

SELF-MANAGED ORGANIZATIONS

A SOLUTION TO MEET FUTURE CHALLENGES IN CASE COMPANY



Master's thesis

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Opinnäytetyön aiheena oli tutkia työntekijän itseohjautuvuutta ja itseohjautuvia organisaatioita ja tarjota tämän tiedon avulla toimeksiantajaorganisaatiolle neuvoja ja uusia näkökulmia liiketoiminnan kehittämistä varten. Tavoitteena oli tuottaa tietoa itseohjautuvuudesta ja sen tarjoamista hyödyistä organisaatiolle. Opinnäytetyön toimeksiantajana oli metallialan perheyrittäjä, Pirkanmaan Levytyö Oy, jonka toiminnan kehittämiseen halutaan uusia näkökulmia ja kehitysehdotuksia. Tulevaisuuden haasteisiin vastaamiseen ja työvoimapulan helpottamiseen kaivattiin myös ratkaisuja.

Teoreettinen viitekehys käsittelee motivaatiota ja itseohjautuvuutta itsemäärämisteorian valossa. Teoreettinen osuus sisältää esimerkkejä yrityksistä ja tapauksista, joissa itseohjautuvuus ja byrokratian vähentäminen on tuonut merkittäviä säästöjä, sekä tehostanut organisaation toimintaa ja lisännyt työntekijöiden työtyytyväisyyttä. Toimeksiantajayrityksen nykyistä itseohjautuvuuden tilaa tutkittiin laadullisen tutkimuksen menetelmin, haastatteluin, sekä lähettämällä kysely toimeksiantajayrityksen määrittelemälle kohdejoukolla, johon opinnäytetyön tulosten haluttiin kohdentuvan.

Itseohjautuvuus ja itseohjautuvasti toimivat organisaatiot vastaavat moniin työelämään nyt ja tulevaisuudessa vaikuttaviin ilmiöihin, lisääntyneeseen työn määrään, kuormitukseen ja lisääntyneisiin vaatimuksiin sekä työnantajan, että työntekijän osalta. Opinnäytetyön johtopäätöksissä esitellään konkreettisia kehitysehdotuksia nykytilanteeseen tai lähitulevaisuuden varalle. Näillä muutoksilla toivotaan olevan positiivisia vaikutuksia yrityksen liikevaihtoon ja henkilökunnan motivoimiseen ja sitouttamiseen.

Avainsanat itseohjautuvuus, itseohjautuvat organisaatiot, konepajateollisuus, muutosjohtaminen, motivaatio

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The aim of this thesis was to research self-management and self-managing organizations and provide information to Case Company for development and future decision making. Case Company, a family owned metal industry company, Pirkanmaan Levytyö Oy is the commissioner and development target of this master's thesis. Their interests of increasing efficiency and productivity were the development targets, as well as their pursuit to attain skilled employees now and in the future.

Theory section of this thesis investigates definitions of self-management and self-managing organizations, theory of self-determination and basic motivational theories. Theoretical part includes examples of organizations, in which self-management and reducing bureaucracy has been in an essential role, improving performance and productivity. Current state of employee motivation and level self-management in Pirkanmaan Levytyö Oy was researched with qualitative research methods, interviews and online sample survey. Sample for the survey, the target group was determined by the commissioner, a department, where results of this thesis was targeted.

Self-management and self-managing organizations are the answer to many issues affecting working life now, and in our near future; increased workload and changed demands on employee as well as on organizations behalf. Chapter for recommendations and conclusions presents practical advices and development ideas for Pirkanmaan Levytyö Oy. These advices aim to assist decision making and creating new strategies, as well as bring positive effect on company revenue, employee motivation and commitment.

Keywords Self-management, self-managed organizations, metal industry, change management, motivation

Pages 64 pages and appendices 3 pages

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1 Introduction

Can ordinary things be turned around, to achieve something better? Could new ways of thinking bring new solutions to existing problems, is there another way to look at things on our daily lives? Norms are defined by individuals and nations throughout time; but change is a constant quote (Heraclitus 500BC). Our norms reflect our near history, although what is waiting in the near future is interesting. Work life is now in turmoil, and about to change, partly because of the ongoing pandemic Covid-19, but also the demand and urge for different ways to work and produce. Working environment is becoming more independent; work can be done anywhere and anytime and it's not necessarily dependent on the organizations rules and regulations.

Work and working life are changing, this means organizations should change as well, to be able to adapt and meet challenges. This means that new approaches and ways of working needs the change in the organization culture and change in the attitudes of the decision makers. To meet the challenges of the future (and present issues) self-managed organizations and self-managing could be the key to success; globalization, automatization, and the increasing speed of the flow of information molds working environment and organizations. (Martela & Jarenko, 2017, p. 11) Leaders of today, needs to be aware of the ongoing changes and act now. Organizations are required to be more agile and adaptable; traditional hierarchy can slow things down; modern way of decision making can improve performance throughout the organization.

While some of us are having the chance to work remotely, different places and times, there are still industries with more traditional approaches to work. Work, that cannot be done without employees being present at work. These industries are facing more complex problems than creative, white-collar organizations. Manual work, hard work might not appeal to younger generations, they want to use their skills gained, in a work that reflects their values. In order to get the best employees and meet the challenges of rapidly changing environment, organization structures and ways of work must change moreover.

According to management consultant and professor Gary Hamel, the most inefficient function is management. The time spent on supervising others, lies heavy costs on organizations and the decision making becomes complex, despite the fact that any employee is capable of making decisions (Hamel, 2011). What if employees would be trusted and given the chance to manage and lead their own work by reducing bureaucracy (Martela, 2021)

A study made by Deloitte reported that 88% of global leaders believe that building the organization of the future is very important, but only 11% knows how to build one. (Deloitte 2017) The aim of this thesis is to introduce the idea of self-managed organizations to owners of Company, Pirkanmaan Levytyö Oy, and provide information to board of executives and owners for future decision making, as well as employees. Knowledge this thesis provides, proposes ideas for strategies and changes within the company. Maybe, in the future, case company could be completely self-managing organization. This thesis is studying what kind of changes are required from management, employees, and company culture to meet these objectives. Future of work, especially in the volatile metal industry, has been researched and this works helps to increase understanding of the upcoming changes in the industry. Digitalization changed motivational factors of younger generations and rapid changes in the working environment needs adaptability and ability to respond quickly to these changes are a key factor. This thesis is analyzing these topics and offering insight and advice for traditional organizations to be able to meet the requirements of the future.

Second chapter of the thesis is about the background and definition of self-managed organizations and self-management, insight to the future of work and why it is related to this topic. Second chapter is also discussing differences between generations X, Y and Z and why that is a relevant topic, and last, introducing few companies which has turned into self-managed organizations and their success stories. Examples are chosen carefully, emphasizing the history, the longer the case companies have been self-managed the more mistakes, insight and development might have occurred. Second chapter is about theory as well; what motivates us and theories behind human motivation, starting from the basic needs from Maslow and famous Self-Determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-Being by Richard M. Ryan and Edward L. Deci. Fourth chapter is related to methodology, why the chosen methods will support the thesis,

explain the process, and evaluate the choice of methods and analyze the limitations of the method.

Fourth and fifth chapter is about the research and analyzing the results. Analysis will also be the answer for the research questions, and explanation why self-management and self-managed organizations would benefit the case company and other organizations. Chapter six will conclude the theory and results of the research and present advice based on the results to the case company.

1.1 Research Objective

As mentioned in the introduction of this master's thesis, the aim of this work is to provide information related to self-directing organizations and self-management to the case company. The purpose is to discover, would changes in the organization structure and mindset benefit case company at the moment and help to meet future challenges facing the industry and work life in general. The research was conducted as qualitative case study with a theoretical review to the topic, including the knowledge base with background information. The theory part is followed by interviews and analysis based on the provided information.

1.2 Research Question

After discussions with case organization and thesis instructor, further reading and investigating theory and case studies related to self-organization and self-management, this thesis is aiming to answer to research question:

How transition to self-managed organization will benefit Case Company and help to adapt changes in the future?

1.3 Description and background of for the methods

The method chosen for this thesis is research focused. The topic itself, benefits of moving towards self-organized organization can be applied in many industries, but the research conducted in this thesis is related to metal industry. The research method is qualitative, including textual analysis related to the topic and interviews.

2 Viewpoints to self-management

This is the basis for the study, including an overview of self-managing organizations, future of work and motivation. The sub headers are the core of the topic, and each topic is defined. It is essential to distinguish self-managing organizations and self-management. It is essential to understand the difference between self-management and self-managing organization; self-managing organization is a feature of a group; self-management is related to an individual. (Martela & Jarenko p. 12) **Self-determination** has also been used to describe individuals' self-managed behavior, as well as **self-governance** when it comes to organizations. (Savaspuro, 2017, p. 28)

Generally, self-management is individual's ability to function without external control or input, the ability to manage oneself. This can be related to working life, but also to several group related activities, such as school or kindergarten. The basis for self-management and a self-managed organization is a strong autonomy of an individual, ability, natural willingness, and possibility to function without control and restrictions towards common goals or any greater good. It is trusting people and their ability to do things well, approach tasks on their own terms. Or, when it comes to working in an organization, dividing tasks, and making decisions is coming from individuals not from above. This way, decision making is faster, and functions become more agile, there is no time wasted on bureaucracy and asking permission for obvious tasks, not to mention the chance to have an impact on own work. (Savaspuro, 2017, pp. 26–28)

Management structure can be expensive and slow down decision making. In organizations with strict hierarchy, decision making and less autonomy, the journey from idea to execution can take so long that it is not valid anymore. Or worst-case scenario, customer has left, or the problem has become more massive. Organizations without any managers, titles, and promotions, exist. On those kinds of organizations, every decision is made by its employees and employees manage themselves; for example, negotiating salaries, responsibilities, and inquiries with peers. This kind of management and organization structure is not for all companies, but case examples explained latter in this master's thesis provide proof that this kind of scenarios creates dedicated employees, using their initiative and expertise, but most of all business growth and satisfied, motivated employees. (Hamel, 2011)

According to a research conducted by Finnish Work Environment Fund and Aalto University, several Finnish organizations are increasing the level of self-management, although the ongoing conversation is contradicted: employees are more productive, motivated and well-being has improved, self-managed organizations are seen as a source of stress and burnout by leaving employees cope on their own. At the moment, there is a need for empirical evidence, in order to determine the risks and benefits of self-managed organizations, even though the topic is not new. To investigate and study this topic, Finnish Work Environment Fund and Aalto University created a research and analysis with a representative sample of 2000 respondents (aged 18-65 years), and the results were reassuring; among currently working Finnish people, increased amount of self-management is directly associated to better workflow and decreased exhaustion and burnout levels. The ability to make decisions and being able to have an influence on their own work was the success factor. If the control is too strict and there is no space and freedom to be self-organized in the organization, it is impossible to make the change and an individual to become self-managed or an organization to become self-organized. Being self-organized is simply the power and rights assigned to an employee. The study categorized three types of rights, defining the levels of empowerment organization should acknowledge to employees:

1. Rights and responsibilities of work. The ability and empowerment for independently decide upon work, **how** the work is done. Prioritizing, scheduling, trying, and investigating new methods of work, to help forward and advance work.

2. Rights and responsibilities of managing work. The responsibility to set goals, what are the targets to be reached, criteria of success that benefit the organization, instead receiving these from above.
3. Rights and responsibilities of developing the organization. The level of participation of employees, when it comes to developing and affecting practices, rules and defining strategies on an organizational level.

These three definitions measure the level of self-management and self-organization in the organization. It is essential to determine the level how much employees comprehend having these rights in the organization they are working at. (Martela et al, 2021, pp. 11–18) Additionally, the analysis based on the Aalto University research, provided valuable information on how to make the transition, and how to become a self-managed organization, which is a common thread of this thesis.

As described above, the possibility to have an impact on our work and get our voices heard is very important and increases the level of autonomy and feeling of control. Individual's possibility to have an influence –or the lack of it, has a tremendous effect on motivation, coping at work and mental well-being. The possibility is not the same in all professions and careers, manual work in a factory environment is very different to an office job or creative work with more flexible agendas. There still are several changes that can be done, for example shift rotation; some employees could have more influence on working hours, for example come later to work and (Saariaho, 2020) This is a valid issue on any level of performance, from manual to expert work. It is difficult for managers to promote efficiency if the gap between decision making and actual work is big, and there is no conversation between the decision maker and employee. If the decision making is handed out to the employees, it can bring not only solutions for existing problems, but more motivated employees, healthier employees, and increased productivity (Gould et al.,2006)

Ideal companies have satisfied employees, happy customers and the organization reaches its goals -or exceeds them without struggle. To achieve these goals, to become a high-performance organization, the culture of work is essential. High Performance culture is a

culture where employees make right decisions and have the right behavior, because it is rooted to their everyday actions. (LinkedIn Learning 2018) Finland is an individualistic culture and a small power distance society. People perceive themselves as interdependent and emphasizes solidarity yet focus on own accomplishments as well. A study, researching leadership style, performance, and motivation, conducted by New Jersey Institute of Technology showed that individuals in Finland are self-directed, but at the same time assume there are rules and regulations for behavior as well as rewards. This kind of culture benefits from participative leadership in working life and especially enhancing motivation. (Mehta & Dubinsky, 1999, p. 62)

2.1 Self-Organization and Self-Management

Self-managed organization is defined as an organization with minimized top-down structures, no hierarchies, or specific managers to ask permission for decisions. (Martela & Jarenko, 2017, pp. 12 –15) When an organization is self-organized, it means that the decision-making power and authority has been divided and spread all over the organization from management to all levels down. A self-organized person, employee, has power to decide upon his or her work-related issues, even if the organization is hierarchical. There are three levels in the definition of a self-organized employee; the authority to decide the ways of how to work, the authority to lead and manage own work by setting goals and priorities and the authority to participate developing the organization. It has been researched that the possibility to have an influence, and a sense of self-organizing is related to greater work engagement, a positive work-related state of mind and dedication. (Martela et al., 2021, p. 11)

There are different forms of self-management, leeway to execute and achieve levels of self-management is dependent on the industry, not all organizations are able to reduce hierarchy and become self-organized, but there is always space for some actions, even very simple, for example creating possibilities for employees to have an influence on their own work. Self-management is defining many forms of actions related to organizing work. One way to define self-management is to divide it into four categories, divided based on the perspective of the agent-based point of view:

1. No possibilities to act self-managed, strict limits, all orders for any action comes from above, from management.
2. Some level of self-management, employee is able to coordinate operations related work. Employee has responsibility to one's work and organizing it. Work description is limited, but there are possibilities for development and participation.
3. Functioning, active level of self-management. Employees are experiencing self-management; employee is able to manage operations related work. Employee is able to define **what** and **how** work should be done, but there are still frames defined by management.
4. Complete self-management, with limitless decision-making power. Industry related frames exist of course, but vision is determined democratically. Employees determine **what, how** and **why** things are done.

What kind of work is done, and on what industry the organization is operating is defining the level of self-management? If organizations want to increase effectiveness in only some areas, flexibility provided by self-management could be implemented. As mentioned in the previous chapter, self-management is not one solution, it is different ways to organize within an organization, it can be self-managing teams or giving employees more chances to influence on organizations decision making, or their own work. (Ahleskog, 2018)

It was mentioned in the introduction part of this thesis that according to Gary Hamel, management is the most inefficient segment of the organization. It is not only inefficient, but it is complex in three different ways:

1. All resources available are not used, expertise and knowledge that employees have, is not utilized, if strategic decisions are made in higher level and in a small group

2. Bureaucracy, asking permission from higher level (or levels) makes processes slow, this kind of organization is not agile, employees are not able to try new ideas if it is prevented with complexity and approval layers slowing things down
3. People are self-organized, but the organization is not supporting that. The goals set by management are too strict and resources limited that it kills the motivation.

Gary Hamel, who has also been voted to one of world's most influential business thinkers, has researched self-managed organizations and calculated that these kinds of organizations, which has cut down management above operational level, will save over 30 per cent in wage costs. Decision making is done in lower levels; therefore, the results are the same.

Organizations can have variety on the level of self-management, how much decision-making authority and flexibility is allowed. (Hamel, 2011) It is important to acknowledge that self-organizing companies are not establishments without any rules or hierarchy, managers are needed to create guidelines, structures, and instructions for the action. The goal is to find minimal viable structure, a balance between minimal restrictions, but maximum support and structure clear enough to keep things in order. (Martela & Jarenko, 2017, pp. 12 –15.)

Self-managed organizations are cost-efficient, provide highly motivated staff and satisfied customers. All this can be achieved without strict hierarchy and costly middle managers. Or the most radical form of self-organizing; completely flat organizational structure, no managers at all, everyone is completely equal in the hierarchy.

The system is not without faults, and it is not for everyone, however there are many excellent examples that have produced not only successful companies, but dedicated employees with high expertise and initiative. There are several substantial size companies which have changed the existing organization model to a self-directing one, for example Spotify, Valve, Zappos and W.L Gore & Associates, commonly known as the company that produces Gore Tex. The most extreme case that demonstrates the idea of self-managed organizations is Morning Star, one of global leader producing tomato processed products. They have had substantial growth for the past two decades, and they have no managers, titles or hierarchy, at all. Employees manage themselves, negotiate responsibilities and wages within teams, everyone is authorized to make acquisitions and hire new employees if

there is a place that needs filling. Roles in teams are naturally formed, based on experience and level of contribution. All this flexibility becomes with responsibility, each employee has to outline how their contribution is serving the organization and the objectives determined, along with acceptance of the peer workers. (Hamel, 2011)

It is important to distinguish Self-Management could be defined how children act, for example when there is a sandbox and toys in the playground, they start to play, even if there are no instructions or rules for that. Also, queueing is a magnificent example, everyone automatically knows why and what to do and act accordingly. It is the unwritten rules. (Martela & Jarenko, 2017. p. 45) On an individual level, self-management is the ability to work without external input or control. The ability to work without external control is because of intrinsic motivation, competence and clear vision and goals. (Martela & Jarenko, 2017, pp. 12 –15.) When an employee is released to work as they desire, given trust to make decisions without excess bureaucracy, it increases motivation, innovation and commitment. The flow of work increased, and employees had a feeling of significance. (Martela, Telma, 2021)

Self-Management is not a permission to put things upside down and no management does not mean complete anarchy. It is important that a person understands the obligations and responsibility of decision making. (Hamel, 2011) It is not possible to remove all hierarchy and then wait people work out things automatically, completely structureless organization is not functional, there will always be a need for structures, rules and guidelines. Self-managed organization is not removing structures within organizations, it is an alternative way of becoming organized. (Martela et al., 2021, p. 11)

According to Frank Martela, there are three critical factors needed for organizations to become self-organized:

1. How attractive the work is?
2. The level of expertise to become self-organized
3. The change speed of the working environment

Martela explains that attractiveness is a key factor when it comes to recruiting; when a person has intrinsic motivation, and considers the work done interesting, enjoyable, appealing, or worth doing, commitment will follow.

Self-determination theory supports the viewpoint that human motivation requires a thought of natural, intrinsic needs for autonomy, relatedness and competence. When people find tasks interesting and are actively engaged on what they do, it will promote growth (Deci & Ryan, 2000, p. 233). If the work is considered as interesting and appealing it makes easier to recruit motivated, committed employees. Hard work, wearing manual work is not appealing to all, assumingly people who work with these conditions are not intrinsically motivated, but if the image of the work is made more appealing, it has straight effect on recruiting potential workforce. (Martela & Jarenko, 2017, p. 145)

Traditional manual labor, e.g., factory work can be strictly mechanical and regulated in advance, leaving employees with limited possibilities to have impact on, or behave self-managed. If there are any possibilities to add these elements, attractiveness, increased level of expertise, simultaneously adapting to the speed of change, organizations have better opportunities to gain skilled and motivated workforce. In practice, asking employees, doing the manual work if they can find any aspects for improvement, even if the process seems to be difficult to change. The best knowledge comes from those who concretely does the work. The change can be very small, such as changing work shifts from fixed to flexible; to investigate if flextime would be possible, even if the work is very traditional production work. Flextime, where employees can decide upon working times within agreed limits, brings great benefits for employees, for example better work-life balance. (Saariaho, 2020)

2.2 Self-Determination Theory

Self-Determination Theory (STD) is about intrinsic motivation, natural desire to seek out challenges without external influence and extrinsic motivation, where the motivation to seek challenges comes from external sources. This theory of human motivation was created by Edward Deci and Richard Ryan, and it suggests that employee's well-being is affecting their performance by the type of motivation they have, related to their work. Deci & Ryan characterized motivation to autonomous and controlled motivation, where autonomous

motivation is an activity by choice and intrinsically motivated, therefore controlled motivation is a state where individuals acts are not natural, because of external rewards and punishments. Controlled motivation is related to negative effects on consequential performance and work-related engagement (Deci, Olafsen, Ryan, 2017, p. 20), and to same extent autonomous motivation is related to reduced burnout levels and increased work satisfaction. (Deci, Olafsen, Ryan, 2017, pp. 24–25) Furthermore, the theory presents three human psychological, higher level needs to be fulfilled, in order to increase self-determining motivation, improve performance, work commitment and progressive well-being of an individual. Those three needs are:

1. Competence. The experience and need of capability, progress and development. The need and ability to achieve and develop proficiency and advancement over tasks and work. Stretching abilities to reach goals and having a sense of growth and career goals.
2. Autonomy. The experience of control, sense of choice and freedom, empowerment. Autonomy is not complete freedom, there can be sense of autonomy even if tasks or work is prescribed by others, or it is not enjoyable, as long as it is voluntary, and the value of work is understood.
3. Relatedness. Basic feeling of belonging and that we matter to others. The need to feel connected to others, feeling of support, as well as experiencing other valuing our support. In workplace, relatedness needs are met when employees feel valued, respected and involved throughout the organization.

All these three factors need to be enhanced and supported if and individual seeks to become self-organized. (Deci, Olafsen & Ryan, 2017) When these are fulfilled, motivation of an individual is intrinsic, natural and work is done with enthusiasm, determination and responsibility is taken autonomously. Intrinsically motivated person perceives the work or activity itself, is rewarding, not the result. When these universal needs of competence, autonomy and relatedness are satisfied, employee well-being reaches the highest peak as well as their efforts. (Rigby & Ryan, 2018, p. 138)

To increase self-managing employees in an organization, the organization culture should mirror these three factors, is it allowed to take place and develop inside the company.

(Martela & Jarenko, 2017, p. 51–52)

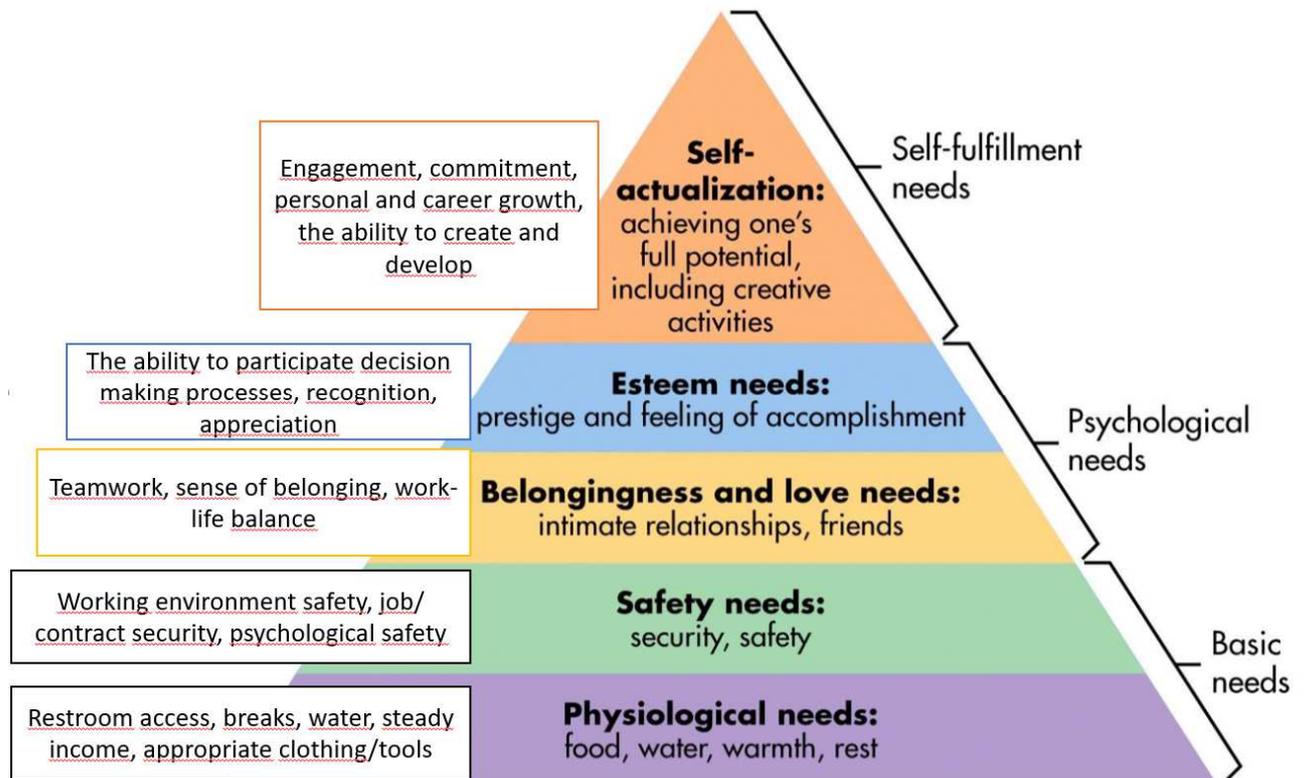
Research has shown evidence that, when managers support employee's competence, relatedness and autonomy, job satisfaction and autonomous motivation is enhanced, leading to positive work outcomes, better work performance, engagement, psychological well-being and contrariwise, less ill-being and exhaustion. Less autonomy support, overpowering and abusive managerial style in the organizations was related to negative results. (Deci, Olafsen, Ryan, 2017, p. 27)

2.3 Motivation Theories

There are many approaches to motivation, which is the driving force behind human behavior, or *enthusiasm for doing something* (Cambridge Dictionary 2021). Managers are eager to understand what motivates employees and how to reach the organizations goals, usually these motivational factors are considered to be very basic needs, for example simply finding a job or salary. The living standard and well-being has been improving substantially after world wars. People of today do not necessarily need to concentrate on fulfilling basic needs, such as food or safety. (Soinne, 2018) When the basic need is fulfilled, there is enough capacity to reach other things that upgrade our daily lives and creates value. The levels of these kind of needs and the basis of human motivation are described in psychologist Abraham Maslow's famous Hierarchy of Needs (Figure 1).

Figure 1. Maslow's Hierarchy of Needs with added working life perspective.

(simplypsychology.com, 2020)



The picture shows basic needs humans have, starting from the very essential needs needed to physically survive, air, water, food, sleep and rest. Second level is security and safety, for example economical safety, income security and emotional safety. The need for these is in-built to us and becomes before any other needs. If a person is concentrated to gain these basic needs, to get food or water, steady income or safety from external threats that person is not likely reaching needs from higher levels, such as sense of belonging. (Cherry, 2021) In today's world, the level of well-being is very high; as mentioned in the first chapter, the need for basic human needs is fulfilled, most of us have increasingly met the physiological needs, and managers should not necessarily concentrate on those, e.g., increasing salaries to allow employees to achieve the basic needs, food, safety etc. Emotional side is equally important, and it is becoming more and more common to switch highly paid work to something more fulfilling, inspiring and motivating. (David, 2014)

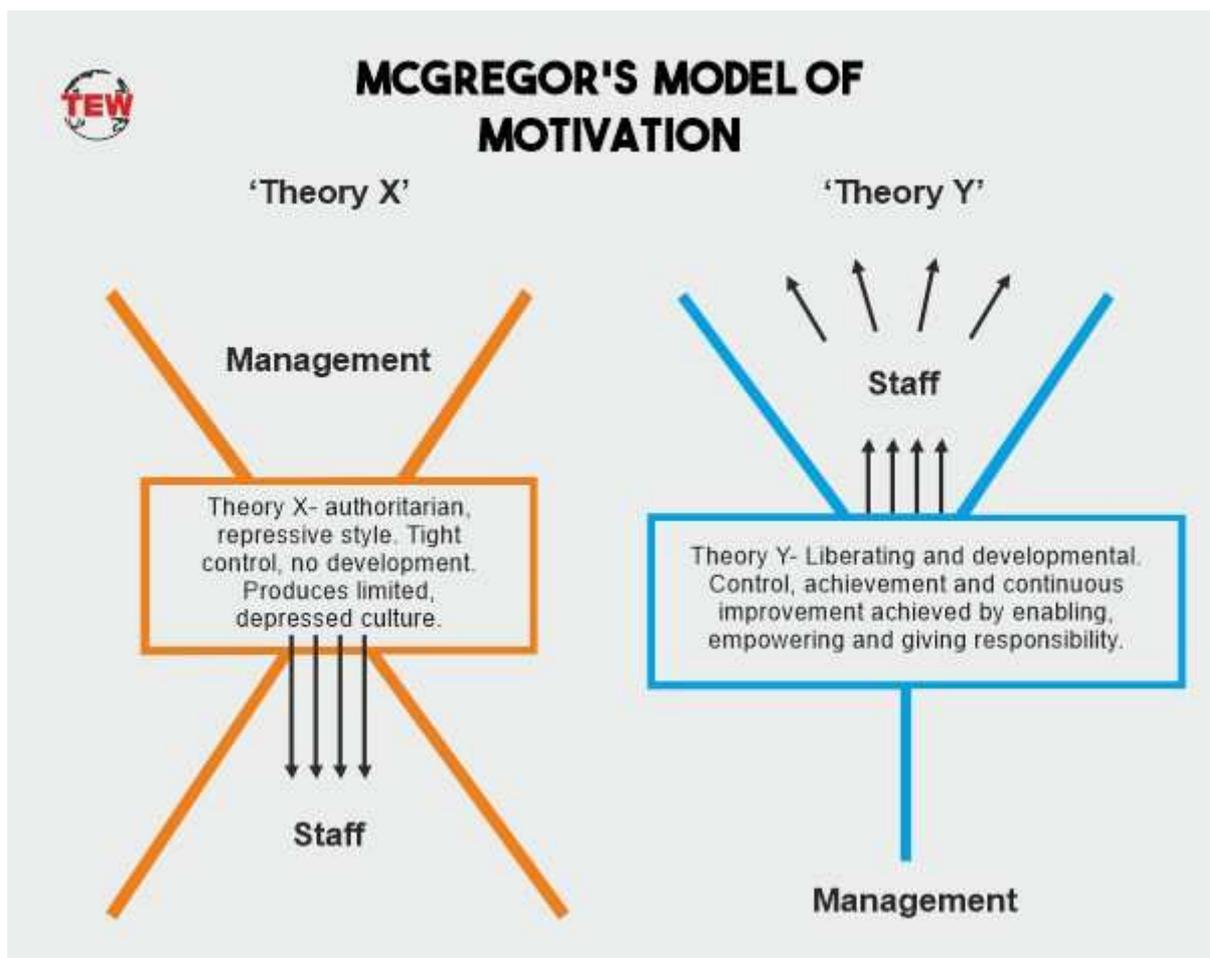
How Maslow's Hierarchy of Needs can be applied to self-managing organizations, self-management? Third in the hierarchy level is love and belongingness needs, for example trust, acceptance, receiving and giving love and affection and affiliating. Affiliating means 'to cause a group to become part or form a close relationship with another, usually larger, group, or organization', integrate, associate, networking and so forth. (Cambridge Dictionary)

Collaboration and cooperation with other humans come natural to us and teamwork, ability to form teams is essential in self-organizing organizations. Or in any form of activity that includes more than one person. Last and the highest level is self-actualization needs, e. g. desire to become the most that one can be, persons potentials realization and seeking personal experiences and growth. All characteristics that fit to a description of a self-organized person. Professor Maslow was interested in human potential and how that potential is accomplished, and his state was that self-actualizers are problem-centered instead of self-centered (McLeod, 2020), which is a good feature of an employee. Self-actualization in working life could be defined as commitment, sense of achievement and the ability to create and grow.

In a book called "The Human Side of Enterprise", MIT Professor Douglas McGregor introduced human work motivation and management theory called "Theory X and Theory Y". In his theory McGregor explained that Theory X is a management mindset that assumed that people dislike work, defines employees as lazy and badly behaved because of lack of control. Theory X assumes that employees avoid responsibility, dislikes work, are motivated only by money and extrinsic rewards (money vs. punishment). Employees like this must be controlled and directed towards goals set by the organization. Theory Y is the complete opposite, it emphasizes the intrinsic motivation employees have towards work, the capacity to take responsibility and being creative when solving problems. Theory Y emphasizes employees desire to be self-directing. McGregor concluded that the latter theory Y is more desirable approach for managers, but leads should define the motivational factors for the organizations employees and decide the approach based on the perceptions. (Harvard Business Review, 1970)

The benefit for organizations is understanding the management approach and ability to motivate employees accordingly. Within organization, or a team can be both types, the leading approach must be chosen depending on the circumstances. All employees are not self-directing and looking for new approaches and responsibilities, so Theory X would be more suitable. A group of experts might not thrive if there would be micromanagement and restrictions limiting their work. If the approach is chosen correctly, it will have significant impact on the motivation level and results in the organization. (Mind Tools, 2021)

Figure 2. Visual portrayal of X-type and Y-type leadership. (medium.com, 2020)



Theory X and Theory Y is relevant when it comes to self-managing organizations; to become self-organized. If the different employee needs are recognized, acknowledged and management style is adjusted to fit the needs, employees become more self-managed and

creative. Not all employee needs are similar, younger age groups, need of autonomy and rapid technological change, participative approach is appropriate, furthermore recognizing the complexity and needs of the employees, more controlled organization style might be more motivating. (Harvard Business Review, Beyond Theory Y, 2021) Individually supporting employees, depending on their level or self-management, can bring great benefit for the organization; job design and designed compensation strategies enhances the level of satisfaction and effectiveness. (Rigby & Ryan 2018, p. 133)

2.4 Generations XZY

Age is a relevant factor, when it comes to companies' talent strategies, career development or acquisition. The knowledge of age demographics can be based on assumptions, and fortunately, workforce is becoming more and more diverse, which leaves less emphasis on the issue. Diversity should be recognized and create opportunities for employees with different age profiles, to help knowledge-sharing and sense of belonging in the organization. (Deloitte, 2020) Acknowledging different generation segments' values, interests, opinions, behavior, and attitudes can help to benefit companies; help to look forward by meeting workers needs and expectations as well as improve employee contribution. Currently, there are three generations in the working life, in a little while going up to four. (Figure 3). The generations are named Baby Boomers, generation born after World War from 1946 to 1964, a partly retired age group, but still some representatives of this age cohort in the working life. Generation X, age cohort born between 1960's and 1980's, is an age group that has entered working life when Baby Boomers were in charge and Millennials still at home. Millennials are the generation born between 1980-1995, a generation that has now invaded the labour markets, and Generation Z, born between 1995-2010, entering working life in recent years.

Society has changed tremendously during generation X's years in working life, globalization, recessions (in Finland) but also being part of technological revolution has molded this generation to have working ethics of older generations.

Figure 3. Visual portrayal of gender segments (getsmarter.com, 2020.)



Globally, Millennials are filling almost 75% of the positions in work life. The importance of this topic is explained by the rapid increase of Millennials in the work life, in 2010, the number of Millennials in the finish working life was only 20%. When Baby Boomers are retiring, the gap is fulfilled with Millennials. Younger generations are different, therefore leading must be different as well. Millennials consider work as an extension of self-concept and a way to fulfill dreams. Work is not a duty; work must have a purpose and a meaning. Older generations are motivated by other things; titles, money and power are the drivers, those are reason to work and effort. (Mellanen & Mellanen 2020, chapter 1, Milleniaalit)

To understand different generations, we must understand what has happened during childhood and young adult years. Millennials were children during the last recession in Finland, but generation X was already in the working life, or starting to enter it. Life experiences mold perspective and motivational factors of these generation segments. Classic example, is the presumption that young generations think of older generations, that they do not understand modern things anymore and older generation think that younger generations do not have respect for traditional values. It seems that generations, that see others very differently should avoid each other in the working life, but if all generations would be similar, would nothing change? Having different perspectives in the organization, should be seen as an asset not a threat. (Mellanen & Mellanen, 2020, chapter 1, Mikä ihmien sukupolvi)

The outcome is that the perspective is different, compared to other generations in the working life, money or title is not the motivator anymore, so how to motivate? Millennials have lived through two recessions with substantial lay-offs, bankruptcies, temporary work and became aware that workplaces and positions are not permanent, commitment is difficult if the Millennials need feedback and interacting. (Mellanen & Mellanen 2020, chapter 1, Milleniaalit)

After Millennials, there is generation Z, the generation of our near future and a generation that is yet progressing. Generation Z is perceived to have strong digital skills, a skill that is very much needed now and rapidly changing, technologically impregnated working environment of the future. Generation Z is seen positively among Millennials, yet with a considerable amount of support for working life skills, such as flexibility, dedication, work ethics and learning from others. Technical skills are not the only skills needed in the working environment. (Deloitte, 2017) There are not yet clear mindset of Generation Z, but investigating megatrends and demographic changes, the view for this age segment can be envisioned. This vision is important, the environment where generation Z lives now, a technologically saturated life, where information transfers in nanoseconds, it is to be questioned, how working life of today and near future can respond to? Employee engagement and motivation in mind. The positions and roles generation Z will fulfill, might not exist yet. Younger generations are perceived to have a hunger for learning more, but also to receive feedback and affirmation on job well done, rather than a small increase on salary. Visible structures, openness and meaningfulness of work are appreciated among generation Z, therefore, if these features are kept in mind when leading employees of this age segment, leads to job fulfillment, work satisfaction and engagement. (Mellanen & Mellanen 2020, chapter 1 Milleniaalit; Mellanen & Mellanen 2020, chapter 4 Milleniaalijohtaminen vastauksena työelämän murrokseen)

Millennials and younger generations are not the only age segment to focus careers are more complex and changing faster today than ever, work life is also longer than ever, because people live longer and are able to work longer careers. According to Deloitte 2018 research on Global Human Capital Trends, more than 80% of employers in the United States value elder generations. Their research stated that employers believe mature workers, aged 50

and above, are important mentors and a valuable source of knowledge and life experience. To engage employees in all age segments is important, but it is essential to help older employees to adapt the changes, to keep them in the workforce and have them as a competitive advantage. Longer careers and the speed of change in working environment forces individuals to keep up with the pace and adapt by re-training and finding new skills to keep up. Age discrimination is becoming an issue, as populations age, companies will face problem with engaging and managing workforce, if the emphasis is on younger generations way of working and attitudes, values, and perspective towards work. Older generations should not be considered as a disadvantage and age discrimination should be avoided, by changing attitudes, increasing awareness, and creating workforce strategies across generation segments. This will help companies to gain competitive advantage and meet the challenges of the future. (Deloitte, 2018)

Organizations are changing, as a result of digitalization, automation and artificial intelligence. New generations want to have impact on work; how and when it is done, and they simply have the position to have requirements towards employees, because of talent shortage. In Finland talent shortage in small sized companies (10 –49 employees) is 80%, globally the figure is 53%. According to Manpower Group The most in-demand role in Finland is skilled trades, standing for electricians, mechanics, and welders, therefore the organizations need for this kind of workforce, has to pay attention to the possibilities they can provide to attract and engage workforce. (ManpowerGroup, 2021)

Not only age, but also attitudes towards work, such as motivation, staying at the job, work-life balance, attitudes towards life, for example attitude towards change, how they view the future and what is expected from employee and work culture are the factors that segment employees. Understanding these factors help employers and organizations to focus and place effort and increase employee satisfaction. (Deloitte, 2018)

2.5 Future of Work

Why transition to more self-managed organizations is a valid topic at the moment? Changes in the nature of work are substantial in the near future, automation, digitalization, and the change in demographics has a huge impact on work life. (Boston Consulting Group & World Economic Forum, 2018, p.1) One reason is of course globalization; the speed of information flow, automatization, and complexity of the business environment. To be able to keep up and thrive in these circumstances, organizations must be more agile and able to transform, more conventional organization models can prevent or slow down this change. The nature and characteristics of work is also changing; the work itself needs more creativeness and independent decision making, so decisions and orders coming from above does not fit in well. (Martela & Jarenko, 2017, p. 12)

Boston Consulting Group has researched in co-operation with World Economic Forum about "Eight Futures of Work", the future of work has been divided into eight different scenarios. Workforce autarkies, mass movement, robot replacement, polarized world, empowered entrepreneurs, skilled flows, productive locals, and agile adapters. These scenarios are not preterminal future of work, but very possible ones by the year 2030. (Boston Consulting Group 2021) The reason for this report was to offer concrete recommendations to companies, policy makers, institutions as well as institutions how to deal with challenges and prepare for the future of work. Boston Consulting Group chose three 'core variables', technological change (and the effect on business models) evolution of learning and talent mobility. The Fourth Industrial Revolution has an impact that cannot be directly un-predict, rapid development and new technologies, both in society and industry affect work more ways than we can imagine. (Boston Consulting Group & World Economic Forum, 2018 p.1) The work is changing, and people should change as well, according to Boston Consulting Group, 70 % of affected workers need to be re-trained, reskilling is becoming very important. Economies of the future are filled with mechanical or algorithmic technologies, artificial intelligence and digitalization, those employees who are willing and able to use their expertise on this field of work, will succeed and remain employed. The role of re-training is essential at the moment. (Boston Consulting Group & World Economic Forum, 2018 p. 3)

Among organizations and leadership style, employees must adapt change as well. In order to remain employable and become professionally fulfilled. (Boston Consulting Group & World Economic Forum, 2018, p. 3) OECD has reported in 2020 in their report Continuous Learning in Working Life in Finland that Finland's skill development system among the OECD countries, is one of the most successful ones. The report summarizes that, large share of the population in Finland has adopted the continuous learning abilities; two in three adults participate learning activities every year. As the skills of the workforce is the key to the change and vast majority of the current workforce has the ability to adapt and improve, the opportunity to keep up with the changes in work life and the competitiveness of Finnish companies will maintain competitive. (OECD, 2020)

When it comes to future of work, change is inevitable, preparing and understanding future needs and requirements is essential, in order to survive and increase effectiveness. World Economic Forum reported in 2020 that 94% of business leaders expect workers to gain new skills, the percentage was 65% in 2018. (World Economic Forum, Future of Jobs Report 2020) Companies as well as individuals have all a role in this change, companies will benefit of having the skilled workforce available when needed, employees need to keep up with the economy to remain employed and being able to achieve rewarding work careers. (Boston Consulting Group & World Economic Forum, 2018 p. 1) Endmost, intrinsic employee activity and capability to become self-managing is in a considerable role now, and in the future.

The ability to adapt for change, is essential for employees and companies. To be able to manage more autonomous organizations and workforce, is a new challenge.

A survey conducted by Deloitte in June 2020, reaching out to 10 000 employees across seven European countries, to learn their views of work life of today. The survey showed that 40% of the respondents felt that trust from leaders and colleagues, was essential for them to cope with change. 80% of the respondents reported that adaptation to greater autonomy, flexible schedules, and remote working (if possible) was easy or very easy, and in all age groups, not just digital natives. Trust is a key element when it comes to an effective leading of employees. (Deloitte, 2020)

2.6 Analysis of the future of work in the steel industry

The changes in the metal industry in the future leans towards automatization and robotization. It was estimated in 2016 that millions of jobs will be lost until 2025 because of industry robotics and office automatization. (Azhar, 2021 p. 108) Only moments before pandemic, OECD announced that unemployment rate was lower than it was before economic crisis hit in 2009. The chart below visualizes the unemployment rate in OECD countries below 2009 rates, then increasing rapidly because of the global pandemic, and then declining sharply again.

Figure 4. Graph mapping unemployment rate in OECD countries within years 2008–2020 (oecd.org, 2020)



Steel industry is important because of its link to other industries. Automotive, mechanical engineering, construction (buildings and infrastructure) is all dependent on steel industry and vice versa. Main challenges at the moment are related to cost and availability of raw materials. Possible problems in the near future, besides the ongoing pandemic, in EU are Brexit, Low-cost country sourcing and ageing of workforce. Agile companies can respond to these challenges and overcome them. Even if EU is behind China and United States when it comes to work that needs high skills, the level of technological know-how is very high and help to keep companies productive and competitive. (Teollisuusliitto, 2020, p. 13)

In people's minds, automatization, artificial intelligence and robotization will take over and replace majority of work. The resistance has happened before; in first and second Industrial Revolution, automatization and machines replaced manual work. Resistance occurred, a group of English textile workers destroyed machines violently, because they were afraid that these machines are taking their work and bread from their table. The phenomenon created term 'Luddite' and the word is to describe a person who is against new technologies, because new technology is leading to job loss. (Thompson, 2017) Today, this is targeted to technology and skeptical eye towards it. As a conclusion, overall mindset is not totally wrong, according to Boston Consulting Group (World Economic Forum, 2018, p. 2) technological change is one of the three core changes in our near future. Development in robotics, analytics and artificial intelligence is replacing occupations, changed tasks, and created new ones. These changes are ongoing and companies as well as workforce needs the ability to adapt these changes, to prevent job loss. This time things could be different, and the change can lead to employment growth. (McKinsey & Company, 2017) There is a mismatch of open positions, and skills needed in those jobs, and the workforce available. A challenge for manufacturing industry is to understand and prepare for the change and workplaces evolving along new technologies. Re-training people, rethinking of work, human skills and organization structures are essential to reach the highest level of productivity. (Deloitte, the future of work in manufacturing, 2018) According to Deloitte, one of the four manufacturing industry trends is '*adapting to the new workplace*', impact of the Covid-19 pandemic has made manufacturers consider how to manage through next disruption and changes, as well as the rapidly evolving marketplaces. Agility is considered to be a key asset to increase industry resilience. (Deloitte, 2021)

As mentioned earlier, steel industry is important because of it is needed in various places, from car manufacturing to buildings. The industry is not dying, manufacturing industry is still important, in fact, the industry is growing heavily in Europe when companies are trying to ensure local supply chain. (Kempfi, 2020) But changes like automation, robotization and digitalization is taking over. Companies in the industry need to understand the speed of the change, to be able to ensure skillful workforce and attract best talent. Millennials value different things than elder generations, but also the skills needed in the future, are natural to the millennium generation.

Local vocational school in Tampere region, area where case company operates, educates welders for steel industry. The industry has not been that appealing in the recent years. The industry is not interesting, because of the old reputation being dirty, monotonous, repetitive work and poorly compensated. (Kempfi, 2020) (Särkinen, Personal Communication 2021) Thousands of employees retire every year and there are not enough people applying to the industry. The industry is also highly volatile. (Mäntymaa, 2013) According to TAKK vocational school, the industry has had a facelift in recent years, processes in many companies have been automated, work can be done mostly in computers and employees needs to be able to work with robotics. (TAKK 2021) The competence of existing, and older generation employees needs to adapt and develop along the digital revolution and change, but this can be also seen as a potential way to attract younger generations, digital natives to the industry.

The image of metal industry is related to hard, manual work, in a noisy, dirty environment. Work is monotonous, unenjoyable, and wearing. Possibilities for change, career development, learning, and employees possibilities affecting their work are limited. Motivation to apply for these kinds of jobs is not promoted among unemployed or young people looking for their future profession and that has led to skilled workforce shortage in many organizations in the industry. (Hannus, 2019; Rinta-Jouppi, 2019) Global welder shortage is affecting the industry and lack of skilled workforce is burdening organizations, focus is on finding employees instead of focusing on growth. The lack of employees is leading to automating processes, but also creating new problems, the complexity of robots and operating automated processes needs in-depth knowledge or possibly programming

skills. Those skills are not provided in vocational schools where welding, or other metal industry related programs are provided, to become skilled professional, practical training among theory is needed and it is difficult for vocational institutes to offer, because of complex automation systems in different companies. (Kemppi, 2020)

2.7 Introduction Case Company

Case company, Pirkanmaan Levytyö Oy is a family-owned, versatile metal industry business in Pirkanmaa Region Finland. The Company was established in the 1970's. Currently company is producing machined and surface threated sheet metal and welded structures as a subcontracting service. Pirkanmaan Levytyö has employees working both in production and in administration, all departments together, approximately 30 employees on regular bases.

The mission of Case Company is to provide high quality, versatile service, and products for their customers, even if the customers schedule is strict or demands are high. The ability to supply and meet customer needs as promised is their priority guiding daily actions withing the organization. As well as any company in the metal industry, Case Company seeks for talented workforce and workforce shortage is affecting their development and growth. Volatile metal industry creates competition, professional skills of employees are in high demand, therefore Case Company keeps their level high when it comes to employees. Machinery and equipment play significant role in their strategy as well, keeping updated modern machines brings competitive edge for the company.

At the moment there are two units and two managers operating under the premises. This thesis is focusing on the machining unit, but the results are hoping to benefit the whole organization.

2.8 Examples of self-managed organizations

Benchmarking is a tool for improvement and a process to identify best practices for processes. The ability to recognize defects and understanding the possibility to seek answers from someone who has been successful in the same industry, providing valuable knowledge and a way to approach possible problems. Benchmarking is a tool for improvement, learning from the best around the same topic area and implementing it. (Bhutta & Huq, 1999, p. 255)

The aim of using examples is to demonstrate, how self-organized organizations and organizations with cut down management have succeeded. The examples were chosen not only by success, but also to demonstrate what kind of problems there has been, in order to help case organization, find different mindsets for their decision-making through comparison.

The idea of self-managing organizations is not new, Brazilian company Semco implemented the management concept of combatting hierarchy, democracy (or employee involvement), information and profit sharing already in the 1980's. When the son of Semcos owner, Ricardo Semler took over, he fired 60 percent of top-level managers and turned the hierarchy upside down. (Semler, 2021)

Semco's management style and organization structure are based on trust, they understand that all employees are trustworthy and able to make decisions, even big ones, for example employees set their own working time, even if it sounds impossible in factory work, and allowing employees involve considerable decision making related to company actions. Soon after these changes were made, they discovered that employees started to coordinating work and improve practices for better results and productivity. Semco decided to keep follow-up meetings to sort problems and decide what to do with abuses or violations, but those meetings were never held, there was no need. Semco is an extreme example on self-management, they are extraordinary equal: bonuses are equal from managerial level to the factory floor cleaners, decisions of the employees are respected and implemented, even if owners or managers disagree. All this has worked out very well, transparency and voluntary employee participation have increased employees understanding on the business entity. Employee satisfaction is very high as well as revenue and efficiency. (Semler 1989)

With these changes the company grew from 90 employees to 5000, in only two decades. Revenue increased from \$4 million to \$212 million. Ricardo Semler started the change going

from practice to theory, which is very unlikely management style. (Semler 1989) Today, Semco has an institute for introducing best practices to other companies around the world, offering a possibility to achieve what they have accomplished. (Semco Style Institute, 2021)

Another example was introduced via media during spring 2021, when a massive drug and steroid smuggling themed book was published. The book introduced a story behind Finland's largest drug dealing case and operation related to that. It was mentioned in the background section of the book, that Finnish Customs was able to make the breakthrough because of their organization model that was established a decade ago, enabling success in various similar, large operations. The favorable outcome was as a result of breaking down management levels and bureaucracy in the organization. This way officers working in the operation were able to make fast decisions without asking approval from higher management level, which could have slowed down the process. Action in operations like this must be fast, because the transactions in the dark web marketplace Silkkitie or Valhalla in anonymity network (Tor) where the online black market for narcotics and illegal substances were sold, are faster than in traditional street trading. (Kilpeläinen & Mäkinen, 2021, Tullin Silkkitie-tutkinta, chapter 9)

Steered by the Ministry of Finance, the Finnish Customs is employing around 1900 people and is a part of customs system of European Union. (Tulli 2021) Enforcement Department of Finnish Customs is in charge of crime prevention and risk management in Finnish Customs and the units main task is to:

Protect society by ensuring goods safety as well as by combating cross-border crime and the shadow economy in such way that the measures have societal impact and are cost effective. (Finnish Customs Enforcement 2019)

As an over 200-year-old, government and law regulated organization, the public image of the organization is very bureaucratic and traditional. Finnish customs have been divided to units and operational units. Enforcement departments investigation unit is the example case in this thesis, by the reason of their long-term manifestation of successful activities with less managers and self-organizing, and most of all successful change management in the within the organization.

According to Hannu Sinkkonen, Head of Crime Investigation Unit of Finnish Customs, the ideology for the new style of management was introduced over a decade ago when it was discovered that the enforcement department and investigation unit were not cost-efficient and efficient enough and changes had to be done. There were several levels of managers and units, all of them had a different organization culture and management style. In order to be effective, the levels of management had to be diminished and siloed organization flattened. The transition part was difficult, because of change resistance, old, hierarchical, and strict organization culture along with older generations attitudes towards new organization culture.

Furthermore, the organization change was not delivering cost savings and effectiveness immediately; no employees or managers were laid off, they had contracts and agreements to find new positions within the crime investigation unit, the change was done slowly, step by step. In the beginning, organization was transformed entirely three times, but the results in the end were sound, partly because the new management was able to understand, recognize and learn from the mistakes. This change was done in one unit, and after promising results, it was copied to other regional units. In addition, the concept matured, and employees were contributed to develop their own work, encouraged to continuous learning, and finding best practices themselves, not to wait orders and guidelines from above. Managers were promoted to recognize and hire employees with multiple proficiency, such as language and IT-skills, as well as qualified to seek potential which was needed in the future. (Sinkkonen, personal communication, May 11, 2021)

At the moment, there are two levels of management, work is divided to groups that work in an open-office space (except classified information-based work) communicate swiftly and share knowledge. Decision making and authorization for operations can be done now in hours before it could be up to a week. The work in Finnish Customs enforcement department is regulated by Finnish law and supervised by the Ministry of Finance, the limitations are different than in private owned companies. Still, self-management is essential in this case organization, participation of personnel is enlisted to Finnish Customs strategy for 2020-2023 and is a top strategic priority theme. Changing the organization culture and

the way of doing has increased the effectiveness rate has increased every year. (Figure 5, Figure 6)

Figure 5. Effectiveness Rate of Enforcement Department of Finnish Customs during years 2007-2011, visualizing the rise of effectiveness rate after organizational change towards self-managed organization. (Enforcement Department, Crime Prevention Unit Yearbook 2011)

Tullirikostorjunnan vaikuttavuus 2007–2011

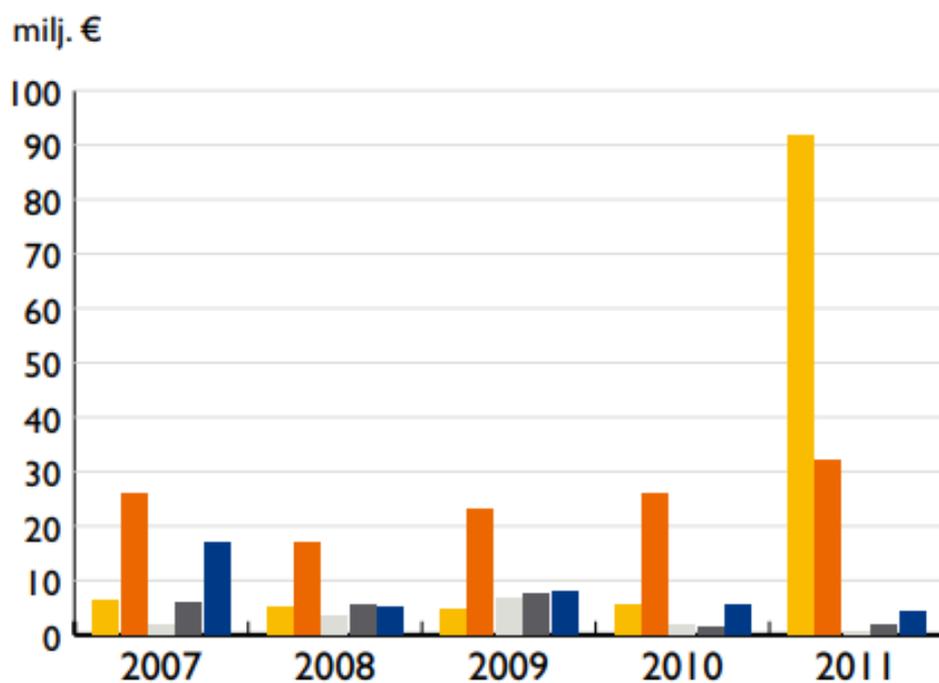
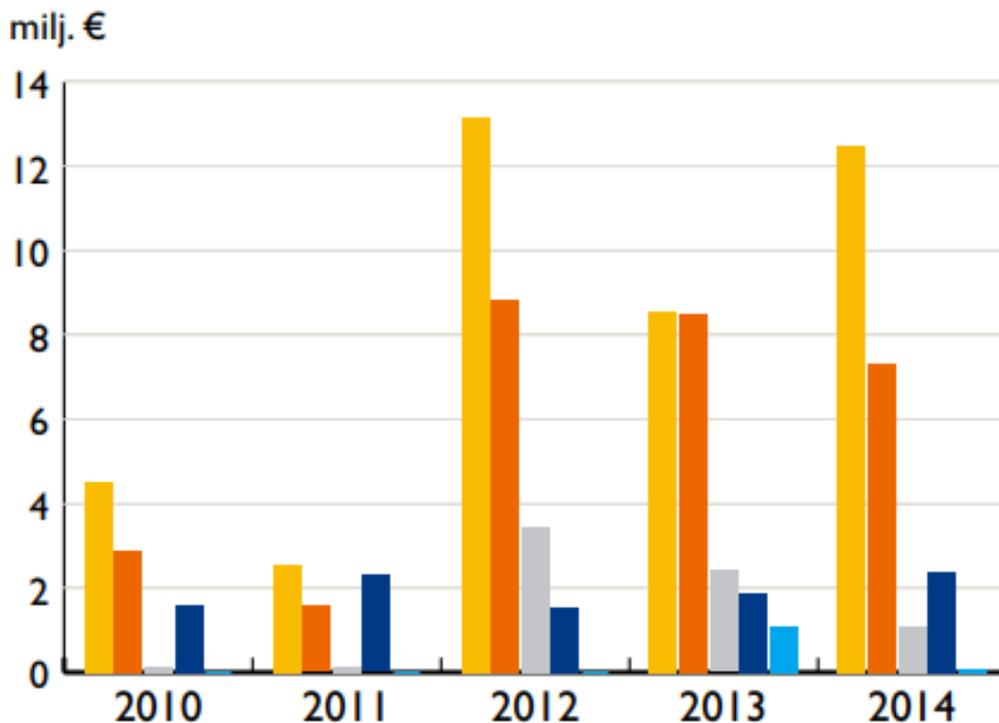


Figure 6 Effectiveness Rate of Enforcement Department of Finnish Customs during years 2007-2011, visualizing the continuous rise of effectiveness rate after organizational change

towards self-managed organization. (Enforcement Department, Crime Prevention Unit Yearbook 2014)

Talousrikostorjunnan vaikuttavuus 2010–2014



Regional units function without immediate management, managers trust employees and it has been evident that trust improves commitment and motivation in the organization. After reducing bureaucracy, the decision making of managers have become more easier, when it comes to staff, even considerable decisions, if it is seen to have effect on motivation or group dynamics and results of work. (Sinkkonen, personal communication, May 11, 2021)

The examples of these two cases demonstrates that even large industrial organizations or traditional, government regulated companies can adopt and embrace the idea of self-management. These case studies bring beneficial information on the principles and benefits of self-managed organization, as well as concrete results followed after the change in the organization. For the most part: increased revenue, cost-savings, effectiveness, and job satisfaction as common results. Furthermore, de-centralized power, problem solving, and development are processed in all levels of the organization.

3 Research Process

3.1 Background information

This chapter is presenting the strategy and a review of the data collecting methods, as well as the analysis. As the thesis is a qualitative research, the material has a nonquantitative character, therefore interviews were a relatively reasonable approach to the topic. (Saldana, 2011, p.4) The strategy included interview of the case company, and later, interview of a representative of another company, which had valuable information and experience of the topic of this thesis. The additional interviews were related to the research question:

How transition to self-managed organization will benefit Case Company and help to adapt changes in the future?

Personal interview with a representative of a company who had implemented a change to self-managing organization, was able to explain the benefits and most importantly, present solid proof, results, with increased effectiveness rate.

The research material from the case company employees would be gathered with web-based survey (Webropol) and from management side, personal interview. Hamk University of Applied Sciences has granted a free access to the questionnaire tool, and it is very clear and easy to use, therefore it was chosen to be used as a tool for information gathering for this thesis.

It was agreed that after the interview with case company, a Webropol survey would be sent to the managers for overview and approval, after that the questions would be sent to office workers directly, and those employees without access to computer or personal mail address would be directed to fill in the questions in one open access computer. It was asked to reach as many respondents as possible from the case company. First challenge discovered, was access to computers, employees working in the manufacturing side, do not have personal e-mail addresses, nevertheless their answers for the questionnaire are essential. It was discussed and decided with management, that there are two days' time reserved for the employees working in manufacturing, to answer the questionnaire, with management

organized access to a computer. Working hours in the case company are very hectic and their mission to be flexible for their customers builds pressure for schedules, therefore time to fill the questionnaires is not simple to organize.

In general, the purpose of the survey was to find out information related to the following questions:

- Do employees find their work meaningful; do they feel their work has an impact on common goals and productivity?
- Do employees have sense of self-management, are there already actions related to self-managed organization?
- Motivation level of employees? What motivates them?
- Are employees able to have an impact on processes or do they have the ability to make acquisitions?
- What is the age group of the respondents? What is the respondents position in the organization?

3.2 Methodology -Interview

Typical way of forming themes for an interview is intuition. This way questions and theme could be limited, therefore studies with similar themes should be investigated. Similar theses were available, reading through several recent surveys by other students supported to decide upon a long list of suggested questions. Interviews were theme interviews, theme interview is defined as interview with listed themes, not with fixed questions. Theme interview was chosen to be the form of information gathering because the nature of the interviews was very informal, and conversation based. The aim was to keep the interviews as less limited as possible, only the theme was the determinant. (Hyvärinen et al., 2017, chapter 1)

LinkedIn Learning, a subsidiary to LinkedIn (professional networking platform), is a platform for industry experts offering video courses related to business skills, software and creative. Among the courses provided, there was a course related to bureaucracy and it was conducted by Professor Gary Hamel, "one of the worlds' most influential and iconoclastic business thinkers" management consultant and a leading expert in business strategy. The course theme was "Busting Bureaucracy", which concentrated on helping employees and leaders recognizing and dismantling heavy layers of bureaucracy in organizations in order to make them more agile and competitive. (Hamel, 2016) The theme was related to this thesis and research question and provided valid information for creating the survey questions. Questions in the survey were partly influenced by this informative course.

Before setting the questions for the survey, research question and hypotheses should be valid. A well-constructed survey is consisting assortment of different questions, aimed to seek a common thread of group of people's attitudes towards the subject. (Gournelos et al 2019, p. 123) The aim for the questionnaire was to determine the current level of employee self-management; is there possibilities for empowerment and decision making, are employees satisfied or do they feel restricted. Similar research with self-management related topic was investigated and questions were formed based on existing information on that research and reflected with research question of this thesis.

The first interview with the case company took place 4 May 2021 in an online video meeting and lasted for an hour. The aim of the interview was to give deeper insight to the topic of the thesis and explain how the thesis will contribute daily actions and decision making in the case company. The interview was semi-structured (Appendix 1). The questions were formed to gather personal experience, although leaving a part for free conversation, improvisation and gathering personal experience.

This thesis included two personal communication interviews as sources: interview with Finnish Customs Crime unit (Hannu Sinkkonen) and CEO of Redheat Oy (Eero Särkinen), a company operating in metal industry from 1985 and operating one year with reduced bureaucracy and encouraging self-managed actions among employees. These interviews were chosen to gather information related to self-organized organizations and reflect gathered information, first one was with Finnish Customs, for the reason of their experience and solid proof of well-functioning self-organized organization and latter was related to both, self-management, and metal industry. Both interviews were mainly free conversation, although interview with Finnish Customs Crime unit was with prepared questions, to support the conversation. The sources in this thesis are chosen based on scientific value, with valid research or dependable sources and these personal communication interviews supported the findings and theory.

3.3 Methodology -Sample Survey

The purpose of questionnaire survey method is to gather data by asking questions to people who assumingly will have the desired information. Survey is an effective way to gather reliable information related to opinions, attitudes, and motives. Sample survey is distinguished from other from other types of surveys with the fact that, not all of the units or respondents of the target population of interest are included. Limiting factor is that it does not take differences, which could have been obtained if the method had been used into the whole population, into account. (Chambers et al 2012, p.1)

Sample survey provides data and information on business conditions of the particular segment of the economy as well as the entire economy. Survey method is simple to administer and analyze. The disadvantages are unwillingness of respondents participation and information providing, which can be caused by lack of knowledge or inability to identify motives. This can be avoided by carefully framing the questions. (Juneja, n.d.)

As mentioned in the background information chapter, Webropol survey tool is very easy to use, even if the user has less experience creating a web-based survey. The quality of the collection instrument is an essential factor because it affects the quality of data. (Chambers et al. 2012, p.2) In order to make sure the survey outcome is what was planned, a test interview and a test survey was created and sent to another, smaller organization within the same industry, as the case company. The survey was tested by the thesis writer as well. (Heikkilä, 2014) Test survey was conducted successfully, and the results were analyzed and reported, in that event, the webropol survey was sent to the case company for further actions.

3.4 Reliability and validity

The size of the sample was 8 respondents, the unit of observation, machining department of case company was chosen to be the object of the sample survey. The reasons for conducting an online sample survey were the time limitations and ongoing pandemic Covid-19. The objective was to personally interview all employees, but it was decided to create an online survey, to avoid excessive contacts. When information is needed promptly and there is no time to interview the whole population, sample survey is a valid method. The aim is to have results that could reflect the whole group, in this case the case organization. (Heikkilä, 2014)

Because of the conducted survey sample was very small, the reliability of the survey is questionable. Larger sample would have created more valid data, but in this case time and schedule was the restricting factor for larger sample. It was important to the Case Company and the respondents that survey was anonymous, partly because of limited number of respondents, as well as enabling the respondents to have the anonymity to answer

questions more truthfully. As mentioned in the previous chapter, limited schedule and other practical challenges prevented interview of the whole staff of Case Company, therefore sample survey was the chosen strategy, to collect data that could interpret the situation throughout the case organization.

There is a risk of respondents understanding the survey questions differently, then what would have been intended. Interview method would allow explanation and defining the topic more precisely. Formulating questions is essential to avoid differences in understanding, the survey question. (Business Research Methodology) Important issue affecting the survey and results is nonresponse. There is always some level of nonresponse, complete response is rarely achieved (Chambers et al. 2012, p.3)

A valid sample survey would have randomly chosen respondents chosen from the population, but this sample survey was conducted in one department, by the reason of time limit and easier practical implementation. Presentable sampling has all the important and needed groups presented, this survey was planned to have all needed aspects, but the size of the sample being small cannot necessarily ensure this. (Wivolin, 2019) Ideally the target population, despite the size, is the unit this thesis aims to affect.

3.5 Research Questions

The survey had 15 questions, including 2 open answers and 3 statements with a rating scale from 0 to 10, 0 meaning "no" or "I do not like my job at all" and 10 meaning "yes" or "I very much like my job", depending on the question. There were 7 respondents who were working on the manufacturing side of the organization and 1 manager level respondent, all together 8 respondents. The case company has total 30 employees, but this thesis is focused on the machining department, which includes around 10 employees. Response rate was 80 %, covering nearly whole department, although the research sample size was small.

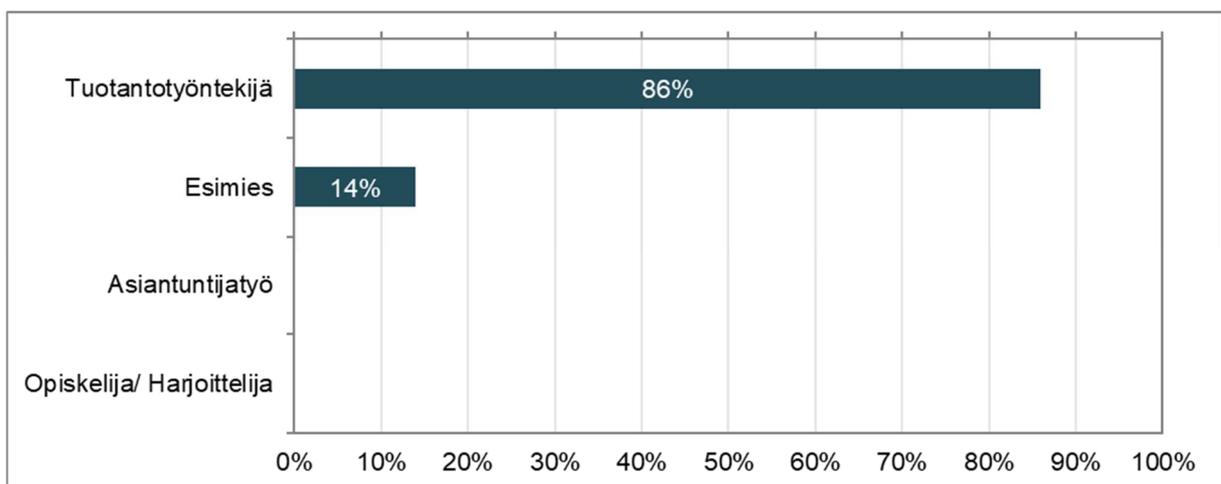
4 Results

The results are based on questionnaire sent to the case organization via webropol survey tool. The aim was to reach as many respondents as possible. The survey had 15 questions, including 2 open answer questions. The survey, conducted in Finnish language, had 8 respondents. The survey was open from May 19 to May 31, to reach as many respondents as possible, but time restrictions in the case company limited participation time and extended the survey responding time to June 15, 2021.

4.1 Background Questions

Respondents were asked few background questions, age, and position in the organization. Question related to the position had 7 respondents, one respondent did not want or was not able to answer question related to position. 86 % of respondents were manufacturing employees and 14% were in managerial position. None of the respondents were apprentices or specialists (Figure 7).

Figure 7 Position distribution between respondents: production worker, manager, specialist work, trainee /student.



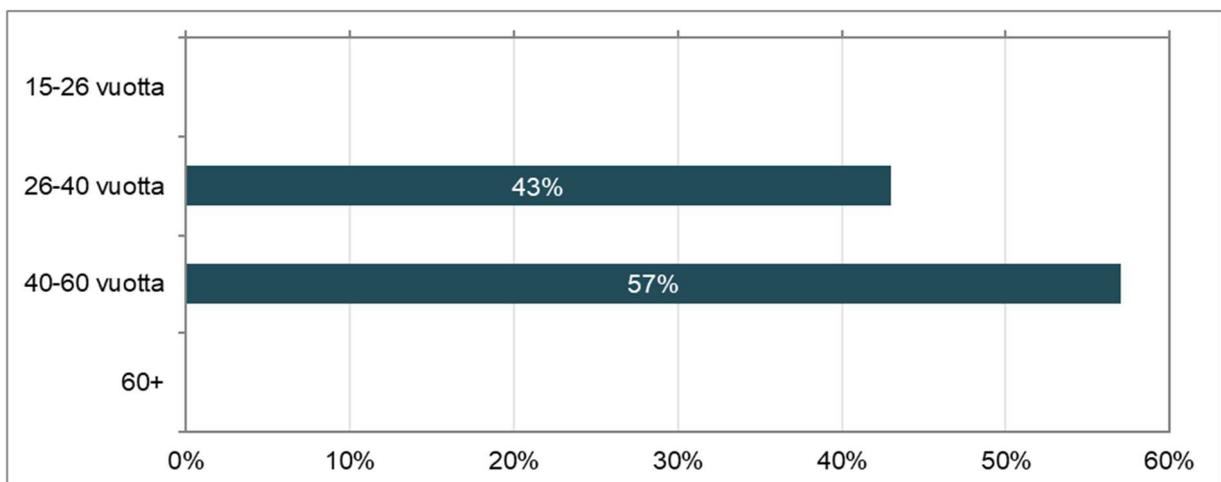
Second question related to background information was related to age group. The relevance of age group is important, because of age segments are motivated and managed differently, as mentioned in the theory section of this thesis. The age groups were divided to

- " Baby Boomers", born before 1964 (+ 60-year old's)
- X-Generation, born between 1964-1979 (40–60-year old's)
- Y-Generation," Millennials" born between 1980-1995 (26–40-year old's)
- Z-Generation, born between 1995- (under 26-year old's)

15-year old's were chosen to be the lowest age in the questionnaire, because there could be apprentices in the respondent group. Vocational schools in Finland start at the age of 15 or 16 and there could be also very young employees having their apprenticeships. Highest age group was over 60-year old's.

57% of the respondents were in the age group 40–60-year old's, defined as the X-generation. 43% of the respondents were in the age group 26–40-year old's, defined as the Y-generation or" Millennials" (Figure 8).

Figure 8. Age group distribution of the respondents.



4.2 Relatedness, Autonomy, Competence

When employees are able to decide how to work as they see wise and practical, it increases self-management, motivation and feeling of competence. Committed employees do not need instructions from management, management role is more coaching than giving orders. (Gamrasni et al., 2021, pp. 6–7) To research the level of autonomy and competence, questions related to empowerment and possibilities to have an impact on processes were created.

Understanding how individuals work is related to company's revenue is essential. Inner motivation can be increased if an individual sees work executed in a broader context (Gamrasni et al., 2021 p. 66) Douglas McGregor, creator of Theory X and Theory Y, wrote in a Harvard Business Review (Morse & Lorsch, 1970) article:

" Competence motivation is most likely to be fulfilled when there is a fit between task and organization"

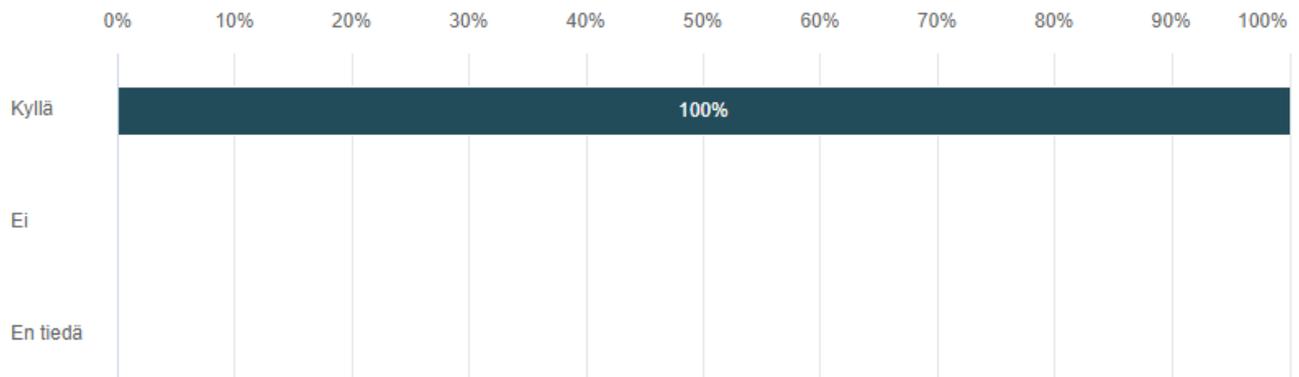
Relatedness and competence are individuals basic needs, in the workplace, relatedness and competence are fulfilled when employees feel, that they are included at all levels and their contribution matters. (Rigby & Ryan p. 139)

First question of the survey was:

Do you feel that your work has an impact on the company revenue?

aiming to find out if employees feel that their contribution has an impact on overall success of the company. 100% of the respondents perceived their work contribution have an impact on the company revenue (Figure 9). There were also options for " no" and " I do not know".

Figure 9. Employees perceiving their work having an impact on company revenue.

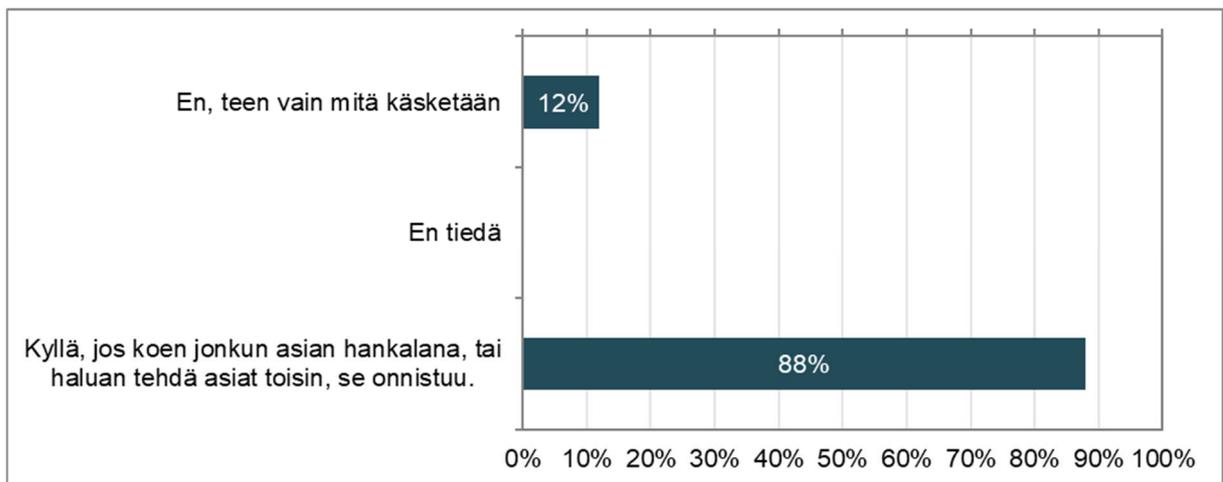


Self-management is power to decide upon work and participation on decision making processes in the organization. Survey question:

Do you experience, that you have the possibility to have influence and make decisions on what your job entails, and processes related?

was created, aiming to find out how employees perceive their level of participation and are they allowed to participate, or just simply doing what is told. Answer showed that 88% of the respondents felt they have possibilities to make things differently in the organization. If employees think something is difficult or they want to do it another way, it is allowed. 12% of the respondents are doing exactly as told and they do not think they have possibilities to have and influence on anything. None of the respondents answered "I do not know", meaning that all respondents felt that they have, or have not the ability to have an impact on their work (Figure 10).

Figure 10 Respondents feeling of being able to have an impact on work or processes.

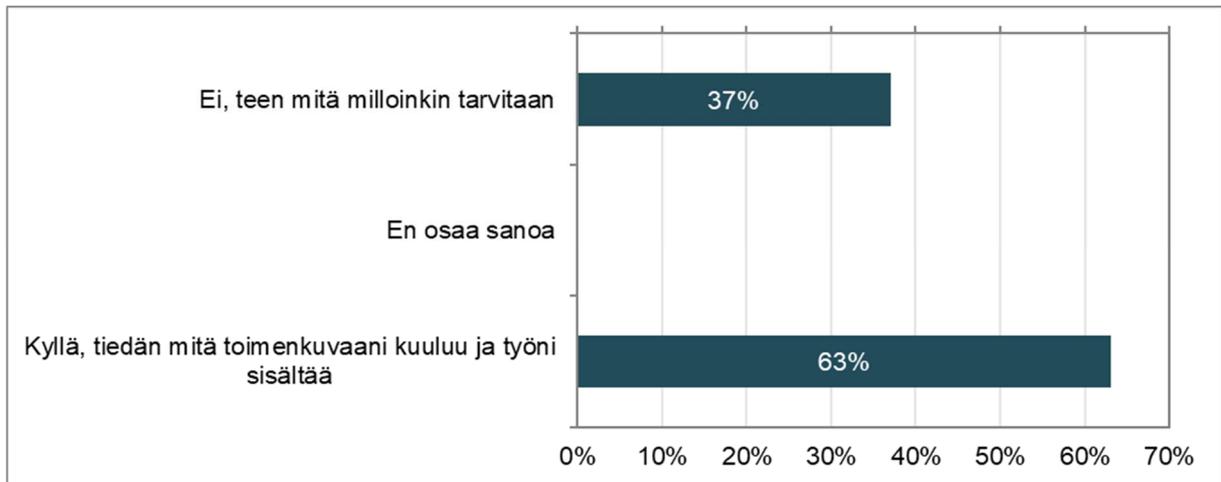


If an employee goes to work every day, not knowing what the day will contain and the tasks are simply dictated without any possibilities to have an impact, working becomes unmotivating and decreases work-well-being. (Martela et al. 2021. p. 4) Survey question

Do you have a clear vision of your job?

aim was to clarify if employees have clear mindset of their work or are they just waiting for extrinsic answers and decisions. 63% of respondents answered that they know what their job entails and what is expected. 37% of respondents answered that they did not know what their work is supposed to entail, they do what is told. None of the respondents chose "I do not know", as an answer (Figure 11).

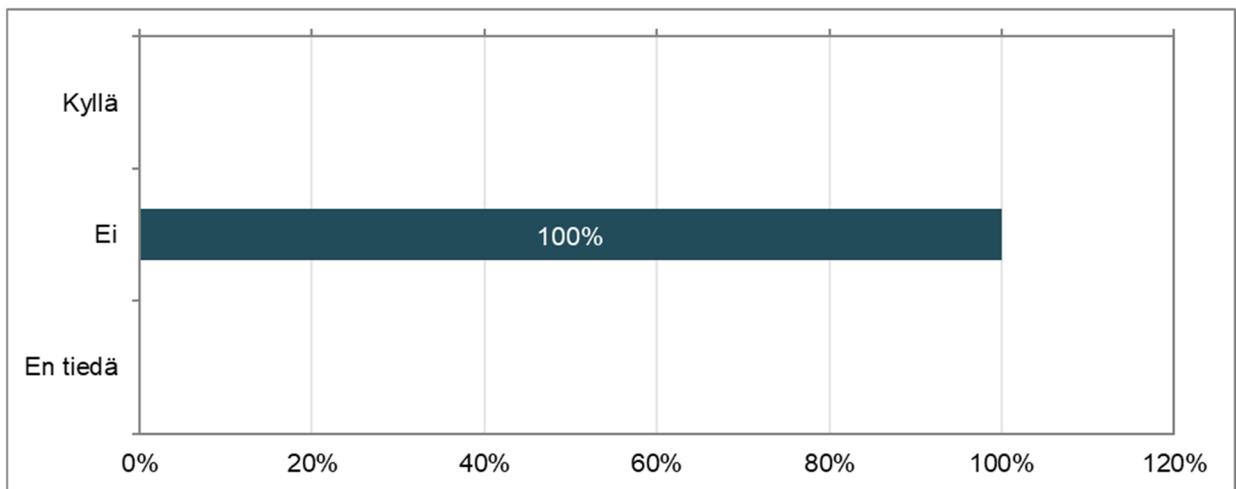
Figure 11. Respondents experience on job contents and expectations: work contents is unclear, employee cannot talk about the content or expectations at all, or the content and requirements are clear.



Freedom to make choices and decisions related to own work, increases the level of autonomy and self-management. One form of trust and empowerment is the employees ability to make acquisitions related to tools or resources. Traditionally the money spending process is on upper-level managers hands, however examples of transferring the responsibility to employee level brings many benefits. Approval process within an organization, for a small tool is costly and if it helps an employee to succeed in a work task, the decision making could be where the work is done. (Hamel, 2011) Giving the authority to make acquisitions is also a sign of trust. If employee is able to decide upon usage of time at work, authority to make decisions related to small (or big) amounts of money is worth trying. The acquisitions monitored, for example by peers or teams releases time from management to more important things, such as coordinating work, supporting employee development, and solving conflicts. Peer pressure and visibility prevents abuse. (Martela et. al p. 31; Gamrasni et al., 2021. p. 95)

Survey included a question, if employees in the case organization have the ability to make acquisitions, such as tools, 100% of the respondents answered "no". The options were "yes", "no" and "I do not know". One of the respondents did not answer this question (Figure 12).

Figure 12 Level of acquisitions made by employees in case company.

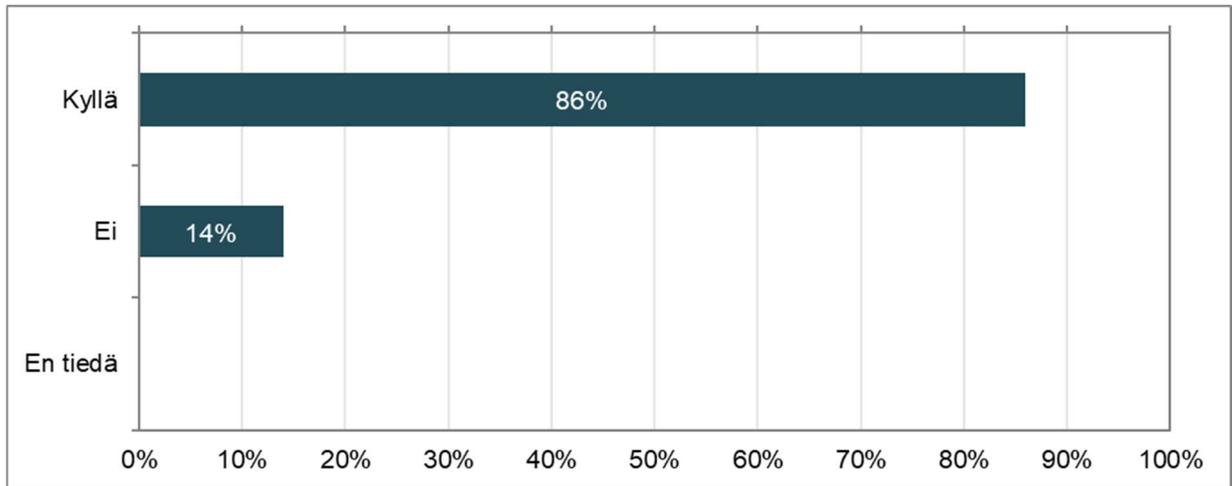


The employee right and responsibility to participate developing organization defines the power employee has in the organization. If ideas employees suggest, are thrown away or ignored, it reduces the level of self-management. Within tight control, self-management is suffocated, and employee is no longer proactive. (Martela et al. 2021, p. 16) Survey question

If I have an idea or suggestion for development, I can bring forward and it usually leads into change

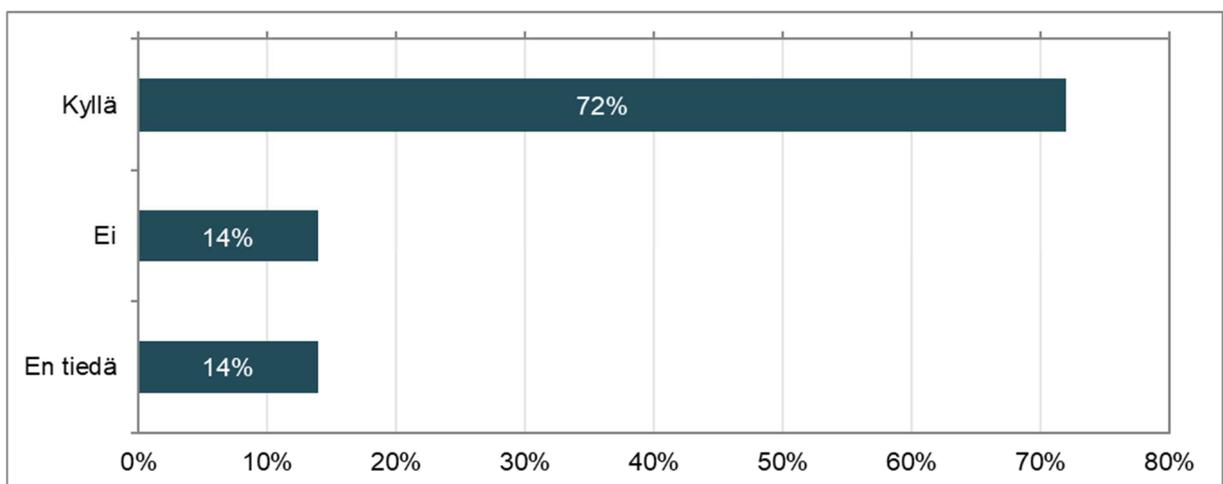
aimed to find out what happens to employees ideas and suggestions. 86% of respondents felt, that their suggestions are heard and lead to actions in the case organization. 14% of the respondents felt that their suggestions are not heard or lead into action. None of the respondents took the option "I do not know". One respondent did not answer this question (Figure 13).

Figure 13. Employees ability to share ideas that leads to improvements and actions in the case organization.



Positively, majority of the respondents experience that their suggestions are taken and leads to change, but there were also few respondents who feel that suggestions and ideas are not taken or lead to change. Respondents were asked if self-management is encouraged, is the organization boosting employees imitativeness and allow work-related decision making? The options were " yes", " no" and " I do not know" (Figure 14).

Figure 14 Employee perception on organization encouraging to show initiative and independent, work-related decision making.



Majority, 72% of the respondents felt that organization is encouraging to show initiative and independent decision making, 14% did not feel that way and 14% did not know. This survey question had 7 respondents. Employee or employees can be self-managed within the organization, even if the organization is not self-organized. Self-management can happen within teams or other functions. If organization is aiming to become a self-managed organization, encouraging self-management among employees is needed.

Individual cannot be self-managed if organization is not giving the space for it. If employee has the permission to decide **how** the work is done, employee needs to take responsibility of action, planning and scheduling. (Martela et. al. 2021 p. 17) Employees of the case organization were asked:

What way you are taking responsibility of your own work, such as, practices, organizing, schedules?

This question was one of the open answer questions in the survey. Employee responses translated into English were following:

- I do overtime work when needed
- I take care of tender and purchasing processes all the way to delivery, using our ERP-system. I follow deliveries constantly and amend schedules according to customer needs.
- Solving problems independently
- Monitor and control the quality of products I have produced myself
- Working as skillful and accurate as possible
- Organizing work in the machinery department
- Try to keep my work flawless, despite of the schedules
- I am asked what machine could be used for the work

The question had 8 respondents and the answers indicate that employees do take responsibility, and, in some level, they can decide **how** the work is done. There is a feeling of competence, respondents master their own work and are flexible when it comes to

schedules and fulfilling customer needs. All these aspects are desired in a self-managing organization.

It was also asked, what would employees change on their work. The respondents answers translated into English were following:

- hurriedness
- being able to cope work within working hours
- working environment safety
- initialization of CAD/CAM programs urgently. Tools listed in electronic form would help controlling and increase efficiency
- I do not know
- clearer communication between employees and management
- less urgent schedules
- increase the ability to have impact on what/when/where work is done

Respondents previous answers showed that there are possibilities to have an influence on processes, with results, although there are still some targets for development.

4.3 Level of self-management in the case organization

Bureaucracy is disabling and expensive and the opposite of self-management. Tight management and control can bring obstacles serving customers or slow down work processes or decision making. Bureaucracy and tight control can make the organization rigid and creating constraints on employee autonomy and initiative. (Hamel, 2016)

Survey to the case organization included a question related to bureaucracy and processes preventing progress.

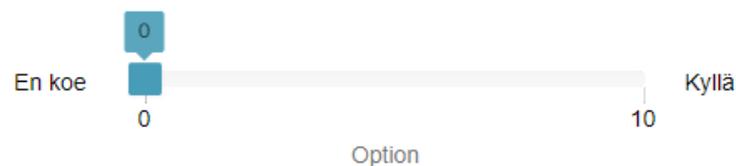
Do you experience practices or processes in the organization, that causes drawback, prevent, or take too much time from the actual work?

The scale was from 0 "no, I do not experience these kinds of issues in our organization" to 10 "yes, we have processes and practices in our organization, that prevents work process or take too much time" (Figure 15).

Figure 15. Survey questionnaire: scale from 0 to 10 how much bureaucracy and processes have influence on work. Lowest value 0 is "no", highest value "yes" is 10.

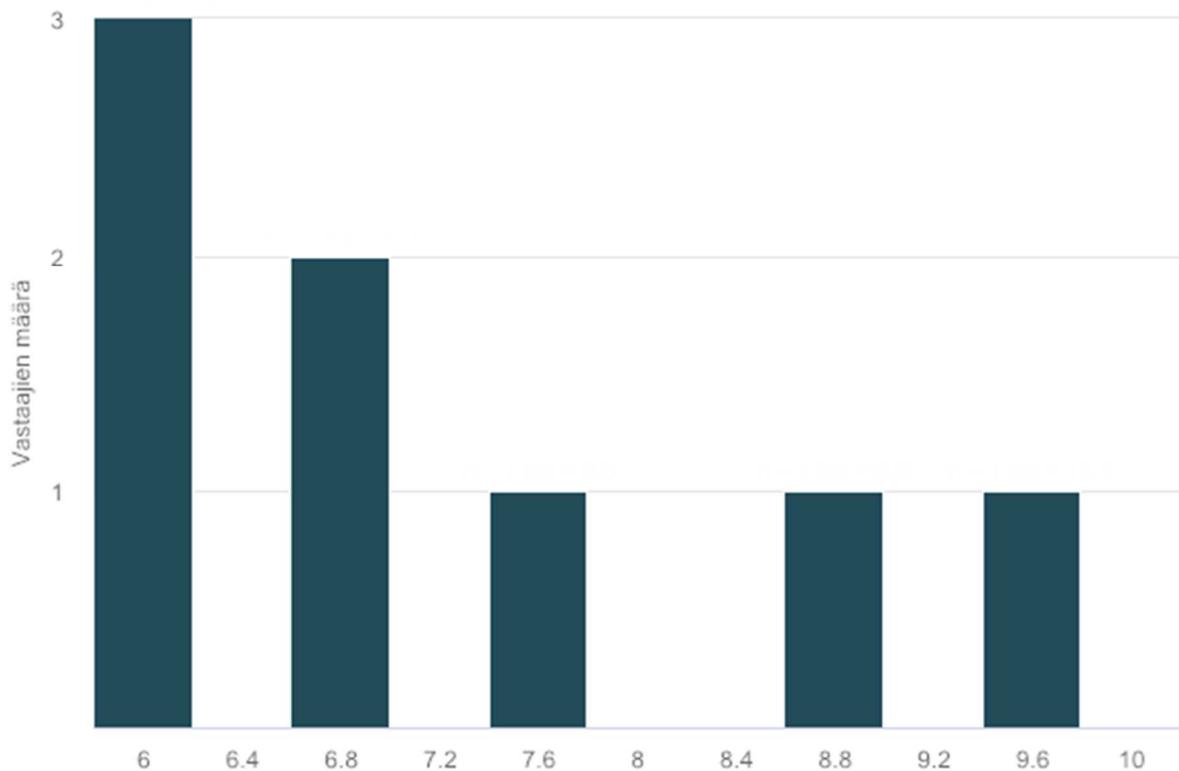
7. Koetko, että jotkut työpaikan nykyiset käytännöt tai prosessit haittaavat tai estävät työn edistymistä tai vievät liikaa aikaa itse työltä?

*



Survey question related to processes slowing down or preventing work had 8 respondents. The most popular value, with 3 respondents, given among respondents was lowest value 6, although there was an answer close to maximum 9.6 (10 is maximum value). There were no answers below 5 or close to the minimum value, 0. The average was 7.6. This could indicate that respondents feel that there are processes and practices slowing down work (Figure 16).

Figure 16. Respondents perception of processes and practices slowing down or preventing work in the case organization on a scale of 0 to 10.



Organizations have rules, instructions and established best practices that guide daily actions. Those rules and best practices could be viewed critically, if they slow down decision making or work. Following question structure was similar to the question related to perception of slowing down processes, but it was related to restrictive rules and practicalities:

Do you experience rules and restrictive policies in the organization?

The scale was from 0” no, I do not experience these kinds of issues in our organization” to 10” yes, we have rules and restrictive practices in our organization” (Figure 17).

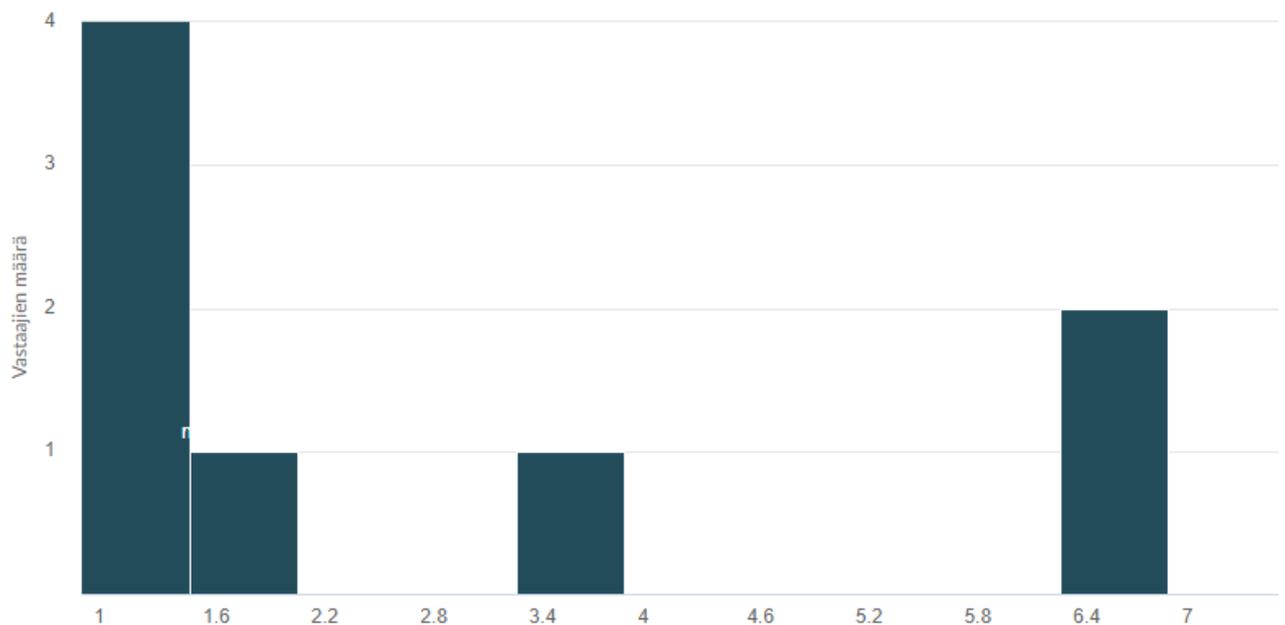
Figure 17. Survey questionnaire: scale from 0 to 10, how much rules and restrictive practices employees find in the organization, with extra option "I do not know"

8. Koetko, että organisaatiossasi on liikaa sääntöjä ja sitovia käytäntöjä? *



The question had 8 respondents, 4 respondents evaluated their perception on level 1 and 2 respondents evaluated their perception to the other end, near value 7. Average value was 3. Results could indicate that majority of respondents feel that there are not many restrictive rules in the organization. However, there are two respondents close to the other end, perceiving restricting rules and practicalities in the organization (Figure 18).

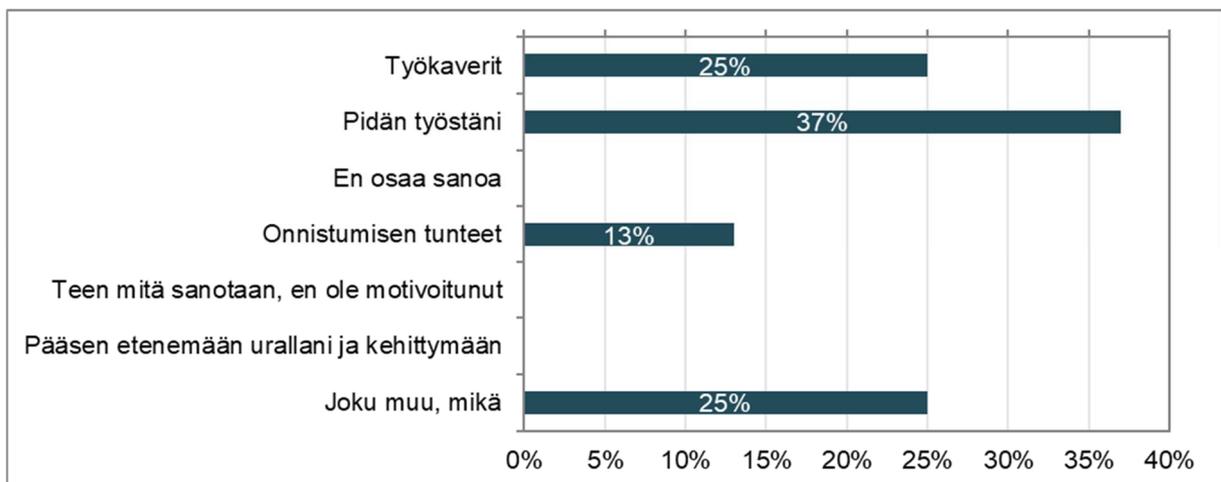
Figure 18. Respondents perception on restrictive rules and protocols on a scale from 0 to 10.



4.4 Motivation, Job satisfaction

To find out the current level of motivation and motivational factors, the survey had two questions related to the topic. What motivates employees –question had some fixed choices to choose from, to avoid short or random questions, plus an open answer section if employee finds something else motivating. Majority of the respondents (37%) chose option” I like my job” as their motivational factor. Second place was divided by workmates and open answer, where employees could describe their motivational factors in own words. 13% of the respondents chose option” achievement”. The question had 8 respondents (Figure 19).

Figure 19. What respondents find motivating or inspiring at work: workmates, consider work itself likeable, would not know, achievement, not motivated, only doing what is told, career development, something else (option to describe in own words)



The respondents described their motivational factors as following:

- I like my work and achievement are my motivational factors. There was no possibility to choose many options.
- Learning new

In addition, age segments have different motivational factors, such as millennials value career development and they seek work that they like, not necessarily best salary or just any job. (Mellanen & Mellanen, chapter 1) In general, answers seemed positive, not a single recipient answered that they are not motivated at all.

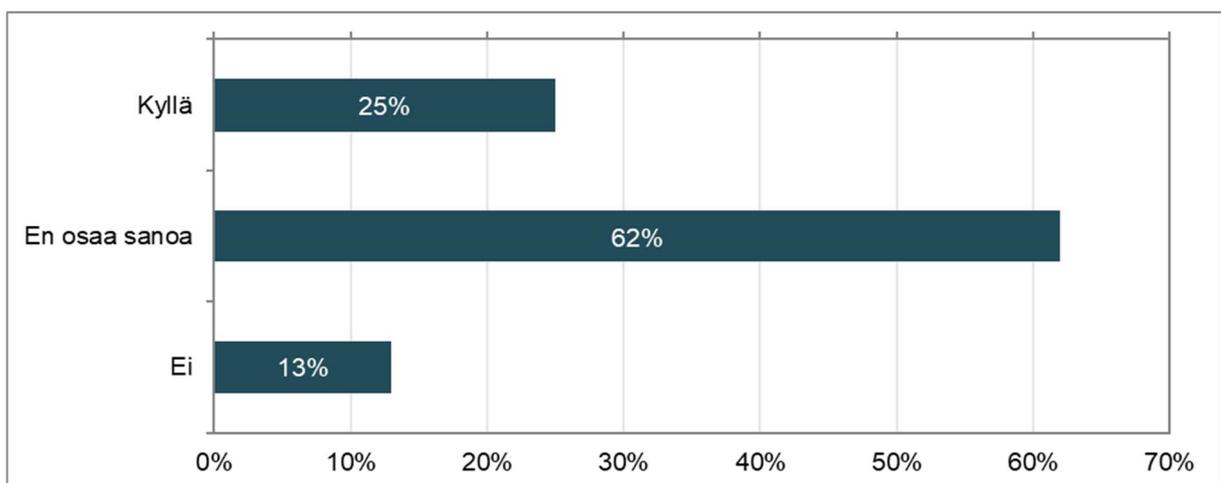
Growing, competitive talent markets and the lack of commitment (job hopping) of younger generations force organizations to think new strategies to engage different generations. It is rare, for younger generations to stay in one organization for decades. Also, longer careers and growing retirement age generates need to engage older generations too. Work life is changing rapidly, technological change, stress and pressure are increasing, causing sickness and burnouts. To keep workforce committed and healthy, organizations need to find new ways to meet these challenges (Mellanen & Mellanen, chapter 1)

Survey asked from the respondents:

Do you feel that you are in a right place at the moment? Will your career continue within this industry?

The options for answer were "yes", "I do not know" and "no". 62% of the respondents chose option "I do not know", 25 % chose "yes" and 13 % chose "no". This survey question had 8 respondents (Figure 20).

Figure 20. Distribution of respondents answers on planning to stay in current job/industry.



Majority of the respondents are not sure about their career plans or committing to current job is valuable information for employee. Majority of respondents is segmented to the Generation X age group, with long career path still ahead.

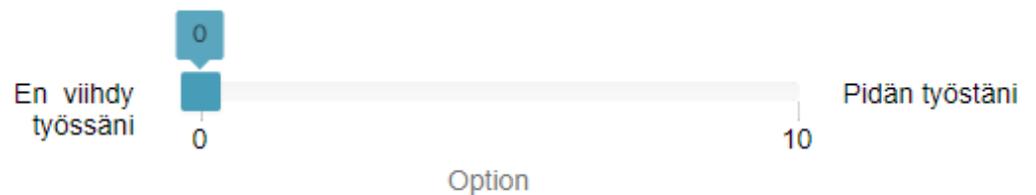
To find out if employees are currently satisfied on their jobs, the survey had a simple question:

What is the level of your job satisfaction at the moment?

The scale was from 0 to 10, 0 being the lowest grade, defined as "I am not satisfied of my job" to the highest grade "I like my job" (Figure 21).

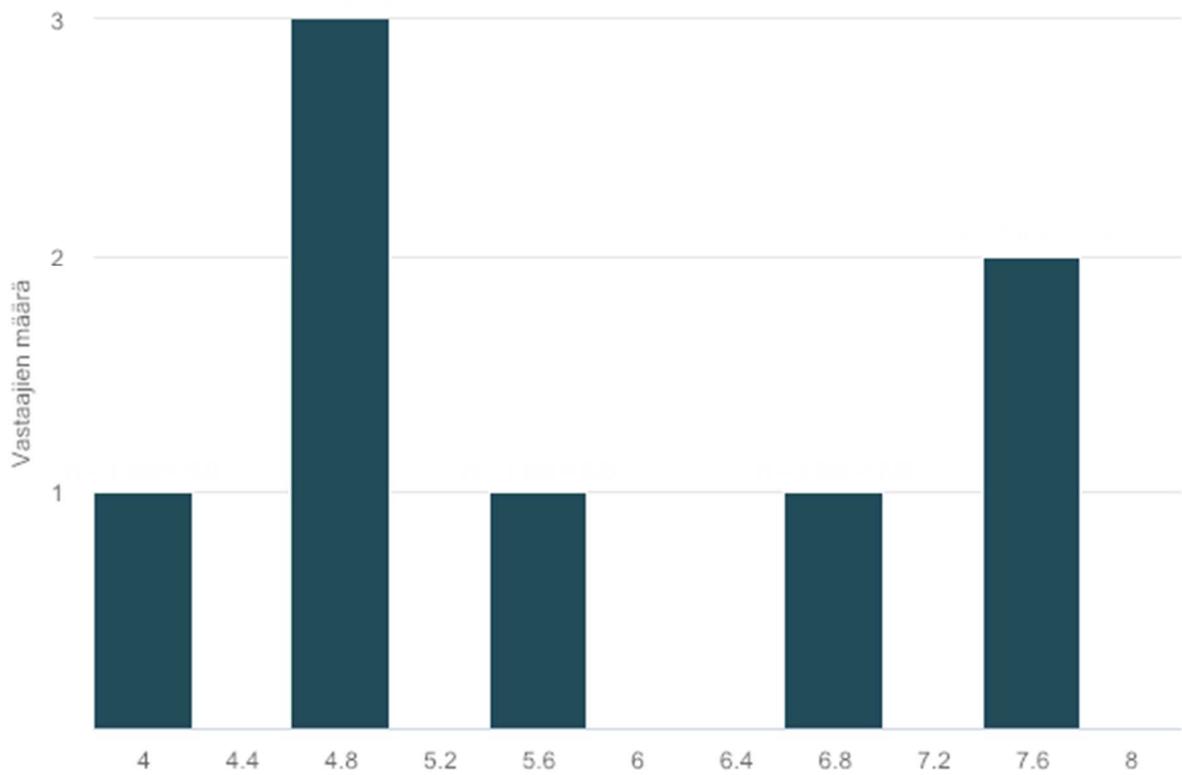
Figure 21. Scale for grading level of employee satisfaction in the survey

10. Työtyytyväisyyden aste tällä hetkellä *



The survey question had 8 respondents and the average grade was 6. Minimum value was 4 and maximum value was 7.6. (Figure 22)

Figure 22. The distribution of respondents grades on employee work satisfaction level.



The results indicate that there is not very high satisfaction level, nor very low. Majority of the respondents rated their level of job satisfaction to 4.8, around middle of the grading scale.

5 Analysis

5.1 The importance & future of self-management in case company

Any company is not 100% self-organized. There will always be guidelines and instructions coming from above, there should be a balance between these two mindsets. If organizations want to increase the level of self-organizing, the authority to make decisions and decide upon tasks should be increased among the employees. If an employee is allowed to experiment and trusted to make decisions, it gives a sense of control and empowerment, as well as increase the possibility to find out better solutions on existing problems, or develop new, beneficial practices. (Martela et al., 2021, p. 15)

5.2 Why becoming a Self-Managed Organization is Essential to Companies in Steel Industry?

Are Employees being able to participate on organizations decision making and processes important? Does it give value to the organization and increase efficiency and productivity? In theory it can be profitable, because of information flow and sense of belonging, but also waste of time, because of negotiation costs and time spent. Countries around Europe has laws and regulations for certain size companies, if the number of employees is exceeded, the law obligates to have an employee representative in the board of directors. In Finland this law is from year 1991 and the limit is 150 employees, but only less than 1% has organized a position for an employee representative. (Harju et al. 2021, p. 14) A research, conducted by Industrial Employees Registered Association, investigated the possibilities of employee participation in companies' decision making in Finland. The results showed that, even though there are not that many possibilities for employees to participate, the interaction between board of directors and employees is beneficial for the company. In the survey, it was asked, what kind of impact it would have, if there would be a representative of the employees in the board of directors; the most significant impact, according to respondents

was the ability to create positive effect on productivity and company profit. The respondents felt that they could truly help companies to make better decisions, by giving their opinion on strategic decisions and investment plans, but at the moment, many employees representative is left out from the decision making. (Harju et al., 2021, p. 32)

Those companies, which has used employee representative in decision making processes, were able to create more open atmosphere and the communication between employees and managers has been improved. It is difficult to quantify in numerical terms how much this has effect on productivity in the organization, although sense of belonging, is not making things worse. (Harju et al., 2021, p. 35) In fact, if an employee feels that the capabilities on having impact on work is limited or non-existent, it will cause frustration, lack of motivation, and increase sick leaves related to psychosomatic symptoms. (SAK, 2020; SAK, 2020)

As mentioned in the previous chapters, the image of steel industry related professions, such as welding, is not appealing at large. The work has become more automatized and developed in recent years, which could be appealing to younger, technologically talented employees, creating new career possibilities. Supporting continuous learning and career growth in organizations, training and apprenticeships funded by companies are essential when attracting talent. (Kempfi, 2020) Although, not only attracting talent is not in the agenda, engaging the retained workforce is very important, and this is when self-determination theory and becoming a self-organizing company is essential; to ensure the motivation and well-being of employees, fulfilling the basic needs of autonomy, competence and relatedness are the key to success.

The image of metal industry might not be appealing, but the truth is different, robotics, automation and it-related skills are very much on today's agenda, reducing the "dirty, manual work". This kind of work is anticipated to tempt young professionals to the industry and these professionals are very much needed to support this change. (Eero Särkinen, Personal Communication)

The interview with management revealed the need for anything new that could benefit the case company with their current problems; the work itself is not "fashionable" among younger generation and they have constant lack of employees. Metal work, in this and other

similar companies in the industry is perceived as hard, dirty, low paid work and the image is not appealing employees, especially with good professional skills. Case Company recruits' graduates from vocational schools from the area and trains them to meet the qualifications needed in the company.

5.3 Limitations

Self-management or self-managing organizations is not a new phenomenon. Self-management has been defined as an opposite of bureaucracy already in the 1930's. Still, the phenomenon is not widely known, it is difficult to find a valid definition for the terms and terms are different in many contexts. What is lacking as well, is scientific evidence, studies and empirical knowledge of the topic, to proof that it really works. Of course there are companies that have gained ultimate success because of transformation to self-managed organization, nevertheless, there are still organizations with strict hierarchy and bureaucracy, and they thrive.

A book written by Miia Savaspuro questions self-management, is it trendy, because of complexity of working environment and managers do not know what to do anymore and outsources difficult issues to employees? According to Savaspuro's book, self-managed organizations do not need less management, it needs to be increased instead. Organizations should invest heavily on quality and quantity of management, to avoid excess workload and burnouts from employees. (Savaspuro, 2017, pp. 25–34)

Organizations can also fail the transformation to become a self-managed organization if everyone is not committed to the change and it is left unfinished. Employees can make bad decisions and take redundant risks. Or, for example, in teamwork there will always be someone who takes power and abuses it, taking the control and ruining the experience of self-management from other team members. The process in the organization should be continuous. (Savaspuro, 2017, p. 35)

Self-managing employees and self-organizing organizations are improving organizations productivity and employee motivation and well-being at best, but is it for every organization? The speed of change causes pressure, resources are decreasing but results and demand are increasing, if employees are left to deal things on their own, without any support from management, the idea of self-managed organization is not taking place. Lack of support and increased responsibilities with limited authority kills flow and creates anxiety. Becoming self-managed is valid only if it serves the purposes and goals of the organization, managers outsourcing their work and problems to employees without any true empowerment is not the solution.

To become self-managed demands a great deal from employees; they have to be assertive, intuitive, unprompted, and capacity to take responsibility. Managerial qualities are also needed, decision making, prioritizing, and delegating. These are not qualities of all employees, not all of them want to take responsibility, simply doing what is told is what they want and need. If an organization has both of these employee characteristics, it can cause problems; those who are not taking responsibility and participating gets the same benefits and freedom as those who have done the work. (Savaspuro, 2017, p. 42)

Self-managing organizations and self-management might cause different conflicts in the organization, for example, it can create “a golden cage”, where freedom is turning against employees – when work can be done any day of the week and any time of the day, there is a chance of overload, the line between work and life becomes blurred. Organization should have rules and guidelines for overtime work and excess workload. The ability seeks for help instead of coping has to become more accepted, saying ‘no’ should be a sign of good work and prioritizing skills, instead of causing employees to feel incapable. (Savaspuro, 2017, p. 70)

There are some issues organizations may think about preventing transformation into a self-managed organization:

1. Chaos. Organization without bureaucracy is not chaotic, if employees are not doing whatever they want, but defining what they want to do.

2. Taking responsibility is not for all. Change and uncertainty will cause stress, that is for sure. Forcing employees to holacracy is not effective, the organization must be allowed to form naturally.
3. Adapting takes time, becoming a self-managed organization, managers as well as employees has to adjust and think their roles in a new way. Managers, who have been used to giving orders and instructions without further discussion, has to accustom to new ways of doing things.
4. Meta-skills are mandatory. Responsibility to solve conflicts, constructive discussion, teamwork skills are essential when employees have to be able to make collective decisions.

These factors are most commonly showing up when it comes to critical discussion related to self-managing organizations. Change in general causes stress and uncertainty, nevertheless any change or improvement towards better functioning organization is recommendable.

(Collin & Lemmetty, 2019, pp. 115-117) The shift towards self-managing organization is not a ready-made model with pre-determined solutions, that fits any organization. Organizational changes need resources, time, and cause mistakes for sure. The capacity and awareness of employees should be acknowledged, and the speed of change adapted accordingly. The type of industry, environment and the broadness of change should be considered as well.

(Gamrasni et al., 2021, p. 62)

5.4 Practical implementation

To become a modern-day working environment, companies in this industry could benefit from new approaches to management and organizational structures. Considering rapid changes in the working environment, technological revolution and motivational factors of younger generations, transition to a self-organizing organization and enhancing self-management among employees could be the answer and solution.

The transition to Self-organized organization is about leaders trusting their employees, trusting the process. It is about a mindset that people do not need constant controlling that people are naturally, genuinely interested in promoting common matters and contributing. (Martela et al. 2021, p. 34)

If the decision is made, in the case company, to transform the existing organization model to more self-organized, decentralized organization, there will be risks and extra costs for certain. Mistakes are undoubtedly made by employees as well as management, but the risk of trying will not make any harm. Self-managed organization can include self-managed teams, even if the structure is hierarchical. To pilot the method, it could be a good approach to try the method in one unit or function of the organization. If it is successful, it could be reproduced. Furthermore, a hybrid version of structure could be also recommended.

To fulfill the needed basic needs to become self-managed, autonomy, relatedness, and competence, following actions are recommended:

1. **Autonomy.** Even if the work or processes are pre-determined, some level of autonomy should be created. Reviewing chains of commands could help to find out excessive layers of bureaucracy and help to decide how to increase autonomy for employees. Seek for functions or matters, that could be decided by employees, increasing trust. Sense of control of employees work and act help people become more self-determined. Strengthening autonomy in the organization can yield more profit and better results than organizations with strict hierarchy. (Gamrasni et al., 2021, p. 12) Discussion and gathering ideas from employees is advised.

2. Competence. Supporting competence at work provides employees a configuration for engagement. (Deci, Ryan, Olafsen 2017, p. 20) Using the full capacity of employees in a hierarchical organization can be limited. Talent can be hidden if employee is not using full capacity, rather than doing precisely what is told. Seeking talent among employees can bring new knowledge and serve as a great benefit for the organization.

3. Relatedness. When employees are supportive of relatedness towards coworkers, employees are creative and autonomously motivated. To boost relatedness, showing how employees work benefit the whole organization and coworkers. (Deci, Ryan, Olafsen 2017 p. 26–31) Despite task being small, it becomes essential if it is shown being a part of larger entity or outcome. Creating a safe environment for employees when they are trying new ideas or working on development. It means allowing mistakes as well. Support and encouragement from management and coworkers is essential.

First steps towards self-organizing organization could be any practice that reduces the need of management and releases managements capacity into more higher-level issues and developing the organization. All actions reducing hierarchy, excessive control, poor information flow, unclear rules and protocols are towards better organization and becoming self-managed organization. Developing employees to target these and improving, along with clear mission and goals is the key. (Jarenko, 2020)

When planning to increase self-management within organization, complete change is not ideal, small actions, brainstorming and testing agile new ways to do things. If changes are made, plans for the change should be done in co-operation with the employees related to the work, on the grounds that they have the best know-how on what aspects needs change and what should be developed. At the same time, it strengthens the feeling of being acknowledged and heard, as well as relatedness. Change from traditional, hierarchical organization to a self-managed organization is not possible without changing, leadership thinking, attitudes, structures, processes, and practices. There can be resistance from management, entrusting power can be difficult and there can be resistance from employees,

because of increased responsibilities. The decision for change has to be solid, management needs to commit to change and offer support to employees throughout the process as well as employee participation is essential. Change needs new ways of thinking and actions, showing that employee participation, opinion and ideas are valued (and possibly implemented) at the same time interaction, and feeling of relatedness is created. The idea is to empower employees to take responsibility and ownership on their work. (Gamrasni et al., 2021, p.51) Change is not linear or dictated by management. Ideas, new practices, and new knowledge has an effect on the change, and it should be thought and updated along the way. Testing and trying new ways of doing things

5.5 Recommendations for Case Company

When moving towards self-managing organization, first, it must be defined what problems needs to be solved. The problems are not necessarily large organizational or structural problems, it can be something very simple and tangible. (Gamrasni et al., 2021, p.108)

Case company has two managers, dealing with daily issues, managing workforce, and work. Their agile service and flexibility create situations where managers are involved into many actions and working hours are long. The research question of this thesis was about the benefits of self-management for the case company and one of the benefits would be reducing workload from management and transferring it to employees. When employees are self-managed, the decision making is faster, and organization becomes more agile.

1. Employee empowerment. Decisions can be made where and when it is needed, no need to slow down the process by asking and waiting permission from managerial level. The decisions made by employees can be very small in the beginning, such as authority to make a certain amount purchase for a tool or any objective needed for work. It would be beneficial to calculate how much the process for accepting a small purchase order costs if it is done as it is now and compare it to the price of the item needed to purchase. Sometimes the process costs more than the tool. There can be extra, unnecessary purchases that creates extra cost for the organization, but the benefit of giving trust, autonomy, to employees creates larger benefit for the

company. Purchases could be accepted within teams or production units, operating expenses could be opened up to employees in all levels, to show what the true costs are and what it means if the expenses grow too much. Trust creates psychological safety, which is essential if employees are expected to take more responsibility on their own work (Martela & Jarenko, 2017, p. 53)

2. Seek responsibilities that could be transferred to employees. If there is anything employees could decide themselves without managerial acceptance, it is worth doing. Shortening chain of command saves time and resources. These decisions could be made in teams or units as well.
3. Working time. If the working time can afford any kind of flexibility, it is advised to look further. Fixed working time can be justifiable if it is production determined etc. yet there are different ways of using working hours. If there is not yet possibilities for flextime, could it be used? Flextime can be a great benefit for a company, when attempting new workforce or improving the work-life balance of existing employees.
4. Recognizing talent, passion and making career growth possible. Younger generations value personal and career growth more than salary growth. (Mellanen & Mellanen, chapter 9) Training employees are also essential, firstly to help company to meet the future challenges and respond to the speed of change, and secondly fulfilling the need of development. In a self-managing organization, there could be a budget per team or unit, which employees could spend on any training they see benefitting their work and purposes best.

6 Conclusions

6.1 Conclusion

The research question of this thesis:

How transition to self-managed organization will benefit Case Company and help to adapt changes in the future?

has been discussed through different motivational theories and case examples as well as investigated via survey questionnaire to the machining unit of the case company. The results of the survey presented information of employee motivation and level of self-management in the unit. Result was that there is self-management in some level, yet it could be increased to help reduce workload from the management. Obvious benefit is also reduced costs because of reduced bureaucracy creating faster decision making and agile processes.

To meet the challenges of future working life and becoming more attractive working place for talented employees and younger generations, Case Company could benefit the change of being more self-managed. The reason for the change lies behind self-determination theory and motivational theories, to fulfil basic human needs and increase motivation and engagement, shift to shared decision making and holocracy could bring benefits to both aspects. Empowering employees, increasing their autonomy reinforces their feeling of competence and relatedness. Self-managed organization is not ready immediately and management is needed more than ever, after the development process begins.

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Appendix 1: Webropol Survey Questionnaire for Case Company**Itseohjautuvuus case-organisaatiossa**

Olen Tia Westerberg ja opiskelen Hämeen Ammattikorkeakoulussa Business Management and Entrepreneurship YAMK tutkintoa. Teen päättötyöni liittyen yrityksen tuottavuuden ja työtyytyväisyyden lisäämiseen itseohjautuvuuden avulla ja haluaisin tutkia Case-organisaation nykytilannetta. Kysely on anonyymi ja vastaamiseen menee noin 10 minuuttia, kiitos ajastasi!

1. Koetko, että tekemälläsi työllä on vaikutus yrityksen liikevaihtoon? *

- Kyllä
- Ei
- En tiedä

2. Koetko olevasi oikeassa työssä, jatkuuko työurasi samalla alalla? *

- Kyllä
- En osaa sanoa
- Ei

3. Millä tavoin otat työssäsi vastuuta, esim. tekotapa, organisointi, aikataulut

*

4. Mitkä asiat koet työssäsi innostavina ja motivoivina? *

- Työkaverit
- Pidän työstäni
- En osaa sanoa
- Onnistumisen tunteet
- Teen mitä sanotaan, en ole motivoitunut
- Pääsen etenemään urallani ja kehittymään
- Joku muu, mikä

5. Koetko, että sinulla on mahdollisuus vaikuttaa työsi sisältöön ja siihen liittyviin prosesseihin? *

- En, teen vain mitä käsketään
- En tiedä
- Kyllä, jos koen jonkun asian hankalana, tai haluan tehdä asiat toisin, se onnistuu.

6. Onko työnkuvasi selkeä? *

- Ei, teen mitä milloinkin tarvitaan
- En osaa sanoa
- Kyllä, tiedän mitä toimenkuvaani kuuluu ja työni sisältää

7. Koetko, että jotkut työpaikan nykyiset käytännöt tai prosessit haittaavat tai estävät työn edistymistä tai vievät liikaa aikaa itse työltä? *

8. Koetko, että organisaatiossasi on liikaa sääntöjä ja sitovia käytäntöjä? *



9. Jos saisit muuttaa jotain työssäsi, mitä se olisi? *

10. Työtyytyväisyyden aste tällä hetkellä *



11. Ikäsi *

- 15-26 vuotta
- 26-40 vuotta
- 40-60 vuotta
- 60+

12. Jos saan idean tai kehitysehdotuksen, voin viedä sen eteepäin ja se yleensä johtaa muutokseen *

- Kyllä
- Ei
- En tiedä

13. Kun tarvitsen työni edistämiseen jonkun osan, tekovälineen tai lisäresursseja, voin hankkia sen itsenäisesti ilman lupaa esihenkilöltä *

- Kyllä
- Ei
- En tiedä

14. Työpaikallani kannustetaan oma-aloitteisuuteen ja voin tehdä päätöksiä itsenäisesti työhöni liittyen *

- Kyllä
- Ei
- En tiedä

15. Asema kohdeyrityksessä *

- Tuotantotyöntekijä
- Esimies
- Asiantuntijatyö
- Opiskelija/ Harjoittelija

Appendix 2: Interview template for Case Company in Finnish

Interview Template Case Company 4 May 2021

Customer Relationship Manager / Shareholder

Duration 1h (Teams Meeting)

1. Organizational Structure and overall situation
2. Decision making processes
3. Existing problems, workforce shortage etc.
4. Actions done to meet the existing/ future challenges
5. Expectations from the thesis

Appendix 3: Interview template for example companies in Finnish

Personal Interview: Finnish Customs Crime Investigation Unit

11 May 2021

Duration 2h (Teams Meeting)

Hannu Sinkkonen, Director of Customs Supervision

1. How it was discovered, that reducing bureaucracy in the Crime Prevent Unit would increase efficiency and lead to better results?
2. How has the organization changed then vs. now?
3. Was it easy or difficult to make the change in the organization?
4. Has there been any disadvantages after transforming the organization into self-organized model/reduced bureaucracy?
5. How you measure results related to the organizational change?

Personal Interview: Redheat Oy

3 March 2021

Duration 30 min (Personal Interview)

Eero Särkinen, CEO, Owner

1. What kind of image metal industry has today?
2. Is the image truthful?
3. What do you think causes the workforce shortage?
4. Experience and actions done to appeal skilled workforce? Examples?
5. How do you see the future of work in metal industry?
6. What changes you have done in your organization to meet the current & future challenges?