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Master's thesis

Introduction of self-management in organizations and teams – a multiple case analysis

by

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Abstract

More and more organizations are decentralizing authority and experimenting with new management approaches. Although, self-management as a management approach for teams and organizations has been applied over decades, research on the experiences of employees working with this approach is scarce. As many organizations and teams use individual approaches to self-management, the question of what experiences they have in common arises. The research objectives of this study were to identify the key topics for employees when switching to self-management and to identify the main benefits and challenges of the change to self-management for teams and organizations.

To meet the research objectives a qualitative multiple case study approach was chosen. The research was based on interviews with employees of two organizations in Germany that implemented self-management over one year ago. One implemented self-management in just one team and the other for the whole organization. The semi-structured interviews were conducted with five employees from each organization.

The results showed that the main topics for teams and organizations when switching to self-management are the change of the structures and processes, the change to self-organization and the processes of payment. Furthermore, the redistributed responsibilities lead to employee satisfaction as they have more options to bring in their skills according to their interests. However, the responsibility is also perceived as a burden because employees need to take final decisions themselves. They appreciate the personal development and the development of their team, but the ongoing process of change is time-consuming. Conflicts are uncovered and need to be solved during the process. Coming from hierarchical structures a higher desire for guidance was communicated.

The findings indicate that increasing the quantity of scientific results would be beneficial for gaining more understanding of the influences of self-management on employees. Moreover, the results can serve to raise practitioners' awareness of what topics are especially relevant when introducing self-management in teams or organizations.

Key words: self-management, sociocracy, Holacracy, organizational structures, teams, learning organizations, management models, decentralization authority, New Work

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1   <u>Introduction</u>

"As a big company, you are constantly trying to foolproof yourself against being big, because you see the advantage of being small, nimble and entrepreneurial. Pretty much every great thing gets started by a small team."

Google CEO Sundar Pichai (Kiss, 2017)

1.1   <u>Context of study</u>

Over the last decade companies and markets have been influenced by the digital revolution and the increasing globalization. The increased digitization enables faster communication but also causes a faster change of markets, products and services. Companies face higher competition in global markets. To gain advantages over their competitors, companies need to be innovative to survive in the long run.

Organizations are constantly forced to adapt to changing environments and competition. To change and adapt is one of the key activities for firms. Nevertheless, a lot of companies have failed to make use of new business opportunities and still do. This can be observed in different industries and markets.

One example for these challenges is NOKIA, which was one of the largest mobile phone companies in terms of volume, sales, market share and profit in the 1990s and early 2000s. Nevertheless, the company failed to succeed in the smartphone market in the early 2010s (Bouwman et al., 2014). One aspect of the failure was their "control culture that conflicted with the culture of an innovative, engineering and design oriented start up" (Bouwman et al., 2014, p.16). The case of NOKIA shows that key factors for innovation are highly educated creative employees that support innovation and a corresponding culture in the company. The question arises how companies can be managed to include the full potential of their employees.

In particular, large firms in Germany are still very hierarchical and have corresponding control mechanisms in their organization (Recruiting Redaktion, 2016). The Human Resource (HR) Expert Tom Haak, founder of the HR Trend Institute, identified nine trends in HR. One of them is the development from hierarchy to network. Closed organizations are developing to open organizations with more employees in the flexible workforce. There is an increasing importance for communities where transparency is key (Haak, 2015).

The topic of business organization is becoming a central topic in many companies. The Global Human Capital Trends 2016 report of Deloitte states that 92 percent of the companies studied believe that redesigning the organization is very important or important. "Companies are decentralizing authority, moving toward product- and customer-centric organizations, and forming dynamic networks of highly

empowered teams that communicate and coordinate activities in unique and powerful ways." (McDowell et al., 2016, para.1; Ismail, Malone, & van Geest, 2017, pp.101-105).

The report shows that awareness of different organizational structures and management approaches is growing. In addition, a study from 2014 of the Institute for Production Systems and Design Technology in Berlin reveals that the importance of immaterial values in industrial countries is growing. It identifies the trend of changing from a producing economy to a knowledge based economy with highly qualified employees, which is pushed by the atomization of industrial processes (p. 24). This trend can also be seen in the understanding of capital. Zeleny (1989) describes the evolution from a traditional view of capital based on land, raw materials, machines, labour and money to knowledge as the most important capital factor in modern organizations. Hence, organizations need to think about how they can manage and organize a knowledge based company.

A basis for the development of new organizational structures with corresponding management approaches has been the finding that teams constitute the key structure of learning organizations (Ismail et al.,2017, p.102), but they need to be organized in some structure (Romme, 1997, pp. 149-150). Self-management approaches like sociocracy and Holacracy have emerged in theory and practice. They use an alternative circular organizational structure in contrast to the hierarchical organization chart. Both concepts have been adapted by various organizations in different countries. The most recent approach to self-management, Holacracy, by Brian J. Robertson, has been adapted by as many as 300 US companies (Helmore, 2015, para.1).

There are already existing examples of companies that have adapted new approaches to management and organization. Mostly to increase productivity they have been working with self-managed teams or even turned their whole organization into a self-managed company. While companies such as Volvo or FedEx have used self-managed teams to achieve breakthroughs in their production or service, companies such as Zappos and Morning Star have turned their whole structure and management approach around to a self-managed model (Bernstein, Bunch, Canner & Lee, 2016, p. 41).

The most recent prominent example that adopted Robertson's self-management approach Holacracy is the online retailer Zappos, an Amazon-owned online shoe retailer, in the US. The CEO of Zappos Tony Hsieh sees a need for organizational innovation. He pictures a dark future for companies with traditional structures, looking at the numbers where "88% of the Fortune 500 list in 1955 are no longer on that list" (Ferenstein, 2016, para.14). Zappo's introduction of Holacracy was a step into a new direction of organizational structures and management. Nevertheless, the company faced the loss of 18% of its employees that accepted the Teal Offer, a severance package for those who wanted to leave the company after the change to Holacracy in 2015 (Ferenstein, 2016, para.6; Gelles, 2016).

1.2   <u>Research goal and research questions</u>

The topic of self-management and self-management approaches like Holacracy is discussed in the literature and magazines as well as the tech community.

In Germany the introduction of new self-management approaches did just start. Non-profit organizations as well as start-ups and companies started to experiment with Holacracy or their own self-management approaches. The research revealed that there is no one fits all solution for organizations to switch to a self-management approach. Many organizations have had to find their own way to change structures and processes according to their needs (Laloux, 2014). Current research focuses on organizational structures and processes.

The topic for this study will be the experiences of employees with the change to self-management on a team or organizational level. Cases like Zappos as well as the research of Laloux have shown that the change process to a self-management approach can be challenging and lead to a resignation of employees, but also empower them by distributing authority. Furthermore, there exist no studies on the experiences of employees with the change to self-management in Germany yet.

The purpose of this case study will be to explore the common topics that arise for employees with the change to a self-management approach in a team or organization in Germany.

<u>Central question:</u>

How do employees experience the change to self-management as a new management approach?

<u>Sub questions:</u>

1.   What are the key topics that are relevant to employees when switching to self-management?

2.   What are the main benefits of the change to self-management for employees?

3.   What are the main challenges of the change to self-management for employees?

4.   What are common key topics for employees of teams and organizations that switched to self-management?

5.   What are common main benefits for employees of teams and organizations that switched to self-management?

6.   What are common main challenges for employees of teams and organizations that switched to self-management?

To answer the research questions two organizations were chosen for case studies. One is a non-profit organization called gut.org, which is located in Berlin. One team in this organization implemented a self-management approach based on Frédéric Laloux's book "Reinventing organizations". The team is the betterplace lab, which "does research where innovation and the common good meet" (betterplace lab (a), 2016). The team offers publications, consulting and events that cover developments in the digital-social field (betterplace lab (b), 2017). The rest of the company structure stayed as it was. The second organization is the online platform Traum-Ferienwohnungen, which moved from a hierarchical management approach to an individual self-management approach. Both underwent a change process, but the outcomes were different and on a different scale considering that the betterplace lab team consists of 13 people (betterplace lab (c), 2017) and Traum-Ferienwohnungen, which counted 120 employees (Traum-Ferienwohnungen (a), 2017). They also differed in their legal structures, the former being a non-profit organization and the latter a profit oriented organization. These differences may help to identify common and differing experiences in these organizations with the change process to a self-management approach.

1.3 Thesis structure

The thesis is divided in five chapters. It includes an overview of the theory about past and current organizational forms and associated management approaches as well as practical examples. The theory section is followed by a description of the methodology applied for performing the qualitative research. In the practice section the results of the research are presented, analysed and discussed. Finally, the thesis gives an outlook for further academic work and management implications.

The thesis aims to give an insight into the practical change to a self-management approach at the team and at the organizational level. A further objective is to identify the main topics arising from a switch to a self-management approach, and final aim is to identify perceived main benefits and challenges associated with the change process and the newly introduced organizational form and management approach.

2   Literature review

2.1   Evolution of organizations towards self-management

To understand the change process to a self-management approach it is important to understand the evolution of organizational forms with their structures and processes (Oestereich & Schröder, 2017; Brandes-Visbeck & Gensinger, 2017). Hence, this chapter will give an overview of the evolution of organizations and the recent developments and concepts associated with self-managed teams and organizations.

2.1.1   Evolutionary stages of organizations by Frédéric Laloux

Frédéric Laloux analyses past and present organizational models in his book "Reinventing organizations" (2014). He describes the development of different organizational models in human history from 100.000 years ago to the present (Laloux, 2014, p. 35). He identifies the following main organizational models:

	Current examples	Key breakthroughs	Guiding metaphor
RED organizations			
Constant exercise of power by chief to keep troops in line. Fear is the glue of the organization. Highly reactive, short-term focus. Thrivesin chaotic environments.	- Mafia - Street gangs - Tribal	**- Division of labor** **- Command authority**	**- Wolf pack**
AMBER organizations			
Highly formal roles within a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is repetition of the past.	- Catholic Church - Military - Most government agencies - Public school systems	**- Formal roles** (stable and scalable hierarchies) **- Processes** (long-term perspectives)	**- Army**
ORANGE organizations			
Goal is to beat competition; achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control on what; freedom on the how).	- Multibnational companies - Charter schools	**- Innovation** **- Accountability** **- Meritocracy**	**- Machine**
GREEN organizations			
Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation.	- Culture driven organizations (e.g., Southwest Airlines, Ben&Jerry's,...)	**- Empowerment** **- Values-driven culture** **- Stakeholder model**	**- Familiy**
TEAL organizations			
?	?	?	?

Figure 1. Evolution of organizations. Adapted from Reinventing organizations *(p. 36), by F. Laloux, 2014, Brussels: Nelson Parker. Copyright [2014] Frédéric Laloux.*

Today these different organizational forms exist alongside each other (Laloux, 2014, p. 35). Since one of the most common structures over decades has been a strict hierarchy, the description starts at the

amber organization stage. Amber organizations such as the military are based on formal roles in a defined hierarchy and strict command and control structures, with past actions repeated again and again (see Figure 1). Orange organizations are the next step and are represented by today's multinational companies (see Figure 1).

The most common hierarchical structure in organizations is the pyramidal structure which is based on structural models of Henri Fayol and Frederick Taylor and dates back to the industrial revolution (Oestereich & Schröder, 2017, p.72; "Holawhat, 2015") (see Figure 2, p.14). Oestereich and Schröder (2017) explain that in this structure the value creation happens on the lowest level which is topped by several management levels up to the top-management. In this organizational structure power is executed top-down and on the level of departments such as IT, Human Resources and Procurement. Every employee is assigned to one department to a job description and has a boss that he reports to. This structure dates from a time in which many employees executed repetitive tasks (Helmore, 2015).

The development from amber to orange organizational structures shows a need for additional structure or structures different from only strict hierarchies. According to Mintzberg (1979) purely hierarchical structures can become inert, bureaucratic and centralized. In orange organizations, the hierarchical structures are kept as a basis, but they are updated by project groups, expert staff functions, internal consultants and virtual teams to support communication and innovation (Laloux, 2014, p. 26). This shows a first step towards combining hierarchical structures with teams to achieve defined goals.

After the development of amber and orange organizations (see Figure 1), the green organizations emerged. Laloux (2014) characterizes these organizations by three breakthroughs:

First, they empower employees by pushing decisions to the front-line and see leaders as servant leaders to the employees. Second, they have an inspirational culture and their actions are driven by the organization's defined values instead of by pure strategy. Third, while orange organizations focus on the shareholder perspective, green organizations take multiple shareholder perspectives into account. They integrate social responsibility into their daily business instead of publishing a corporate social responsibility report as a duty. Green organizations do the first step towards empowerment of employees and have a focus on culture which aims at achieving high employee satisfaction (Laloux, 2014, pp. 31-36).

The next evolutionary step is teal organizations. There are more and more organizations emerging that operate with that paradigm. Some well-known for-profit examples are AES, a global energy provider with 40,000 employees founded in 1982, and Morning Star, a producer of tomato products with 2,400 employees, founded in 1970. There are also non-profit organizations such as the nursing organization Buurtzorg with 7,000 employees, founded in 2006 in the Netherlands (Laloux, 2014, p. 57-58). These examples show that the teal organization form can be found in different industries and for profit and non-profit organizations. It is not only a trend that emerged recently in the start-up scene. On the

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contrary, organizations have been experimenting with this approach of managing and organizing organizations for decades.

Comparing the evolutionary stages of organizations, authors such as Maslow and others agree that the shift from green to teal organizations is also a shift in the worldview (Laloux, 2014, p.43). According to Laloux (2014) organizations up to the green stage consider their worldview the only valid one, people in teal organizations accept that there is an evolution in consciousness and that there are many ways of dealing with the world. This corresponds with the last stage of "self-actualization" of Maslow's hierarchy of needs (Maslow, 2017). In consequence Laloux (2014) calls these organizations evolutionary-teal (p. 43).

What is common to evolutionary-teal organizations is that the founders of these organizations often speak of them as "…living organism or living system." (Laloux, 2014, p. 56). This corresponds to the view of some self-management models that will be presented in 2.2.

Laloux researched twelve organizations that operate entirely or partly with evolutionary teal structures and processes. They all had at least 100 employees.

He also included further best practice examples of smaller size or different industries (Laloux, 2014, p.59). With his research on teal organizations Laloux (2014) identified three principles that teal organizations are based on:

1. Self-management

They are operating based on self-management, and there are no hierarchies and no consensus is necessarily needed in decision-making. The employees make all the important decisions. Founders of a company only build the environment, but they must obey to the same consensual ruleset.

2. Wholeness

All people are seen as human beings with all aspects of their personality. The organization also recognizes emotions, intuitivism and spiritual aspects apart from the "professional" self of employees.

3. Evolutionary purpose

Evolutionary-teal organizations develop organically and not by following a defined goal that needs to be reached with certain steps. The direction of development cannot always be predicted but it follows the reason for the existence of the organization. (p. 56)

Most of the organizations researched by Laloux do not fully incorporate all three of the identified principles of 'Teal'. Nevertheless, they provide an insight into teal practices (2014, p. 60).

2.1.2 Practical examples

One important aspect that Laloux (2014) identified in evolutionary-teal organizations is self-management. Self-managed teams were the beginning of self-management and have been variously used across continents in various ways. In Europe, they were associated with "participative management and industrial democracy". In Japan, they are formed as "quality circles and continuous improvement efforts"(Bernstein et al., 2016). In the USA, they were the organizational form for innovation task forces. Many companies have benefitted largely from using self-managed teams especially in their manufacturing and service divisions (Bernstein et al., 2016, p.41).

Bernstein et al. (2016, p.41) describe that already in the early 1980s, the scholars Henry Mintzberg and Warren Bennis witnessed a development towards adhocracy entailing flexible and informal management structures. The rise of the internet has since led to 'the networked firm'. In the 1990s the use of self-managed teams became more common since the organizations wanted to benefit from the promise of higher productivity.

According to Cummings and Worley self-managed teams have been implemented by large corporations such as Intel, General Mills, General Electric, Boeing and Motorola (2014, p.415). Nonetheless most of them used these team structures only partially in their organization.

The next step was to think beyond self-managed team structures. Organizations dared to question hierarchical structures and started to experiment with self-managed organizational structures (Bernstein et al., 2016, p.41).

One of these companies is Gore which became famous for its weatherproof textiles known as 'Gore Tex'. The company with 10,000 employees worldwide operates based on an empowerment oriented work structure (Schermuly (a), 2016).

2.1.3 Teams as key component of learning organizations

The structures identified from the practical examples show that teams are a key component of self-management approaches. This fact is also reflected in further academic literature. When researching academic literature and practical examples of different organizational structures, you find that teams play an essential role. In academia, several authors (e.g. Argyris, 1992; Kofman and Senge, 1993; Senge, 1990) argue that teams are the key learning unit in organizations. According to Carley (1992) "… a team is a set of decision-makers without a chain of command but with equal voice in the final decision…" (as cited in Romme, 1997). And in 1993 Kofman et al. state that teams are the kind of "communities of commitment" in which free and creative exploration of complex and subtle issues is possible (as cited in Romme, 1997, p. 150). Even though teams are a key learning unit for learning organizations, Romme argues that a key issue for organizations is how benefits of teams and hierarchies can be combined (1997, p. 150).

Self-management has existed for a long time in organizations. It empowered people to make their own choices according to the daily situations they face at work instead of executing decisions made further up the hierarchy chain. Bernstein et al. (2009) found that already in sixty-five years ago, Eric Trist from the Tavistock Institute observed a rise in productivity when people working in mines formed self-organized teams. Miners in England started to work in autonomous, multiskilled groups with interchanging roles, thereby making it possible to work 24 hours with minimal supervision. They proved that productivity was not linked to performing the same task repeatedly. Over the decades self-managed teams were used in different forms (pp.40-41).

2.1.4 Models based on teams and hierarchy

As early as the sixties scholars like Argyris (1957), McGregor (1960) and Likert (1961) started to think about alternative management structures that covered how benefits of hierarchies and team learning can be combined by using involvement-oriented, participative-management methods instead of control-oriented methods (as cited in Romme, 1997, p. 151).

One of the most important aspects to consider when questioning hierarchical structures was what organizational structures that best support an organization's (team) learning processes should be like. In his article "Organizational Learning, Circularity and Double-linking" of 1997, A.G.L. Romme evaluates concepts for the structure of learning organizations (p. 149). As mentioned above, Romme thinks that a balance between hierarchy and teams is needed as both "are essential for large organizations as learning systems" (1997, p. 151).

The scholars Likert and Ackoff tried to solve this problem. According to Romme, Likert developed in 1961 the concept of a participative group organization, which he called system 4. It was developed further by Ackoff in 1981.

Alreaday in the 1970s the Dutch engineer Gerard Endenburg experimented in his company Endenburg Elektrotechniek how to solve the dilemma between hierarchy and team learning. He developed a sociocratic model which was adapted by other Dutch organizations and is nowadays even applied in organizations in other countries such as Brazil, Canada and the USA (Romme, 1997, p. 153). His model is known as the sociocratic organization and applies a hierarchy of teams onto an existing administrative hierarchy (Oestereich & Schröder, 2017, pp.91-113). The team hierarchy works according to a consent principle and the principle of double-linking between teams to support top-down and bottom-up communication between teams (Endenburg, 1988).

2.2 Latest developments in introducing self-management in organizations

The latest developments in self-management have been influenced by the open-source movement and agile and scrum methodologies as well as the sharing economy. They lead to participative and responsive organizational structures like podularity and Holacracy. Aside from these structures many firms are also experimenting with their own self-management approaches (Bernstein et al., 2016, p.42; Ismail et al., 2017, pp.195-216).

The concept of Holacracy, introduced by Brian J. Robertson, will be presented in detail as it is currently the best described self-management model which illustrates common aspects of the current application of a circular management model. It has been applied more often than other designs and in companies of different sizes. In the US approximately 300 companies have adopted Holacracy and 1,000 organizations worldwide (Helmore, 2015; HolacracyOne (a), 2017). As the concept of Holacracy is mainly based on the sociocracy model of Endenburg, this model will be presented first.

2.2.1 Sociocracy

Definition

The term Sociocracy comes from the old Latin words socius for 'colleague or associate' and the old Greek –kratein for 'to rule'.

Development

The basics of the organizational model Sociocracy have already been developed shortly after the Second World War. At the beginning of the 1970s it underwent a time of prosperity in the Netherlands and subsequently in other European countries. It was used as an innovative organizational model for participatory leadership (brand eins, 2009). In the mid-2000s American entrepreneurs such as Evan Williams, a twitter co-founder, rediscovered sociocracy as they were searching for models that were applicable in the fast-developing digital industry of the Silicon Valley ("Holawhat?", 2015, para.7; Compagne, 2014).

The entrepreneur in the software industry Brian J. Robertson was searching for a social technology that he could apply in his software company Ternary Software (Robertson, 2016). He discovered the ideas of the Dutch Gerard Endenburg and Kees Boeke when he met John A. Buck, a sociocracy consultant, who introduced Robertson to Endenburg (Oestereich & Schröder, 2017). Robertson mainly based his operating system for companies called Holacracy on the principles of the sociocracy model of Endenburg.

Gerard Endenburg, an electrical engineer, general manager of Endenburg Elektrotechniek BV who later became a university professor and director of the Sociocratic Center Netherlands that he had founded, originally developed sociocracy for his company Endenburg Elektrotechniek BV (Oestereich &

Schröder). His sociocracy model was based on the ideas of the Dutch Kees Boeke who had founded a reform school in Utrecht called 'Werkplaats Kindergemeenschap' in 1926, where the daughters of the Dutch royal family went to school (Kees en Betty, n.d.). Boeke described his ideas in the book 'Redelijke ordening von de menschengemenschaap', where he mentions the principle of the consent based decision of the Quaker's (Oestereich & Schröder, 2017).

As Endenburg developed a model for his company he tried to eliminate top-down decisions and majority based decisions, as he found that they do not lead to the best solutions for problems and they leave involved people dissatisfied (Oestereich & Schröder, 2017, p.74). In the 1970s Endenburg developed and introduced his model sociacracy in his company Endenburg Elektrotechniek BV (Sociocracy Group., n.d.). In 1974 he founded the first Sociocratic Center which aims at developing and spreading the model. Today there exist sociocratic centers worldwide and schools and universities as well as organizations and companies are applying the model in Europe and the USA (Sociocracy Group., n.d.).

Basic concept

The sociocratic model replaces organizational hierarchies by circles. The organization has a general circle that has the function of a management board. Additionally, a top circle has the function of a supervisory board and decides on topics such as the appropriation of earnings. Under the top circle division circles are organized with different teams. The circles are double-linked by representatives from the larger circles and the sub-circles. Within a circle all members are equal, and employees can be members in several circles (Oestereich & Schröder, 2017).

Circles, consent, hierarchy

Based on Endenburg the four basic principles of sociocracy are the following (Soziokratie Zentrum Österreich, n.d.):

1. Principle of consent

   Consent as primary decision-making procedure

2. Circular organizational structure

   The organization is structured by hierarchical circles that can make decisions autonomously

3. Double-linking

   There is a double link between the circles, two people attend the meetings of both circles to enable communication between them

4. Sociocratic election

   The circles elect employees for tasks and roles such as the links based on the consent principle and with an open discussion.

Hereby, consent decision refers to the principle that a decision can only be made if no one in the group has a severe objection. The principle leads to a high acceptance of the final decision (Endenburg, G. & Buck, J.A., 2012, p.9).

Endenburg emphasizes that sociocracy is no basic democratic organizational structure, instead sociocracy modifies hierarchies. The most important is what the people in the circles make out of the flexibility that they gain out of sociocracy. In an interview with the German magazine brand eins Endenburg said: "Life is a dynamic process, but in our work environment we are confronted with inflexible models, conditioned to 'yes' and 'no', 'top' and 'bottom', dominated by computers, which are programmed the same way. There is a growing need for a system that promotes flexibility." (brand eins, 2009, para.15).

2.2.2 Holacracy as a guideline to self-management

Defintion

The term Holacracy comes from the old Greek words hólos for 'all' and –kratia for 'power'. You could also describe it as a distribution of power to all. Hence, the name expresses the basic concept which is "…governance (-cracy) of and by the organizational holarchy (hola-)" (Robertson, 2016, p. 39).

Development

Holacracy is a management system that is based on the sociocracy approach of Gerard Endenburg. Brian J. Robertson, a young entrepreneur in the American software industry, was searching for a social technology to change the structures of his software company Ternary Software. Consequently, he developed his own version of sociocracy and incorporated concepts of agile software development methods such as Scrum and Kanban (Bernstein et al., 2016). After introducing Holacracy in his own software company in 2007 he continued to further develop the concept. Based on the practical experiences he founded the consultancy HolacracyOne, which helps companies to implement Holacracy and published the Holacracy constitution which includes the basic rules and principles of the concept (HolacracyOne (b), 2017; HolacracyOne (c), 2017). Over 300 companies in the US have adopted Holacracy and the most prominent customer of HolacracyOne is Zappos, an Amazon-owned online shoe retailer ("Holawhat?", 2015, para.1, Helmore, 2015, para.1). In Germany the large logistics and railway corporation Deutsche Bahn is experimenting with Holacracy in two departments and introduced the principle of consent decision making in another department (Seifert, 2017, para.13). Just a few other mainly small sized companies have started to adopt the concept such as the Berlin based start-up soulbottle (Johanna, 2016).

Basic concept

HolacracyOne wants to provide a so-called operating system for purpose-driven and responsive companies (HolacracyOne (d), 2017). Robertson sees the underlying informal structures of hierarchical organizations as the source of problems such as a lack of motivation, bureaucracy, inefficiency, unclear decision processes and others (Holacracy, 2014). In consequence Holacracy adopts structures and processes that differ from the hierarchical structures that have dominated organizations in the last decades. "The main objective is to distribute authority throughout an organization" ("Holawhat?", 2015).

As the definition implies, the structure used in holacratic organizations is not based on hierarchies but on 'holarchies'. The term refers to Arthur Koestler who used it first in his book 'The Ghost in the Machine' in 1967. He defined a 'holon' as "a whole that is part of a larger whole" and a 'holarchy' as "the connections between holons" (as cited in Robertson, 2016, p. 38; Monarth, 2014, para.2). In his

book Koestler argues that the whole world is defined by different types of hierarchies relating to language, music, chemistry and biology (as cited in Brinsa, 2015, para.5).

According to Ethan Bernstein, a Harvard Business School Professor, "the philosophy is not to erase hierarchies entirely but to allow companies to form hierarchies organically (…)" (Helmore, 2015, para.6). To illustrate what a holarchy is, Robertson uses the example of cells in a body that form organs, which are a part of the body (2015, p. 38). It means that the company works as a system that is constantly changing and adapting. As a result, Robertson understands Holacracy as an operating system for organizations.
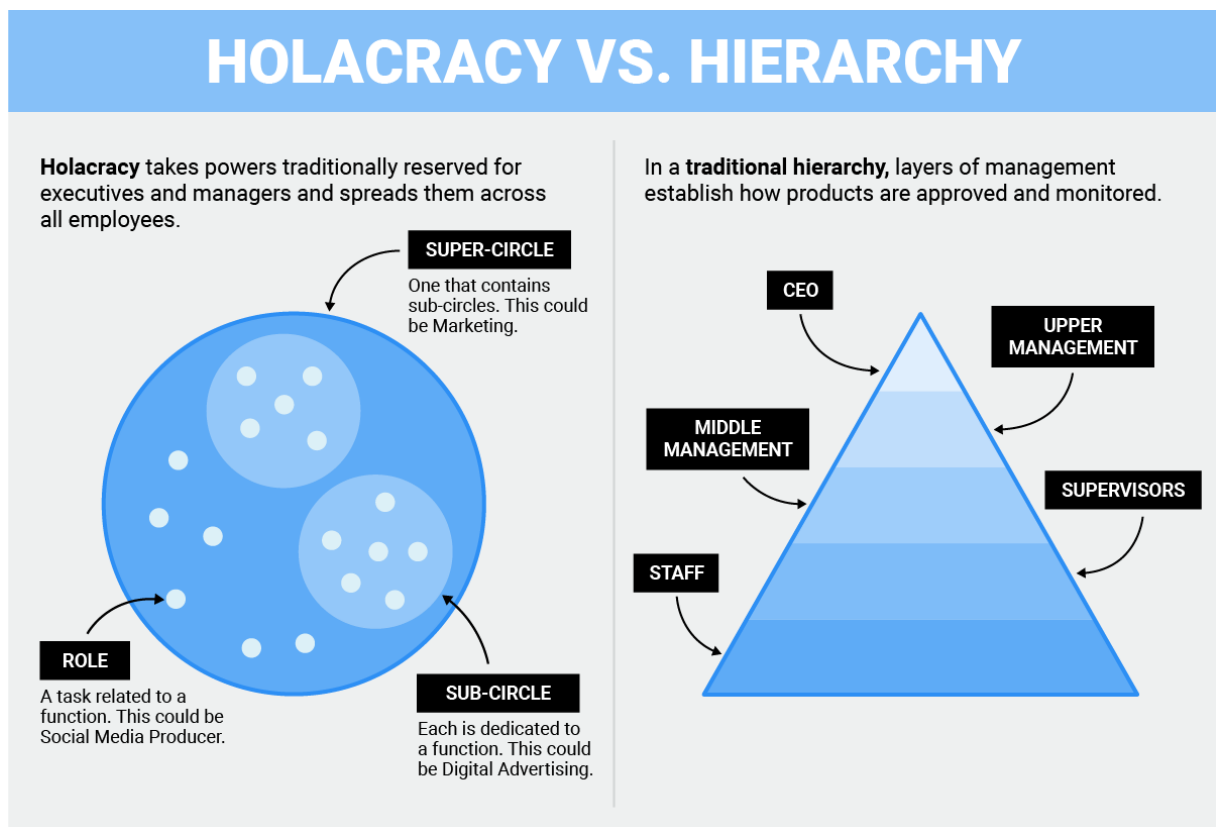
Figure 2. From „Holacracy vs. Hierarchy", S. Lee, 2016 (http://www.businessinsider.de/zappos-ceo-tony-hsieh-on-misconception-about-Holacracy-2016-2?r=US&IR=T). Copyright [Samantha Lee/Business Insider]

Constitution, Circles, Roles and Meetings

Holacracy works based on a comprehensive constitution that includes rules and principles of the organization. All employees and the management must adopt the constitution and the management thereby agrees to the redistribution of authority and power. This is an important step to create the base for the change process. As a result, the 'Anchor Circle' is defined, whether it is a whole organization or only a part of it (Robertson, 2016, pp. 151-153).

Traditional job descriptions are replaced by roles, as they often do not represent reality and quickly become outdated (HolacracyOne (d), n.d.). Each role includes different accountabilities to clarify expectations and authority for colleagues and other stakeholders. By introducing roles authority is decentralized and distributed to the employees. Every employee can change and fill in different roles and thereby bring in more of his skills (Robertson, 2016; Schermuly (a), 2016; Brinsa, 2015). As an example, a software developer that has experiences with looking after apprentices can also engage in a role that has these accountabilities in human resources.

When a role becomes too complex an additional role is created. Several roles then form a circle, such as roles that are concerned with accountabilities related to marketing. The circles create and govern themselves as they create, abolish and change roles constantly (Robertson, 2016; Schermuly (a), 2016). Decisions are made locally. This process characterizes the ongoing change and adaptation of the holacratic organization.

The sub-circles are part of the whole organization which is called the 'Anchor Circle'. To follow the mission and goals of the 'Anchor Circle' communication is very important. The communication from the 'Anchor Circle' is executed by roles called 'Lead links' that are sent to the sub-circles. To represent the sub-circles so-called 'Rep Links' are elected, by members of the sub-circle, to bring feedback from the frontline to the 'Anchor Circle' (see Figure 2, p.14). The objective is to make it a healthy environment for the sub-circle (Robertson, 2016, pp.49-50). The roles of the links could be perceived as a replacement of former hierarchical positions. The difference to hierarchical organizations is that the employee that fills in the 'link' role can always change. Roles are defined around the work and not the people. Hence, authority is truly distributed to teams and roles. The structures as well as the double-linking have been adapted from Endenburg's sociocracy.

All circles have their purpose and goals. The coordination works autonomously and is based on different types of meetings. Here the connection of Scrum to Holacracy is reflected. These three different meeting types are the most important:

1. Tactical meetings

   These meetings are held within the circles at the beginning of the week. In these meetings people provide updates of their projects and handle the operational challenges of the different roles. They agree on next steps and only operational topics of the circle are handled in these meetings. They follow a clearly pre-defined process that refers to Scrum-Meetings.

2. Issue-specific meetings

These meetings deal with specific issues that could not be solved in the tactical meetings. For these meetings only the roles that are concerned with the issue are assembled to bring in their expertise to solve the issue.

3. Governance meetings

These meetings are held every month up to every three months. In these meetings the organization's design and power distribution are handled. Governance issues that arise in tactical meetings are assigned to the next governance meeting.

(Hughes & Klein, 2015; Robertson, 2014, pp. 94-103)

Apart from the meeting processes there exists another major difference to the sociocracy model. HolacracyOne has developed and now provides a software called GlassFrog to facilitate the handling of processes, roles, responsibilities and projects.

2.2.2.1 Pitfalls

The implementation of Holacracy can be difficult in an existing organization. As one of the research objectives is to identify potential challenges during the implementation of self-management we will have a closer look at the identified fields of Robertson.

Distribution of power

When adopting Holacracy, the current leader needs to cede power and give the authority to the roles created in the organization. For many leaders, it is a large step to take. And with the new rules of Holacracy, the attempts of a former leader to still execute his former power become more obvious. Leaders must trust that the people in the organization will be capable of self-management and they need to obey the new rules just like everybody else (Robertson, 2016, p.167-168). One famous example of a CEO ceding power in the process of introducing self-management in Germany is Hermann Arnold, who was the CEO of Haufe-Umantis. The company develops software HR software and offers consultancy (Thurn, 2017). Nevertheless, they always have the option to drop Holacracy at any point.

Uncooperative executives

Every change in an organization is accompanied by some resistance. Sometimes the management layer underneath the CEO or the committed manager fights the switch to Holacracy. This usually requires constant reminders to stick to the new rules and power structure of the organization so that they become used to the change. But it can also happen that a critical mass will oppose the change to Holacracy and that the organization will move back to its former structure and management practices (Robertson, 2016, p. 169-170).

<u>Short stop</u>

When organizations fall back into old patterns of communication, meeting culture and power distribution, it hinders the implementation of the Holacracy approach in the organization. One example would be that although the new and defined meeting processes appear to change something in the organization, people do not own their roles and still refer to their former bosses. As a result, the former management still tries to execute its former authority. This way the organization appears to have introduced Holacracy, but does not internalize the new practices (Robertson, 2016, p. 170-171).

2.3 Characteristics of self-managed organizations

Theory and practice have shown that organizations that adopt self-management can choose different approaches. Despite their differences, Bernstein et al. (2016) have identified three characteristics of self-managed organizations. Furthermore, Laloux has identified common key elements in his research of the practical application of self-management in organizations (2014).

1. Teams form the structure

Like Robertson, Laloux found that self-managed organizations were distributing authority and accountability from the former management to self-managed teams that form the new organizational structure. Nevertheless, these team structures can be more varied than described in the Holacracy approach (see Appendix). In Holacracy they are called "circles", in podularity "pods" and in other organizations just "teams". These form the organization instead of hierarchical structures such as individuals, units, departments or divisions. The teams collectively define roles that are then assigned to individuals. In contrast to hierarchical organizations, these organizations adjust their structure constantly according to perceived changes in their environment. Teams change or are created when new roles and tasks arise (Bernstein et al., 2016). In addition, many organizations move a lot of tasks from staff functions to the self-managed teams. This can immensely reduce the size or accountabilities of staff functions like human resources or even eliminate them (Laloux, 2014, pp. 65-73).

2. Teams design and govern themselves

If self-management is applied in teams of a company, the teams usually still operate within the hierarchical structures of the overall organization. One example is innovation teams that are linked to large companies and operate their daily business separately, but are still part of the corporation's structure and need to report to the corporations' management. In contrast, holacratic organizations create a constitution which contains rules on how circles are to be created, changed and removed. Hence, the circles do not only apply self-management, but they also design and govern themselves. These circles build a different organizational structure instead of being applied on top of existing hierarchies. They also constantly change according to the organizations needs and challenges.

3. Leadership is contextual

In self-managed organizations leadership is not assigned to individuals but to roles. Hence, leadership in these organizations constantly changes depending on the current work, projects and the assignment of roles to employees. Roles are also created when new tasks arise, or the workload becomes too heavy for employees. This means that every employee can be highly responsible and lead a project without being bound to a job description or promotion. (pp. 43-44)

<u>Link alternatives</u>

In Holacracy double-linking between circles is used to communicate and to exchange knowledge. Laloux identified some more options of how companies handle knowledge exchange and coordination between teams. In manufacturing, each manufacturing teams sends on member to a regular cross team meeting where the workload is discussed and afterwards workers can volunteer to switch teams for production peaks (Laloux, 2014, p. 77). When new challenges arise that overstretch several teams, the teams self-nominate temporary project teams. In addition, a consulting function for several teams may be needed. This can be covered by a role that provides consultancy but does not have the authority to impose decisions on the teams. Nevertheless, this role can collect and share best practices from within or outside the company to help teams to make better decisions (Laloux, 2014, p. 78). These options show that links or link alternatives not only facilitate communication and the distribution of power, they also support knowledge sharing and the distribution of work.

<u>Decision making</u>

As with the Holacracy approach, Laloux found that decision making in self-managing organizations does not work by consensus. The reason is that to achieve consensus endless discussions arise. In addition, nobody really feels responsible for the final decision. To avoid this situation, self-managing organizations have developed various decision-making processes that are based on the advice process. They allow the decision-maker to keep the ownership of the decision while enabling him or her to include relevant feedback into it (Laloux, 2014, pp. 102-103). These decision processes complement decision processes like the consent principle of Endenburg.

<u>Trust versus control</u>

Another important aspect of self-managing organizations is that they function based on trust between individuals. In hierarchical structures management layers are often used to execute control over employees. This implicates a lack of trust in the abilities and intentions of the workforce. Further examples implying a lack of trust are the use of time clocks to check working hours or the locking of production materials and tools to prevent theft. The switch to self-management is based on a culture of trust in the organization and is often rewarded with high engagement of the employees (Laloux, 2014, pp. 80-83).

2.4   Necessary conditions to implement self-management

While Robertson describes practical steps on how to implement self-management in an existing organization in terms of structure and processes, Laloux also covers necessary conditions for the change and approaches differing from Robertson's Holacracy (2014).

Psychological ownership

Freedom to self-manage comes with responsibility and the employees need to be willing to assume that responsibility. They need to understand the organization's purpose to see a purpose in their own work and to become committed emotionally. When introducing self-management, people need to trust the leaders to make the right choice to implement self-management (Laloux, 2014, pp. 269-272).

Middle and senior management

Changes in organizations are often seen as a threat. Especially those that hold the power will be likely to oppose the changes, as they will have to cede their former power and find a new role within the organization. How to deal with the different hierarchical layers of an organization is one of the most challenging aspects when switching to self-management (Laloux, 2014). To overcome resistance, many organizations that have introduced self-management practices, such as Zappos or AES, have offered a severance package to those who were not able to find a suitable role or who did not approve of the change to self-management. In the case of Zappos, the CEO Tony Hsieh defends Holacracy arguing that 82% of the employees did not choose to take the severance package. He thinks that most of the employees did leave to pursue other projects (Ferenstein, 2016).

Redesign

Redesigning the structure of the organization is another key element of the change to self-management. Organizations need to decide which structure suits best their needs. Laloux identifies different approaches for introducing self-management. One option is simply to abolish control mechanisms or staff functions to enable people to self-manage in the resulting creative chaos. In this case a high psychological ownership of people over their work is beneficial, since they would not want to let anybody down (Laloux, 2014, p. 275).

The second option is to invite people to be part of the redesign process in the organization. This way you can include people's experience and knowledge about the organization. In addition, external facilitators such as coaches can help to support the change process. An important aspect is that people need clarity about their future prospects in advance of the process since their former jobs will disappear and be replaced by roles (Laloux, 2014, pp. 275-276).

The third option is to define a clear switch day and to use an existing template like Holacracy, which includes a clear new structure and practices that can be adopted. In the case of Holacracy, coaches can

be booked that help to introduce the new "operating system". But there are also other organizations that have adopted self-management and offer an insight into their practices, for example, the "Self-Management Institute" of Morning Star. But organizations can also create and use their own internal template. (Laloux, 2014. pp. 276-277) Furthermore, a lot of knowledge and best practices are shared on internet platforms and at events around the topics of self-management and teal organizations.

3 Methodology

3.1 Research Approach

For this research, an inductive research approach was combined with a deductive research approach. This combination of approaches was justified by the fact that a theoretical framework has already been created by Robertson and Laloux. The combination of a deductive and inductive approach is also suggested by Saunders, Lewis and Thornhill (2009), "…not only is it perfectly possible to combine deduction and induction within the same piece of research, but also in our experience it is often advantageous to do so" (p.127). The theoretical framework was used to support the coding of the qualitative data collected, and also as a basis for explaining the self-management approach introduced into the team or organizations of the companies studied.

Since the literature on experiences of employees working in companies with self-management is scarce, an inductive approach was chosen to answer the research questions. The aim was to build theory based on the data analysis instead of testing theory or hypothesis. This approach has the benefit of enabling the researcher to discover new patterns and to adapt the theory based on discoveries made during the process of data collection and analysis (Saunders et al., 2009).

Furthermore, the study is of an exploratory nature as it aims at finding out "what is happening; to seek new insights; to ask questions and to assess phenomena in a new light" (Robson, 2002, p.59). The advantage is that this type of research is "flexible and adaptable to change" (Saunders et al., 2009, p.140).

3.2 Research design

3.2.1 Strategy

The chosen research strategy is the case study. This is one of the most recommended research strategies for exploratory research (Saunders et al., 2009, p. 146) or when theoretical knowledge is limited (Siggelkow, 2007). According to Morris & Wood the case study strategy enables the researcher "to gain a rich understanding of the context of the research and the processes being enacted" (as cited in Saunders et al., 2009, p.146).

This study uses a multiple case study approach to compare employees' experiences with the change process to self-management in different organizations. Yin (2003) argues that multiple case studies are preferable over single case studies. They enable the researcher to compare whether findings from the first case also occur in other cases. Hence multiple case studies offer the opportunity to generalize from the findings in the first case (Saunders et al., 2009, pp. 146-147).

In case studies triangulation is often used and it means that different data collection techniques are used within one study to ensure that the data can be classified in a better way (Saunders et al., 2009, p. 146). Triangulation was also used for this research by combining different qualitative methods of data

collection. Hence, as explained by Saunders et al. (2009) the study is a multi-method qualitative study in which qualitative research methods are combined. It combines semi-structured interviews with the collection and analysis of documents such as articles about the organizations, a constitution or the corporate website.

3.2.2 Selection & sample

For the case studies matching organizations or teams needed to be found. I was already in contact with a non-profit organization in Berlin that had introduced self-management in 2015 and they were the first ones I contacted to conduct interviews. In addition, I searched for further companies that had introduced self-management and contacted 15 companies for additional cases. The selection criteria were:

1. Change to self-management in a team or the organization within the last two years

2. The change to self-management must have taken place more than eleven month ago

These criteria were chosen because the new self-management approach needs time to become established and the employees need to have experienced the change for a long enough period.

In total ten interviews were conducted with two organizations. The first one was the German non-profit organization gut.org. This organization combines three business units, one of which is the social fundraising platform called betterplace.org. The company provides the platform and knowledge for social projects to raise funds for their cause. The second business unit is betterplace solutions which is a consultancy that provides support to companies for their social engagement. In 2010 the organization added a third unit, a research team called betterplace lab (Jahresbericht 2015, 2015, p. 11). This team consists of 13 employees who work on the question of how digital technologies can be best used for social purposes (betterplace lab (d), 2017). They approach the topic with studies, analysis, research trips and events (betterplace lab (d), 2017). In 2015, they changed their team-management approach to a self-management approach based on the book "Reinventing Organizations" by Frédéric Laloux (2014). They also worked with an external coach.

Of the contacted organizations for further cases one agreed to participate in qualitative interviews. These interviews were the base for the second case.

The second five interviews were conducted with employees of the German company Traum-Ferienwohnungen GmbH. This company was founded in 2001 and provides a platform for renting out vacation homes worldwide. In 2016, it was bought by the @Leisure Group, which since 2015 has been owned mainly by the digital media corporation Axel Springer SE with a 51% share (Axel Springer SE (a), 2016). In 2013 the Axel Springer media corporation declared its goal to become the leading digital publisher (Axel Springer SE (b), 2013). As Traum-Ferienwohnungen had switched to a self-management approach, the internal Axel Springer magazine inside:mag featured an interview with the

two founders of this internet platform. The interview shows that new management approaches are also gaining awareness in knowledge based companies such as the Axel Springer SE.

After growing from a team of two founders to 70 employees the management of Traum-Ferienwohnungen decided to change the management approach. To carry out this change process, they worked together with an elected delegation of their employees and an external consultant. The result was a self-management approach influenced by their challenges and needs.

These two organizations introduced self-management either at the team level or at the organizational level. They also practiced self-management for more than one year.

3.2.3 Measurement

A feature of case study research is the use of various sources of evidence (Benbasat, Goldstein & Mead, 1987; Eisenhardt, 1989; Yin, 1994). According to Yin (1994) six sources of evidence can be used documents, interviews, direct observations, participant observation, archival records, and physical artifacts. In addition, Benbasat, Goldstein & Mead (1987, p.374) point out the importance of using complementary evidence to assemble rich data and in this way capture the contextual complexity of the issue. Consequently, the data collection was divided into four stages:

1. **Stage: Literature review**

To gain a deeper understanding of the topic of self-management a literature review was conducted to develop a profound understanding of the evolution of self-management and existing forms of self-management. This review served as the foundation of the research. Databases such as *Web of Science*, *ScienceDirect* and *Google Scholar* were used. The research provided an overview of the existing academic work and research gaps on the topic. It also enabled an understanding of the different forms of and the approaches to self-management and provided a basis for understanding the experiences described by the employees described in the semi-structured interviews.

2. **Stage: Secondary sources**

As many organizations approach the change to self-management in their own way findings from academic literature were complemented by information on practical developments derived from business magazines and internet sources. As part of a broad literature review, two current publications, Brian J. Robertson's *Holacracy the revolutionary management that abolishes hierarchy* and Frédéric Laloux's *Reinventing organizations* were studied in detail. Both give insights into current self-management practices and describe approaches on how to introduce self-management and topics that can be relevant when introducing self-management.

3. Stage: Gathering information on organizations

To identify potential organizations for additional cases relevant information was gathered through Google. The search was conducted in German and in English. During the process, social media initiatives were identified in Meetup and facebook. They included groups that practice and discuss self-management approaches such as Holacracy or the approaches presented by Laloux. This research provided the contact to further organizations that practice self-management.

To prepare for stage four, information on the organizations that agreed to participate in the semi-structured interviews was collected. Sources of this information were:

- Corporate websites and corporate publications

- Annual reports

- Press releases, articles and blog posts

4. Stage: Primary data collection

To obtain an insight into the employees' experiences with self-management semi-structured interviews were conducted.

According to Saunders et al. (2009), semi-structured interviews contain a set of pre-defined questions regarding the research objectives. To answer the research question sufficiently new questions or the sequence of questions can be adjusted depending on the progress of the interview (Saunders et al., 2009). This ensures a flexibility and openness that allows respondents to answer in their own words. Moreover, semi-structured interviews are beneficial for collecting different experiences, emotions, and opinions. This approach is often used in the context of qualitative research as it paves the way for exploring with the respondents of the organizations all aspects mentioned in the literature (Longhurst, 2010).

3.2.4 Data collection

First data was collected on the websites of the organizations. Additionally, information published in magazines or on the corporate website were used to gain an impression of the change process and self-management approach used in the organizations. Further publications such as an organization's constitution were used to add to the data derived from the conducted qualitative interviews.

The main data was collected by conducting ten semi-structured interviews with employees of two organizations. Five interviews were conducted in each organization. The interviews were conducted on a one-to-one basis. Five of them were personal meetings that took place in meeting rooms of the first

organization or in other locations suggested by the interviewee. The other five interviews were telephone interviews, scheduled according to the preference of the interviewee.

The duration of the interviews was intended to be between 30 and 60 minutes, but it varied because although in every interview predefined questions were asked, new ones were added or emerged during the interview, as recommended by Saunders et al. (2009). All interviews were audio-recorded, with the permission of the interviewee, to facilitate the transcription for the final analysis.

The objective of the interviews was to collect two sets of qualitative data. The first set reflected the experiences of the first organization with the change process to self-management and the second set of data the experiences of the second organization with their change process to self-management.

3.3   Data analysis

The data collected from the online or print sources was analysed to shape the basis for the interviews and for use as additional information to the interview data. The data derived from the ten interviews was prepared for analysis by transcribing the audio records of the interviews. It was made anonymous by assigning synonyms to every interview.

Qualitative data is "based on meanings expressed through words; its collection results in non-standardized data requiring classification into categories; and analysis is conducted through the use of conceptualization" (Saunders et al., 2009, p. 482). Furthermore, Boeije (2010) specifies that the outputs of qualitative collection techniques result in detailed and unstructured data. Hence, in the analysis phase, the researcher needs to divide the data into pieces and reassemble them again into a coherent whole (Boeije, 2010, p.76).

To conceptualize the collected data an inductive approach was used. This approach is used if there is no clearly defined theoretical framework as it is the case when introducing self-management. The data is analysed with the aim of identifying relationships (Saunders et al., 2009).

To analyse the collected data the interview transcripts were transferred to the qualitative data analysis software atlas.ti 8. To conceptualize the data, in order to meet the research objectives, it was categorized. Codes were used to group the data and to create a structure for further analysis, as suggested by Saunders et al. (2009, p.492). Strauss and Corbin (2008, as cited in Saunders et al., p.493) suggested using terms that emerge from the data or actual terms used by the participants as well as terms found in existing theory and literature. First, all interviews were read several times to identify the main categories for coding and notes were taken in the process. The six categories chosen for the data conceptualization were based on the interview topics and the relevant topics for the research questions. The coding with atlas.ti started based on these six categories (see Table 1).

The basic categories *Starting point*, *Structures*, *Processes* and *Conflicts* were created to provide information on the change process to self-management and current situation of the two cases. They also provided a basis for identifying some of the key topics when switching to self-management, in order to answer research questions 1. and 4..

The initial categories *Benefits* and *Challenges* were created to provide information for the research questions 2.,3.,5. and 6. (see Table 1).

Table 1. Basic coding categories

Basic categories coding: 6
Starting Point
Benefits
Challenges
Structures
Processes
Conflicts

In the process of analysing the data further sub-categories emerged as some categories appeared to be too broad for further analysis as recommended by Miles and Huberman (1994, as cited in Saunders et al., p. 495).

In the coding process, 47 sub-categories emerged from the six initial categories (see Table 2).

Table 2. Derived coding categories

All categories with sub categories: 47					
1: Processes		**2: Challenges**		**3: Benefits**	
Sub-categories	Number of citations	Sub-categories	Number of citations	Sub-categories	Number of citations
Processes payment	35	Challenges structures and processes	32	Benefits self organization	32
Processes ongoing change	18	Challenges responsibility	22	Benefits team	22
Processes project management	16	Challenges complexity	15	Benefits responsibility	18
Processes introduction self-management	14	Challenges wish for guidance	13	Benefits whole personality	13
Processes decision making	14	Challenges payment	8	Benefits free choices	11
Processes feedback	9	Challenges meetings	8	Benefits freedom	10
Processes role of code of conduct	5	Challenges feedback	7	Benefits feedback	8
Processes onboarding	4	Challenges social entrepreneur	5	Benefits social entrepreneur	7
Processes external coaching	4	Challenges work load	4	Benefits economically profitable	4
Processes hiring	3	Challenges too much definition of processes	3		
Processes conflicts	2	Challenges personality	2		
Processes meetings	2				
Processes introduction constitution	1				
4: Structures		**5: Conflicts**		**6: Starting Point**	
Sub-categories	Number of citations	Sub-categories	Number of citations	Sub-categories	Number of citations
Structures roles	15	Conflicts process	9	Starting Point	27
Structures team	8	Conflicts resolution	8	Starting Point goals	3
Structures organization	8	Conflicts structures	7		
Structures code of conduct	6	Conflicts perception	7		
Structures supporting roles	3	Conflicts small and ongoing	2		
Structures links	3				
Structures entrepreneurs	2				

These sub-categories were then analysed based on the research questions. To answer the research questions the qualitative data was quantified (see Table 3). The number of citations in the subcategories was counted separately for both cases. The aim was to identify which topics were mentioned most often in the interviews. The top three topics are then presented and discussed in the results section. This is the suggested approach when the aim is to identify the frequency of events (Saunders et al., p.497).

Table 3. Key topics introduction of self-management

Betterplace lab	number of citations	Traum-Ferienwohnungen	number of citations
1 Processes payment	19	Benefits self-organization	17
2 Challenges structures and processes	19	Processes payment	16
3 Benefits self-organization	14	Challenges structures and processes	13

To answer the research questions on benefits and challenges of the change to self-management, the citations in the sub-categories *Benefits* and *Challenges* were counted separately for each case (see Tables 4-7). The number of citations indicated which four topics were the most relevant, and those of the four main sub-categories were chosen since the number of mentions declined with the subsequent sub-categories of the list.

Table 4. Betterplace lab main benefits of changing to self-management

Betterplace lab Benefits	number of citations
1 Benefits self organization	14
2 Benefits freedom/ free choices	14
3 Benefits team	12
4 Benefits responsibility	6

Table 5. Betterplace lab main challenges of changing to self-management

Betterplace lab Challenges	number of citations
1 Challenges structures&processes	18
2 Challenges responsibility	13
3 Challenges complexity	10
4 Challenges meetings	8

Table 6. Traum-Ferienwohnungen main benefits of changing to self-management

Traum-Ferienwohnungen Benefits	number of citations
1 Benefits self organization	17
2 Benefits responsibility	12
3 Benefits team	10
4 Benefits whole personality	8

Table 7. Traum-Ferienwohnungen main challenges of changing to self-management

Traum-Ferienwohnungen Challenges	number of citations
1 Challenges structures&processes	14
2 Challenges responsibility	9
3 Challenges wish for guidance	7
4 Challenges complexity	5

Finally, the two cases were compared in a cross-case analysis to answer the research questions 4., 5. and 6.. For this the data of the betterplace lab provided information on the change to a self-management approach at the team level and the data of the portal traumferienwohnungen.de on the change to self-management at the level of a whole organization. The cross-case analysis was based on the comparison of the findings in the analysis of the sub-categories of the research objectives one and two (see Table 8-10).

Table 8. Common key topics of introducing self-management (1)

Common key topics
Processes payment
Challenges structures and processes
Benefits self-organization

Table 9. Common and differing main benefits of introducing self-management (1)

Benefits

Similar sub-categories
Benefits self-organization
Benefits responsibility
Benefits team

Organization	Differing sub-categories
Betterplace lab	Benefits freedom/ free choices
Traum-Ferienwohnungen	Benefits whole personality

Table 10. Common and differing main challenges of introducing self-management (1)

Challenges

Similar sub-categories
Challenges structures&processes
Challenges responsibility
Challenges complexity

Organization	Differing sub-categories
Betterplace lab	Challenges meetings
Traum-Ferienwohnungen	Challenges wish for guidance

3.4 Reliability and validity

Concerning the reliability of research Robson has identified four threats (2002). The first one is the subject or participant error. This pertains to the timing chosen to conduct the interviews, as participants can be in different moods to answer questions depending on when the interview takes place. This aspect was controlled by the fact that all interviewees were free to choose a time for the interview that fit into their schedule.

The second threat is subject or participant bias. This refers to the possibility that respondents answer according to their employers or bosses' preferences. According to Robson (2002), it can occur especially in organizations characterized by an authoritarian management style or by low job security. This threat

was taken into consideration by assuring the respondents of the anonymity of the interview results before the interviews were conducted. Furthermore, the interviewees were working in an environment where authority of superiors had been reduced, and hierarchies changed. During the interviews, the participants spoke very openly about shortcomings and disadvantages as well as arising conflicts when self-management was introduced and during its practice. Several conflictual issues were mentioned by interviewees in more than one interview independent of each other. This further shows that the setting of the research created an atmosphere in which interviewees felt comfortable communicating their own experiences and expressing their opinions.

The third threat is observer error, which can refer to the way questions are asked during the interviews. This threat was reduced by conducting the interviews based on predefined questions. However, due to the choice of the method of semi-structured interviews, the interviewees had the opportunity to answer broadly to questions and to expand on topics and experiences that seemed relevant to them. To reduce the possibility of questions being asked in a different way, the interviews were always conducted by the same interviewer.

The last threat is observer bias, which means that expectation of the observer can consciously or unconsciously prejudice the interpretation of the replies.

This threat was reduced by creating a clear framework for the data collection by always asking the same initial set of questions and setting a predefined time frame for the interviews. Furthermore, additional information about the organizations and practices from sources like the organizations websites, annual reports or magazine articles were used to enrich the data and to help to place obtained information into context.

Saunders at al. (2009) also state that the external validity needs to be considered. This relates to the question of to what extent the research results are generalizable. This can be a concern especially when conducting case study research in a small number of organizations. It was not the purpose of this research to provide generalizable data and findings.

3.5   Ethics

The participation in the semi-structured interviews was a free choice for all participants. All the participants were informed about the intended use of the content of the interviews and agreed to it at the beginning of their interview. The interviewees were also informed about the background of the researcher. The interviews were recorded and transcribed in preparation for analysis. All the interviews were conducted in a one-to-one setting and the anonymity of the participants was guaranteed by not using their name in the final analysis, but by assigning synonyms to all the interview transcripts.

4   <u>Research results</u>

Two cases, as included in this study, are not enough to derive generalizations about other organizations that introduce self-management. Nonetheless, similarities and differences were found between the cases by coding the interviews. This approach provides illustrative examples of the employees' experiences with self-management in their work environment. The study can provide useful contextual knowledge concerning teams and organizations that introduce self-management.

Each case is presented briefly to provide an overview of the most important background information on the organizations and their change to self-management. The overviews are based on information from the interviews and publicly available information on the organizations to enrich the data. The descriptions of the cases include information on the organization in general as well as the starting points before the introduction of self-management as well as information on the relevant structures and processes that were introduced with the self-management approach.

To answer the research questions, the most important topics that arise when switching to self-management as well as the main identified benefits and challenges for each organization have been included in this chapter. They are presented with exemplary quotations from the interviews as well as a contextual description of the essence of all the interviews. The quotations are given without any specific details about the interviewees to guarantee their anonymity.

The identified key topics were discussed after covering the benefits and challenges for each case, as they included some of the main benefits and challenges. For the comparison of the introduction of self-management on a team and organizational level a cross-case analyses has been conducted, comparing the findings from the main topics, benefits and challenges for each of the cases.

All citations in the results section have been translated by the author.

4.1 **Betterplace Lab**

The organization:

The betterplace lab is part of the gut.org gAG. Gut.org gAG provides the platform and knowledge for social projects to raise funds for their cause and incorporates Germanys largest donation platform for social projects, which is called betterplace.org. It also includes a consultancy called betterplace Solutions which supports companies with their social engagement. The third part of the organization is the betterplace lab, which researches how digital technologies can be used for social purposes (Betterplace lab (d), 2017) They approach the topic with studies, analysis, research trips and events (Betterplace lab (d), 2017). The betterplace lab was founded in 2007 and consists of 13 team members.

Starting point:

In 2015 the team decided to introduce self-management because the former boss wanted to take a step back and become part of the team. The team was already operating with a low hierarchical structure and a high degree of communication between the team members. They were looking for a way to introduce self-management based on their needs. To make this change, they mainly based their new approach on concepts presented in the book "Reinventing organizations" by Frédéric Laloux (2014) and hired an external coach to facilitate the change process.

To kick off the change, they all read the book and decided on the first steps to change in a week-long workshop. Back at the office, they had regular meetings to accompany the process of changing structures and processes:

"In the initial phase it was necessary to define many things. "

As a base, they created a constitution which is freely accessible on the organizations website:

"A year ago, we explicitly expressed it in the form of a set of rules that we created. But we have always worked relatively hierarchy free."

Structures:

The betterplace lab works as a self-managed team within the gut.org g AG. They see themselves as an organization with its own goals, budget and business success. The team consists of 13 people with no manager. All team members can work on projects according to their competencies and experience. They call it competency based hierarchy where everyone is responsible for his or her actions (Betterplace lab (e), 2017)

As the new structure, roles have been introduced that incorporate the main tasks. The most important roles are the project managers, the project employee and the various 'Überblicker' who are people that oversee important topics for the whole team. These people are concerned with the following topics:

finances, team, strategy, public communications, content, IT. In addition, some of these roles form a link to the whole organization as well as to external stakeholders. The roles are evaluated every year and assigned to another team member if necessary (Betterplace lab (e), 2017):

"That is why the processes need to be well coordinated and they need to work independently of the individuals. There exist roles, but they can be filled by different people."

Processes:

The first processes that were introduced were processes for decision making, project management, conflict resolution, payment and human resource management (Betterplace lab (e), 2017).

Autonomous decisions are made daily. For certain major decisions consultancy must be used or the decision needs to be made by the whole team (Betterplace lab (e), 2017).

The Project management is based mainly on competencies:

„Well the criteria are: competency, capacity and interest. Who meets most of these criteria will get the project."

The conflict resolution process is based on several escalation levels:

„And there are different constitution clauses that will be applied if we encounter a situation where we need to come to a decision, for example hire someone, to dismiss someone or to solve a conflict between team members. That is where the decision by consensus is applied."

The process has rarely been used as the team has good communication practices.

One of the most recent introduced processes is the payment process:

„We define our salaries all together. So, we all say what we want to earn and then the team says 'yeah, that's ok or its not'. We did that last year for the first time and it was a relatively harmonious process."

The whole HR process has been defined in the constitution, from the job advertisement to the termination of a position to training:

„ (…) it also helps with personal development, because we pay attention to recruiting really good people – and not just good for task x – but with potential for the whole organization."

4.1.1 Identified Benefits and Challenges of the change to self-management

One research goal was to identify the main benefits for employees in the change to a self-management approach. The following benefits have been mentioned the most by the five interviewees of the betterplace lab (see Table 1).

Table 11. Betterplace lab overview main benefits

Betterplace lab Benefits	
1	Benefits self organization
2	Benefits freedom/ free choices
3	Benefits team
4	Benefits responsibility

4.1.1.1 Benefits self-organization

An often-perceived benefit of self-organization was the opportunity to develop the personality and skill set in the current work environment:

„I have definitely learned a lot and absolutely expanded my range of skills (…) "

Another important aspect was the cooperation and flexibility within the team, that develops with self-organization:

„ (…) We basically have the attitude to stand in for each other or to just find another solution (…). "

The team members of the betterplace lab also considered the transparency of everyone's work and the sharing of data to be another benefit of self-organization as they share all information via their IT systems:

„Everyone can access everything. Nothing is confidential. "

4.1.1.2 Benefits freedom/ free choices

The categories *benefits freedom* and *benefits free choices* have been merged as they covered similar aspects. Together the *benefit of freedom and free choices* was mentioned as many times as the *benefits of self-organization*.

The interviewees considered their freedom and free choices in the betteplace lab to be an important aspect of motivation and contentment:

„It is a completely different concept of work. We work here – and I can definitely speak for everyone – not because we earn so much money, but because we believe in what we do and how we do it and we try to work economically so that we can pay ourselves a good salary. "

They also mentioned the freedom to choose roles and projects that they are really interested in:

„I can see that we actually have endless freedom. "

4.1.1.3 Benefits team

The second most often mentioned benefit concerned the benefit of working in a team. The structure of the team enables it to develop further as a team:

„We approach each other very individually and we know the strengths and weaknesses of everyone, we try to develop further together."

Furthermore, the team structure and their feedback to each other presented a motivation and reward beyond the wage:

„ (...) I feel more appreciation than what I get as a salary, I think that's the case for everyone. "

The team members also noticed that the thinking of all members had changed. They had acquired a more holistic perspective towards their work:

„ What the difference to my work before is, that everyone does not only take his responsibilities into account, but everyone looks beyond that and includes the team view – the lab – as a responsibility in his thinking.

4.1.1.4 Benefits responsibility

Another perceived benefit is the fact that the team members have more responsibility in their roles and the opportunity to take responsibility for new projects that they want to carry out:

„Simply because there is more freedom, more opportunities for development, but also more responsibility and opportunities to take responsibility. "

„So far it works well for us. The people appreciate the responsibility that they have. "

The research has shown that the experienced benefits of self-organization were opportunities for personal development and a cooperative work atmosphere that is supported by transparency. The members of the betterplace lab have also experimented with the use of Robertson's software GlassFrog. Equally important were the benefits of freedom and free choices in connection with the choice of roles and projects executed by the team members. They contributed to employee motivation and contentment. The team members also valued the development of the whole team over time. In addition, the team composition and the feedback culture contributed to a beneficial work environment. Furthermore, the change to self-management initiated a change of mindset.

This change of mindset was also observed in Endenburgs company Endenburg Elektrotechniek. When the company struggled in the 1970s and was threatened by job reductions. Employee's suggested to look

for new business opportunities and attracted new business to rescue their jobs. This turnaround attracted the attention of companies such as Philips, Shell and NASA, which seeked out for consultancy of Endenburg (brand eins, 2009).

In the case of the betterplace lab people tried to incorporate the perspective on the whole betterplace lab into their daily thinking. Finally, the possibilities of taking more responsibility for projects and choosing the role within the team were appreciated.

The analysis of the four categories that included the most important benefits from the change to self-management in the case of the betterplace lab showed that the topics that were perceived as beneficial by employees when changing to self-management blend into each other.

Based on the benefits of the introduction of self-management observed and described above, the following propositions can be made.

Self-management:

- has a positive impact on the development of personal skills

- has a positive impact on the development of the whole team

- enhances the holistic thinking of team members

- offers motivational incentives that go beyond salary incentives

- enables people to take on responsibility that matches their skills, interests and learning goals

As this research was based on one team that introduced self-management, additional research is needed to further test the propositions.

One research goal was to identify the main challenges for employees in the change to a self-management approach. The following challenges have been mentioned the most by the five interviewees of the betterplace lab (see Table12).

Table 12. Betterplace lab overview main challenges

Betterplace lab Challenges	
1	Challenges structures&processes
2	Challenges responsibility
3	Challenges complexity
4	Challenges meetings

4.1.1.5 Challenges structures and processes

One of the main challenges was the changes to new structures and processes with the self-management approach. One aspect was the development and introduction of a constitution that outlined the main structures, processes and the rules to be followed by the members of the betterplace lab. They realized that this constitution could only serve as a basis for working together:

„You cannot write down a rulebook that covers all situations that could come up. "

Another challenge was to definition new processes for the everyday work, while having to adopt new ways of communication:

„Yes, we are currently learning about some project-management and documentation (…). But for me the soft skills concerning communication are more important. That is what we had to work on a lot. How you provide constructive criticism, how you discuss conflictual issues and other topics."

Many interviewees also perceived the change of structures and processes and the associated meetings as very time consuming:

„I am frustrated how much time it still takes. We are still very preoccupied with ourselves, have these meetings on how we want to work together."

„Hence, I would like to have a say, but not in everything. I want to take responsibility or to participate in topics that are important to me. But not everything."

4.1.1.6 Challenges responsibility

Even though responsibility was seen as a benefit, it was also considered as a challenge by the team members. One aspect was the amount of responsibility involved as the role of a leader is abolished by the introduction of self-management:

„Of course, it is exhausting, because you don't have the boss where you can pass on the responsibility (…)."

Another aspect was that besides the responsibility for a role and projects, team members needed to think beyond their own duties:

„And then everyone is responsible for the whole. Everyone should think about 'Are we doing financially ok?' 'Do we have enough projects?' 'How is the atmosphere in the team?'. "

4.1.1.7 Challenges complexity

The complexity of the new processes was perceived as a challenge. The team members mentioned that they were involved in too many processes and things had become more complex:

„That everyone is somehow involved in everything. We managed to improve it, but I think it's a challenge that you should not underestimate, and people are rather confused by it."

„Basically, it is more difficult, it has become more complex."

Some interviewees expressed their frustration concerning the complex ongoing change process:

„Or hire someone who defines the boundaries. I am not motivated to do that, and I do not want to talk about 'who will do it?' for an hour. It is time consuming and nerve-racking. And if you are not as enthusiastic it can be tiring."

4.1.1.8 Challenges meetings

The betterplace lab uses monthly meetings to define structures and processes and weekly meetings for the exchange of information and to seek support:

„Right, just getting all the information it's too much. And we wanted to change that model, that every project manager talks about every project. Here distributing responsibility also plays a role. We trust the project managers to be capable of leading their projects. And if there are topics that need the input of the team or topics that escalated you take them to the team meeting."

Sticking to lean meeting processes is still perceived as a challenge:

„We were very strict with the meetings. It worked for a while, but somehow, we often move back to a vague update 'I am telling you what is going on'. That is a pity, it should be precise and goal oriented. I am mentioning a topic when I need support. That is how it should be. "

„As I said we could skip a lot in our meetings. The whole internal communication could be leaner."

The study has shown that challenges experienced in a team concern the changing structures and processes when switching to a self-management approach. The development of a constitution cannot represent reality in all of its facets. In addition, many processes need to be defined when switching to self-management, and adopting suitable communication skills is a key aspect of the change process. The whole change process was perceived as very time consuming and long lasting. While responsibility was seen as a benefit, it also came with challenges. These were the lack of someone to delegate responsibility to, as everyone is responsible for his or her actions and projects and there is no team manager that takes final decisions. It was also seen as a challenge to define new processes and to follow them consistently. Finally, the ongoing meetings are still a challenge for some team members because they perceive them as very time-consuming as they tend to fall back into old patterns of meeting processes. The threat to fall back into old patterns also reflects one of Robertson's identified pitfalls when adopting an approach such as Holacracy (2015).

The analysis of the four categories that included the most important challenges from the change to self-management in the case of the betterplace lab showed that the topics that are perceived as challenging by employees when changing to self-management also blend into each other.

Based on the challenges of the introduction of self-management observed and described above, the following propositions can be made.

Self-management:

- requires a high involvement of team members for the definition of structures and processes

- requires strong communication skills on the part of the team members

- carries the risk of falling back into old patterns

- only works if team members are willing to cope with ongoing change

As this research was based on one team that introduced self-management, additional research is needed to further test the propositions.

This part of the chapter will discuss the findings about the benefits and challenges when switching to self-management in the case of the betterplace lab.

Overall this change process seems to have worked well even though team members criticize the amount of time the process takes. They might have benefitted from the fact that they started the change-process with flat hierarchies, as Robertson has identified that one of the pitfalls in the change to self-management as the distribution of power from former leaders (2015). With respect to the new structures, the team members appreciate the transparency of the data, the roles and the assigned responsibilities. They experience the possibility of taking on responsibility according to their interests and skillset. This is reflected by the different roles that team members take as well as the assignment of the project lead to different team members. They are trusted with their projects and decisions which is also reflected by the complete transparency of data. This atmosphere of trust can increase the commitment of the team members, which was also described by Laloux who found that a culture of trust in organizations is often rewarded by higher employee commitment (2014). Furthermore, team members value the team spirit with its holistic thinking. Nevertheless, responsibility also comes with challenges. Team members also mentioned that they found it exhausting to always keep the team perspective in mind and that there was no option to delegate final decisions.

4.1.2 Key topics identified in the change to self-management

One research goal was to identify the key topics for employees in the change to a self-management approach. The following key topics have been mentioned the most by the five interviewees of the betterplace lab (see Table 13).

Table 13. Betterplace lab overview key topics introduction of self-management

Betterplace lab
Processes payment
Challenges structures and processes
Benefits self-organization

4.1.2.1 Processes payment

One of the important topics when switching to self-management at the betterplace lab was how to you integrate the payment of salaries into the self-management approach.

The employees there decided to go "transparent" with the process. Some mentioned that the salaries would have been transparent anyways as the team shares all data, which includes financial data:

„ (…) It follows the principle 'I decide what I do and how I do it and how much I earn with it'. It is natural."

„It has the potential to be exhausting but in general I think it is good that you discuss the salaries within the team to introduce transparency. Otherwise everyone would make up their mind and find out about it from the accounting."

The payment process is based on feedback for every employee from all his or her colleagues. The feedback process was perceived as positive but also time consuming:

„ I found this process of giving feedback great, because you learn a lot about yourself. I thought it was astonishing, what details the team notices. It really helped me."

„The feedback process is very long, very complex, we take a lot of time. But it is a general feedback that is very valuable. Somehow it is the basis on which we base the salary."

Based on the feedback and other personal factors every team member suggests his or her own salary for the coming year. The suggested salary is then discussed with the whole team and all team members have a veto right:

„ (…) In the end I make the final suggestion and then a consensual decision is made. "

„We determine our salaries ourselves. The difference is that in the final instance there is an option for a veto."

In the first year of introducing this process the discussion was moderated by an external coach. This changed in the second year since the team felt more confident with the process:

„During the first payment process she led the final meeting."

„ (…) This year we do it without her, because we think that we can manage it. It is not such a hot topic after all. "

Since the team needs to raise its financial resources itself, the yearly budget also needs to be considered in the decisions:

„ (…) because we need to find the balance between 'I do not begrudge you anything, but we must see that everything still can be financed' and that there is a fair balance between the salaries – that must be the goal."

Overall, the process introduced for payment is perceived as something positive:

„ (…) That we have the opportunity to do it consensually is a huge asset, I think it is a great test field."

„I like it and that is a point that often surprises outsiders. I don't know, the topic is too charged. Others are surprised, that you can work on it together."

The topic of transparent payment was often perceived as very critical. People fear jealousy and judgement. In the case of the betterplace lab, the payment process took a long time to develop and required an approach of trial and error. In the first year they managed to introduce transparent salaries based on a feedback process and with the help of an external coach. They learned from their experiences of the first year and were able to turn the payment process from a "hot topic" into a process that is appreciated by the employees as an option for valuable feedback and as well as a consistent application of self-management in all aspects of the betterplace lab. Nonetheless the process itself is also perceived as time-consuming because it involves extensive feedback.

This part of the chapter will discuss the findings about the payment processes when switching to self-management in the case of the betterplace lab.

The case of the betterplace lab shows that it is possible to integrate self-management even in such more critical areas such as salaries and the related transparency. However, the interviews also showed that the topic of transparent payment can be a taboo subject for many people. This was reflected when the interviewees talked about the astonished reactions of external people, who learned about the transparent payment concept from them. Introducing transparency takes time and it requires good guidance. There is also a question of whether the same process would be applicable in contexts with more employees and different structures.

As the *Challenges of structures and processes* and the *Benefits of self-organization* have been presented and discussed in detail in section 4.1.1 they will be discussed further as key topics in the cross-case analysis under 4.3.

4.2 Traum-Ferienwohnungen.de

The organization:

The company was founded in 2001 by three founders and had 60 employees when the transition idea started (Gloger, 2017). traumferienwohnungen.de is a website that offers vacation homes to guests in 73 countries. The portal is one of the top 50 websites in Germany and one of the top ten websites in the tourism industry (Traum-Ferienwohnungen (a), 2017). In 2016 the company was bought by the @Leisure Group, which has been owned since 2015 mainly by the digital media corporation Axel Springer SE with a 51% share (Axel Springer SE (a), 2016). Since its founding, the company has grown fast, in 2014 it numbered 120 employees (Gloger, 2017).

Starting point:

In 2014 the founders and a few employees decided that it was time for a change as the company was growing fast and experiencing related challenges in structures and processes:

"Every month I don't know how many people have started to work here, the different departments so to say have exploded. And we had to do something about it, so that our structure still matched how we developed."

An employee survey was conducted and, in addition to using an external coach, a team for the change process was created. The members were elected democratically by the staff and the founders joined the team. The task of this group of people was to identify the key challenges of the company and to find solutions:

"We realized that we are highly driven by the aim to connect people. So, we spent a lot of time to deal with the market, ourselves and our business model with its repeating processes and added value streams. We started to ask questions like: 'What is the market like?' 'How do we want to work?' 'What drives us?' 'What adds value?' In the end we looked at 'What could a matching organizational model look like?' 'What would it have to provide?'. "

Structures:

The result was a self-management approach which is customer group oriented and based on cross-functional and autonomous teams. Abandoning classical hierarchies was not the initial goal but the result of this change process (Traum-Ferienwohnungen (b), 2017). The organizational units (OU) are not classic company departments. The OUs include employees with various competencies, such as marketing skills or software development skills, and focus on one customer segment. To facilitate communication between the OUs, the organization formed so called 'guilds' that enable the exchange of information between people who have similar competencies in their OUs, for example being responsible for marketing (Traum-Ferienwohnungen (c), 2017). Apart from through the guilds people

communicate with each other on a daily basis according to their needs. Furthermore, a strategy committee was created that meets up to discuss strategic decisions.

In addition, the "center" has been created. It bundles all supporting functions for the OUs and has a role as a service provider instead of a management function (Traum-Ferienwohnungen (c), 2017). This structure reminds of the supporting functions that Laloux found in his research (2014).

Processes:

The main processes that were mentioned concern: decision making and project management.

Decisions are made by competency and experience and for larger decisions a process has been established which is based on consultation (Traum-Ferienwohnungen (c), 2017).

The lead for a new project is assigned to the person who wants to lead the project and has the right competencies:

"If you identify a relevant topic you need to mention it and then the team will check who has the best skills for the project or if you insist on leading it yourself, you need to reach out for colleagues that can provide advice (…)."

New Processes for the value creation in the circles were tested and improved over time. Depending on the needs in the organization processes such as an onboarding process for new employees were added as well.

4.2.1 Identified Benefits and Challenges of the change to self-management

One research goal was to identify the main benefits for employees in the change to a self-management approach. The following benefits have been mentioned the most by the five interviewees of Traum-Ferienwohnungen (see Table 14).

Table 14. Traum-Ferienwohnungen overview main benefits

Traum-Ferienwohnungen Benefits	
1	Benefits self organization
2	Benefits responsibility
3	Benefits team
4	Benefits whole personality

4.2.1.1 Benefits self-organization

The main perceived benefit of self-organization for employees of Traum-Ferienwohnungen (TFW) was that they can work on topics that they are interested in and to which they can add value:

„I find it super. I am now concerned with topics where I want to participate in decisions and I can decide. And where I am not capable of taking a decision or I don't want to, there are other people who do it."

„But now I can really contribute to the topics where I can add more value."

Another perceived benefit of self-organization was the overarching empowerment of employees and their readiness to handle conflict:

„Today we have more people who are ready to take the lead, to deal with conflicts, to deal with difficult topics whereas before it was limited by the formal boundaries of the offices. "

4.2.1.2 Benefits responsibility

The second most perceived benefit was the distribution of responsibility and the related opportunity to work based on what makes sense:

„It has definitely positively changed that many colleagues are more independent. They think more about what they do and if it makes sense (…)."

„There are more opportunities to participate and fewer organizational units that decide how you have to work. So, you can contribute more of what you personally think makes sense."

The distribution of responsibility also increases efficiency:

"It works fast, and it makes sense that the person leading the project also makes the final decisions."

4.2.1.3 Benefits team

Another benefit of the self-management approach is the development and motivation of the teams:

„Especially positive is the development of the whole team. You notice that most people are motivated to make a difference and that most people do not want to be a cog in the wheel, which they have maybe been in a different company before (…)."

The employees also mention the flexibility of working hours within their team:

„Well everything concerning trust-based and flexible working hours is a huge benefit. And we still have our core time."

The team based self-management approach is a way to make use of the organizations full potential:

„ I think that we make the most of what we have today. "

4.2.1.4 Benefits whole personality

Finally, the employees of Traum-Ferienwohnungen experienced that their whole personality is acknowledged by their colleagues:

"What is very positive is that we have a great work atmosphere. It sounds like a cliché, but you can be yourself here."

They continue discovering skills of their colleagues, some even dream further about an internal database that facilitates an overview of the employees' skills:

"I think we're almost 140 people now and you lose the overview of "who is good at what?" and you realize again and again: 'What? I did not know that you are capable of this…?'."

And they continue to develop their skills and personality:

"I think that with what we have here, the skills of each one of us and the potential have developed incredibly."

One of the main identified benefits of the introduction of self-management at Traum-Ferienwohnungen was the opportunity to choose the topics people would like to work on as well as their empowerment and openness to solve problems and conflicts. This was supported by seminars on communication skills. Another benefit was that employees experienced more purpose in their work because of the responsibility given to them, and the change improved efficiency in daily decision making. Furthermore, the motivation of the teams increased, and the new structure was seen as an improvement allowing the full potential of the organization to be used. The employees also appreciated the flexibility and the in connection with their working hours. Finally, the employees experienced that they could bring in their whole personality with the new work approach and that they benefit from the opportunities to further

develop their personality and skills. The perception to bring in their whole personality can also be found in the concept of wholeness identified by Laloux (2014).

The analysis of the four categories that included the most important benefits from the change to self-management in the case of Traum-Ferienwohnungen showed that the topics that were perceived as beneficial by employees when changing to self-management blend into each other.

Based on the benefits of the introduction of self-management observed and described above, the following propositions can be made.

Self-management:

- has a positive impact on the development of personal skills

- has a positive impact on the development of the whole team

- enhances efficiency in decision making

- gives employees the possibility of bringing in their full potential

- leads to the acknowledgement of peoples' whole personality in an organization

As this research was based on one organization that introduced self-management, further research is needed to further test the propositions.

One research goal was to identify the main challenges for employees in the change to a self-management approach. The following challenges have been mentioned the most by the five interviewees of Traum-Ferienwohnungen (see Table 15).

Traum-Ferienwohnungen Challenges	
1	Challenges structures&processes
2	Challenges responsibility
3	Challenges wish for guidance
4	Challenges complexity

4.2.1.5 Challenges structures and processes

The most important part of the challenges for the employees of Traum-Ferienwohnungen were the changes of structures and processes. The change to their self-management approach was perceived as very intensive and time consuming:

"If you concentrate on yourself (the company) you need to do it intensively, but it makes you slow down in the first step. But when you have found a solution, and everyone commits to it, you have a higher satisfaction and a greater efficiency (…)."

But one of the interviewees also interpreted the perception that the change to self-management is time-consuming as a result of most people being used to hierarchical structures and the related image in Germany that companies always need to be highly efficient.

Everyone had to find his new role in the new structures:

"Everyone has checked where they would feel comfortable. But there have been colleagues that wanted to wander different paths. And there were situations where the team said it's not possible and we have to talk about it. These were difficult processes."

And some employees did not cope well with the loss of their former status in the company:

„ (…) it's kind of frustrating when you have a job title and then it vanishes. Some handled it better than others. But the people that did not cope with it are not here anymore (…)."

4.2.1.6 Challenges responsibility

The second most perceived challenge was the newly distributed responsibility and whether people wanted to take responsibility:

"I think it is also a question of what type you are. I could imagine that it's about whether you are the kind of character that can work in such structures. Someone who is not afraid to take on responsibility. I think in this case it's a challenge but a good one. Then you can grow with it. But if you are someone

who likes to be a follower, who does not like to take the lead, it can be difficult. It depends on your role. Internally there are also roles where you do not have that much responsibility."

It also created a need for people to think about what they want to achieve within the new structures:

"I have noticed in a negative way that you need to know what you want."

4.2.1.7 Challenges wish for guidance

The third most mentioned challenge of the new self-management approach was the employees wish for guidance on an organizational but also on a personal level:

„Yes, in the long run it will not give me purpose, but where am I heading? Somehow, I was missing the classic personnel evaluation meeting, where you talk about 'in what direction could you develop?' 'What suits me?'. "

"There is no one who knows the ultimate truth und there is no omniscient plan to the future and that is why we are constantly reacting, and you have to endure that as a person and organization."

But employees also mentioned that the feedback within the teams and the support of the HR staff in the "center" helped.

4.2.1.8 Challenges complexity

Finally, the complexity of the change process to self-management was somehow underestimated and challenging for a whole organization:

"As with every change process you must get the employees involved, otherwise it fails. I think it is incredibly important to do that. Partly it blows up in our face now because we did not take everyone along with us on this journey."

The main challenge for the employees of Traum-Ferienwohnungen was the change process to self-management for the whole organization as it was complex and time consuming. People had to find their new role within the new structures and some employees left the company. Even though the distribution of responsibility to employees was seen as a benefit it was also perceived as a challenge, mostly because people need to be ready to take the responsibility and they need to know what they want. The interviewees also expressed a wish for guidance since the introduction of self-management abolished the responsibility of the management staff. They felt a need for more guidance on a personal and organizational level. Lastly the change to self-management was a very complex and ongoing process which it was challenging to take along all employees.

The analysis of the four categories that included the most important challenges from the change to self-management in the case of Traum-Ferienwohnungen showed that the topics that are perceived as challenging by employees when changing to self-management also blend into each other.

Based on the challenges of the introduction of self-management observed and described above, the following propositions can be made.

Self-management:

- is complex to introduce into a whole organization

- is time consuming to introduce into an organization

- comes with a loss of status for employees

- does not satisfy people's wish for guidance

As this research was based on one organization that introduced self-management, further research is needed to further test the propositions.

4.2.2 Key topics identified in the change to self-management

One research goal was to identify the key topics for employees in the change to a self-management approach. The following key topics have been mentioned the most by the five interviewees of Traum-Ferienwohnungen (see Table 16).

Table 16. Traum-Ferienwohnungen overview key topics introduction of self-management

Traum-Ferienwohnungen
Benefits self-organization
Processes payment
Challenges structures and processes

4.2.2.1 Processes payment

At Traum-Fereinwohnungen the topic of salaries is still complicated and under development. Despite that, it is a topic that concerns people in the context of the new self-management approach:

„I think it is the most complicated topic in the whole context. "

„ (...) enter a process of removal of taboos as well as a new socialization, because this topic is such a taboo in society as a whole. There are fears, and a lot of negative aspects associated with it. "

When introducing self-management, the salaries remained as they were. During the change to self-management there were different surveys in which most employees gave the feedback that they were not ready for a full transparency of salaries. This feedback was taken seriously:

„In the beginning we were asked how transparent we want the topic to be. And the decision was that it should not be transparent. "

„ (...) And half of the people said: „of course we want transparency, that is the consequence of what we are doing now." and the other half said: 'not on any account transparent.'. It means (...) that there are justified concerns why you shouldn't do it. I think we're not there yet. "

Nonetheless they introduced a changed payment process and tested it in their organization. All employees filled in a form on which they could suggest their salary and people who could give feedback on their performance in their work environment:

„You had to fill in a form where you wrote down how much more you want to earn and the reasons why and potential feedback givers – people who could assess if you should earn more or not."

Following that, two people from the organization who also dealt with HR topics in the organization had a meeting with every employee based on the forms they had handed in beforehand:

„It was cool that you had filled in the form before entering the meeting. (...) I could think about what to write down and how to write it down in advance. You entered the meeting with the same basis. (...) It was a more relaxed discussion. "

In addition, it was possible to nominate people as top performers:

"I definitely like it that everyone was included and that you had the opportunity to recommend people."

„You were able to recommend people, if you think he/she deserves more. I thought it was special. That I can say: 'My colleague she does more than she must, and I think that has not been recognized yet.' "

Especially the prospects for the future were very interesting, as one of the interviewees stated:

„I believe that the responsibility will move more towards teams. At the moment, people volunteered to make the decision, within the process and with feedback and a lot of dialogue. "

But criticism of the current payment process was expresses as well:

„We committed to making it fair. But how? I cannot consider it right when two people do the whole process for 130 employees. With respect to both, I would never have done it, but they just did it. They received praise but a lot of criticism as well. "

Traum-Ferienwohnungen managed to adjust its payment process even though salary transparency was still perceived as a 'hot topic' within the organization and is viewed as such by society as a whole. They found their own solution, which appears to be one of the first steps towards a different payment process in the future. One of the main benefits perceived was the possibility of giving recognition to colleagues and the fact that higher salaries were based on detailed feedback from people who observed the performance of their colleagues. Nevertheless, every employee could decide who would be his or her feedback giver, and this could possibly lead to a distorted image of their performance. The employees are still divided in their opinion about transparent salaries. Some see it as the logical consequence of introducing self-management because former hierarchies are changed.

As the *Benefits of self-organization* and the *Challenges of structures and processes* were presented and discussed in detail in section 4.2.1 they will be discussed further as key topics in the cross-case analysis in section 4.3.

4.3 Cross-case analysis results

The cross-case analysis aims at identifying experienced similarities as well as associated differences between the change to self-management on a team level and on an organizational level.

4.3.1 Common benefits and challenges of the change to self-management

Common and differing benefits of the change to self-management for both cases can be found in Table 16 and Table 17.

Table 17. Common and differing main benefits of introducing self-management (2)

Benefits

Similar sub-categories		Organization	Differing sub-categories
Benefits self-organization		Betterplace lab	Benefits freedom/ free choices
Benefits responsibility		Traum-Ferienwohnungen	Benefits whole personality
Benefits team			

Table 18. Common and differing main challenges of introducing self-management (2)

Challenges

Similar sub-categories		Organization	Differing sub-categories
Challenges structures&processes		Betterplace lab	Challenges meetings
Challenges responsibility		Traum-Ferienwohnungen	Challenges wish for guidance
Challenges complexity			

4.3.1.1 Benefits self-organization

For both cases, the *benefits of self-organization* were the benefit mentioned the most out of the experienced benefits. Nevertheless, the specific topics associated with it differed. For the team members of the betterplace lab, the development of their personality and their skills as well as the supportive team spirit and the transparency that comes with their self-management approach were very relevant. At Traum-Ferienwohnungen the employees saw the possibility of taking decisions, bringing in their full potential and the overarching empowerment in the new structure as the main benefits of self-organization.

4.3.1.2 Benefits responsibility

The benefits of responsibility were also relevant in both cases although betterplace lab employees mentioned it less than the employees of Traum-Ferienwohnungen. For both, responsibility was a benefit as well as a challenge. In the case of the betterplace lab team members, the positive sides of the newly distributed responsibilities were the new opportunities to take on responsibility and an appreciation of their responsibilities. The Traum-Ferienwohnungen employees valued the new option opportunities to work based on what made sense to them and the higher efficiency in their daily work resulting from the facilitated decision-making.

4.3.1.3   Benefits team

In both cases the employees valued the development they made together with their team members. In the case of the betterplace lab the team members also highly appreciated the feedback from all the other team members for their personal development and the newly adopted holistic view of everyone on all matters concerning the lab. In the case of Traum-Ferienwohnungen, the team-based self-management approach also created a feeling that the organization was making use of its full potential.

Discussion:

Looking at the similarities between the change to self-management at the team level and at the organizational level, several similar experiences could be observed. In both cases the employees perceived a development of their personal skills. They also experienced a development of the whole team. This indicates that self-management enables teams and organizations to start an ongoing development process and to use their untapped potential. Additionally, self-management enabled employees to bring in their full set of skills and to engage in tasks that were interesting and important to them. Overall, this resulted in higher employee commitment, which was also observed by Laloux (2014). People also took on more responsibility in their roles and in choosing their own projects. Hence, the introduction of self-management showed that people are better able to find fitting tasks and roles when they are no longer bound to job descriptions and department boundaries. Finally, the introduction of self-management also came with a higher acknowledgement of people's whole personalities, with the result that they felt their work was valued more and that they could bring in their interests and skills at another level. This aspect was also described as wholeness by Laloux (2014).

4.3.1.4 Challenges structures and processes

The challenges of introducing and establishing the new structures and processes associated with self-management was the challenge most often mentioned in both cases. As both organizations implemented their own approach to self-management, the challenges they faced differed as well. A common experience was that the introduction of self-management was very time consuming and lead to an ongoing change process in which constant adaptations were necessary when new processes developed, and responsibilities changed. This experience is also reflected in the case of zappos where Robertson states that the process of adopting Holacracy takes about five years and chaos in the beginning is expected ("Holawhat?", 2015). In addition, new communication skills had to be developed in seminars which was the case for both organizations. In the case of the betterplace lab the development and introduction of a constitution was one of the challenges as not all future situations can be predicted. For Traum-Ferienwohnungen further aspects emerged as self-management was introduced in the whole organization and not only in one team. In their case, all the employees had to find their new role in the changed organizational structure, which consisted of multi-skilled teams based on their customer groups and a 'center' which offered supportive functions for the teams. One aspect of the change was the fact that it happened in parallel to the daily business. It also led to situations in which employees struggled to find their new role or to cope with the loss of status. Some of them even decided to leave the company. The challenge to convince and include former managers in the change process was also identified as a pitfall or necessary condition when adopting self-management (Robertson, 2016; Laloux, 2014).

4.3.1.5 Challenges responsibility

The challenge of newly distributed responsibility was a topic in both cases. At the betterplace lab it was perceived as exhausting that everyone needed to consider the whole team in his or her actions and that people who took over certain roles or projects also needed to take final decisions. In the context of the whole self-managed organization of Traum-Ferienwohnungen, people experienced that taking on responsibility was not for everyone and may also be a question of the employee's personality. Employees needed to know what role they wanted to take in the organization.

4.3.1.6 Challenges complexity

The final common challenge was complexity, and differences between the team and organizational levels, could also be observed here. At the betterplace lab it was difficult for employees to stick to the process that had been introduced, for example processes for meetings. They experienced that it was hard not fall back into old patterns, which was also identified as one of the pitfalls by Robertson (2016). Furthermore, as the team members adopted a more holistic view of the team, they also needed to take more aspects of everyone's work into account. The employees of Traum-Ferienwohnungen experienced the aspect of complexity as the challenge to work through the complex process of introducing self-management into a whole organization. What was very challenging to the team whose task was to plan the introduction of self-management in the company was having to define the basic structures and

processes, having to communicate their work as transparently as possible and having to onboard everyone in the process.

Discussion:

Looking at the challenges of changing to self-management at the team and organizational levels, similarities could also be identified. Both cases were challenged by the introduction and ongoing adaptation of the new processes and structures. They perceived the process as complex and time consuming. Their experience indicates that it is important to assess what processes and structures are needed in a team or organization. Looking back at when self-management was introduced, some interviewees stated that it would have been better to define certain processes earlier on.

To provide a good foundation, people need to fully commit to the change as it can be challenging in the beginning. This is also an important aspect for Robertson's application of a constitution on which the organization must agree on (2016). In the case of the betterplace lab such a constitution has been created and the members of the betterplace lab adopted and published it. In addition, one key aspect was the need for new communication skills as conflicts needed to be resolved and a new feedback culture had to be established. Their experience shows that good communication is very important for solving conflicts and the change to the new management approach can also lead to the departure of some employees.

On an organizational level communication is even more challenging as it is hard to include everyone in the change process and good communication is needed to keep everyone on board. People need to be able to trust that the changes will lead to improvements. The trust that the change to self-management is the right decisions was identified as psychological ownership by Laloux (2014). In the case of Traum-Ferienwohnungen the interviewees expressed that the trust of the staff was high. Finally, former hierarchies are changed, and responsibilities are redistributed, which can be perceived as exhausting as people working in a classic hierarchical system are used to being able to delegate final decisions to their superior. These aspects can lead to discontent, and they can overstrain employees who need to know what they want to be and to accomplish within the new structures.

4.3.2 Common key topics when changing to self-management

In this part, the payment processes will be compared and discussed (see Table 19) in addition to the *Challenges structures and processes* and *Benefits self-organization,* which were already compared and discussed in section 4.3.1 as part of the benefits and challenges.

Table 19. Common key topics of introducing self-management (2)

Common key topics
Processes payment
Challenges structures and processes
Benefits self-organization

4.3.2.1 Processes payment

<u>Similarities</u>

The research showed that the topic of payment transparency is considered a 'hot topic' in Germany as employees either have reservations themselves or experience reservations from outside of their organization or team. In both cases the employees see the process as a developing process that includes learning from the past and making adjustments to the process, depending on the organization's needs. In both cases the payment process is linked to a feedback process. Salaries are based on the feedback derived from colleagues. In addition, every employee's salary is based on his or her own proposal. The whole process involves a high amount of communication between the members inside of a team as feedback givers, and with the people that are involved in the final decision-making.

<u>Differences</u>

In both cases, the payment process is based on feedback, but their feedback processes differ. In one case all the team members receive feedback from all other team members, whereas in the other case people define the feedback givers who can assess their work before the payment process starts. At the betterplace lab, the final decision about every team member's salary is arrived at by consensus, and everyone has a veto right. At Traum-Ferienwohnungen the final decision is based on the feedback of the selected feedback givers, recommendations from colleagues and a discussion with two people who have volunteered to perform the process with all 130 employees in the organization. Another differentiating aspect is that the team members of the betterplace lab raise their own founds which their salaries are based on. In contrast the people that decide at Traum-Ferienwohnungen can utilize a predefined budget for the salaries of the whole organization.

The case studies show that transparency of payment is still an issue which is influenced by negative associations in society and organizations. Nevertheless, it is one of the possible steps when self-management is introduced, and hierarchies are changed. Bernstein found that models such as Holacracy do not provide solutions for issues such as "career progression, compensation, hiring, firing", which are traditional components of bureaucracy (Helmore, 2015, para.15). Introducing a new payment process is less complex in a team than in a whole organization if the team is already operating with flat hierarchies, and a climate of trust and support is dominant. At the organizational level there are more reservations as salary decisions were formerly made by managers in a pyramidal hierarchy and people fear the transparency and potential conflicts that can arise from the new process. This is also reflected in field studies. Researchers such as Keltner et al. (2003), Marmot (2004) and Weber (1947) found that income disparity is a form of hierarchy (as cited in Anderson & Brown, 2010, p.63). Furthermore, Desai et al. (2010) found that individuals see their relative salary as a sign of how respected and valued they are compared to their colleagues (as cited in Anderson & Brown, 2010, p.63).

External support can be helpful in introducing such new processes, as was shown by the team at the betterplace lab. Using coaching is also suggested by Laloux as a support factor when introducing self-management (2014). Furthermore, the integration of feedback as a basis for the salary decisions was perceived as something positive in both organizations. At the betterplace lab it created a feeling of fairness, which was reinforced by the veto right. At Traum-Ferienwohnungen the employees also valued the feedback and saw the possibility of recommending colleagues for higher salaries as positive. Finally, in both cases the inclusion of extended feedback has contributed to the perception that the employees are not seen as human capital but as human beings with a personality that contributes to the organization's mission and goals. This is also reflected in the view of Laloux who associates this with wholeness, which is one aspect of evolutionary-teal organizations (see p. 7).

5 <u>Conclusion and recommendations</u>

5.1 <u>Conclusion</u>

This research has shown that self-management is based on teams. Theoretical models have been developed in the past, but self-management has mainly been tested and further developed in practice. Although concepts such as Holacracy exist and can facilitate the adoption of self-management, many teams and organizations have found their own approach. Self-management can be introduced in just one or several teams of an organization or as a management concept for a whole organization.

The multiple case study research was based on two cases, that of a team introducing self-management within the organization's structure and that of an organization that adopted self-management as its new management approach. Both cases did not use a predefined concept such as Holacracy to adopt self-management, but defined their own approach. Nevertheless, various aspects of the self-management concepts of Robertson and Laloux were recognizable in their individual approaches. Although both cases were unique in their initial situation and their adaptation of self-management, similarities between teams and organizations when adopting self-management could be observed.

The key topics identified were the changes in the structures and processes, the change to self-organization and the processes of payment.

Employees found the change to self-management very time consuming as new structures and processes needed to be defined and implemented. In addition, the introduction of self-management requires an ongoing adaptation to new challenges within the team, organization and markets. As there is a constant need for adjustments, the change to self-management can also prevent the necessity of huge change processes in the future. One key aspect in the change of structures and processes was a need for extensive communication skills, which were further developed by attending seminars. Other aspects were the threat of losing some employees along the process if they realized that the self-management working style did not match their preferred way of working or that the newly defined structures had no need for their skills.

The introduction of self-organization led to the personal development of the employees and the development of the teams, which indicates a continuous development process and a way to use the untapped potential of a team or organization. Employees embraced the possibility of bringing in their various skills and taking responsibility based on their skills and interests.

The processes of payment were a topic in both cases, and it was discovered that salary transparency is still a 'hot topic' in German society and in organizations with former pyramidal hierarchical structures. Teams and organizations find their own individual approaches to define processes that fit their new self-management approach. Starting from flat hierarchies as the initial structure can be beneficial as the

salaries in very hierarchical organizations usually reflect the hierarchical layers. The introduction of new processes in this area needs to be careful, and the employees' opinions about this should be considered.

Focusing on the benefits of introducing self-management employees experienced the redistribution of responsibilities as a result of hierarchies being changed as positive. They took on more responsibility with their new roles and projects and in the newly introduced decision-making, which led to higher efficiency in the daily business. It also enabled employees to find tasks and roles that fit their interests and skills. People experienced greater acknowledgement of their whole personality. This was also supported by a new feedback culture in the team and in the organization.

Concerning the challenges of introducing self-management the team or organization need to know which structures and processes are necessary for starting the change process, as the new situation can reveal or create conflict situations. A process for solving conflicts is beneficial, and good communication skills are also needed. As the change process is time-consuming, all the employees first need to be committed to the change, and an atmosphere of trust is crucial. Apart from giving employees more freedom, the redistribution of responsibility can also be perceived as a burden and lead to discontent as employees no longer have the option of delegating final decisions.

At the team level it was mentioned that it was challenging to stick to new meeting processes and not fall back into old patterns. On the organizational level there was a higher wish for guidance for the change process and the adoption of new structures. This was also linked to the challenge of communicating the details of the change process within the whole organization.

Overall, the research has answered all the research questions, and the results indicate that further and more extensive is needed to assess in detail the influences of self-management on employees and their perception of their working environment. Furthermore, the results have valuable management implications for teams and organizations that want to introduce self-management. Research recommendations and management implications will be presented under 5.3 and 5.4.

5.2   <u>Limitations of the study</u>

A considerable limitation of this study is first the sample size of two cases with five interviews for each case and second the location of the organizations studied. As both companies are based in Germany, the findings may not be applicable in other cultural contexts. It could also be argued that further limitations are that the two cases do not use the same self-management approach, and self-management was applied to different organizational levels, to a team and to an organization as a whole. They also differ as one organization works with a focus on charitable purpose and the second one is a for-profit organization. But as the literature review has shown self-management approaches of organizations and teams are often individual and developed from different initial situations. Concerning this study, the choice of two very different cases is an advantage as it gives the opportunity to identify common aspects despite the

different starting point. They can serve as a basis for further research, and they present implications for what teams or organizations need to consider when introducing self-management.

In addition, it needs to be considered that ongoing change and adjustment are associated with self-management approaches as mentioned by Robertson and Laloux (2016, 2014). This means that the team or organization develops like an organism and adjusts to changes within the system and the environment. In consequence the study can only provide findings from an insight into the organizations within the time frame of the interviews and using the information provided by the employees during these interviews.

The research was also limited due the scarcity of literature on the topic, which did not allow an in-depth comparison of the results of this study to those of others, which is recommended for the case study approach. Since the development of self-management is very individual and often a practical trial and error process, use was also made of articles and other information sources that were not published in top journals.

In addition, the case study methodology results in a large amount of data. Since not all the information could be included, only the most important findings relevant to the research questions have were identified and included. Nevertheless, some of the excluded information could be of significance for people with a strong interest in the topic.

Besides the restrictions pertaining the sample size, it is important to note that no performance assessment of the organizations had been performed, which was linked to the change process. Nonetheless, in both cases some interviewees mentioned that their overall economic performance had improved even though no specific KPI's for comparing the situation before and after the change to their self-management approach had been tracked. The German professor Carsten C. Schermuly reveals that many measures that are associated with the so-called New Work, which includes models like Holacracy and other organizational structures and processes, are introduced without verifiable goals. He suggests the concept of psychological empowerment by Gretchen Spreitzer as a valuable indicator to measure the influence of the introduction of New Work concepts. Recent research of his chair has revealed a positive correlation of psychological empowerment of employees with more innovative behaviour, the wish for a later retirement and a lower tendency for depression (Schermuly (b), 2016).

5.3 <u>Research recommendations</u>

Concerning the theoretical contribution, this study offers new information on aspects of self-management where such studies are completely lacking, for example, the payment processes associated with self-management. The findings also complement existing literature as they give additional insights into teams and organizations in Germany that have introduced self-management. Additionally, with its literature the thesis provides an overview of the development of self-management approaches and of the most recent studies and practical applications.

This research has shown that there is still a research gap in the academic literature on how teams and organizations introduce and execute self-management and what influences it has on their employees. Further qualitative and quantitative research is needed to assess the impact of self-management approaches such as Holacracy in teams and organizations.

The literature review as well as the research project revealed that self-management approaches are often individual. It would be interesting to identify further common patterns and to search for KPIs or other predefined goals that can be achieved when introducing self-management. The study was focused on applications of self-management in Germany. Other researchers could investigate self-management in other countries and include the investigation of cultural influences. Especially as different education systems influence employees, and ideas of an ideal working environment can differ from country to country. This might also be relevant for international teams in global corporations with very hierarchical working environments.

Furthermore, the research showed that employees experienced a development of their skills and personality as well as a development of the whole team. It would be interesting to discover to what extent untapped potential in a team or organization is released and exploited. Some employees also mentioned that their team or organization was economically successful. Another point of interest would be whether the change to self-management can improve a team's or organizations economic performance or whether its main influence is on the employees' perception of the working environment and on the employees' contentment.

Finally, the coding process of the collected data revealed more areas of interest for employees and they could be further investigated in future studies.

Overall, self-management in teams and organizations is a very interesting field for further research. More and more organizations are questioning their management models and are looking for new approaches that work for them. In Germany not, many organizations have introduced self-management as a new management model for the whole organization. Many organizations go slow and first implement self-management approaches like Holacracy in some of their teams or departments. It will be interesting to accompany further changes in Germany with studies.

5.4   <u>Management implications</u>

The findings of this research project show valuable practical implications. First, teams or organizations that want to introduce self-management need to be very aware of their starting situation. It is important to identify goals and needs in order to find the best fitting initial structures and processes to start the change process. They can either use a pre-defined self-management approach such as Holacracy or start to build their own approach, as many other teams and organizations have done. In any case, managers and employees need to be ready to commit to the change and they need to be aware that in the beginning they will be confronted with a time-consuming change process. External coaching can provide valuable support for the entire change process.

The introduction of self-management also involves ongoing adjustments of structures and processes, and this could make larger change processes in the future unnecessary. Hence, the team or organization can become more flexible and efficient, for example, when adjusting to customer needs or market changes. But the ongoing change can also lead to frustrations as employees can perceive it as time-consuming and exhausting. Teams and organizations should be aware of this and define very clear approaches for dealing with ongoing adjustments in the new structures.

One key skill that is essential for teams and organization is good communication skills. They are important for the ongoing adjustment processes, conflict resolution, the feedback processes as well as for everyday communication. Teams and organizations should provide their employees with the necessary trainings to obtain these skills. This approach might also help to facilitate the participation of employees in the change process.

It was found that it is especially challenging in a whole organization to keep people informed during the change to self-management. Organizations should think about achieving effective communication early on to keep employees on board and to build trust. Employees expressed the wish for guidance during the change process, especially at the level of the whole organization.

The new situation to abolish hierarchies and redistribute responsibilities is perceived by employees as a new freedom to work based on individual interests and skills and to choose a new role within the changed structure. In consequence the self-management approach can open up untapped potential in a team or organization. Nevertheless, employees sometimes find this responsibility to be a burden since decisions can no longer be delegated up the hierarchy chain. People who like to take responsibility will find it easier to adjust to the new way to work, whereas for people who prefer to have a superior who assigns tasks and makes decisions it will be more challenging, and the environment of a self-managed organization might be better for them than a self-managed team as the whole organization provides them with more options to take on roles with less responsibility.

The change to self-management also comes with the loss of status for some employees as former hierarchies are changed. If the team or organization is already operating with flat hierarchies, this might be less of an issue. But especially for hierarchical organizations need to be aware that this can pose a threat for some employees. Extensive coaching or other forms of support could help to facilitate the change process for them and to give them the feeling that their fears are taken seriously.

Finally, teams and organizations that want to adopt self-management should be aware that there are 'hot topics' such as salary transparency. If the change to self-management is taken seriously, every team or organization will face this at some point in the change process. As the salaries in hierarchical organizations are often based on the positions within that hierarchy, such organizations will likely face higher resistance on the part of employees to go transparent on the salaries. Solutions can be found that work in each individual case, but in Germany revealing salaries is still considered a taboo topic.

Overall, the self-management can be a solution to free untapped potential in organizations and teams. It can also lead to higher employee commitment and contentment. Nevertheless, the change needs to be well thought through and planned, and employees must be highly involved. It will be interesting to observe whether a change in the education sector – to teach skills rather than knowledge – will lead to a greater appreciation of a self-managed working environment in the future.

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Appendix

Appendix Team structures

When researching teal organizations, Laloux realized that when self-management is adopted, the former boss-subordinate relationship is abandoned, and in consequence, the former hierarchical structure can change. He identified three different structures adopted by evolutionary-teal organizations that are based on teams (2014, p. 319).

1. Parallel teams

This was the most common structure Laloux encountered in his research. Parallel autonomous teams that work in a self-managed way are created. This structure is often adapted when there is not too much coordination needed between the teams. This can be the case with company units or regional teams. Teams are seen as small self-managed "mini-factories" or "units" within the organization. In production, this means that teams perform all necessary tasks from the beginning to the end. This approach can help to make people feel to be part of the whole process and to give more sense to their work. With this structure, there arises a need for coordinating and supporting roles. To get help with problems that arise, some organizations have introduced the role of team coaches. Furthermore, it does not make sense to duplicate certain tasks that need to be performed for all teams. Hence, supporting teams are created that cover these tasks such as a certain initial production step or training. Another option can be to introduce supporting roles for example to facilitate knowledge exchange between the teams (Laloux, 2014, p. 319-320).

2. Web of individual contracting

The second structure is a web of individual contracting. The first organization to adopt it was Morning Star, a producer of tomato products in the US. While investments and budgets are discussed in the teams, decisions on roles and commitments are made between colleagues that are affected by these decisions. The commitments between colleagues are formalized in a *Colleague Letter of Understanding* (CLOU) and contain the roles a colleague has agreed on (Laloux, 2014, p. 320).

3. Nested teams

Nested teams are the structure adopted in Holacracy which was first adopted by Ternary Software, a company of HolacracyOne founder Brian J. Robertson. This operating model is based on a nested teams structure. Teams are called circles and make decisions on roles and accountabilities within the team. But in contrast to the parallel teams, which exist next to each other with a support structure, teams in Holacracy are integrated into a nested structure, consisting of circles and sub-circles that are connected by double links. The sub-circle sends an elected representative to all meetings of the overarching circle and vice versa. This way both circles keep updated on what is happening in the other circle and can be part of discussions. There are defined meeting processes that ensure that everyone gets heard and

decisions cannot be toppled by overarching circles. Everyone can have different roles in various circles of the organization. The structure breaks down hierarchies of people or power (Laloux, 2014, p. 322).