Hydraulics growing steadily, with their net income growing between 13 to 18 percent yearly (Management Innovation eXchange, 2014). Work atmosphere in the company is very employee-friendly, making Sun one of the most attractive workplaces in Florida (Management Innovation eXchange, 2014);

- Favi, French brass foundry, moved to self-managed way of operating already in 1980. Since then it has grown from 80 to over 500 employees. Financial result of Favi has been growing steadily as well. Besides, Favi is known as very good and generous employer. (Management Innovation eXchange, 2014);

- Morning Start, perhaps, is the best example to demonstrate that self-managed company works well not only for small team of knowledge workers. Morning Start is the largest tomato producers in the world with 600 permanently employed people working in self

– managed way. Worth to mention that 600 people generate revenue over $700 million a year (Hamel, 2011).

- AES is one of the biggest organizations operating in entirely self-managed way. AES is global provider of electricity with more than 40 000 people employed. Employees of AES responsible for carrying out decision regarding "all aspects of their daily work budgets, workload, safety, schedules, maintenance, hiring and firing, working hours, training, evaluations, compensation, capital expenditures, purchasing, and quality control, as well as long-term strategy, charitable giving, and community relations" (Laloux, 2014,30).

Self-management is one of the pillars of a teal organization. Laloux suggest that transformation to teal can be done step by step, starting from implementation of self-management. Next subchapter will be dedicated to describing important aspects of self-management and its implementation.

3 Practical application of self-management

The very first time the concept of self-management grabbed attention in the 1950s when Eric Trist proved self-managed teams to be effective way of organizing coal miners (Moe, Dingsøyr & Dyba, 2009, 20). Since then self-managed teams gained high level of adoption in different countries and industries. Figure 12 demonstrates adoption and evolution of self-management over the years. While self-managed teams proved their right for existence, self-managed organizations, can be considered at their early adoption stage. Self-managed organizations emerged as a natural reaction on success on self-managed teams and have very same codes of conduct: distributed authority for decision-making, shared accountability for the work, transparency of work related information and knowledge

3.1 Self-management in practice

But what is the self-management about in practice? Many refer to 'no bosses' and 'empowerment' when they talk about self – management. However, at the second glance the definitions might seem a bit too shallow.
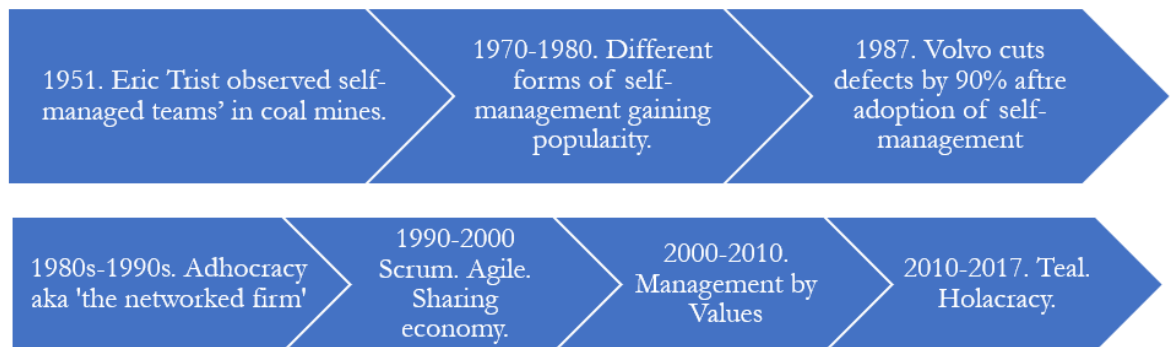
Figure 12. Adoption of self-management in working groups (combined from Bernstein, Bunch, Canner & Lee (2016); Dolan & Richleym (2006); Laloux(2014))

Morning Star University of Self-Management (2010) states that self-management requires mind-shift on how one sees organization, it's structure and culture. A company can have flexibility, freedom, empowerment in place; but those alone are not enough to implement self-management. "Self-Management, simply stated, is an organizational model wherein the traditional functions of a manager (planning, coordinating, controlling, staffing and directing) are pushed out to all participants in the organization instead of just to a select few. Each member of the organization is personally responsible for forging their own personal relationships, planning their own work, coordinating their actions with other members,

acquiring requisite resources to accomplish their mission, and for taking corrective action with respect to other members when needed" (Morning Star Self-Management Institute, 2010).

3.1.1   Self-management processes of teal

Laloux (2014, 55) names self-management as first breakthrough of teal organizations. In his study he managed to embrace very fluid concept of self-management in a very practical and actionable framework.

- Teal organizations have found the key to upgrading their structures from hierarchical, bureaucratic pyramids to **powerful and fluid systems** of **distributed authority** and **collective intelligence**
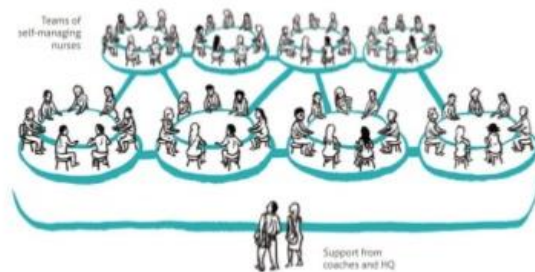
Figure 13. Teal organizations (Laloux & Appert E, 64)

Laloux (2015) states that simply removing bosses and structures will lead not to self-management, but chaos. Just like a traditional organizational structure, self-management should be supported by processes and structures. However, the ways how projects are implemented, decisions are made, people recruited, compensated etc. are different.   Based on the research he had conducted, Laloux created a good list on what a self-managed organization makes differently (Figure 14).

From the full list of described processes of self-management Laloux (2014, 261) emphasizes that Conflict Resolution, 'Advice process', and peer based evaluation and compensation mechanisms are fundamental processes for a self-managed organization

	Orange practices	Teal practices		Orange practices	Teal practices
Organization structure	• Hierarchical pyramid	• Self-organizing teams • When needed, coaches (no P&L responsibility, no management authority) cover several teams	Purchasing & investments	• Authorization limits linked to level in hierarchy • Investment budgets steered by top management	• Anybody can spend any amount provided advice process is respected • Peer-based challenging of team's investment budget
Staff functions	• Plethora of central staff functions for HR, IT, purchasing, finance, controlling, quality, safety, risk management, etc.	• Most such functions performed by teams themselves, or by voluntary task forces • Few staff remaining have only advisory role	Information flow	• Information is power and is released on a need-to-know basis	• All information available in real-time to all, including about company financials and compensation
Coordination	• Coordination through fixed meetings at every level (from executive team downwards), often leading to meeting overload	• No executive team meetings • Coordination and meetings mostly ad hoc when needs arise	Conflict resolution	• (Conflict often glossed over, no conflict resolution practices)	• Formal multi-step conflict resolution practice • Culture restricts conflict to the conflicting parties and mediators; outsiders are not dragged in
Projects	• Heavy machinery (program & project managers, Gantt charts, plans, budgets, etc.) to try and control complexity and prioritize resources	• Radically simplified project management • No project managers, people self-staff projects • Minimum (or no) plans and budgets, organic prioritization	Role allocation	• Intense jockeying for scarce promotions leads to politics and dysfunctional behavior • Silos: every manager is king of his castle	• No promotions, but fluid rearrangement of roles based on peer agreement • Responsibility to speak up about issues outside of one's scope of authority
Job titles & job descriptions	• Every job has job title and job description	• Fluid and granular roles instead of fixed job descriptions • No job titles	Performance management	• Focus on individual performance • Appraisals established by hierarchical superior	• Focus on team performance • Peer-based processes for individual appraisals
Decision-making	• High up in the pyramid • Any decision can be invalidated by hierarchical superior	• Fully decentralized based on advice process (or on holacratic decision-making mechanisms)	Compensation	• Decision made by hierarchical superior • Individual incentives • Meritocratic principles can lead to large salary differences	• Self-set salaries with peer calibration for base pay • No bonuses, but equal profit sharing • Narrower salary differences
Crisis management	• Small group of advisors meet confidentially to support CEO in top-down decision making • Communication only when decision is made	• Transparent information sharing • Everyone involved to let the best response emerge from collective intelligence • If advice process needs to be suspended, scope and time of suspension is defined	Dismissal	• Boss has authority (with HR approval) to dismiss a subordinate	• Dismissal last step in mediated conflict resolution mechanism • In practice very rare

Figure 14. Processes of self-management (Laloux, 2014, 322)

"Advice process" is one of the core processes for a self-managed organization, as it defines mechanisms of collaborative decision-making in a team with no authority to influence decisions. Self-managed organizations do not rely neither on hierarchy, nor on consensus when it comes to decision-making, as both are considered inefficient by them. Instead, Laloux (2014, 262) proposes 'Advice process' a process when any employee of a self-managed organization can make any decision as far as the following conditions are met:

- "They seek for advice of experts;
- They seek the advice of the people that will be most directly impacted by their decision" (Laloux 2014, 262).

In a traditional organizations bosses are usually responsible for resolving all conflicts and making the final decisions. Self–managed organizations obviously take a different approach to resolve conflicts. To start with, all employees are prepared to handle problems associated with decision-making and conflict resolution. Generally, conflict resolution mechanism looks as the following:

- No veto to a decision can be made only based on personal preference or different opinion;
- As far as an offered decision does not contradict company's mission, values or leading principles, the proposal for decision can be discussed and moved forward with or without consensus;

If a conflict appears it should be handled as following:

- Employees should first try to reach an agreement privately;
- If the conflict cannot be resolved, team mates should be asked to take a role of a mediator. The mediator is there not to set 'the right decision', but to help conflicting parts to reach an agreement;
- If agreement cannot be reached with the help of mediator, a "panel of relevant people" (Laloux 2014, 112-114) steps up to help conflicting parties to reach an agreement. (Laloux 2014, 112-114)

There is no single right way on defining the right level of compensation in a self-managed organization. All organizations that were studied have their own way to handle this sensitive topic. Among all that were studies by Laloux, he found that the most promising way is to let everyone define their own compensation rate:

- Once a year each employee writes a letter listing all his contributions and achievements. In the same letter he suggests what should be the compensation level;
- Prior that the employee is anonymously evaluated by other 5 employees of the company;
- Then all evaluations and compensations letters are made public;
- Yearly chosen 'compensation committee' might provide a recommendation on the salary demand based on the average salaries in the company;
- The employee has the right to accept the recommendation or ignore it and get the required compensation level. (Laloux, 2014, 129)

One important condition for having the process working is transparency on financial results and average salary levels. Each employee is expected to play fair to himself and others, as they know how much money a company can spend per employee. Eventually, the mechanism will help to define employees who continuously demand big income with relatively low contribution. (Laloux, 2014, 129)

3.1.2 Structures of Teal organizations

Self-managed organizations mistakenly might seem as simply flat and structureless organizations. While it is true that self-managed organizations are not hierarchical and do not have pre-defined organizational charts, they still rely on structured teams of committed people. Laloux (2014, 319) defines three basic forms of structures: Parallel teams, Web of individual contracting, and Nested teams (Figure 15).

Parallel team is the most common way of teams structuring in self-managed organizations observed by Laloux (2014, 319). This model can be applied successfully when team can work autonomously. They can work in a parallel way without high need for coordination. Team employees define their own roles, responsibilities, and commitments inside of the team. Such team usually able to perform all tasks needed to deliver final purpose of the team. Ideally the model fits well for retail and service industries, schools, hospitals, public services etc. (Laloux, 2014, 319)
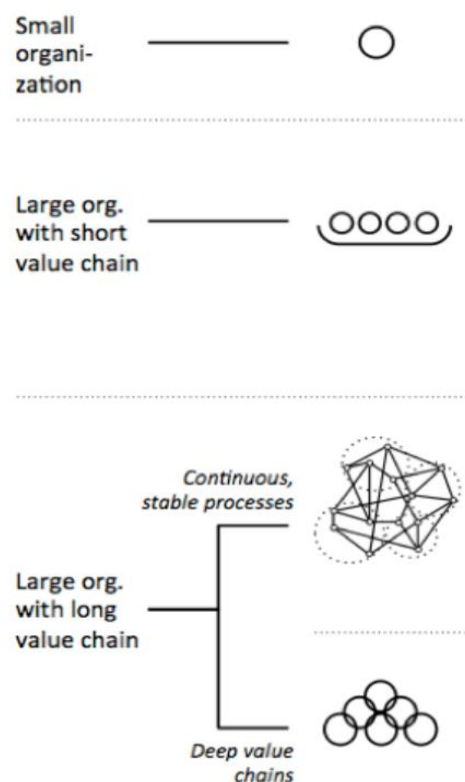

Figure 15. Structure of teal organizations (Laloux, 2014, 322)

Web of individual contracting was introduced by Morning Start. It represents set of interconnected teams (or business units), where each team is responsible for a certain step of a long values chain. Within each team employees can set their own budget and financial result. Roles and commitments, in turn, are not discussed within the teams, but in face-to-face discussions of colleagues who work closely to each other. Later the roles and commitments can be formalized in a special document.   Ideally the model fits the best for a larger organization with long value chain, such as food processing, or manufacturing process. (Laloux, 2014, 320)

Nested Teams, or Holacracy, the most adaptable for organizations with long and complex value chain. The model relies on structure of nested teams or circles. Members of each circle can distribute roles and responsibilities within a team autonomously. However, all circles are part of nested structure with defined superior and sub circles. Circles are part of hierarchy, where superior circle assigns clear goals and accountabilities to its sub circles. From the first glance it might seems to be a traditional hierarchy. The difference is that in nested teams there is no hierarchy of power or people, but hierarchy of purpose. (Laloux, 2014, 320)

3.1.3   Potential advantages and disadvantages of self-management

While reading some papers one might think that self-management is the best solution to resolve all organizational problems. In fact, self-management as organizational structure is still in the very early stage of its adoption and it comes with its advantages and disadvantages.

The following advantages of self-management were found from the literature review:

- Increased employee satisfaction and quality of work life is one of the commonly observed benefits of self-management at work place (Batt ,1997). Chuck Blakeman (2014) in his TED Talk explains the phenomena: "…[people] won't put up with just having a job, stripped of its humanity. They want work, not a job, because work is meaningful. A job only pays the bills. In the participation age, people will work because they can make meaning at work, not just money. Self-managed teams [are] one great way to do that."

- Higher work productivity surprisingly successfully co-exists with improved job satisfaction. A case study demonstrated that self-managed work groups could reach goals in 60-70 % less time (Batt ,1997). In the same time costs, associated with management, were reduced up to 75% (Batt ,1997). Case study of 7 teams performed by Cummings et al. (1977, 675-708) demonstrated productivity improvement in 6 teams,

and productivity decrease in one of the cases. Some other reviews demonstrated that in most of the cases self-managed teams demonstrated better productivity (Pasmore, 1982, 1179-1204; Walton, 1972, 71-80). Here is how Zappos CEO Tony explains his vision on how holacracy might improve productivity of his business: "Research shows that every time the size of a city doubles, innovation or productivity per resident increases by 15%. But when companies get bigger, innovation or productivity per employee generally goes down. So, we're trying to figure out how to structure Zappos more like a city, and less like a bureaucratic corporation. In a city, people and businesses are self-organizing. We're trying to do the same thing by switching from a normal hierarchical structure to a system called holacracy, which enables employees to act more like entrepreneurs and self-direct their work instead of reporting to a manager who tells them what to do" (Zappos Insights, 2017).

- Many studies of self-managed teams demonstrated significant quality improvements (Kapstein & Hoerr, 1989; Walton, 1972; and Glen,1977)

- Ability of front line employees to make decisions results in many benefits including faster response to an environmental change, innovative decisions, reduced time for decision-making (Williams,1995).

- Increased employee motivation in self-managed organization is result of the freedom people are given to choose their projects and commit to the results. For example, during the experiment at Opower employees were asked to form teams and assign themselves to any team. As a result, employees formed teams in half a day having all knowledge and skills needed for work completion. Besides 40% of employees followed not personal interests, but interest of the company when they joined a team, and 88 % of the employees were satisfied with work teams.

Potential disadvantages of self-management

- Self -management is very difficult to implement and instil into work culture. Efficiency and productivity of a self-managed teams can be unleashed only when they are implemented correctly, otherwise it might turn to chaos and pure waste. (Esther Derby, 2010);

- Transition to self-management might be an expensive process, as it requires a lot of employee trainings (Esther Derby, 2010);

- Some organizations reported high employee turnover. Employees left because they could not learn new ways of working as they wanted to concentrate on technical tasks instead of being involved too much into operational routine (Esther Derby, 2010);
- Flat organizations often have very fluid team and role description. Communication process is much more difficult in compare to hierarchical one (Giang, 2015).

Self-managed organizations are still in the early stages of adoption. There might be some other advantages and advantages appearing alongside with higher adoption of self-management.

3.2 Implementation of self-management in an organization

Self-management promises a lot of benefits. However, efficiency and productivity of a self-managed organizations can be unleashed only when self-management is implemented correctly. Self-management is not something that management can simply announce. In practice it requires long change process that involves change planning, personnel trainings, transformation of work policies, practices, and processes.

Transition to self-management is increasingly complex owning to the fact that it involves cultural shift along with organizational change. Employees in traditional organizational were told for years that there is someone cleverer, more charismatic and more empowered there to make decisions. Changing the mindset of people to free themselves from the traditional way of not only behaving, but as well thinking brings additional challenge.

Unfortunately, there is no exact recipe for successful implementation of self-management. All organizations find their own way that fit their needs and qualities. Therefore, this chapter here is not to provide blueprint of successful model for self-management implementation, but to summarize existing best practices, known challenges and models to learn more about successful implementation of self-management.

3.2.1 Necessary conditions for creating self-managed organization

Research performed by Laloux (2014, 57-60) demonstrated that neither industry organization operating in, nor size, nor distribution of a company have strong impact on success of

implementation of self-management. According to his research there are only two conditions that are make or break factors:

- World-view of top leadership: top leaders' worldview and consciousness level should on the level corresponded to teal (Laloux 2014, 237);
- World-view of owners: Owners of the organizations should share and embrace teal world-views. The research of Laloux (2014, 237) demonstrated that owners who do not understand the philosophy of teal are ready only for short term commitments. They are normally support it only when new ways of working deliver positive results quickly; and they prone to get business under rigid control if results are not delivered consistently.

Important remark here is that the above-mentioned conditions are necessary, but not sufficient for success of self-management implementation.

3.2.2   Factors supporting transition to self-management

Any change process requires careful planning and implementation. There are some general guidelines for change like, for example, 8 steps of change management provided by Kotter. However, there is no singe recipe that guarantees success of change implementation. Likewise, transition to self-management cannot be assured by strictly defined rules and policies. Each organization should define itself the right degree of self-management and its own way for its implementation. Although Laloux does not prove exact steps for implementation of self-management, he defined some factors that affect speed and success of self-management implementation to some extent:

- Psychological ownership. Laloux states that employees of companies with higher levels of psychological ownership were able to start with self-management faster. Opposite is true as well: employees with little psychological ownership feel work as burden to be minimized. Most likely from the freedom given by self-management they 'will take only freedom and leave responsibility'; (Laloux 2104, 269)
- Support by middle and senior management. Research conducted by Laloux demonstrated that senior and middle management were highly resistant to the new ways of working in most of the organizations moving towards self-management. Naturally they felt the treat to safety of their positions. Having middle management engaged to

the change process by replacing their losses increases chance of success. (Laloux 2104, 272)

The above-mentioned factors were mentioned by Laloux (2014, 269-274) in his research are valid and reasonable. However, the full list of the factors is not limited only to them. Although there were no many researches dedicated to success factors of implementation of self-managed organizations, there were many studies conducted on effectiveness of self-managed teams. As far as self-managed teams and self-managed organizations share similar rules of conduct, the theories can be used as supportive theories for self-managed organization implementation.

3.2.3 Challenges of self-management implementation

Resistance is one of the most common challenges for any change process including the transformation to self-management. Even small changes of employees' daily routine might contradict their habits, desires, personal and professional interests. Therefore, resistance is quite natural process of employees to oppose an unknown. The biggest mistake that leadership could do is not to take the resistance seriously and blame employees for it. Lawrence (1969) discusses that people very rarely resist a technical change as much as they resist "social change- the change in their human relationships that generally accompanies technical change" (Lawrence, 1969). Therefore, the primary goal of a change leader is to understand the source of resistance and try to 'sell' the change to employees by educating them, involving them into the change process, increasing their motivation, facilitating and supporting them through the change process.

Approach	Commonly used in situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time consuming if participators design an inappropriate change.
Facilitation + support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming, expensive, and still fail.
Negotiation + agreement	Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + implicit coercion	Where speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Figure 16. Methods for dealing with resistance of change (Schlesinger & Kotter, 1979)

Although manipulation and explicit coercion methods for dealing with the resistance are not the most desirable, they have to be applied when other options do not solve the problem (Figure 16). (Schlesinger & Kotter, 1979)

Unclear role of external leaders is yet another obstacle of self-management implementation. The study of 300 self-managed teams revealed that quite often leaders stuck in the middle. They are criticized by their team for taking too much of control from one side. From the other side their top managers criticize them for not having control over the things. The root cause of such misunderstanding is lack of clear definition and consensus on role of external leaders. (Druskat & Wheeler, 2004) As results leaders in self-managed teams tend to take two polar approaches - hand-off approach and full control. Derby (2010) discusses that at first leader announces teams' empowerment and take hands off the control. Employees in turn do not know exactly how they should collaborate and make decision. After a while leader steps in, and take full control over the things to correct situation and achieve goals. The pattern may repeat continuously, taking trust away piece by piece.

Another problem of any flat organization is hidden power structures. Freeman (1973) described her experience of participation in leaderless organization as "the tyranny of structurelessness". She discusses that "Any group of people of whatever nature that comes together for any length of time for any purpose will inevitably structure itself in some fashion" (Freeman,1973). The problem of non-hierarchical organization, she continues, is that the structures are invisible and therefore unaccountable. Such hidden structures result in power abuse and teams' disfunction. (Freeman, 1973)

Individual commitment of an employee is success factor of any organization. Importance of the employees' commitment and motivation becomes even more important in self-managed organization, as employees are allocated with more freedom in their work planning and execution. Lauby (2015) reveals details of her experience of contributing to transformation of an organization to self-management. She recommends taking into consideration employees commitment and engagement before transformation to self-management – "disengaged employees and self-management might not mix" (Lauby, 2015).

Shared leadership is the most recommended way of leadership of any self-managed working group. However shared leadership may be disrupted by an individual leadership. Markova & Perry (2014) state the following "Competition among members may result in resentment toward individual ideas, further disrupting the participative nature of self-managed teams. Leader emergence will be negatively related to group cohesion".

In self-managed organizations employees might work in several teams or project in the same time. Moe, Dingsøyr & Dybå (2009) found out that in most of organizations employees had a problem of need to give a priority to one project over another. When goals and priorities of different projects were in conflict, at least one of the project was under threat.

Moe, Dingsøyr & Dybå (2009) state that specialist culture can be a threat for a success of self-managed work groups. They recommend that generalist culture – culture, where employees can collaborate, help each other and substitute each other contributes more to the success of self-management. From the conducted research they found out that specialists were involved often to meetings and discussions, and, as a result had more information. Other team members did not feel they were invited into decision-making. (Moe, Dingsøyr & Dybå, 2009)

Failure to learn new ways of working is another obstacle of self-management implementation. Both parties – managers and employees should learn new ways of working. True self-management cannot happen if former bosses and managers will not learn to fully trust to employees. From the other side, employees should learn on how to operate without delegating decision-making and accountability to someone 'who knows better'. "Leaders will come in and they'll change the structure without realizing that they haven't changed the norms of how things get done. You can be surprised by things like: people don't feel like they should collaborate; they feel like they should still ask the boss permission before they do anything. People don't take the initiative that you need in that kind of structure because the culture is still one of hierarchy." (Ging, 2015)

Here we have got closer to the core obstacle of self-management. There is no self-management organization without self-managed people. Lauby (2015) from her previous experience of organizational transformation to self-management learnt that instead of focusing on practices and policies at the early stages of the transformation, company should focus on people. She

states "On some level, structure is the easy part. The challenge is helping team members to figure out how they will solve problems, make decisions, and collaborate in a self-directed work environment" (Lauby 2015).

3.2.4 Decision-making in self-management organization

Before we get deeper into decision-making related aspects let us understand some general concepts of it. There are three level of decision-making in an organization: strategic, tactical, and operational decisions. Strategical decisions affect organizational goals and objectives. Tactical decisions affect use and source of resources, and operational decisions define daily routine of an employee. Companies vary depending on how they decentralized decision-making power in an organization. Teal organizations allow everyone in an organization make all tree level of decision, as far as they use 'advice process'.

Effective decision-making is in the core of true self-management. Although the 'advice process' might be an effective tool for decision-making, having the process in place is not enough to ensure effectiveness of the decision-making. The real challenge is to encourage employees to stand up and take initiative for their own work, team progress and company success. One important step is to truly empower people – give them power and means to make decisions. However, some challenges may disrupt employees from effective participation in decision-making. In this sub-chapter the known from literature review challenges will be summarized (Table 2).

Table 2. Challenges of decision-making

Challenges of decision-making	Description
Low ownership of decisions	Employees' empowerment to take ownership is in the core of self-management. Low ownership for decisions is one of the major challenges of decision-making in a self-managed work environment (Jorgensen, 1989.). Today many companies recognize benefits of empowerment at work places. When employees speak about empowerment, they mostly refer to the level of trust they delegate to employees to make decision on different levels (strategic, tactical, operational). Let us discuss what does true empowerment means for an employee. Chiles &

	Zorn (1995, 2) state that concept of empowerment falls into two categories: the perception of self-competence and perceived authority of decision-making. Perception of self-competence refers to employee's confidence in competences, whereas perceived ability of decision-making of an employee refers to the extent he perceives decision-making is shared with him. Lack of empowerment in turn, can be explained by lack of competencies and/or authority of team members which refers to a 'state of uncertainty'. To summarize, personal psychological aspect of empowerment might be hindered by lack of authority and lack of competences. To avoid low ownership of the decision-making an employee should do at least the following: - Clearly define levels at what an employee is expected to make or influence decisions; - Make sure that all employees possess all needed for decision-making competences. In a self-managed organization each employee is expected to possess not only professional skills, but also skills to complete tasks that were performed by a leader in a traditional organization. Therefore, when it comes to skills needed for decision-making in a self-managed organization each employee should possess leadership skills alongside with the professional skills.
Technocracy	Effective decision-making in a self-managed organization implies shared decision-making – a process of decision-making with high level of involvement of all employees. Shared decision-making might be hindered by technocracy – phenomenon of authority distribution based on expertise power of an employee. (Morgan, 2006.) In a team with technocracy majority of the team members are less likely to be involved in decision-making and leave it for a person who is believed to be more technically skilled. Technocracy not only makes the decision-making power asymmetric in a team, but also enables

	decisions that are made based on unchallenged assumptions. (McAvoy & Butler, 2009)
Decision hijacking	Often decision-making is hindered by situations when some members make some decisions without informing his team mates. Such decision hijacking brings uncertainty, and demotivate other team mates to make decisions. (Aurum, Wohlin & Porter, 2006)
Group thinking	Janis (1972) introduced the term of group thinking based on some observation of very poor decisions made by group of very talented people. He noticed that phenomena of group thinking often occurs in highly cohesive teams because team mates often avoid discussing alternatives in sake of keeping harmony in the team.
Lack of commitment	Lack of employees' commitment is another obstacle for decision-making in a self-managed organization. In a self-managed organization employee are expected to set own deadlines and monitor own performance. In case of low commitment, employees might not perform well without supervision of a manager. Therefore, in a self-managed organization lack of an employee's commitment may result in delayed decisions. (Moe, Aurum, & Dybå, 2012)
Lack of psychological ownership	Mayhew, Ashkanasy, Bramble & Gardner (2007, 495) give the following definition of psychological ownership: "Psychological ownership is a feeling of possession in the absence of any formal or legal claims of ownership. High level of psychological ownership leads to such positive behaviours as: positive increased motivation, company stewardship, and loyalty." (Pickford H., Joy G., & Roll K, 2016, 1). According to Laloux (2104, 270) self-management relies on psychological ownership. Only when employees possess high psychological ownership to the company and job they do they will fully commit to organizational culture, purpose and results. When an employee is lacking psychological ownership, he is less likely to take the responsibility that self-management implies. (Laloux, 2014, 269)

Influence by the individual or group of individuals.	Shared decision-making assumes participative nature, where voice of everyone is heard and appreciated. However, often competition, ego, irrelevant rewarding system might result in emergence of 'unofficial' leaders in a group of people. Dominant opinions of such individual might disrupt participative nature of decision-making. Markova& Perry (2014)
Lack of communication	One of the known disadvantages of self-management at work places is that communication gets much more challenging in compare to communication in hierarchical organization (Giang, 2015). When teams and roles are fluid, there are no one robust sources of information in the team, as the situation might vary day to day. Broken communication leads to higher level of uncertainty in decision-making.

The above-mentioned challenges of decision-making where found from available literature around problems of decision-making in self-managed working groups. Questionnaires to test existence of the above-mentioned challenges in an organization were developed for conducting practical part of the study. Please find the questionnaire in the Appendix 2 and Appendix 3.

4   Research plan and methodology

The aim of this chapter is to provide insight on the nature of the study, plan and method that will be used for answering the defined research questions.

4.1   Research methods and design

Sanders, Lewis and Thornhill (2009,139) developed 'research onion' (Figure 17) for the purposes of identifying research methodology. This work will refer to the 'research onion' to describe all aspects of the study.
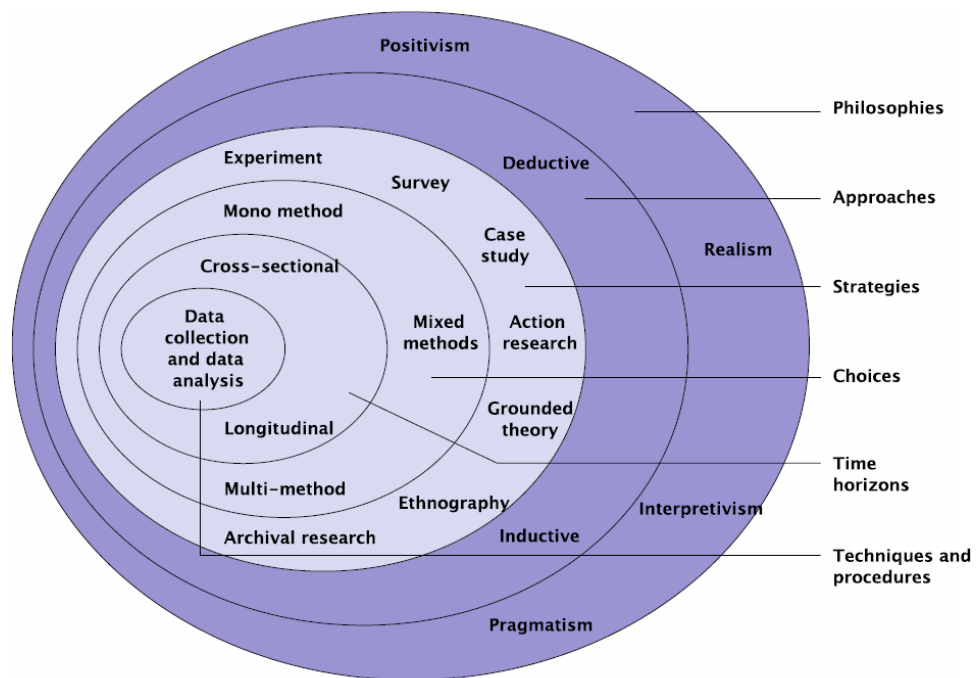

Figure 17. The research 'onion' Saunders, Lewis & Thornhill 2009, 108

Research philosophy is the first layer of the research onion and it refers to the way how knowledge is created and nature of the knowledge (Saunders, Lewis & Thornhill 2009,107-109). The research philosophy of the study is interpretivism, which advocates necessity of understanding "differences between humans in their roles as social actors for the researcher" (Saunders, Lewis & Thornhill 2009,112).

The second layer of the "onion" is the research approach, which can be inductive or deductive. Deductive research approach relies on hypotheses that are initially developed based on existing knowledge, and later tested during the research experiments.   Whereas inductive research is built based on the observations and theories are developed based on the observations.

(Saunders, Lewis & Thornhill 2009, 124-126) This research will be conducted based on inductive approach as the nature of the study is to answer the research questions without any hypotheses. Although the literature will be used as a basis for the research, hypotheses will not be created. The literature will be used to collect the data for building theoretical framework, which will support the study.

Research design defines how one would carry out work to answer the research questions. Research design is an umbrella term for the following entities: research strategies, research choices and time horizons layers of the 'research onion'. (Saunders, Lewis & Thornhill 2009, 136). The goal of the research is to "figure out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light" (Saunders, Lewis & Thornhill 2009, 139). To be more precise the research focuses on finding out what barriers in decision-making employees of self-managed organization might face and what improvement can be done to overcome the barriers. According to the Saunders, Lewis and Thornhill (2009, 139) the study of such nature is an exploratory study**.** Saunders, Lewis & Thornhill (2009, 139) offer three ways of conducting exploratory research

- literature review;
- interviews with experts;
- focus group interviews.

The chosen research strategy is a case study. This how Bryman (2012) define case study "Case study research is the assessment of a single unit in order to establish its key features and draw generalisations" (Bryman 2012). Thus, in the scope of the research decision-making related problems that are faced by some employees of the self-managed organization will be discovered, and generalizations will be built upon them. To be more specific, the research is single case study with holistic approach, because only one organization in the scope of the research (Saunders, Lewis & Thornhill 2009, 146).

When it comes to research choice, this research will be a multi-method qualitative study. In other worlds it will be supported by more than one data collection and analysis technique, but will have only qualitative nature. In practice it will be supported by in-depth and group interviews, as well literature and case study reviews.

Time horizons can be either snapshots (cross-sectional time horizon) of a particular time, or longitudinal perspective (Saunders, Lewis & Thornhill 2009, 155). Combination of both will be used in this study as some of the aspects will be analysed over the time (decision-making related challenges of the self-managed organizations), while some of them will be analysed at certain point of time (survey related to the decision-making challenges at in the company under transformation).

4.2   Data collection

Data collection and analysis methods are in the core of the research on the research onion (Figure 17). Saunders, Lewis & Thornhill (2009, 146) state that the most appropriate data collection methods for a case study are the following: observations, interviews, documentation analysis, artefacts and questionnaires. In the scope of this study documents provided by the company under study will be analysed to learn details of transformations to self-management; interviews with vice president, HR director and HR manager will be conducted to learn about details of self-management and challenges of self-management implementation in the company under transformation; questionnaires will be used to get detailed information about decision-making in the company under transformation (Appendix 2) (Appendix 3).
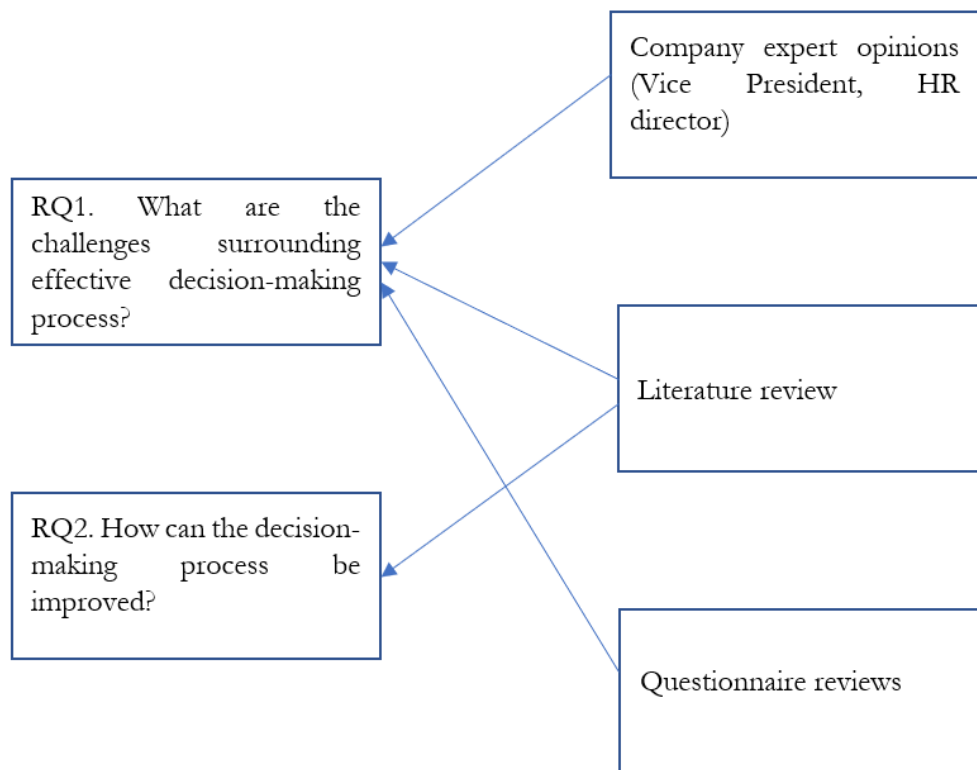

Figure 18. Research structure

According to Saunders, Lewis &Thornhill (2009, 146) collected data can be either primary or secondary depending on the nature of the data. Primary and secondary data will be collected in the scope of the study. Secondary data is the data that have been already collected for another purpose and reanalysed in the scope of the research. The following secondary data will be used in the research:

- General information about the company under transformation
- Information about what form of self-management is adopted in the company under transformation;
- Policies, Ground Rules, Team agreements;
- Documentation of Change Management Process in the company under transformation.

The primary data are collected though unstructured, semi-structured in-depth interviews, and questionnaires. Unstructured interview with HR director and Executive Vice President will be conducted at the first step to learn about their expectations from self-management and the challenges they are facing. Content of the unstructured interview will be mainly dictated by interviewees, whereas the researcher will take the role of listener and learner after defining the scope of the discussion.

Semi-structured in-depth interview with HR director and HR manager will be conducted to learn more about the details of self-management implementation in the company under transformation. The interview questions will be created based on the literature review regarding the self-managed organizations. While addressing the questions the researcher will have good understanding about the discussed matters and will learn only about specific details of self-management in the company under transformation.

Questionnaires will be used to collect data about details of decision-making in self-managed organization. Questions of the questionnaires will be constructed based on the literature review. At first known challenges of decision-making in self-managed work teams will be found out from the literature. Then the questions will be constructed in the right manner to find out what barriers employees face in their decision-making process. The questions will be rated using the most commonly used approach to rating answers in surveys using Likert even-point scale with the following responses: 'Strongly agree', 'Agree', 'Disagree', 'Strongly disagree'.

4.3 Data analysis

The analysis procedures of qualitative data allow researcher to develop a theory from collected data (Saunders, Lewis & Thornhill 2009, 480). There is no standardized procedure for analysing qualitative data, however it is possible to distinguish three basic types of qualitative analysis processes: summarizing (condensation) of meanings, categorization (grouping) of meanings and structuring (ordering) the meaning using narrative. All of them can be used on their own, or in combination, to support data interpretation (Saunders, Lewis & Thornhill 2009, 490-491).

There are several methods to analyse qualitative data described by Saunders, Lewis & Thornhill (2009, 514). In this study data display and analysis are used, which includes such methods as data reduction, data display and drawing and verifying conclusions. (Saunders, Lewis & Thornhill 2009, 514).

6 Challenges and opportunities of decision-making in the company.

After further discussions with development director, HR director and Vice President we agreed that decision-making process will be in the scope of the study. To be more precise, the barriers that prevent employees to make decisions timely, efficiently and eagerly should be found out and possible solutions for the existing problems should be suggested based on the review of available literature.

Questionnaires (Appendix 2) (Appendix 3) were designed based on the literature findings (subchapter 3.2.4) to collect information about the barriers that employees are facing in their work-related decision-making process in a self-managed work environment. Employees were invited to attend the survey voluntarily. Please see details about number of employees in the Table 4.

Table 4. Description of surveyed employees

Group characteristics	Number of people
Number of employees who attended the survey	14
Number of employees who completed the survey	14
Number of teams participated the survey	3
Number of office that participated in the survey	2
Number of people from Helsinki office	12
Number of people from Office abroad	2

The results of the conducted survey revealed that most of the interviewed employees have very good impression of process of decision-making in their teams, with only 21% of respondents considering the decision-making process as 'Weak'; generally, employees are happy about level of communication in their teams and overall performance of their team with only 29% of respondents considering overall performance to be weak (Figure 19).
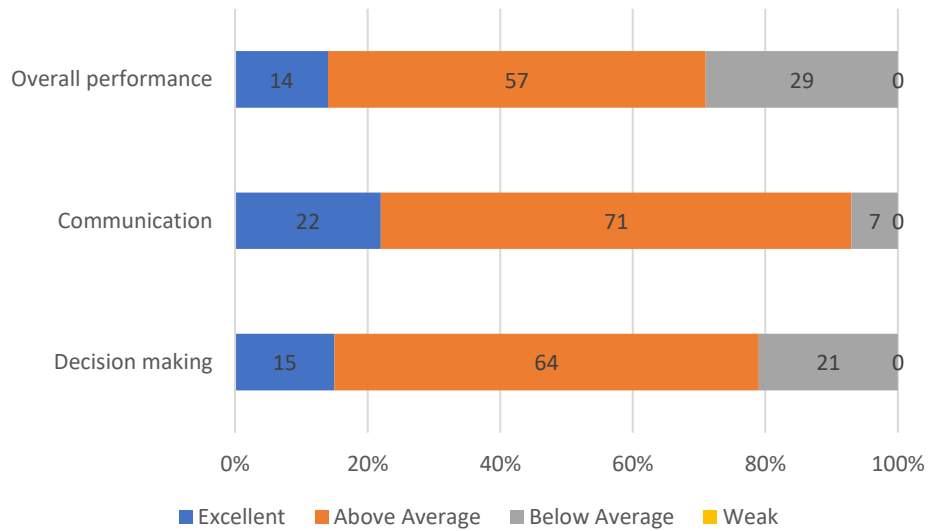

Figure 19. Overall evaluation of decision-making.

One section of the questionnaire required respondents to give individual assessment of their decision-making. Only a small number of respondents (14 %(n=14)) indicated that they haven't been enjoying the ability to affect decisions. All respondents reported that they make or propose decisions actively on both company and team levels. The results are slightly worse for decision-making on a company level – 36%(n=14) of respondents reported that they are not participating in decision-making on a company level (Figure 20).
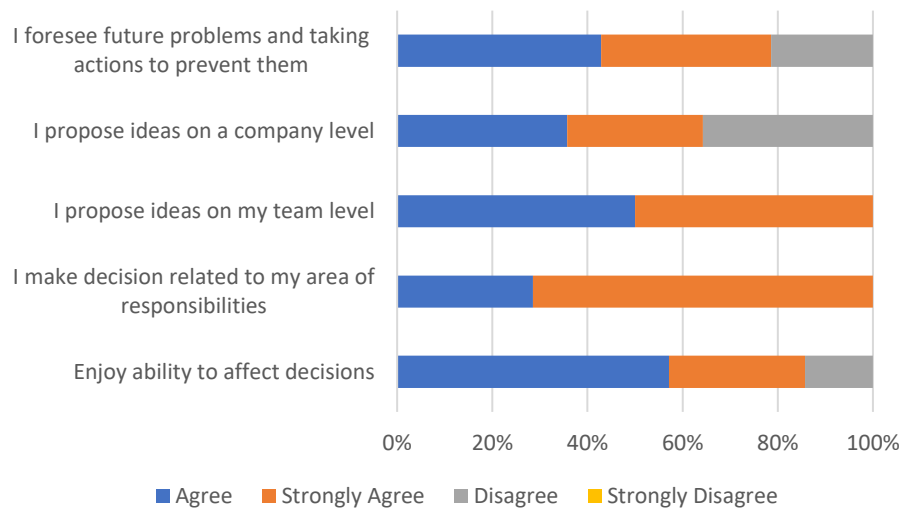
Figure 20. Individual assessment of decision-making

The results of the survey dedicated to reveal barriers that employees are facing in their decision-making will be presented in the following sub-chapters grouped by criticality that they impose to the company under transformation.

6.1 Factors supporting decision-making in the company under transformation

One of the fundamental pillars of a self-management organization is psychological ownership – feeling of possession that an employee has towards his organization and job. Laloux (2014) suggests that if employees possess high level of psychological ownership they will "start firing all cylinders" (Laloux 2014) after they are given freedom to self-manage.

Results of the survey demonstrates that employees of the company under transformation possess high level of ownership towards both organization as a whole and job exclusively. Thus, results of the survey reveal that 100% (n=14) of surveyed employees disagree or strongly disagree with the statement 'I do not feel emotionally attached to the organization'. In the same time around 64 % (n=14) of ll respondents feel high degree of ownership to the organization (Figure 21).
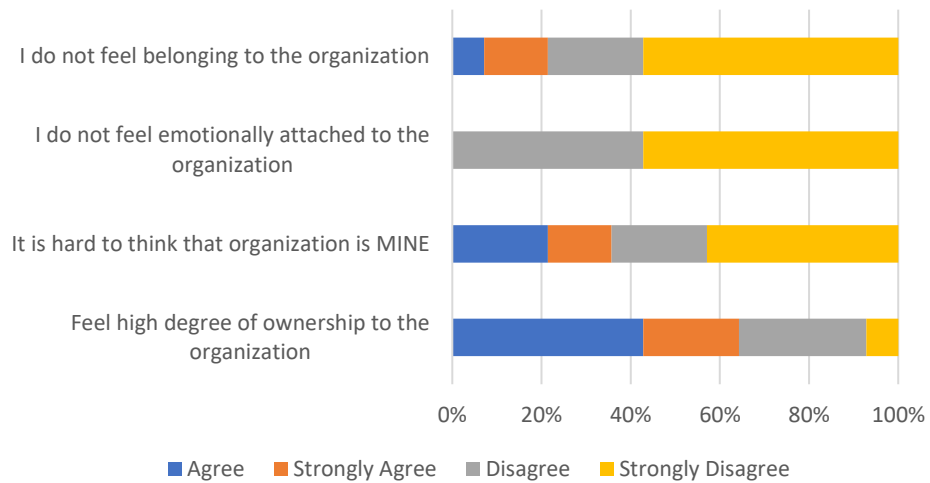
Figure 21. Psychological ownership towards organization

Psychological ownership toward job revealed good signs as well. The majority of interviewed reported high ownership to their jobs. 79 % (n=14) of the surveyed employees indicated high degree of ownership toward job, the same number indicated that they sense 'job as MINE' (Figure 22).
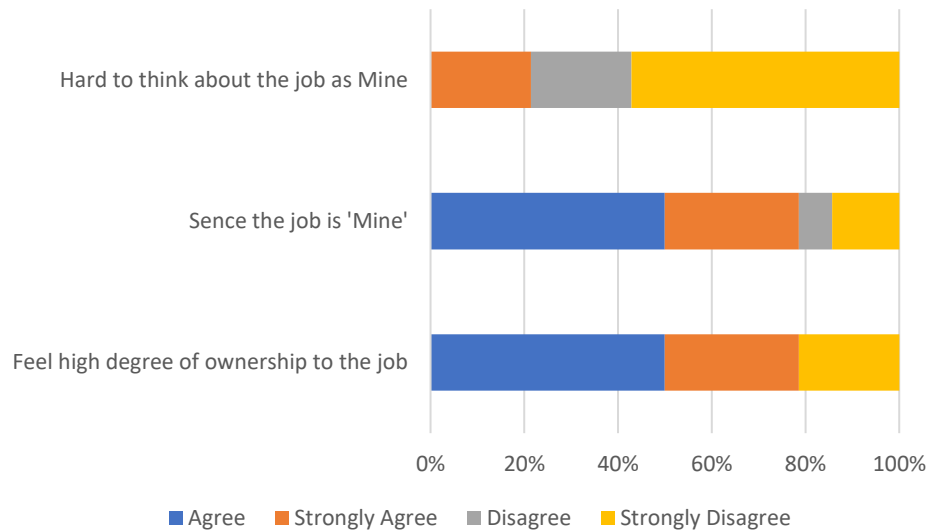

Figure 22. Psychological ownership towards job

The only recommendation that can be given to the company under transformation is to be aware that psychological ownership can leverage the transformation to self-management. Good to remember that psychological ownership is not constant, therefore they should take care of it during the transformation process. So, one of the respondents gave the following statement:

'Recently some decisions were made that I am not comfortable with. Not sure where it leaves me in this organization.'
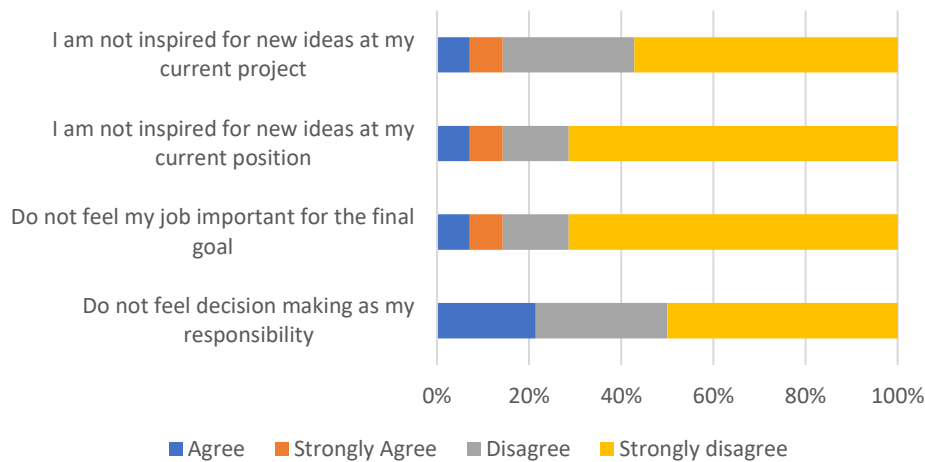

Figure 23. Job commitment.

Another positive sign is no evidence for lack of commitment in the organization. Only small number of respondents (14% (n=14)) do not feel inspired for new ideas at their current positions and projects. The same number of respondents do not feel that their job is anyhow important. 21% (n=14) respondents do not feel that decision-making is part of their responsibilities. (Figure 23)

6.2   Barriers for decision-making in the company under transformation

Chiles & Zorn (1995) suggest that "employee empowerment refers to the symbolic construction of the personal state as characterized by competence, or the skill and ability to act effectively, and control, or the opportunity and authority to act"(Chiles & Zorn 1995). Results of the survey reveals that personal perception of empowerment among employees might be a barrier for the decision-making, because majority of the respondents are neither aware of the decision-making boundaries, nor have a strong perception of their skills.

To assess *perceived authority for decision-making* respondents were asked to mark their perception of authority. Surprisingly, majority (77% (n=14)) marked that their authority for decision-making spreads only over areas related to executing tasks and controlling work progress and process of their own team. They do not feel authorized to design teams   and set overall directions. The finding is very interesting, because HR director and Vice president expect and invite employees

to affect all aspects of company management. Besides that, 50%(n=14) of respondents hesitate to make or propose decisions because they are not sure if they have enough positional power for decision-making (Figure 24).
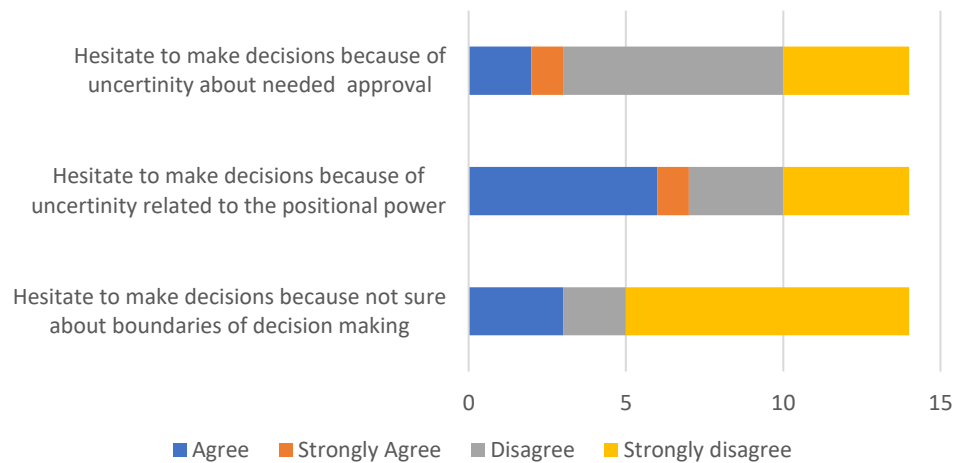

Figure 24. Perceived authority for decision-making.

When it comes to employees' *perception of their professional skills*, most of the surveyed employees (71 % (n=14)) hesitate to make or propose decisions because they feel that they do not have enough professional competence to make right decisions (Figure 25).

In self-managed organizations employees are expected to possess skills that are attributed to a leader in a traditional organization along with professional skills. Therefore, it is important to assess if lack of leadership skills results in low initiative to make decisions. The list of leadership behaviours (Figure 26) introduced by Johansson, Miller & Hamrin (2014) was used as reference to build questionnaires .

	Manager-employee level	Team or unit level
Initiating structure	Set goals and expectations Plan and allocate tasks	Define mission Set goals and expectations Plan and allocate tasks Select Sense-making
Facilitating work	Coaching and training Performance feedback	Coaching and training Performance feedback Problem solving Encourage self-management
Relational dynamics	Openness Supportiveness Conflict management	Openness Supportiveness Conflict management
Represent	Upward influence	Active monitoring Networking Manage boundaries Provide resources

Figure 26. Leadership functions and activities (Johansson , Miller & Hamrin , 2014)

The study revealed that half of the respondent hesitate to make or initiate decisions due to the *lack of skill of initiating structure* – they do not feel competent to define goals, provide estimates and allocate needed resources. 21 %(n=14) of respondents hesitate to make decisions because they do not know how to break the decision into set of deliverable tasks and assignments. 50%(n=14) of respondents either agree or strongly agree that they hesitate to make decisions due to the lack of big picture – they do not how some of the decisions might affect the whole process of development. (Figure 25)
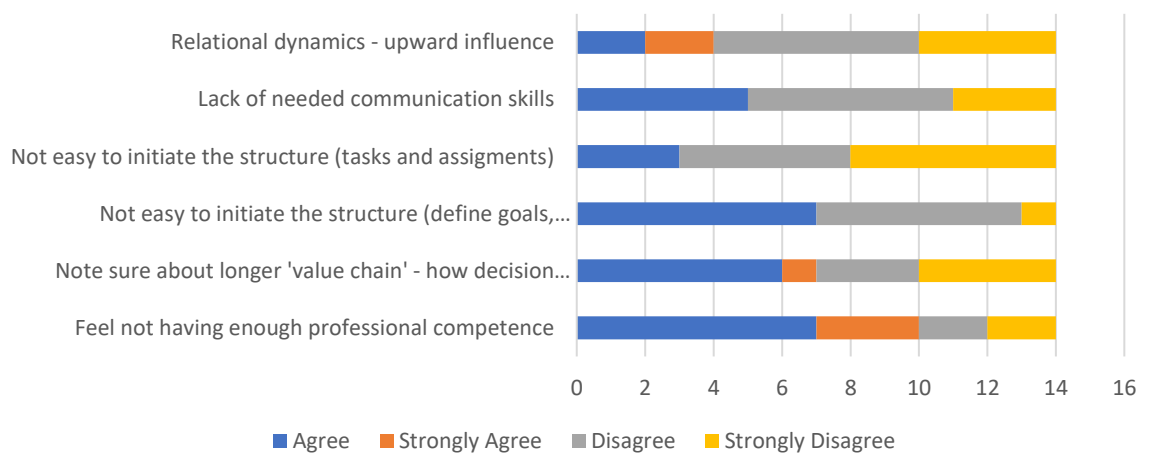

Figure 25. Personal skills assessment.

Results of the survey revealed strong signs of *technocracy* in the organization. 57 % (n=14) of those who were surveyed indicated that they hesitate to make decision due to the feeling that technically advanced people are better candidates for decision-making. The same number of respondents do not question existing solutions if they were done by people who are presumed to be more technically advanced (Figure 27).
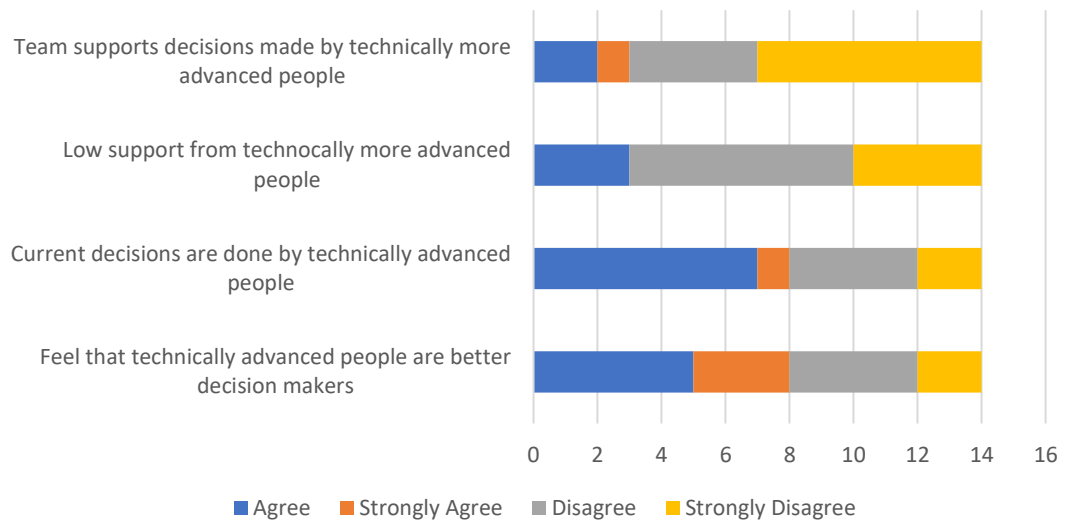

Figure 27. Technocracy

There are no strong signs that decision-making process *is influenced by some individuals*. However, 29% (n=14) of respondents revealed that they hesitate to make decisions due to low support from individuals who feel more appropriate candidates for decision-making. For the future research it would be suggested to figure out who are normally the individuals who try to affect the decisions. One explanation for this behaviour might be *unclear role of former management* that was discussed in sub-chapter 3.2.2. Thus, one the responded commented the answer with "Any self-managed well-advised behaviour by a team member or team can be overruled by at any later time by decisions of people 'higher in hierarchy'' resulting in work wasted and lowering motivations."
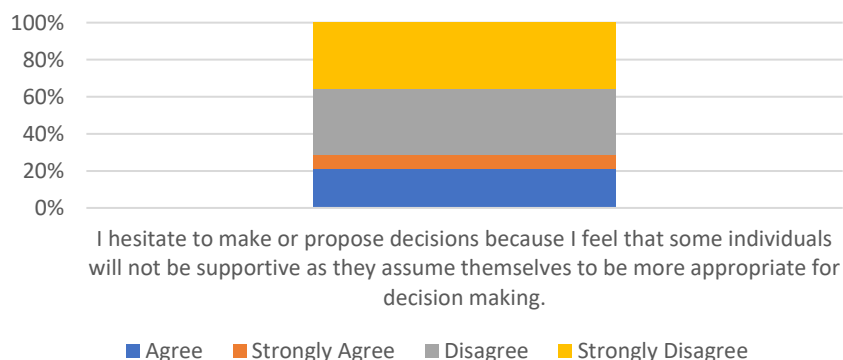

Figure 28. Influence of individuals to decision-making process

The surveyed employees revealed that there are serious problems with *communication* between employees in the company. 42 % (n=14) of all respondents either 'Agree' or 'Strongly Agree' that they often hesitate to make decisions because they do not have access to all needed for decision-making information; 36% (n=14) of all interviewed employees suggested that they often hesitate to make decisions because they do not know how to communicate in order not to cause some collisions. 50% (n=14) of the surveyed employees reported that they often affected by decisions made by another employee without proper communication. The latter indicates that barrier known *as decision hijacking* is one of the barriers for decision-making.

6.3   Factors that do not need special attention

There are no any signs of groupthinking were observed among the interviewed employees. The group reported that they discuss many alternatives while solving problems, evaluate all solutions for possible risks, rise questions and objections, encourage open communication.   93 % (n=14) of respondents do not refrain from objecting or questioning a solution in sake of keeping harmony in a team (Figure 29).
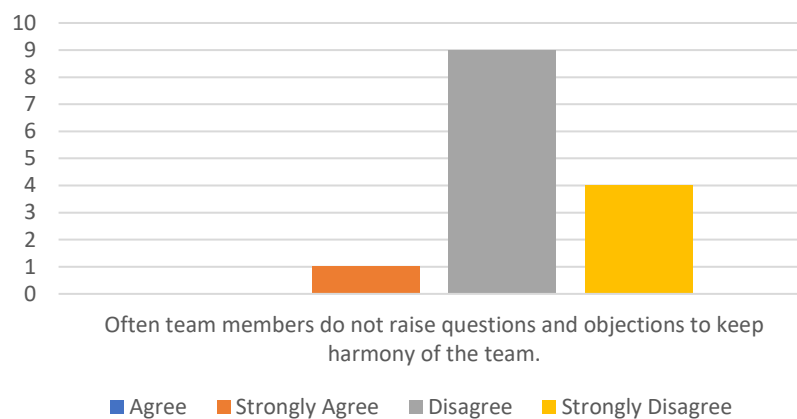
Figure 29. Groupthinking

Fear of failure section of the questionnaire required respondents to give information on how fear of having bad decision affect their decision-making behaviours. The results of the employees' survey indicate that none of them afraid to lose their position due to a wrong decision, 93% (n=14) are not afraid to lose potential benefits (boluses, salary increase, promotions) due to the wrong decisions. However, on a team level results are slightly worse. So, around 29 % (n=14) of the respondent reported that they hesitate to make decision, because they are afraid to be blamed for mistakes by their team mates, and 21 %(n=14) of respondent afraid to be blamed for mistakes by former managerial group (Figure 30).

Figure 30. Fear of failure

In the open questions section of the survey interviewees suggested the following factors that prevent them from better decision-making:
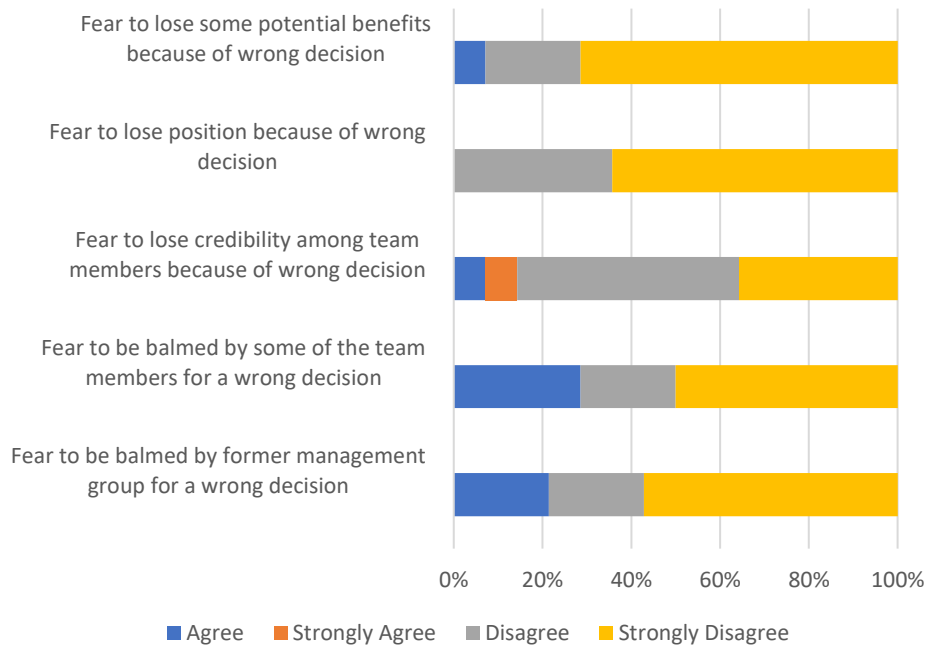
- Lack of time;
- Difficulties in making long term decisions, that would affect the next 5-10 years (e.g. technological direction).

6.4 Suggestions for improvement

The results revealed that most of the employees have unclear perception of decision-making boundaries. The received answers vary from 'Executing own tasks' to 'Setting overall directions'. Besides the section of the questionnaire dedicated to find out whether low perception of authority is a barrier for decision-making revealed somehow worrying results. There are two reasons that can cause this behaviour: management group sends conflicting messages about authority to make decisions or an employee misunderstands the messages based on his own interpretation.

One of the answers for the open question revealed that very often decisions that were made by team members were overwritten by someone who is 'higher in hierarchy'. Laloux (2014) stated

that preconditions for implementation of successful self-managed organizations is conviction and commitment of top management. They should buy the idea of self-management and fully support it. Every time when higher management overwrites decisions made by team without a strong reason, the idea of self-management is hindered, trust taken away, motivation lowered. Self-management should not be seen as business trend to be pursued. Instead, it should be seen as one form of organizational structure that has the same functions as any other. Each organization might decide the right degree of self-management and its way to do it in order to achieve their expectations of self-management in their organization.

Suggestion 1. Define clear goal of self-management in your organization. Define right degree of self-management in your organization and stick to it. The team structure of the company under transformation is as like in holacrasy, which is recommended way of team structuring in an organization with complex value chain, like the company under transformation. If full control cannot be given up and some hierarchies in decision making inevitable, then it will be more productive and less disruptive to follow decision-making authority recommended in holacrasy. Otherwise, teach all employees, including former management group follow new ways of working.

Employees interpret the messages individually and make their own sense depending on what empowerment in decision-making means for them. Thus, some of them interprets it as ability to do their own work without close supervision, and some others understand that they can participate in decision-making at all levels. Balogun (2006) discusses that such individual sense (schemata) making process is very natural for an organization under big transformational change. During change process, messages that cannot be understood through the existing schemata play role of sense making trigger. Further employees co-create common sense through social interactions with each other – they share their senses in forms of discussions, sharing fears, gossips, collaborations until they create common interpretation and "then act on basis of their interpretations" (Balogun, 2006). The process of sense making continuous until new ways of working are established in the organization. Often some unanticipated outcome results come as a result of such group sense making due to the wrong interpretations. Balogun (2006) compared different cases on how sense making was handled in different teams in an organization under change. Based on the study she created a guide for change management through activities that help change managers coach and monitor the sense making process.

Suggestion 2. Once the right level of self-management is defined in your organization, introduce practice of sense-making. Invite people to discuss their individual interpretations of events and messages until you co-create common understanding and new ways of working. The guide developed by Balogun (2006) can be used as a scenario for the sense making sessions.

In self-managed organizations employees are expected to perform tasks attributed to a manger in traditional organizations as a part of their decision-making process. Therefore, to make a certain decisions employee should possess management skills to proceed with decision-making efficiently. The result of survey revealed lack of leadership skills to be a barrier for decision-making. Besides managers in a traditional organization usually have bigger picture of development and know how one decision conflicts with full development process. The interviewed employees of the company under transformation revealed that lack of understanding of full picture of the development process prevents them from effective decision-making. The lack of management and leadership skills is another barrier in their decision-making process.

Suggestion 3: Provide employee training to develop their managerial and leadership skill. At lease the following should be covered: skills to initiate structure (define goals, provide estimates, claim and find resources), communication skills (interpersonal communication, skills to provide feedback), ability to push decision upward for approval. Provide learning session where all employees might learn full picture of development cycle.

The interviewed employees revealed that perceived lack of professional skills is serious barrier for decision-making in the company under transformation. This together with high level of technocracy suggest that specialists culture is cultivated in the organization. Whereas self-management relies on generalist culture – "members with multiple skills who can perform one another's jobs and substitute as needs arise" (Moe, Dingsøyr & Dyba, 2009).

Suggestion 4. Moe, Dingsøyr & Dyba. (2009) suggest appreciating generalists. Both company culture and incentives should appreciate generalists together with specialists to create redundancy in the organization.

Suggestion 5. Organize cross trainings, for example job rotation and pair programming.

Decision hijacking was found as one of the barriers for decision-making in the company under transformation. Available literature suggests that decision hijacking is results of lack of trust – fear of failure force them to hide some decision and actions (Moe, Dingsøyr & Dyba, 2009). However, the correspondent subsection of the survey did not reveal any signs of fear of failure in the organization. However, 'Lack of communication' subsection revealed that 36% (n=14) of all interviewed employees suggested that they often hesitate to make decisions because they do not how to communicate in order not to cause any collisions.

Suggestion 6. Increase transparency by:

- Providing full picture of the development process;
- Providing clear understanding on list of projects and resources involved into the project;
- Providing list of stakeholders of each project to be informed or consulted.

Problem of unclear role of an external leader (coach) is common challenge of a self-managed organization. When roles and responsibilities of the coaches are not defined they prone either to fully control or give up control at all, or take control back into his hand when problems occur. The paradox is that self-managed organizations need even more management that traditional organization, but the special type of leadership.

Suggestion 7. Define roles and responsibilities of external leaders.

There are several suggestions on how self-management can be led by an external leader. Laloux sees role of leaders to coach team instead of making decisions - "Mostly, the coach's role is to ask the insightful questions that help teams find their own solutions. It is their role to reveal unhelpful behaviours that the team is showing and raise the flag and suggest that a team pause to deal with a serious problem" (Laloux, 2014). The main responsibilities of a coach are defined by Laloux (2014) as the following:

- Coach should let team struggle while they are solving a problem, instead of proposing a solution. This way team will build up needed skill and deep sense of community. Coach

should only support in solving the problem and reflect on how team is growing in their skills and capabilities;

- The coaches should let people make their own decisions, even if they think that they know a better solution. The only case when he can stop a decision is defined by Laloux (2014) as 'raise red flag'- situation when a proposed decision can be harmful for the organization.

- Support team by asking questions that mirror coach's interpretation of the problem, instead of providing direct instructions;

- Coach should observe skills, strength and capabilities to resolve potential problems are in the place;

- Coach should trust that employees will make it all it takes to solve the problems themselves, when all capabilities are at place. (Laloux, 2014).

Another resource suggest that the role of external leader should change depending on the phase of maturity of a self-managed working group (Manz & Sims, 1987).
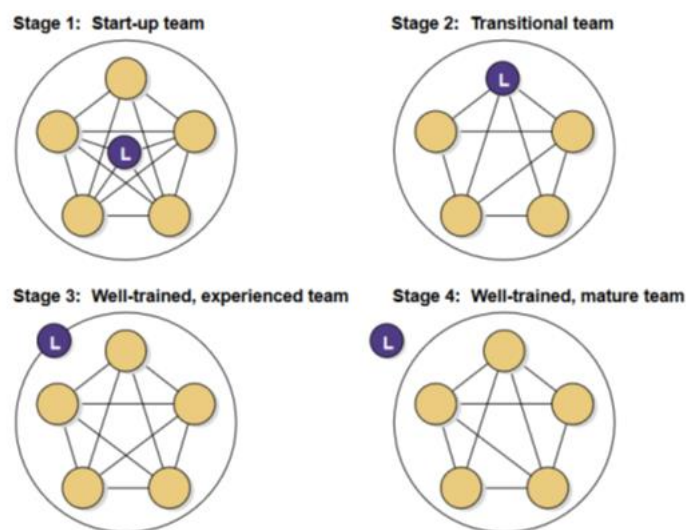
Figure 31. Leader during a team's stages of maturity (Manz & Sims, 1987).

The role of external leader is different at different stages of a team's maturity (Figure 31). Starting from a very central role at the time of team norming, the leader takes position of external observer when team becomes mature enough. Defining the responsibilities of external leader at each stage might help a self-managed organization to move smoothly to the phase when teams' performance is at its best.

7 Conclusions

This chapter of the study discusses such aspects as results of work, validity and reliability of the empirical part of the study, possible further development of the research.

7.1 Results discussion

The aim of the study was to improve decision-making in the company. By the moment when I started the study, the company had been already under the transformation for some time.

Their main challenge was that employees were not taking power od decision-making into their hands to the extent that steering group was expecting. By that time, they area of their focus in their transformation process was mostly at policies, practices and rules to run a self-managed organization. For our second meeting with the steering group I prepared list of suggestions on how can I help them. One of the suggestions was to find out what skills are needed for employees to become more initiative in their daily work at the self-managed company under transformation. Further, we narrowed the focus of the study and identified the research question as finding barriers that prevents employees of the company under transformation to make decisions eagerly and providing possible suggestions for improving the decision-making process.

For the sake of finding the answer for the research question both theoretical and practical part were conducted. Theoretical work has been conducted for finding known barriers for decision-making in a self-managed organization. Beside the supportive literature was studied to learn more about different forms of self-managed organizations and different aspects of self-management for understanding full picture of the transformation that the company under transformation is going through. During the empirical part the survey and interview questions were designed based on the knowledge obtained from the theoretical part of the study. The interview and survey sessions were executed in cooperation with employees of the company under the transformation to find out what barriers out of the list of known barriers employees of the company under transformation are facing. Open questions were addressed to employees with the aim of finding additional barrier to the list of known.

The following factors were identified as barriers for decision-making at in the company under the transformation: unclear perception of authority for decision-making, low perception of professional and leadership skills, unclear role of external leaders, technocracy, decision

hijacking, communication problems. Such specific barriers as inability to make long term decisions that would affect next 5-10 years and lack of time for decision-making indicates that some processes and policies can be improved in the company under transformation. The list of suggestions was constructed and provided in the thesis. Having said all these I can conclude that research questions were answered.

The aspects of reliability and validity of the research are very critical as qualitative methods are used for data collection. "Reliability refers to the extent to which your data collection techniques or analysis procedure will yield consistent findings" (Easterby, Smith et al. 2002, 53). Reliability of a qualitative research strongly depends on transparency of entire process of research execution. The all process should be maximally transparent including process of data collection and analysis. Usage of several data sources is surely adding to the reliability of the research. Transparency of the study process is another reliability supporting factor of this research.

Literature review as a ground for the questionnaire surveys affects the reliability of the study negatively. In the process of literature review some valuable papers could have been missed. As a result, some factors affecting decision-making could have not been taken into consideration. To compensate the latter limitation, open questions were used to find out what other factors were affecting decision-making process of employees.

"Validity is concerned with whether the findings are really about what they appear to be about" (Saunders et al. 2009, 157). Validity of findings can be ensured by carefully chosen participants of the study. The fact that respondents covered different entities in the organization adds validity to the research. However, the fact that respondents were invited to the research voluntarily affects validity of the study negatively in two different ways. First of all, the number was not as good as it could have been – 14 employees represent around 10 % of all organization. Secondly, people who volunteered to participate the survey might have special qualities that not attributed to all employees in the organization. For example, extremely high level of psychological ownership among respondent can be explained by volunteer nature the survey participation.

7.2   Further research

The study has been performed on the early stage of the transformation process. Many problems that were figured out are not specific to decision-making process as such, but to failure to learn new ways of working in a self-managed organization. It will be beneficial for the company to

make another session after the new ways of working are deeply rooted in the organization. The challenges of decision-making might be different then.

The decision-making barriers were often identified quite broadly. Now when the problematic areas are identified it will be useful to get closer by conducting unstructured interviews for identifying details of the problems.

Although the study was conducted for the company under the transformation , the theoretical part is very general and can be applied for any self-managed organization. The survey questions are very generic as well, since they were built based on the known literature. It will be beneficial to execute the survey in another self-managed organization to find out their barriers in decision-making.

7.3   Personal learning outcome

Personally, I benefited from the study in many ways. To start with, it is my first experience of working as a consultant. To be able to act professionally I studied some literature about coaching and consultancy. I believe that gained knowledge and experience will benefit my future career options.

Secondly, I am very pleased about the topic I have got. New form or organizational structure in general, and self-management in different forms (agile, holocracy, teal) is very popular field. During process of conducting the study I gained profound knowledge around the area.

Last, but not the least the topic of the study matches area of my interests. One of the motivation to start with the degree was to learn more about leadership, team management and other concept which might be helpful in building efficient teams. The reviewed literature enlarged my knowledge about area of leadership.

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Appendices

Appendix 1. Interview with HR Director.

1. Why have you decided to start the transformational process?
2. Why Teal? Have you considered some other forms of flat organizational structure?
3. Have you conducted any research to define average level of consciousness among employees?

Questions related to the practices

4. What process do you use as decision-making process? Is it 'Advice process'?
5. Do you use conflict resolution mechanism process defined by Laloux?
6. Do you use Peer based evaluation and compensation mechanisms defined by Laloux?
7. Team Organization?
8. Meetings?
9. Budgeting and forecasting?

Questions related to the structure

10. How did you organize teams into structures?
- Parallel teams?
- Web of individual contracting?
- Nested Teams or Holacracy?
11. Why have you chosen the method?
12. Can you define to what extend do you share the power with your team?

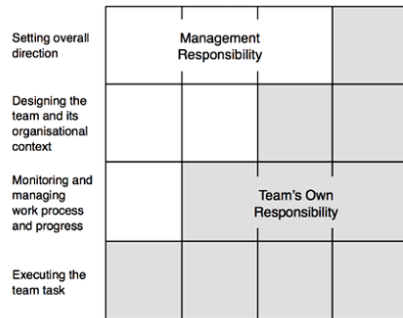

Questions related to the transformation process.

13 How the transformational process has started?

14. Have you ensured that 2 pre-conditions of self – management are on the place?

    12.1.   Do top leaders and owners of the organization share the TEAL worldviews?

    12.2.   Are owners of the company ready to make the investments and how long they are ready to wait for the results?

15. Have you tested the level of psychological ownership among employees?

16. Have you monitored the level of resistance from the middle management?

Appendix 2. Survey questions: self-assessment of decision-making.

Questions	Excellent	Above Average	Below Average	Weak
General questions				
What do you think about the decision-making process in your team?				
What do you think about team communication during the decision-making process?				
What do you think about team's performance?				
Individual assessment of decision-making				
	Strongly disagree	Disagree	Agree	Strongly agree
I have been enjoying the ability to affect the decision-making process.				
I have been making decision related to my area of responsibilities				
I have been proposing new ideas and suggestions for improvement on the team level.				
I have been proposing new ideas and suggestions for improvements on the company level				
I have been planning activities needed to complete a task related to my area of responsibilities				
I have been planning activities needed to complete tasks on a team level				
I have been foreseeing future problems and taking actions to prevent them				

On the picture below can you define the area where you can make decisions.

	Questions	Strongly Disagree	Disagree	Agree	Strongly Agree
	Lack of authority				
1	I hesitate to make or propose decisions because I am not confident about boundaries of my decision-making area				
2	I hesitate to make or propose decisions because I am not confident if I have enough positional power for decision-making				
3	I hesitate to make or propose decisions because I am not sure what approval I need to make the decision				
	Fear of the failure				
4	I hesitate to make or propose decisions because I am afraid to be blamed for mistakes by formal management group.				
5	I hesitate to make or propose decisions because I am afraid to be blamed for mistakes by some of my team members.				
6	I hesitate to make or propose decisions because I am afraid to lose credibility and trust among my team members.				
7	I hesitate to make or propose decisions because I am afraid to lose my position in case if the results associated with the decision are not as were expected.				
8	I hesitate to make or propose decisions, as I am afraid to lose some of the benefits (bonuses, promotions) in case if the results associated with the decisions are not as were expected.				
	Questions related to skills				

9	Sometimes I hesitate to make or propose decisions because I do not feel enough professionally competent and need some directions and help for that				
10	Sometimes I hesitate to make or propose decisions because I am not sure how the decision I make will affect the whole process of development				
11	Sometimes I hesitate to make or propose decisions because I am not sure how to initiate the process in terms of defining goals, estimates and finding the right resources;				
12	Sometimes I hesitate to make or propose decisions because I am not sure how to break down the decision into set of deliverable tasks and assignments;				
13	Sometimes I hesitate to initiate some of the decisions due to the lack of skills to communicate it in the right manner (to be persuasive, to be polite to all parties, not to harm someone by contradicting opinion, other _____)				
14	Sometimes I hesitate to make some of the decisions because I do not have experience of pushing ideas forward to get support among my team mates and among colleagues from different teams				
	Technocracy related questions				
15	I hesitate to make or propose some of the decisions because I feel that people who are more technically advanced are more appropriate to make the decisions.				
16	I hesitate to make or propose some of the decisions because I feel that existing solutions were done by people who are more technically advanced than me.				
17	I hesitate to make or propose some of the decisions because technically more advanced colleagues do not support my decisions.				
18	I hesitate to make or propose some of the decisions as majority of my colleagues normally support the decisions of people who are assumed to be more technically advanced.				

	Influence by the individual or group of individuals.				
19	I hesitate to make or propose the decisions because I think that there is someone more appropriate to make the decisions in my team.				
20	I hesitate to make or propose decisions because I think that current decisions were done by someone who has more authority or power for decision-making.				
21	I hesitate to make or propose decisions because majority of my team supports decisions made by a person who is assumed to have more authority or decision-making power.				
22	I hesitate to make or propose decisions because I feel that some individuals will not be supportive as they assume themselves to be more appropriate for decision-making.				
	Lack of ownership				
23	I am reluctant to make decisions, because I do not feel that decision-making is part of my responsibility.				
24	I am reluctant to make decisions as I do not feel that my job is anyhow important for the final outcomes of the company.				
25	I am reluctant to make decisions as current position and project do not inspire me for new ideas and improvements;				
26	I am reluctant to make decisions because current project to not inspire me to be proactive and resolve challenges.				
	Broken communication				
27	I hesitate to make or propose some of the decisions because I often do not have access to all needed information for decision-making				
28	I hesitate to make or propose some of the decision because I often do not know how and whom to communicate it in order not to cause any collisions of decisions.				
29	I often find that some of the decisions were done by another team members without proper communication to all people affected by the decision.				
	Questions related to lack of psychological ownership				

30	It is true that degree of ownership to organization is high				
31	I can feel this company as mine				
33	It is not easy for me to think that this company is mine				
34	It is true that degree of ownership to my job is high				
35	I can feel this job as my job				
36	My colleagues share the same feeling and consider their job very personal.				
37	It is not easy for me to think that this job is mine				
38	I can get the same level of empathy to another organization as I have here.				
39	It is hard for me to feel as a part of team, family here				
40	I am not attached to the company				
	Questions related to group thinking				
47	Team members offer and discuss many alternatives while solving the problems.				
48	Team members evaluate solutions for possible risk.				
49	Team members raise questions and objections for an offered solution even if it might cause disharmony between team mates.				
50	Do all team members encourage open communication?				
51	All team members welcome people questioning the selected decision.				
52	Often team members do not raise questions and objections to keep harmony of the team.				
	Open questions.				
	Do you have any other, not mentioned above obstacles in your				

	decision-making process? Please describe them!				
		73			